

## A Sector Partnership Primer

### Sector Partnerships – What are they?

Sector partnerships are **partnerships of companies, from the same industry and in their natural labor market region, with education, workforce development, economic development and community organizations that focus on a set of key priority issues identified by the target industry.** Traditionally, sector partnerships have focused on workforce development issues, but today's sector partnerships focus on issues related to an industry's overall competitiveness.

They are **employer-driven**; they are **regional**; they are coordinated by a **credible convener**; they act as a **coordinating body** across multiple education, workforce development, economic development and other programs; they create **highly customized** responses to a target industry's needs, and therefore **highly accurate** responses.

**Sector partnerships must have an active convener.** This could be workforce development, economic development, community colleges, organized labor entities, or community based organizations. In some cases, even a company may act as the convener. **No sector partnership is ever successful without members of industry acting as leaders, informers and champions.**

### What should they be?

- **Today's sector partnerships focus on more than just workforce issues.** They facilitate conversations and commitments from employer members focused on the industry's biggest opportunities for growth. They use the power of coordination across education, workforce and economic development programs to address the multiple needs of companies, including issues related to infrastructure, supplier development, access to capital, training of skilled workers, etc.
- **In a sector partnership, workforce development, education and economic development partners are joined at the hip when approaching industry,** vs. independently approaching industry members. Sector partnerships make this possible. The partnership becomes the "go-to" for companies to get their needs met; companies never have to navigate the dozens of programs out there themselves.
- **No public partner ever "sells their wares" to companies** in a sector partnership. Instead, the convener acts as a facilitator to find out industry needs, public partners jointly listen, and jointly develop shared solutions. Sector partnerships never put the cart before the horse by assuming any "solutions."
  - **What's different about this?** Sector partnerships organize around industry needs, not around public programs.
- **Ideally, each labor market region in a State should have an active sector partnership for each industry critical to their regional economy:**

- In metropolitan and surrounding areas, a unique sector partnership should exist in each critical sector, such as: healthcare, manufacturing, transportation/logistics, finance or professional services, others;
  - In rural areas, a unique sector partnership should exist in each of their critical sectors, such as healthcare, agriculture, hospitality/tourism, manufacturing, transportation/warehousing, etc.
  - Across the State, there should exist as many regional partnerships that make sense for concentrations of like-companies and their labor markets.
  - All of the above must be driven by labor market information data - concentration of companies in an industry sector or adjacent sectors; historical and predicted job growth; quality of jobs; primary information collected from employers in the target sector and region; etc.
- **Ideally, over time, you may find that some partnerships in similar industries across smaller regions merge into larger regional partnerships**, but beware of making your partnership too big or too small. Keep it focused on the natural labor market region of your target industry, and keep it manageable in terms of coordination and networking across employers.
  - **Ideally, the job of convening sector partnerships is taken on by one lead organization, but implementation of the activities, services and solutions is shared** across key institutions in education, workforce and economic development:
    - For example, imagine in your region that:
      - Workforce development convenes the Healthcare and Construction partnerships; Colleges convene the Energy and Professional Services partnerships; and the Chamber convenes the Manufacturing partnership. Each system/program sits on every partnership as a key partner.
      - Each partnership is driven by a group of active employer partners in the target industry.
    - The Point: This is not a workforce development thing, or an economic development thing, or an education thing. It's a shared thing.

### What's in it for me?

- **For Companies** - a place to solve major talent issues, a place to address other issues related to their shared competitiveness; a single table at which to work with public entities; an opportunity to share costs related to needed solutions
- **For Educators** - a venue for faster understanding of changing industry needs; a vehicle to identify, build and refine curriculum, programs and credentials; the only way to truly create industry-driven career pathway systems
- **For Workforce Developers** - a way to strategically focus time and resources toward high impact solutions for industry and workers; a wholesale vs. a retail approach to serving employers; a way to create highly customized and therefore highly accurate

training solutions for employers that give workers the right training at the right time for jobs that exist now.

- **For Economic Developers** – a place for focused work with existing key industries on talent and other questions related to competitiveness; a meaningful venue for working with workforce development and education; a framework for organizing the strategies needed to support critical industries; and a tool to truly understand the strengths and opportunities of existing industry in a region that can inform retention, growth and attraction strategies.

### Impact and Outcomes

**Sector partnerships are among the few public program interventions with statistical evidence** showing improved employment opportunities for workers. Companies benefit too, reporting increases in productivity, reductions in customer complaints, and declines in staff turnover, all of which reduce costs and improve competitiveness. Some sector partnerships are strongly correlated to job creation and new product lines of member employers, simply based on the networking power of the partnership.

#### Impact on Employers:

- Turnover: 41% reduction
- Rework: 19% reduction
- Customer complaints: 23% reduction
- Companies that said partnerships with other companies were valuable: 100%
- 84% of employers surveyed from Industry Partnerships reported significant increases in productivity
- Growth: New product lines, new access to markets.

#### Impact on Workers:

- Earn more per hour
- Decreases in poverty (from 64% to 35%)
- Participants gained new jobs within targeted sectors
- 83% of participants agreed that the training prepared them well for work in the targeted sector
- 78% said the program had improved their chances of getting a good job

#### Impact on Economic Growth:

- New product lines added by member companies
- New markets entered
- New jobs created
- New companies created
- New companies relocated to the region

**For more:** “State Sector Strategies Coming of Age: Implications for State Workforce Policymakers: <http://www.nga.org/files/live/sites/NGA/files/pdf/2013/1301NGASSSReport.pdf>.