SAVING AND CREATING GOOD JOBS:

A Study of Industrial Retention and Expansion Programs

By **Neil S. Mayer, Ph.D.**

With financial support from:

Office of Policy Development and Research
U.S. Department of Housing and Urban Development

Pew Charitable Trusts

Center for Community Change

December 1998

Center for Community Change
1000 Wisconsin Avenue NW
Washington, DC 20007
202-342-0567

ISBN 1-890874-06-X

CONTENTS

Acknowledgements

This report represents the culmination of over two years of research and development. Over the course of the study, many people gave their time and assistance. The Center for Community Change is very grateful to the Office of Policy Development and Research within the U.S. Department of Housing and Urban Development, and the Pew Charitable Trust's Fund for Urban Neighborhood Development, for providing financial resources to underwrite the research. The project team is further grateful to the John D and Catherine T. MacArthur Foundation for hosting a meeting of IRE representatives and Center staff.

In addition to the author, other researchers participated actively in gathering information about project sites, writing case study reports, and gleaning lessons from them. These included Center staff member Fred Broadwell and consultants Michael Kane and Peter Kwass of Mount Auburn Associates. Frieda Molina of the Center staff was a vital participant as an advisor and colleague who, though occupied principally with another study component, not only helped design the overall study but frequently challenged us all to tighten our thinking in useful ways. Center colleague Kris Palmer contributed valuable analysis from her studies of sectoral projects within the manufacturing industry.

The research team is especially grateful to the staff of the industrial retention and expansion initiatives we examined, particularly Michael Buccitelli, John Colm, Tom Croft and Kate Squire who, as heads of the respective IRE efforts that were the primary focus of the study, gave generously of their time and thinking and agreed to submit their programs to close scrutiny, principally so that others could learn about best practices in their fields. We also thank James Lemonides and Christine Fischer at the other IRE sites and Ray Daffner and Dan St. Louis at the manufacturing-focused sector projects we visited for sharing information and perspectives with us. In every case, these leaders' staffs and program partners and clients were similarly gracious.

Special appreciation goes to Andrew Mott at the Center for his consistent support, thoughtful insights and questions, and flexibility in organizing project work to maximize its value. His enthusiasm for the effort and commitment to serving low-income people were key to keeping it moving. He, along with HUD staff Kevin Neary and Todd Richardson, provided valuable comments on earlier drafts of this report. Margery Turner, formerly of HUD, and Andy Mott collaborated in the initial flexible definition of the project.

Editing of this report was ably performed by Iris Rothman and Tim Saasta, with assistance from Leigh Dingerson. It contributing greatly to the clarity of the presentation. Tim Saasta also managed the production. The cover drawing was done by Jorge Luis Somarriba.

—Neil S. Mayer

Foreword

Economic success poses its own dilemmas. For example, while the U.S. economy is creating new skilled and semi-skilled jobs at an unprecedented rate, those new jobs are not equally accessible to all Americans, both in terms of where one lives and of the skills and income one needs to claim those jobs. In short, people in rural areas and areas in which manufacturing firms (and jobs) have fled do not have equal access to the new employment; neither do those persons with less skills, less education, lower income. A related dilemma is that, although some comminutes have arrived at remarkably innovative and successful means, frequently with support from the U.S. Department of Housing and Urban Development, to address the first dilemma, those initiatives have not been systematically described and widely disseminated. As the result, even highly successful initiatives have not claimed wide currency.

The four studies that comprise this effort go some way to addressing the second dilemma. They explore in detail four strategies that have shown marked success in producing and maintaining economic opportunities and jobs and also in making them available to people with low incomes. The four studies were conducted by the Center for Community Change with support by the Office of Policy Development and Research of the U.S. Department of Housing and Urban Development, the Pew Charitable Trusts and its Fund for Urban Neighborhood Development and by the Center for Community Change itself. The four reports are:

Making Connections: A Study of Employment Linkage Programs considers efforts by local governments to leverage their fiscal and zoning powers to gain the commitment of employers to connect low income people with private sector employment. Such initiatives share certain features: They create ties to employers through the use of development incentives and offering employers an expensive system for locating quality employees, provide timely access to information on job opportunities and establish formal means for screening, referring and placing job candidates. In the report, three long-standing employment linkage programs are reviewed to determine how well they link residents of economically isolated communities to jobs.

Saving and Creating Good Jobs: A Study of Industrial Retention and Expansion Programs focuses on programs designed to assist manufacturing firms already in a given location to stay and grow. The underlying presumption is that some manufacturing firms in any locality would prefer to stay, and even expand, if special mechanisms were in place that improve the manufacturer's capacity to compete by providing assistance in such areas as marketing, technology and finding qualified workers. This study assesses the value of industrial retention and expansion as a strategy with particular emphasis on the experience of four organizations for whom that strategy is their principal mission.

New Avenues into Jobs: Early Lessons from Nonprofit Temp Agencies and Employment Brokers explores an economic development model in which job seekers are placed by employment brokers into non-permanent positions where they build work experience while receiving varying degrees of retention assistance and other kinds of post-placement support. The report documents the efforts for six nonprofit organization to help disadvantaged workers gain access to employment through temporary work and surveys the lessons, positive and negative, learned from these local initiatives.

Strengthening Rural Economics: Programs that Target Promising Sectors of a Local Economy examines how a strategy of concentrating economic developing effort on a sector of businesses that are located near each other and share other common features can expand economic opportunities and produce jobs in rural areas. The report describes four diverse cases in which such a strategy has been used at least in part with the intention of increasing employment among low income people – and with some success.

Taken together, these reports, and related studies available directly from the Center for Community Change, offer those in local governments and both non- and for-profit organizations who want to stimulate more and better jobs for residents of their communities insights into the potential for growth implicit in local economic development strategies that can be replicated and customized to meet local needs.

Xavier de Souza Briggs

Preface

Across the country, nonprofit organizations and government agencies are trying new approaches to problems that contribute to poverty, including unemployment, underemployment and low wage jobs. Many of these model projects are highly creative and promising, but they are scattered and seldom evaluated. It has thus been impossible for other organizations or the Federal government to learn from these models in order to adapt and use them elsewhere.

This is particularly unfortunate today, when this country's steadily expanding economy has created a tremendous demand for both skilled and semi-skilled employees. This demand has led to an extraordinary opportunity for low income people with limited skills and job histories to get a sturdy foothold in the world of work.

To help close this information gap about job-related programs that work, the Center for Community Change has prepared reports on four approaches to economic development, all of which are providing jobs and economic opportunities to low income people. Each report is based on a series of case studies of successful local projects, along with additional research and data analysis.

All the reports are driven by four key assumptions:

- ***The market has the capacity*** to generate jobs and create economic opportunities on a large scale, which public and private interventions can extend but not replace.
- Mechanisms are needed to make sure that ***low income, low-skilled people benefit from these jobs and opportunities*** that the market is producing. Too often, these people reap few if any of the benefits of a growing economy. Thus, in selecting programs to study, we looked for those that either directly or indirectly *targeted* their benefits to those with the greatest needs.
- Efforts to provide jobs and other opportunities for low income people should not focus solely on the neighborhoods in which they live. In addition, there needs to be a ***focus on the broader geographic area***, finding ways to connect residents in low income, inner-city neighborhoods with jobs that are located throughout the metropolitan region.
- Given the tremendous need for decent jobs for residents of most low income communities, efforts to create jobs need to be large enough to have ***a measurable impact*** on these communities, or at least have the potential to have such an impact.

The primary goal of our research has been to give community-based and other nonprofit organizations — as well as public officials and others concerned about jobs — useful information about economic development strategies that are effective in these terms. We hope this research will stimulate others to adopt strategies that have been developed over many years of hard work, and that it will also lead to government policies that encourage more use of these strategies.

This report focuses on the industrial retention and expansion strategy. This strategy focuses on local manufacturing businesses, attempting both to save jobs by preventing local firms from closing or moving, as well as to stimulate new jobs by helping these firms expand.

To examine this strategy, we intensively studied four "IRE" programs, picking those that appeared to be successful and thus could function as models for others. We also studied two additional sites less intensively. We analyzed local data, interviewed dozens of people at each site, read local documents and studied the existing literature. We wanted to answer four main questions:

- How well do the strongest IRE programs preserve and create jobs?

"We also hope these studies underscore the vital role that the lack of decent jobs plays in the economic struggles of many people living in low income communities."

- Why do they succeed or sometimes fall short?
- What can be done to broaden their impact?

This report is one of four that was supported by the Office of Policy Development and Research of the U.S. Department of Housing and Urban Development, the Pew Charitable Trusts and its Fund for Urban Neighborhood Development, and by the Center for Community Change itself. The other three reports are:

- ***Making Connections: A Study of Employment Linkage Programs***, which examines three programs that try various ways of linking inner city residents with jobs in the mainstream economy.
- ***New Avenues into Jobs: Early Lessons from Nonprofit Temp Agencies and Employment Brokers***, which focuses on nonprofits that have used temporary work as a way to integrate low income people into the world of work.
- ***Strengthening Rural Economies: Programs that Target Promising Sectors of a Local Economy***, which examines efforts to strengthen a particular "sector" of a local economy that is thought to have potential for expansion and job creation for low income people, such as hosiery manufacturing in North Carolina.

Taken together, we hope these studies provide useful information for those who want to stimulate more and better jobs for residents of their communities. We also hope they underscore the vital role that the lack of decent jobs plays in the economic struggles of many people living in low income communities.

Executive Summary

This report, focusing on industrial retention and expansion (IRE), is one of a series produced by the Center for Community Change. Each examines a specific economic development strategy that can significantly increase jobs for disadvantaged residents of distressed urban neighborhoods and rural communities.

IRE strategy is based on the belief that public and private players can intervene to help stabilize and increase manufacturing activity and employment in a given location. Because manufacturing jobs can provide good work for people with limited education, skill and/or experience, a successful IRE strategy can significantly benefit people needing work and income. But specific mechanisms are needed to insure that jobs are targeted for those with the greatest needs.

To assess the value of IRE, our research drew on four intensive on-site case studies, briefer reviews of some additional cases and an extensive review of the literature. The intensive case studies included:

- The Office of Economic Development (OED), *Berkeley, California*
- The Jane Addams Resource Corporation (JARC), *Chicago, Illinois*
- The Steel Valley Authority (SVA), *Duquesne, Pennsylvania*
- The Westside Industrial Retention and Expansion Network (WIRE-Net), *Cleveland, Ohio*

Why Manufacturing?

In the United States, manufacturing employment has been declining for years, and manufacturing jobs have been shifted away from the central cities where many low income people live. Loss of manufacturing jobs closely correlates with higher rates of poverty and unemployment, especially for African American males.

But, on the plus side:

- Manufacturing *activity* has continued to grow even as manufacturing employment has declined.
- Manufacturing is still concentrated in the cities and counties where many low income people live.
- In terms of wages, benefits and union representation, job quality is higher than in other sectors.

The Logic of an IRE Program

Industrial Retention and Expansion programs assist manufacturing firms already in a given location to stay and grow. The theory behind IRE activity includes four suppositions:

- In a dynamic economy, some firms inevitably die or depart. But *total jobs* can grow over time if viable companies are retained and able to expand.
- Manufacturers will generally seek to avoid the costs (financial and operational) of moving. Companies — especially smaller, locally owned businesses — have many incentives to stay where they are.
- Existing firms are an "efficient" focal point for economic development efforts. There is often a good reason why they selected their current location in the first place.
- To survive and expand locally, companies need to remain competitive in the market for their products. Particularly for smaller companies, an effective IRE program can improve a manufacturer's ability to compete by providing assistance in such areas as marketing, technology and finding qualified workers.

"One key activity from the start was outreach to firms: getting information about their needs and establishing working relationships to better serve them."

The Strategy in Practice

Planning and Implementing an IRE Program

Our IRE sites all shared a common mission:

- Retaining and expanding manufacturing business and employment.
- Increasing economic opportunity for local residents, especially the disadvantaged, by helping them gain manufacturing jobs and upgrades.
- Improving the economic health of the community by increasing job opportunities.
- Improving the broader community by strengthening businesses and other institutions and linking them with citizens.

On the other hand, even among our small sample, IRE backgrounds, structures and lead institutions differed greatly. We learned that:

- Many different structures can work equally effectively, provided that other key conditions and capabilities are in place. Our sample of successful IRE programs included a new Community Development Corporation, a city department, a business-led membership organization, and a labor-driven, state-chartered authority.
- The central players must include a strong and consistent voice for serving the disadvantaged — or that goal will get lost.
- Manufacturing firms must have an effective mechanism to communicate their business needs to the people operating the program.

IRE Program Components, Priorities and Partners

Our study sites varied in the ways they supported businesses and workers, but all their programs were assembled from among 15 components. Most activities focused on helping businesses (with jobs as the primary desired benefit). Some involved helping would-be and current workers prepare for positions and get hired.

One key activity from the start was outreach to industrial firms: getting information about their needs and wants and establishing working relationships in order to better serve them — and gain their participation in hiring. Business services included:

- Help in finding sites and developing space.
- Intervening with local government to ease permit and other regulatory processes.
- Technical assistance with general management, marketing and technology, often concentrating on modernization, and at times on strengthening firms at risk of shutdown or departure.
- Financing: either help in obtaining it or direct lending.
- Networking, including joint purchases, peer learning and production collaborations.
- Aid in transferring the business to successors.

The workforce activities served both the workers themselves and the businesses in need of qualified employees (indeed, many firms considered finding competent workers to be their leading competitiveness issue). Workforce development assistance included:

- Job training for new and current workers (Chicago's Jane Addams Resource Corporation's primary focus).
- Job linkage programs to improve poor people's access to manufacturing employment opportunities.

Of the different sites we studied, the Westside Industrial Retention and Expansion Network (WIRE-Net) in Cleveland provided the most diverse service package of both business and workforce assistance.

"Each IRE effort preserved enough jobs to significantly improve its area's trend in the number of manufacturing jobs."

The path from start-up to current programming differed among IRE efforts, but all had some steps in common. They all started by studying industrial conditions and shaped their programs in response to them. When conditions changed — say, the market for labor became tighter — they changed the kinds of assistance they offered. They all required many years of operation — generally five to ten — to develop the experience, track records and personal contacts and relationships that then opened new opportunities.

Building internal capacity and revising strategy as opportunities emerged were crucial for the programs to be able to take advantage of the opportunities opened up by these relationships. As it developed the confidence of its member firms, WIRE-Net, for example, was able to move from offering exclusively "outside-the-plant-gate services" (such as aid in dealing with local government) to "inside-the-gate" assistance with marketing and other competitiveness issues.

Our IRE sites, though chosen in part because they were likely successes, were quite modest in staff size and budget. All relied heavily on partnerships to deliver their services — both because of their size constraints and because they recognized the advantages of drawing on other players with the expertise, resources and control that they lacked. The Steel Valley Authority, for example, had a very small staff in a large region. It focused on providing referrals in areas such as technological modernization.

Partners for IRE organizations ran the full gamut from manufacturing firms, individual job trainees/candidates, government, community organizations, outside funders, investors and lenders, outside experts, workers and trade unions.

What Did the Programs Accomplish?

Do IRE efforts actually have a significant impact on industrial retention and expansion? Our research concluded that:

- The programs are keeping firms in areas they might otherwise leave, fostering companies' competitiveness and growth, and increasing job opportunities for disadvantaged people.
- They are doing so efficiently.
- People-to-people activities are usually the most effective.

Jobs and Business Impact

In our study, we identified situations in which IRE programs were apparently making a key difference in whether a firm stayed (and perhaps expanded), departed or closed. We then estimated the number of jobs affected.

In each case study, we found that the IRE efforts preserved a large enough number of jobs to significantly improve the target area's trend in manufacturing growth. In three of the four locations, they were able to stabilize a formerly deteriorating situation. Only in the Steel Valley Authority area in Homestead, Pennsylvania, with its very large number of firms and its recent history of enormous job loss, did net loss of manufacturing jobs continue. Even there, the effect of IRE action was strong enough to slow the decline substantially.

Information on IRE's total impact on manufacturing is most complete in Berkeley. The IRE effort there began in 1987 with ad hoc assistance to manufacturers, an outreach survey, revised land-use regulation to protect industry, and a growing range of business assistance. Within a year, nearly two decades of decline in manufacturing employment was reversed. Before the IRE program began, Berkeley was losing manufacturing jobs at a much faster rate than its surrounding communities and state. After

"Central to our definition of a successful IRE strategy was a commitment to serve disadvantaged people by training and hiring them."

IRE, Berkeley did much better than these other areas.

Efficiency

IRE programs at our four primary sites also proved extremely cost-effective compared to other mechanisms for creating and protecting jobs. Even making extremely conservative assumptions, the costs per job created were very low: from a few hundred dollars to less than $3,000. Costs for job training and placement were also well under industry norms.

The reason is straightforward: a business retention approach is built on relationships. IRE organizations learn about firms' needs, provide direct services, and build links to *other* actors and institutions that can serve the companies.

Staff costs are the main expense. The IRE services that helped the most in retaining firms or helping them expand were highly people-intensive, *not* large capital subsidies.

- WIRE-Net's largest impact came through its programs to help firms find and get approvals for sites and to recruit and hire entry-level workers.
- Berkeley OED's prime impact was in site finding and permit-approval assistance, often for expansions.
- Jane Addams Resource Center's key programs were technology services, worker training, management assistance and advocacy and action on land use and infrastructure improvements.
- The Steel Valley Authority had its primary impact through technology and management assistance, access to financing, aid in owner succession, and referrals to outside providers of similar help.

Staff costs themselves are kept down by the fact that services are targeted to firms that already have demonstrated interest in the geographic area in which they're located. Funds are not wasted chasing companies with little likelihood of relocating from afar.

Hiring Disadvantaged People and Serving Community Residents

Central to our definition of a successful IRE strategy — and our choice of study sites — were a commitment to serve disadvantaged people by training and hiring them, and participation by both manufacturers and the IRE organization in other community improvement activities.

The IRE initiatives we examined focused as much on targeted job benefits as on business assistance and growth. Three of our four primary sites featured job placement and/or job training. In each case, these programs served a disproportionate number of disadvantaged local residents. WIRE-Net's Hire Locally program found jobs for twice as many low income people and people of color as their proportion in the area. It also doubled neighborhood residents' previous share of all manufacturing hires. Berkeley's First Source program did the same, persuading firms receiving business assistance to agree formally and informally to give first consideration to First Source referrals.

Jane Addams Resource Center, which provided the most training of our four IRE sites, was very effective in opening participation to people of color in well over their proportion in its service area.

Three other IRE sites we looked at less intensely also provided job placement and/or training for disadvantaged people. The Hosiery Technology Center in North Carolina created mechanisms to funnel in and prepare new immigrants for training. The Northeast Milwaukee Industrial Development Corporation's placement and training programs gave priority to poor people. The third, Oregon's Wood Products Competitiveness Corporation, was pursuing a school-to-work approach for non-college-bound youth.

"Effective IRE programs treat manufacturers as legitimately holding significant interests in the success of their own firms, their industry and their community."

All our primary sites also contributed in other ways to their neighborhoods' revitalization. Their undertakings included an effort to save and improve a local school threatened with closure, negotiations with expanding firms to get them to contribute to subsidized child care and affordable housing, and partnerships in toxic clean-up efforts.

Why Did the Programs Succeed?

While answers to questions that are based on a small sample of deliberately chosen winners can't be considered fully scientific, lessons consistently emerged from our observations. These involved:

- Organizational structure and vision
- Program concept
- Internal capacity
- External assistance and partnerships
- Economic and social conditions

Structure and Vision

Effective IRE programs treat manufacturers as legitimately holding significant interests in the success of their own firms, their industry *and* their community. It sees them as deserving a central place at the table in strategy-making and defining IRE services. Outreach is critical to gain manufacturers' views and involvement. These programs also build credibility and trust by providing services of real value to the manufacturers *before* they ask them to provide community benefits.

Program Concept and Design

Focusing on manufacturing, retaining and expanding existing local firms, and training local workers and targeting new jobs to them — all of which are frequently neglected aspects of economic development — are central elements in a successful design. Retention/expansion makes more powerful economic logic than attraction. Especially when owners and managers are involved in curriculum design and training delivery, workforce development and linkage activities help solve labor shortages and so contribute to industrial success.

Also important in program design are efforts to respond to manufacturers' growing and changing space needs *before* they begin hunting for alternative locations. Meeting needs before they become continuing problems can keep businesses from price shopping for other locations.

We also learned that tax and capital subsidies could be safely de-emphasized. They seem to be less important to small and mid-size firms than is their operating environment.

Internal Capacity

Here, the most important force for success was highly competent staff. Strong IRE efforts had experienced and respected leaders, with a broad set of people and technical skills. Staff were particularly skilled at building relationships with business people. The technical assistance they provided was at least as good as that from any other source. Successful IREs also had staff who valued careful planning and analysis.

In addition, good IREs had a core of active business leadership who bestowed credibility upon and helped provide entree for the IRE staff.

External Assistance and Partnerships

Among the most important contributions of external institutions and players is flexible operating support. Successful industrial retention efforts are structured as services, not capital projects. While some costs are met by member dues and/or fees for service, flexible operating support can enable IREs to better shape their programs in response to

"Strong IRE efforts had experienced and respected leaders, who had a broad set of people and technical skills. Staff were particularly skilled at building relationships with business people."

client needs. For example, funds from the Pew Charitable Trusts and the Cleveland and George Gund Foundations enabled WIRE-Net to significantly expand its services, following well thought out strategic plans.

Local and state government support and cooperation are also important outside factors. Successful IREs worked with governments that responded favorably to staff efforts to resolve manufacturers' problems and improve public services. Public policy decisions supported manufacturing in areas such as land use/zoning. And governments provided funding for both the organization and for its clients' public sector needs, such as infrastructure improvements.

Economic and Social Conditions

Economic and social conditions play a role in IRE success as well, but not the way one might guess. The strength of the national and regional manufacturing sector does in part determine what IRE interventions can be most appropriate at a given time and place. But the IRE programs we examined were successful in strong and weak markets and periods (at least with respect to all but the largest firms). More important conditions were:

- A base of smaller, locally owned firms.
- Territories large enough to achieve economies of scale in providing business assistance without losing local sensitivity.
- Recognition of and timely action on a shortage of clean urban sites.
- Filling gaps in the education system and in availability of "patient" capital.

Did the Programs Change Systems Serving Businesses and Communities?

The local efforts of these IRE organizations resulted in "systems change"— a series of changes beyond the immediate outcomes for individual businesses and residents. Some of the systems changes with likely significant impacts on manufacturing included:

- Creation of effective models of true partnerships among businesses, community members and the public sector, with benefits for each player.
- A new tradition of business-to-business cooperation, whether in learning together about a new technology or in pressing local government for a repaved road.
- New programs and standards for genuine targeting of job benefits to disadvantaged populations.
- Changed attitudes by manufacturers toward local industrial areas as a place to do business, from "impossible, we can't get things done" to "I want to locate where the (IRE program) operates."
- More favorable zoning patterns and streamlined permit approvals for manufacturing.
- City-wide programs for small manufacturing businesses modeled on our sample IREs — supported by public and private dollars — in Chicago and Cleveland, and regional influence and partnering around Pittsburgh and Berkeley.
- Education for public officials and economic development specialists about the importance and potential of manufacturing in providing job opportunities.
- Expanded resources and strategies to help companies in trouble.

"IRE initiatives are well worth expanding where they are already in place and worth replicating elsewhere."

Conclusions and Recommendations: Potential for Expansion, Extension and Replication

Our evidence shows that IRE initiatives are well worth expanding where they are already in place and worth replicating elsewhere. Our analysis suggests ways such efforts might be most usefully focused.

Expansion of Existing Efforts

The job training and placement area seems particularly fertile ground. None of the organizations we studied was able to offer all the components that belong in a comprehensive set of training and placement services. They had few models of organizations meeting both workforce and other business assistance needs, especially for the hardest-to-serve potential clients. Understandably, they usually began by introducing just one or two elements of workforce development into their programs. Enabling them to add services such as adult remedial education and post-employment support would multiply their social impact.

Efforts to assist manufacturing firms with "inside-the-plant-gate" services — such as technology modernization and management (and the complementary upgrading of worker skills) — are relatively new on the IRE agenda. Few IRE programs provide these services, making this another substantial expansion opportunity for existing IREs. Individual firms' ability to compete is critical to the long-term health of industrial areas. Small firms can clearly use help in accessing advanced techniques at affordable cost and in coupling introduction of technology with upgrading of worker skills.

In addition, there is a need for more resources for outreach. Our IRE organizations understood the importance of outreach and continuing contact with local firms. But with stretched staff and funds, they too often let outreach slide.

Ability to expand to reach wider geographic areas and thus more companies would also be valuable, providing opportunities for shared learning and for economies of scale in technical assistance. That same expansion could increase possibilities for effective sectoral strategies, concentrating attention on the particular issues and needs of single industries or clusters, such as precision metal-working at JARC or food processing in Berkeley.

Replication

So few efforts currently couple effective assistance to existing local manufacturers with targeting job and community development benefits that replication opportunities seem limited "only" by resources. Replication will require:

- Wider communication about the effectiveness of the strategy to increase its visibility.
- Expanded support—public and private—for development and operations.
- Policymakers and economic development professionals educated to understand the potential of the IRE approach.

With those conditions met, replication could usefully concentrate on capacity building:

- Recruiting and training leaders, and exposing them to strong existing initiatives and leaders.
- Providing start-up and early operations funds.
- Making technical guidance available.

Role of the Federal Government

The federal government could make an important contribution to industrial retention and expansion, a contribution justified by the IRE programs' effectiveness in creating and preserving jobs for those in need.

"The federal government could make an important contribution through supporting networking among IRE institutions and leaders, or developing a multi-site demonstration project."

At the least, it could provide modest support of networking among IRE institutions and leaders, including convening meetings, developing a newsletter and training materials, and supplying technical assistance based on best practices elsewhere. One level up, it could combine a multi-site demonstration project with its networking support. Going further, it could make industrial retention and expansion part of a broader demonstration initiative that offered multiple economic development strategies, each focusing on targeting private sector job opportunities to people in need.

A yet stronger commitment would create a new competitive program supporting this range of strategies. The program would select grant recipients on the basis of their targeting goals and likely effectiveness in creating jobs.

Such initiatives could draw on existing resources, including:

- At HUD, CDBG and Empowerment Zone and Enterprise Community resources for manufacturing assistance and job linkage programs.
- In the Commerce Department, EDA support for manufacturing space and infrastructure, and NIST-sponsored manufacturing extension centers.
- EPA (and HUD) brownfield clean-up resources.
- HHS welfare-to-work and school-to-work efforts for workforce development and placement.
- Small Business Administration and Community Development Financial Institutions financing.
- New initiatives, such as the potential block grant for job training.

1 What Is an IRE Strategy and Why Is It Important?

The basic notion of an industrial retention and expansion strategy is that it is possible to intervene to help stabilize and increase manufacturing activity and employment in a given location. The strategy acknowledges that — especially in recent years — national and international forces that are restructuring the U.S. economy can shape manufacturing in ways beyond local control. But IRE strategy presumes that a well-designed and well-implemented local economic development initiative can significantly help local manufacturers improve their competitive positions and increase their incentives to stay and grow locally.

For the purposes of our study, we added another defining component: an effort to target the benefits of stabilized and expanded manufacturing employment to people in need of jobs and income. Generally, such an effort involves preserving and creating jobs in an area reasonably close to where disadvantaged people live, along with providing services that improve residents' preparation for and access to jobs.

An IRE program succeeds if it can increase area manufacturers' likelihood of survival and growth, their commitment to staying in place or growing nearby, and their hiring of disadvantaged workers.

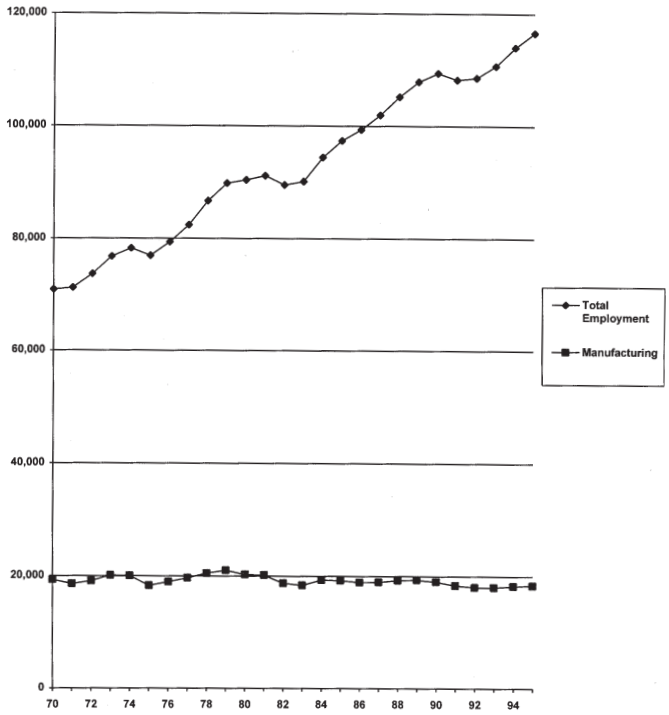
Why Focus on Manufacturing?

In the United States, for many years, the absolute number of manufacturing jobs has been declining. Their percentage of total employment has declined even faster. The jobs have shifted away from central cities, where many low income people live. Many observers see these job losses as inevitable in a world of shifting economic forces.

But there are good reasons — rooted in manufacturing employment's history as a ladder of opportunity — to examine how well local initiatives might be able to preserve industrial jobs and trigger their growth in locations accessible to people in need of work.

Manufacturing job losses have certainly been very substantial, especially in relation to the growth in other parts of the economy. Manufacturing employment peaked in 1979 at 21,040,000. It has gone up and down cyclically since then, but never again reached that height (see Figure 1). The figures for 1995, corresponding to the data in our case studies, show manufacturing employment of about 18,400,000, despite continuous growth since 1992.

FIGURE 1
MANUFACTURING AND TOTAL U.S. EMPLOYMENT
(NONAGRICULTURAL)
1970-1995
NUMBERS IN THOUSANDS OF WORKERS



"National and international forces can shape manufacturing in ways beyond local control. But a good IRE program can significantly help local manufacturers improve their competitiveness and increase their incentives to stay and grow locally."

That is the same level first reached in the late 1960s. During the same 1979-1995 period, total U.S. employment grew by about 30 percent. Manufacturing jobs fell as a percentage of total jobs from over 23 percent to under 16 percent.

A driving force for this reduction was the decline in the use of labor in the production process. While manufacturing employment dropped in the 1979-1995 period, the index of industrial production rose by more than half.[1] That increase was actually slightly larger than the growth in total real domestic product in the same years. Overall manufacturing production grew significantly, while employment stagnated. Why? Capital, in the form of new equipment, replaced labor. In addition, the manufacture of products with capital-intensive production processes grew domestically, while more labor-intensive industries moved to lower-wage locations overseas.

Manufacturing jobs in all counties with central cities[2] combined fell by about one percent between 1963 and 1987. At the same time, manufacturing employment grew by 32 percent in all other areas combined. As a result, the share of manufacturing jobs located in counties with central cities declined from 61 percent to 54 percent during the period.[3] Large central city counties fared significantly worse than others. They lost nine percent of manufacturing employment between 1963 and 1987.

Nonetheless, manufacturing continues to play an important role in opening economic opportunity for people with limited education, skills and experience:

- **Manufacturing is *still* concentrated in central cities and their counties**, relatively near neighborhoods in which many disadvantaged people reside. Even after years of relative decline, a modest majority of manufacturing jobs are in central cities and their counties.

- **People of color are represented more closely in relation to their numbers in the workforce in manufacturing than in other sectors**, although African Americans do better in some other sectors. African Americans and Hispanic Americans constitute 11.1 percent and 9.3 percent of the overall U.S. workforce. Their shares of manufacturing employment are 10.4 percent and 10.2 percent, respectively, compared to 10.6 percent and 8.9 percent of all employment.[4]

- **Quality of jobs — in terms of wages, benefits and union representation — is higher in manufacturing than in other sectors.** In 1995, wages averaged $12.37/hour in manufacturing versus $11.44/hour in the overall private sector.[5] For several large cities for which we have measures, entry and near-entry level workers are much more likely to receive health insurance and pension benefits than are workers in the retail and service industries.[6] Nineteen percent of workers in manufacturing were represented by unions in 1995, exceeded only by workers in government (44 percent) and the much smaller number of workers in transportation and public utilities (29 percent). Union representation was only seven percent in both services and wholesale and retail trade.

- **Lower education and skill levels are required for most entry-level jobs in manufacturing than in other sectors.** A four-city study of job requirements showed entry-level workers in manufacturing and related industries to be several times more likely to need no more than a high school education than were beginning sales, clerical and service workers. They were also far less likely to need to carry out certain skill-related tasks.[7] Average years of education of front-line manufacturing workers is just over 12.25, compared to 12.4 in retail and 13.2 in services.[8] Three-quarters of ordinary manufacturing production workers (operators/fabricators) have a high school education or less,

"In central cities, shifts from manufacturing to other types of employment—and loss of manufacturing jobs in cities and their regions—increase central city poverty and unemployment and the geographic concentrations of poor people."

compared to 63 percent of service workers. One-quarter in manufacturing lack a high school diploma, compared to one-fifth in services.[9]

- **Loss of manufacturing jobs in central cities of metropolitan areas contributes significantly to concentrations of poverty and unemployment**, most notably among people of color. Research has demonstrated that, in central cities, shifts from manufacturing to other types of employment — and loss of manufacturing jobs in cities and their regions — increase central city poverty and unemployment and the geographic concentrations of poor people. These effects are substantially stronger for African American males[10] — a group with much higher unemployment rates and workforce drop-out rates than other significant subpopulations — than for the population as a whole and other subgroups.

- **Manufacturing product has continued to grow in the United States even as employment in it has declined.** It can remain a healthy force for economic opportunity if it is properly nurtured and reconnected to potential workers in need.

These facts provide reason to hope that economic development policy and programs can sustain and increase the level of manufacturing employment in areas where unemployed and under-employed people can reasonably seek work. The central question, in examining local industrial retention and expansion initiatives, becomes whether such interventions — at least in their best forms — can effectively help industry to stabilize and grow—and bring in people otherwise left out of the economic mainstream.

Our exploration suggests that the list of such successful initiatives to date is not long. IRE has not been a primary focus of economic developers' attention. Retention as a strategy — as distinct from attracting businesses from elsewhere or hoping to foster growth by developing commercial buildings — has been a late-blooming approach.[11] A focus on manufacturing, especially broad support for other than the largest plants, has been uncommon as well. And targeting job opportunities for lower-income people has rarely been on the economic development agenda at all.

For example, the National League of Cities surveyed local elected officials and economic development staff to determine how they saw the relation between dealing with poverty and pursuing economic development in their communities. A majority of those interviewed said that these were unrelated issues. They were almost always addressed by different city departments and not expected to be complementary. Economic development concentrated heavily on fiscal impacts, while poverty was seen as connected to the delivery of human services.[12]

There are some recent examples of industrial retention programs that have apparently benefitted industrial companies and communities, though not with jobs targeted to low income people, particularly at the state but also at the local level and in rural areas.[13] There is, however, little in the way of detailed analysis of results or of the reasons for success and failure, even within this slender literature.

Through an extensive search, we identified six strong and/or promising industrial retention efforts that also included services explicitly designed to deliver job benefits to low income and minority individuals. This report highlights what these programs do, their outcomes, the factors key to their progress and limitations, and their implications for future policy. Our goal is to assess the potential of targeted industrial retention programs as mechanisms for preserving and expanding manufacturing jobs and using them to widen opportunity.

"The principal focus of an IRE program is to assist manufacturing firms already in a given location, helping them to grow in place."

What Logic Drives IRE Programs?

The principal focus of an IRE program is to assist manufacturing firms already in a given location, helping them to grow in place. The "theory" behind IRE activity includes four elements:

1. In a dynamic economy, some firms inevitably die or depart. But total jobs can grow over time if viable companies are retained and able to expand.

2. Companies, especially smaller, locally owned ones, have substantial incentives to stay where they are. If the local circumstances for operation and expansion are not unreasonable, manufacturers will generally seek to avoid the costs of moving: loss of qualified workers, disruption of work schedules, direct relocation costs, stretching existing links to nearby suppliers and customers, and breaking owners' ties to the community.

An effective IRE program helps assure that local circumstances are as positive as possible both in terms of the broader business environment — for example, the cooperativeness of local government — and any issues particular to individual firms, such as an appropriate space for expansion.

3. To survive and expand locally, companies need to remain competitive in the (often wider) markets for their products. An effective IRE program may provide assistance with marketing; inputs, technology and other costs of production; and finding qualified workers. Such assistance helps local firms compete and remain healthy and growing. It also adds to their incentives to remain in the community.[14] Many of these services are most important to smaller firms, which usually cannot afford their own support departments or specialized staff.

4. Existing firms are a naturally efficient focal point for economic development efforts. There is often some substantial reason why they selected their current location in the first place. Even a business attraction program that attempts to target industries that fit with a community's competitive advantages is bound to have to cast its net more randomly than a retention program.

Study Sites

Our research initially identified six promising examples. We made one-day site visits to these six, interviewed key players and collected materials. We then selected four cases for further study, weighing heavily the extent of their experience in pursuing our dual goals. The four programs are:

- Office of Economic Development (OED), *City of Berkeley, California*
- Jane Addams Resource Corporation (JARC), *Chicago, Illinois*
- Steel Valley Authority (SVA), *Duquesne, Pennsylvania*
- Westside Industrial Retention and Expansion Network (WIRE-Net), *Cleveland, Ohio*

Two Center staff people spent three days at each site, interviewing program operators, partners and clients. We also collected program activity and outcome information (in common formats that we designed, insofar as possible[15]) from the operators and a variety of written information. One-page summaries of basic information about each site are included at the end of this chapter.

We also drew on information collected from the two sites we visited for only one day:

- Greater North Pulaski Development Corporation (GNPDC), *Chicago, Illinois*
- Northeast Milwaukee Industrial Development Corporation (NMIDC), *Milwaukee, Wisconsin*

In addition, in another part of our research, we examined some rural programs targeting a particu-

TABLE 1
Some Basic Characteristics of Manufacturing Firms Assisted at Four Sites

Size of Firm: Employees	WIRE-Net	City of Berkeley	JARC	SVA
< 25	52%	54%	20%	18%
26 - 100	33%	46%	75%	33%
> 100	15%	0%	5%	50%
Sales < $1,000,000	33%	N.A.	50-60%	N.A.
Locally Owned	79-95%	N.A.	80%	24%

lar sector of the economy and serving populations in need. Two of these sites focused on subsectors within manufacturing. We took advantage of the information obtained there as well. These sites were:

- The Hosiery Technology Center (HTC), *Hickory, North Carolina*
- The Wood Products Competitiveness Corporation (WPCC), *Bend, Oregon*

[Full reports regarding those last two sites are available in our study of rural sectoral interventions, another report in this series.]

The sites typically contain 5,000 to 20,000 manufacturing jobs (more for the Steel Valley Authority). In the four primary sites, most of these jobs are in small firms (see Table 1). Local ownership is common. Frequently, the company has a single plant and headquarters — the one at our site. Unionization is quite substantial, well above the 18.7% national average for manufacturing workers.

"In 1995, JARC's workforce training served 17 firms employing 2275 workers. In some 55 other cases involving 660 workers, it made a difference in whether the firms were retained."

Jane Addams Resource Corporation (JARC)
Chicago, Illinois

History: JARC was established in 1985 as a nonprofit corporation. Its goals are to expand the job base in the Lakeview/North Center community of Chicago and increase the number of community residents qualified to fill those jobs. It is a spin-off of the Jane Addams Center/Hull House Association, a settlement house formed nearly 100 years earlier. It grew out of the planning work of a task force of the parent body, which early on decided to focus on a primary sector of the economy: metal stamping and related fabrication.

Structure: JARC has its own 21-member board of directors, many with business and manufacturing backgrounds. It has a 20-member core staff who focus on training current workers (and a lesser number of new entrants), as well as providing education to youth and adults.

Primary Services: Metal-working skills training has increasingly been JARC's emphasis. It helps low-skilled production workers improve their literacy and technical skills and potentially upgrade their wages and positions. Within the workforce area, JARC is also involved in school-to-work programs, adult basic education and introduction to manufacturing. It also emphasizes retention services for manufacturers, including a peer learning support group around modernization issues, the development and management of smaller industrial spaces, marketing assistance, and planning and advocacy, especially in relation to land-use.

Mechanism for Serving Low income People: JARC's principal training effort aids low income workers to get better-paying jobs. It thus serves not the lowest of low income people but still people in need. Its increasing emphasis on high school youth and the unemployed for its newer training components extends its reach.

Scale of Activity: In 1995, JARC's workforce training served 17 firms employing a total of 2,275 workers. In a typical year, it trains nearly 200 workers in its skills training effort alone. JARC also aided 95 manufacturing businesses in 1995 with services other than job training. In some 55 cases involving 660 workers, it made a difference in whether the firms were retained. Counting firms only in the narrower definition of its territory, JARC impacted more than half the companies in 1995 alone.

Special Projects: JARC provided (along with Greater North Pulaski Development Corporation) a model of local industrial retention services that the city government was able to adapt to multiple industrial/community areas throughout Chicago (the Local Industrial Retention Initiative). It is now pursuing a joint venture with two local firms to create a Technical Training Center in one of JARC's industrial real estate developments. The Center will provide training for participants in JARC's adult education and school-to-work programs and to employed and unemployed workers. Its partners will use the same facilities for their own training.

Contact:
Michael Buccitelli, *Executive Director*
1800 West Cuyler Street ✦ Chicago, IL 60613
(312) 871-1151 ✦ fax: (321) 871-1787

"OED's primary services include outreach to companies to keep track of their needs, helping get permits processed, helping find expansion sites, financing, aid with recycling and energy conservation, and local hiring."

Office of Economic Development
City of Berkeley, California

History: The Office of Economic Development's industrial retention program began in 1988 as a way to retain good jobs for Berkeley residents with limited education and experience. After surveying local manufacturing firms, OED staff focused first on immediately trying to solve the specific problems and issues enumerated by the businesses. It then created programs to solve those problems. Finally, it worked to influence the West Berkeley Area Plan process to protect manufacturing as the district's zoning was being rewritten.

Structure: OED is a regular operating department of city government. It provides about 1.25 full-time equivalent staff to the IRE effort. In addition, the Planning Department contributes 0.75 full-time staff. OED draws upon other city departments to deliver services as needed.

Primary Services: The primary services include outreach to companies to keep track of their needs, permit processing assistance, ombudsmanship with city government on public works or other issues, referral to sites for expansion, financing, aid with recycling and energy conservation, and local hiring.

Mechanism for Serving Low income People: The IRE program encourages businesses that receive its assistance to hire entry-level workers through the city's First Source Employment program (if businesses receive extensive assistance or certain other benefits from OED, they are required to use First Source). Employers give First Source the first notice of job openings, and consider candidates the program sends before they look to other sources of workers. First Source refers qualified local job candidates from area job-training agencies and other community sources to the employers.

Scale of Activity: In 1995, OED assisted 33 of Berkeley's 230 manufacturers employing 935 of its 6,400 manufacturing workers. For seven of those firms, employing 272 workers, OED made a difference in whether they stayed or departed.

Special Projects: OED and First Source were involved in negotiating and implementing a development agreement with Bayer, Inc. that includes school-to-work, community college training and preferred access to a large number of well-paid bio-tech jobs at the company's major plant in Berkeley.

Contact:

Bill Lambert, *Director*
Office on Economic Development, City of Berkeley
2118 Milvia Street, #200 ✦ Berkeley, CA 94704
(510) 705-8123 ✦ fax: (510) 883-6554

"SVA has focused on the needs of displaced steel workers rather than the long-term poor. Its view is that preserving manufacturing jobs in the Valley slows what had been a flood of increasing poverty."

Steel Valley Authority
Duquesne, PA (near Pittsburgh)

History: The Steel Valley Authority (SVA) was formed in 1986 by a coalition of seven mayors and the Tri-State Conference on Steel. Tri-State is a coalition of church, community and labor activists. It was created to fight plant closures and advocate for the importance of higher-wage manufacturing jobs, at a time of immense loss of steel industry and related jobs in the Mon Valley area.

Structure: SVA is formally chartered by the state of Pennsylvania as a regional development organization with local governance. It is empowered to acquire industrial development projects by eminent domain, including projects to retain and develop existing industries. It also has certain powers to raise bond financing. The charter has mainly helped SVA gain legitimacy: the accompanying special powers have not been put to use. The staff is small (three full-time employees) and relies very heavily on referrals to other organizations.

Primary Services: SVA delivers four key services itself: exploring employee stock option plans for purchase of firms by workers; planning for succession, especially in family-owned firms; improving labor/management relations; and assisting with financing needs. Using referrals, it is heavily involved in technical assistance for production, technology, management and financial operations.

Mechanisms for Serving Low income People: SVA does not have a major program component specifically designed for this purpose. Its view is that preserving manufacturing jobs in the Valley slows what had been a flood of increasing poverty. It has focused on the needs of displaced steel workers rather than the long-term poor. SVA has, however, pursued several projects which target low income communities and workers. These include the City Bakery — an ultimately unsuccessful effort to save a 100-worker firm in the inner city — and the successful rescue of the Homewood Products Co. in an African American community.

Scale of Activity: From 1993-1995, SVA made a significant impact in 39 companies' decisions to stay. Those firms employed over 5,500 people. Annually, it has helped retain 13 firms and 1,848 jobs. In 1995 alone, it assisted 45 companies employing nearly 7,000 workers (that was, however, only a small portion of the huge regional manufacturing base of about 70,000 or more workers).

Special Projects: SVA initially attempted to rescue several very large steel facilities on the verge of closure or that had already shut down. These efforts failed, in significant part because SVA could not arrange adequate financing in situations of substantial risk. SVA has now shifted to working with more manageable-sized businesses, frequently in crisis but at an earlier stage, where shutdown is not imminent. It uses its close working relationships, notably with technology experts at Southwestern Pennsylvania Industrial Revital- extend its services.

Contact:
Tom Croft, *Executive Director*
1 Library Place, #201 ✦ Duquesne, PA 15110
(412) 460-0488

"WIRE-Net's program, Hire Locally, takes in job orders from area manufacturers and refers area residents from its job candidate bank to employers."

Westside Industrial Retention and Expansion Network (WIRE-Net), Cleveland, Ohio

History: In 1986, during a period of intense rust-belt decline, three community development corporations (CDCs) with some background in working with area businesses joined together to form the Westside Industrial Retention and Expansion Network. WIRE-Net was designed to retain manufacturing businesses and jobs on Cleveland's near west side. Its goals included providing employment opportunities for area residents and promoting collaboration between residents and businesses to stabilize and strengthen the community.

It interviewed 200 businesses to identify initial priorities, and those interviews still provide guidance today.

Structure: WIRE-Net is a membership organization of dues-paying businesses. Its board of directors is uniquely constituted. Each of the founding CDCs has a representative, and each appoints three businesspeople as additional members, producing a board that is both business and resident-controlled. WIRE-Net's staff of nine provides business assistance and workforce services.

Primary Services: WIRE-Net's diverse services to businesses include assistance with site finding, advocacy (principally with the city of Cleveland) for infrastructure and other community improvements, technology modernization and management technical assistance, joint purchasing of services, and training for managers and supervisors. It also provides job preparedness training and placement for entry-level workers.

Mechanism for Serving Low income People: WIRE-Net operates a program, Hire Locally, that takes in job orders from area manufacturers and refers area residents from its job candidate bank to employers. Manufacturers participate on a voluntary basis. Many firms identify Hire Locally as the organization's first or second most valuable service. WIRE-Net also runs a school-to-work program in conjunction with the local high school and area manufacturers.

Scale of Activity: In 1995, WIRE-Net served 68 manufacturers with individual business services, 90 with group services such as joint purchases, and responded to 75 firms' requests for Hire Locally job candidates (recipient firms may overlap). It made a key difference in whether 18 firms with 1,082 jobs stayed in the area or departed (out of about 350 manufacturers and 13,000 manufacturing employees in the area).

Special Projects: Using money from Pew Charitable Trust's Neighborhood Preservation Initiative and matching funds from the Cleveland and Gund Foundations, WIRE-Net has expanded substantially in the last few years. It also provided the model for the Cleveland Industrial Retention Initiative, a city-wide program of local industrial assistance funded principally by the city government.

Contact:

John Colm, *Executive Director*
6516 Detroit Ave., #3 ◆ Cleveland, OH 44102
(216) 631-7330 ◆ fax: (216) 651-5096

Endnotes

[1] Economic Report of the President, Feb. 1996, Table B-47.

[2] Census of Manufacturers actually provides data only by county. Since manufacturing was likely moving from central cities to the rest of these counties in some part, the figures we use understate the shift of industrial jobs away from central cities.

[3] Arthur Nelson, Mfg. Trends

[4] U.S. Department of Commerce Statistical Abstract of the United States, Bureau of Labor Statistics, Employment and Earnings, January 1995. Note that persons of Hispanic origin may be of any race.

[5] Ibid. Manufacturing workers are production workers specifically, compared to non-supervisory types of workers in other industries as well.

[6] Harry Holzer, *What Employers Want,* Russell Sage Foundation, New York, 1996, p. 145. The metropolitan areas studied are Atlanta, Detroit, Los Angeles, and Boston. There is one partial exception to the superiority of manufacturing benefits: in primary central cities only, manufacturing workers were less likely to receive pension benefits in particular, than were retail and service workers.

[7] Holzer, p. 65.

[8] Bartik 1993.

[9] US Department of Commerce *Statistical Abstract of the United States*, p 410. Note that expert production workers ("precision production") have education attainment very similar to service workers, higher than "operators/fabricators".

[10] See, among others, Galster and Mincy, Bound and Holzer, Moore and Laramore, and Hughes.

[11] See *Economic Development Review*, Sage Publications, Winter 1991, Various articles.

[12] National League of Cities, *Poverty and Economic Development: Views from City Hall*, Washington, DC: National League of Cities, 1996.

[13] See, for example, David Osborne, *Laboratories of Democracy;* Mt. Auburn Associates, *Jobs and the Urban Poor: Publicly Initiated Sectoral Strategies;* The Aspen Institute, *Jobs and the Urban Poor: Privately Initiated Sectoral Strategies;* National Council for Urban Economic Development, *Urban Manufacturing: Dilemma as Opportunity;* Stuart Rosenfeld, *New Technologies and New Skills*.

[14] In order to retain access to the services.

[15] Remember that these are locally generated initiatives which lack the kinds of applications, data collection requirements, etc. that often exist in common among sites funded by a single federal program.

2 The Strategy in Practice

Mission and Goals

Our IRE study sites shared a common mission:

- Retaining and expanding manufacturing businesses and employment.
- Increasing economic opportunity for local residents, especially the disadvantaged or potentially dislocated, by helping them qualify for and obtain manufacturing jobs and promotions.
- Improving the economic health of the community through employment opportunity.
- Improving the broader community and social health (for example, improving education, security, appearance, social engagement) by strengthening business and other institutions and linking them in shared efforts with the broad citizenry.

The organizations varied in how much weight they put on each aspect. But all agreed on a vision of promoting the success of manufacturers because of their potential to contribute as stakeholders in the community. All believed in communities drawing on industrial jobs and collaboration with business to stabilize and revitalize themselves. JARC focused on raising the skills of workers, while SVA tried to strengthen management. But their ends varied far less than their means.

Planning and Implementing an IRE Strategy

Origins and Crucial Players

Although the structure and evolution of the IREs we studied are diverse, they offer some lessons about the shaping of successful institutions:

- Many different IRE organizational structures can work effectively, provided that key capabilities are in place.
- The central players must include a strong and consistent voice for serving the disadvantaged — or that goal will get lost.
- Firms must have an effective way to communicate their real business needs to the central IRE program operators. Manufacturers will become active community builders, but first they want to receive concrete, practical value to their businesses from the investment of their time and energy.

The specific structures of our four primary organizations were an eclectic mix:

- **WIRE-Net** was founded by leaders of three community development corporations, each resident-based but with some experience in collaborating with business, together with activists in a statewide organization aimed at building community-labor coalitions to reduce plant closures and their impacts. Recognizing the importance of business involvement and of a larger geographic/economic base than the territory of any one CDC, they formed a single organization that was both business-driven and community-oriented.

WIRE-Net is a membership organization of businesses. Its board includes a permanent seat for each CDC, and three businesspeople selected by each CDC.[1] Businesspeople define WIRE-Net's direction, but CDCs have both their own voices — important in keeping the organization focused on benefiting the neighborhoods — and the opportunity to select members of the business community whom they know will work to benefit the larger community as well.

- **Jane Addams Resource Center** was a spin-off of a hundred-year-old settlement house with deep community roots and a history of service delivery. Recognizing the importance of well-paying jobs to the lives of residents, Hull House created an Economic Development Task Force of board, staff and community residents, which ultimately led to its forming the Jane Addams Resource Center.

"Manufacturers will become active community builders, but first they want to receive concrete, practical value to their businesses from the investment of their time and energy."

JARC's board includes a mix of manufacturing workers and businesspeople, others with business-related expertise, and educators — again combining participation of people committed to the community and those with both direct industrial involvement and community concerns.

- **Berkeley's IRE program** is driven principally by the city government, in particular the staff of the city's Office of Economic Development, which developed the initiative. Residents, workers, clergy, plant-closure activists, manufacturers, developers, small business owners and city staff all helped formulate a land-use plan that protected manufacturing space. The plan was adopted unanimously by the City Council.

OED devised and implemented an IRE built around saving and expanding industrial jobs for those in need and aiding local businesses while preserving the environment. OED staff commitment to the initiative, bolstered by formally adopted land-use and targeted-employment policies, has protected the community interest to date. Industry concerns are tracked by surveying the firms and are responded to by extensive business services designed to meet those needs.

- **The Steel Valley Authority** was founded at organized labor's initiative, in response to large-scale plant shutdowns and cutbacks in the Pittsburgh area. After organizing community support in many of the region's towns, it gained formal state designation as an industrial authority with associated financing and eminent domain powers.

Steel Valley Authority began its work in a relatively confrontational mode, confronting manufacturers on behalf of the area's desperate workers and communities. Its approach has evolved toward a more collaborative business assistance strategy (while maintaining its commitment to worker participation in decisions). More than our other three sites, Steel Valley Authority limits its provision of direct services and instead draws on referrals and partners.

The other industrial initiatives we considered include another business-driven membership organization that lacked the CDC background of WIRE-Net; a community college-run program in collaboration with an old-time business association; a program that was originally state-sponsored and promoted by a business association and is now under private control; and a collaborative founded and controlled by a mix of neighborhood and business institutions. Clearly, it is not a consistent structure or evolution that signals success in this field.

What Do IRE Programs Do?

Our study sites varied in the ways they supported businesses and workers, but all their programs were assembled from among 15 components. Most activities focused on helping businesses (with jobs as the primary desired benefit). Some involved helping would-be and current workers prepare for positions and get hired (benefiting residents as well as serving businesses' need for qualified labor).

Table 2 summarizes the components present at each of the four primary IRE sites. The 15 components include:

1. Doing Outreach. IRE programs, particularly at their outset and ideally on a continuing basis, contact and interview the heads of manufacturing companies to learn about manufacturers' problems, concerns and priorities for assistance and recruit business leadership and participation in the organization. The programs also build the individual relationships that contribute to trust, a willingness to hire from and contribute to the community, and comfort in letting the IRE organization in on matters involving company information and operations.

As part of an "early warning" system for troubled firms, outreach also extends to union representatives, workers, utilities, banks and others who may have knowledge about companies near the brink.

"Older urban manufacturing areas often have a shortage of vacant sites that can be configured for modern factory use. IREs help manufacturers find appropriate sites for operation or expansion."

2. Finding Sites. IREs help manufacturers find appropriate sites for operation or expansion. Older urban manufacturing areas often have a shortage of vacant sites that can be configured for modern factory use, cleared of toxic problems, combined or broken down into appropriate sizes, and otherwise made usable. Real estate brokers are not always fully informed about such areas, especially about spaces that need work. Manufacturers often allow little lead time for relocation.

IRE programs help solve firms' space needs through outreach contacts, maintaining their own lists of available spaces, and/or establishing net

TABLE 2
NUMBER OF FIRMS ASSISTED BY TYPE OF ASSISTANCE, 1995

Types of Assistance:	WIRE-Net	Berkeley OED	JARC	SVA
Finding Sites	30	12	32	
Developing Space			15	
Permit Processing/Zoning/ Environmental Review	5	30	21	
Focal Point for Government Policy Issues, Including Infrastructure	17	20	12	
Other Advocacy			40	16
Technology - Related Services	1[1]		30	27[2]
General Management/ Technical Assistance			17	20[2]
General Information/Referral	2	5	20	
Marketing Assistance			18	
Joint Purchases (including security)	49		5	
Other Networking/ Inter-firm Collaboration	9		32	
Access to Financing	13	13		7
Owner Succession	1			
Tax Abatements and Other Capital Subsidy	2			
Job Training	16		17	
Job Placement/Linkage	95	N.A.	12	
Total Manufacturing Companies Assisted	253[4]	33	112	45
Total Manufacturing Companies in Territory	350	230	N.A./60[5]	7,000[6]
Percentage of Companies Receiving Assistance	72%[4]	14%	N.A.	<1%

1 This activity has undergone very rapid growth since the 1995 year reported.
2 Twenty-two "referrals" were assumed evenly spilt between technology - related services and management/technical assistance. This is roughly consistent with a scan of SVA's summaries of individual firm cases.
3 Not including those for whom training was the sole significant service.
4 Manufacturing jobs only, within a broader program of placement.
5 1988 estimates. First figure is all manufacturing, second is metal fabrication sector.
6 Estimate of manufacturers with 10 or more workers.

"Some IRE programs help firms learn to adopt newer technologies, test leading-edge technologies for their possible value, and/or adapt existing methods to their particular circumstances."

works of brokers to whom they can refer manufacturers' inquiries.

3. Developing Space. When there is a shortage of usable space, program operators sometimes do their own development or redevelopment of industrial sites. Or they may create incentives for others to do so. Then they may act as landlords, either to the general manufacturing market or to targeted tenants, such as new small businesses or a training program serving local residents.

4. Intervening with Local Government. Manufacturers need local government cooperation, particularly when they are expanding or moving. They need approvals of zoning and building permits, sign-offs on toxic handling and clean-up, and related go-aheads. Government approvals often can get tied up by misunderstandings, complex rules, difficulties in coordinating multiple regulatory bodies and processes, and, at times, staff incompetence and/or indifference to business deadlines.

Manufacturers also need ordinary services, such as getting dumped trash cleaned up or having police present as employees leave for home.

An IRE organization that repeatedly works on these kinds of problems and gets to know the players within the local government can overcome obstacles that companies — particularly smaller firms, with one-time problems and thin administrative staffs — cannot as easily address.

5. Serving as a Focal Point for Influencing Local Government Policy. Our IRE study organizations represented the interests of manufacturers, their local communities and themselves in several public policy arenas. The most significant were protecting manufacturing land uses from competition and replacement by other uses in (often politically contested) planning and zoning decisions; budget allocations for such items as street paving and other infrastructure improvements; and obtaining local public sector support for industrial retention programs (support was by no means a given, and varied widely in amount).

6. Providing Technology-Related Services. Some IRE programs include helping firms learn to adopt newer technologies, test leading-edge technologies for their possible value, and/or adapt existing methods to their particular circumstances. This assistance often involves partnering with technology services specialists and sometimes encouraging peer sharing of expertise. Again, smaller firms that don't have staff expertise can be the biggest beneficiaries.

7. Providing General Management Technical Assistance. Aid in assessing and introducing new management techniques, analyzing and developing strategic plans, and other forms of people-intensive counsel is also provided in IRE programs — often through referrals or peer learning. Improving labor/management relations can be part of this type of aid.

8. Helping Secure Access to Financing. Our IRE organizations helped manufacturers with financing needs, particularly for plant and equipment, through direct loans from IRE program funds, help in identifying specialized loan sources and packaging loan applications to them, and improving access to conventional lenders and standard public loan guarantee programs. In one instance, an IRE organization developed new loan pools for under-served firms.

In general, IREs helped manufacturers obtain loans at market or modestly below market-rate terms in situations of conventional market or moderately more risk.

9. Organizing Joint Purchases. Group purchases of goods and services, at prices below what was available to individual firms, was a less common service. The IRE program either obtained a group discount, e.g., for telephone services, or provided a service, such as private security guards, that single firms could not afford on their own.

10. Providing Marketing Assistance. IRE organizations helped their participants pursue new markets by bidding jointly on jobs too big for one

"By building relations with the businesses they assist, IRE organizations are able to convince employers to try hiring entry-level employees from the community."

firm, identifying each other as customers and jointly accessing more distant markets, such as overseas.

11. Creating Other Networking Opportunities. Manufacturers often described the general opportunity to meet with fellow producers as an important IRE service. The value of the networking included, in addition to peer-learning and the joint efforts discussed above, the informal sharing of information (about markets, suppliers, training) and the personal contact that set the stage for possible future collaborations.

12. Helping Prepare for Owner Succession. At least two of the IRE efforts helped older business owners plan for transferring their firms to others when they retired, instead of shutting down. Employee buyout of current owners was given special attention.

13. Help in Obtaining Tax Abatements or Other Direct Subsidies. None of the IRE organizations we studied had direct control over a capital subsidy fund for support of manufacturing firms. In rare instances, however, they were able to help manufacturers obtain tax abatements or other grants from public sector sources. These were used for purposes ranging from feasibility studies to complete renovation of an obsolete structure.

14. Providing Job Training. IRE organizations provided a wide array of job-training programs, which they either operated themselves or contracted for through closely affiliated partners. These included brief job search/employability workshops to prepare people to seek and hold jobs; basic education and remediation; general introduction to manufacturing; industry- and task-specific skills training; and school-to-work programs, including education, job shadowing and internships/summer jobs.

15. Undertaking Job Placement and Linkage. Several of the sites we studied run large–scale job placement functions, either independently or in connection with their job-training work. By building relations with the businesses they assist, they are able to convince employers to try hiring entry-level employees from the community. The IRE organization recruits, screens and refers qualified local people to the employers, who make their own hiring decisions.

In some localities, linkage programs have leverage with employers through formal agreements, assuring at least some consideration for the candidates as entry-level positions open. In most of the IRE sites, however, the incentive to use the placement program is simply the need for qualified candidates — a need employers gave high priority to, in areas of both weak and strong markets. Training/linkage is thus a service to both job seekers and manufacturers.

Although we arbitrarily placed job training and linkage at the end of the list, providing jobs to disadvantaged job seekers is at the heart of our definition of successful economic development work. These workforce services provide the means to target the benefits of the job stability and growth that the IRE programs aim to foster.

Furthermore, because manufacturers at most sites ranked workforce issues as extremely important to them, job training and recruitment of qualified workers would have been key services even without the concern about targeting. Many employers — and some IRE staff and board leaders — thought that the shortage of qualified young people reflected special conditions in their geographic or industrial sector area. In Cleveland, the high visibility loss of major steel plants discouraged parents, children and schools from considering manufacturing as a career. In Oregon, environmental fights over timber cutting had given furniture-making and other secondary wood products industries a bad name.

In fact, although most sites thought their circumstances were unique, nearly all needed more com-

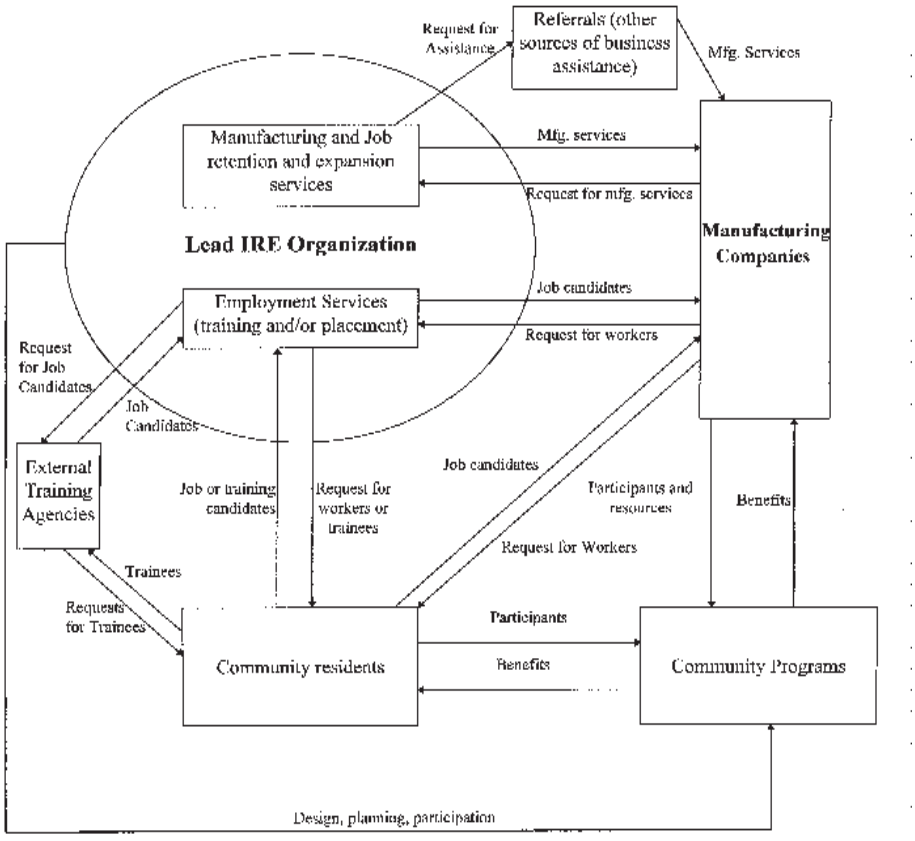
"In addition to programs serving employers and workers, IRE efforts often design and implement other neighborhood improvement programs not directly involved with jobs."

petent entry-level employees. Everywhere, young people were discouraged from pursuing manufacturing careers by the perception that the whole industry was dead. Specialized conditions may have played some role, but a general shortage of well-prepared entry workers wanting to give manufacturing a try clearly affected employers' conception of priority needs as well.

In addition to programs serving employers and workers, IRE efforts often involve other joint efforts to improve communities. The IRE organizations, local residents and manufacturers and other businesses may capitalize on their expanding relationships to help save a school slated for closing or complete a neighborhood clean-up.

Figure 2 represents conceptually the directions of assistance and cooperation at the various sites. The IRE organization provides business assistance, referrals to other service providers and, in many cases, job candidates and/or training. Manufacturers request and use assistance and hire local workers. Residents seek and gain work with the manufacturers, often by way of IRE programs. And all three, often at the initiative of the IRE organization, design and implement other neighborhood improvement programs not directly involved with jobs.

FIGURE 2
CONCEPTUAL MODEL OF IRE OPERATIONS



"As the economy has strengthened, IRE programs have expanded their work finding sites, helping obtain permits, protecting industrial land and even creating sites."

Scale and Mix of Activities

In three of our four primary sites, the IRE programs have substantive contact with a significant proportion of area manufacturing firms. As Table 2 shows (third row from the bottom), the number of firms receiving at least one form of assistance in a single year ranged from 33 to 253 (even omitting outreach contacts or memberships not resulting in a separate service). Three of the four reach a significant portion of all manufacturers with some service in a single year. The partial exception is the Steel Valley Authority. SVA assists a substantial number of firms each year. But, in deliberately choosing an enormous area for attention, it can respond only to cases involving imminent risk of shutdown or departure, plus a small share of other firms with pressing needs.

The four sites have different core or priority activities, as shown in Table 2.

- **Berkeley Office of Economic Development** focuses on permit processing and related site finding, along with infrastructure improvements and financing. OED operates in a market with little readily available and usable space and complex permit processes. Much of its work goes into facilitating expansion of existing firms and re-use of existing but outmoded industrial sites.

- **Jane Addams Resource Center** has committed much of its staffing and budget to job training to upgrade the skills and education of existing workers. But it also serves large numbers of firms within its Targeted Development Program. It helps them find sites, upgrade and get training in technology, and intervenes with local government on infrastructure and regulatory matters and smaller service needs. It has also done a moderate amount of its own industrial real estate development and management.

- **Steel Valley Authority**, on its own and heavily through referrals, provides management and related technical assistance and aid with technology modernization. It also provides advocacy on a variety of fronts and (in a smaller number of cases) intensive work on financing and aid with owner succession.

- **WIRE-Net** provides probably the most diverse set of services, especially now that it has recently extended its work. In 1995, it was finding sites, intervening with local government on manufacturers' behalf, arranging joint purchases and aiding in job placement. Recently it expanded into marketing and technology and increased its role in job training.

We noticed certain patterns at our sites. Assistance with adopting new *technology* is provided primarily in locations in which a subsector of manufacturing is dominant. In such instances of numerous manufacturers of related products, it is easier to find common technological ground and thus spread the often high cost of introducing a technology and training. To obtain cost-sharing in instances where no sector is preeminent, WIRE-Net is currently experimenting with mechanisms of peer training among smaller groups of related firms, as well as aiding firms with technology that is common across sectors. Technology improvement and skills training are correctly perceived as complementary in raising productivity, by firms and IREs, and are often pursued together.

As the general economy has strengthened, followed by *tightened markets for space*, IRE activity in site-finding, permitting, zoning protection for industry and especially site-creating has expanded.[2] Job training is a challenging and resource-absorbing activity. Some organizations have committed to it as their primary work. Others have sought (or allowed) partners to provide it and/or tried to improve it, especially by increasing manufacturers' role in design and presentation.[3]

None of the four sites is able to include everything it might like. Although we selected our study

"In Berkeley, city policy had essentially been to view manufacturing as inevitably disappearing. OED's face-to-face survey revealed firms' interests in expanding and staying in Berkeley as well as a desire to hire locally."

TABLE 3
IRE INITIATIVES BUDGET AND STAFFING, 1995

	ANNUAL BUDGET ($ expenditures)	STAFF (FTE) (includes support staff)
WIRE-Net	$ 443,383	9
Berkeley OED	$ 214,603	2
JARC	$ 750,000	20
SVA	$ 415,176	4

sites based on their appearing to be among the most productive IRE performers in the country, they all operate with very limited resources. Partners augment the IRE staffing, but partners do not always participate for free, and their dollars are limited as well.

Table 3 summarizes the very modest budgets and staffing at our four primary sites. Staff size[4] ranges from only two full-time people in Berkeley (where the staff can on occasion draw on other OED staff for assistance) to 20 at Jane Addams Resource Center, with its heavy complement of trainers and teachers.

The budget for each site is three-quarters of a million dollars or less. In each case, expenses are overwhelmingly for staff salaries and benefits.

How the Programs Have Evolved

Each of our prime study sites has undertaken significant planning, analysis and adjustment during the start-up and course of its IRE effort. Each must respond to changing conditions, to business and resident needs and opportunities, and to the lessons that the successes, failures and limitations in their programming have taught them. The four separate case studies detail this evolutionary process extensively. In general:

- **Serious and continuing study of industrial conditions and needs**, with corresponding adjustment in programming, is an important part of IRE. Existing knowledge of market realities and priority needs of firms and residents — as well as contact with businesses — is generally limited at the outset — just when knowing what are genuinely useful services is critical to build credibility.

- **Specific conditions such as availability of space and the tightness of the labor market constantly change,** changing what kinds of assistance are important.

- **It takes time for an IRE organization to develop its own capacity and understanding**, build relationships with partners, entice expanded financial support and extended participation, and otherwise increase its ability to identify, allocate and/or take on tasks. Experience, personal contacts, track record and relationship-building open new windows of opportunity. Taking advantage of those windows requires conscious capacity build-

"Steel Valley Authority has gradually shifted away from working with firms in immediate crisis toward providing an "early warning system" that is linked to a set of services designed to help struggling businesses."

ing and revisions to strategic plans and program and budget priorities.

- **Not every program that seems promising will work, particularly in its initial form.** Self-evaluation, amending strategy, re-working program specifics, changing partners' roles and similar adjustments are valuable parts of IRE efforts.

In Berkeley, the **Office of Economic Development** together with the Chamber of Commerce undertook the first outreach to manufacturers. City policy had essentially been to view manufacturing as inevitably disappearing. OED's face-to-face survey revealed firms' interests in expanding and staying in Berkeley, a desire to hire locally, and an array of suggestions for city assistance.

Data from the outreach survey and from follow-up assistance to individual firms brought about new land-use policy that protected manufacturing from displacement. Manufacturers' reported interest in expansion space shaped initial program priorities in site-finding and permit processing. Continuing tracking of tightening space availability and needs for larger spaces later led OED to also focus on facilitating re-use of large industrial sites.

Jane Addams Resource Center began with a plan to do a detailed study of the local economy, carried out a six-month planning process, and selected one of its largest sectors, metal stamping and other metal fabrication, for concentration. JARC then focused its Targeted Development Project on joint marketing, modernization, training existing employees to fit with technology modernization, and helping firms find space.

Over time, it has shifted its focus and internal capacities to training existing workers, seeing training as increasingly central to meeting resident and manufacturer needs. It has studied job skill requirements in order to increase worker mobility and the training's usefulness to employers. It is also expanding training for entry-level workers.

As space has tightened, it has developed its own real estate and advocated on zoning in re-orienting its assistance to firms in response to market changes. It has also taken advantage of new opportunities for land use planning and new resources for infrastructure in industrial corridors offered by the city of Chicago's Model Corridors program, de-emphasizing joint marketing and leaving technology services to its local partners.

In the beginning, **Steel Valley Authority** preferred confrontation to collaboration, taking on the owners and managers of large plants that had shut down or were closing. It concentrated on such approaches as worker buyouts and extensive modernization investment.

Its focus on large companies in crisis was a logical response to the massive plant closures confronting the region. It viewed the shutdowns as unnecessarily wasting both physical assets accumulated with worker labor, and human assets accumulated within skilled workers. Steel Valley Authority also judged that management mistakes and owners' demands for unreasonable returns on investment were the major reasons for closure, more so than union wages.

But Steel Valley Authority failed to save these large firms. This early experience convinced it that dealing at the crisis stage with large plants requiring large amounts of capital was not an effective strategy.

Gradually, it shifted away from working with firms in immediate crisis and toward providing an "early warning system" linked to a set of business services. It still provides assistance with ownership succession, financing, modernization and improved management and labor/management relations. But the companies are smaller, and the warning network includes not only observant union officials

"WIRE-Net was able to expand their program to include several 'inside-the-gate' services such as assistance with marketing, new technology and management."

and workers, but active outreach to current management to identify problems in a more collaborative way.

Government cooperation has expanded, as has the outside expertise SVA draws on for referrals. Steel Valley Authority has also responded to the financing needs by creating its own union-backed investment fund. It anchors its work firmly in a rich and expanding database on the circumstances of area companies.

WIRE-Net initially based its program on the results of an outreach survey of manufacturers' priorities. For a number of years, it built its credibility in areas such as job linkage, joint purchases, site finding, intervention with city government — areas largely outside the internal operations of individual firms.

At the same time, WIRE-Net was expanding its membership as it provided valuable services and created personal relationships between its staff and area executives — all with a staff of three and a half full-time employees.

When it received a major infusion of foundation funds, WIRE-Net was able to identify long-standing areas of promise for expanded programming. Several of these — including marketing, technology and management assistance — were "inside-the-plant-gate" services. Because area firms were already comfortable with WIRE-Net staff and considered it their own organization, they were willing to participate in these more sensitive activities.

WIRE-Net could also draw on its experience in job placement to recognize its needs in areas such as job training and know the staff skills it needed to add. It also recognized its need to take on more industrial real estate development functions in tightening markets.

All of the IRE organizations we examined continue to look ahead. Each currently has additional services under development and has identified specific issues it would like to address more fully once it can develop needed capacity and resources (see Chapter 6 for more information on opportunities for improvement and expansion).

Importance of Partnerships

Partnerships are central to the ability of the small-scale IRE organizations we studied to deliver quality services. Each site believes that its credibility and thus survival depend on its ability to deliver top flight services. But no one has a staff large enough to allow specialized expertise in every area that the ambitious organizations seek to serve.

In addition, there are services other players are better positioned to deliver. A nonprofit IRE organization can advocate effectively for improved trash pick-up, but it probably would not collect garbage very efficiently. In this situation, the city Public Works Department is a necessary collaborator.

We found that successful Industrial Retention and Expansion programs typically involve sophisticated "collaboratives," even though only a small number of the collaborators may formally identify itself as being part of such a relationship. The specific set of partnerships in a given case varies depending on the primary player and its historical roles and local businesses' needs and priorities.[5]

IRE partnerships commonly include:

- Manufacturers.
- Local and state government.
- Education, training and placement institutions.
- Property owners and real estate brokers.
- Technology service providers (and equipment suppliers).
- Sources of capital.

"JARC maintains a close relationship with area metal fabricators, collaborating on job skill standards, training programs, placements and mobility for workers."

- Workers and trade unions.
- Sources of management and other technical assistance.
- Other community organizations sharing common goals.
- Players in external markets.
- Foundations and other sources of financial support.
- Individual clients.
- The federal government (even in our case studies, whose selection criteria included not being driven by federal initiatives or funding).

Assistance from **WIRE-Net's** foundation partners enabled it to nearly triple its staffing and greatly extend programming. Representatives from three area CDCs give it community support, and manufacturers provide legitimacy, peer training and priority setting. The local high school and community college help provide its training. It prides itself on being able to work with a difficult local government bureaucracy to obtain services for manufacturers, and it has been a major force in pushing the city into funding IRE programs city-wide. WIRE-Net and the federally established regional manufacturing assistance center have shared technology work.

Even with multiple collaborators, WIRE-Net tends to take on services itself, combining staff and business effort — perhaps out of its strong belief in the "ownership" of services by the business community.

Steel Valley Authority gained initial legitimacy from its state-chartered authority and has drawn on state funding for its warning system. The warning system outreach was initially conducted in collaboration with the Urban Redevelopment Authority of Pittsburgh and later linked banks, utilities, labor, business associations and other economic development groups. Steel Valley Authority's very small staff defines its model of service delivery as based heavily on referrals — especially today on referrals in financing, feasibility analysis (especially in complex cases), management and technology.

Steel Valley Authority has regular partners that it uses repeatedly in each of these areas, along with staff experts who otherwise lack the time to work as much in depth with one firm as these projects can require.

Union staff and workers help inform the warning system. Organized labor has been key to Steel Valley Authority's start-up investment fund.

Jane Addams Resource Center (JARC) maintains a close relationship with area metal fabricators (the Metalworking Consortium), collaborating on job skill standards, training programs, placement and mobility for workers. In its early work in marketing, JARC built relationships with manufacturers and other outside actors who could use local metal fabricators as suppliers.

More recently, the city has been an important collaborator in the Model Corridors program, funding infrastructure needs and JARC's first substantial training for unemployed workers. The local school district is a collaborator in school-to-work efforts (however, its financial and education limitations have at times limited progress). Attempted partnering with the regional technology center failed because of the high scale required and high cost for small firms (WIRE-Net had the same problem working with the manufacturing assistance center in its region).

Berkeley's Office of Economic Development found political allies among labor, manufacturers and church leaders in gaining land use regulation to protect industrial uses. As an administrative entity within a city hall highly skeptical about manufacturing, it needed outside support for this part of its mission.

"Berkeley OED had to develop cooperative relationships with other city departments to meet manufacturers' requests for services and infrastructure improvements."

As a recently created department, OED also had to develop cooperative relationships with other city departments to meet manufacturers' requests for service and infrastructure improvements. Its site-finding service uses a network of private real estate brokers. Its job placement program involves training provided by community-based groups, schools and other government agencies who refer candidates.

Lacking a regional technology center (until recently), OED has not attempted to aid with technology adoption. But it has collaborated with its neighbor city Oakland, using state and local funds, on an expansion of recycling and related businesses.

With less than two full-time staff devoted to manufacturing, OED must depend on partners for detailed carry-through of business assistance efforts and for all workforce development operations. It can extend its programmatic reach only where it can find partners to undertake and finance added functions.

These and other partnerships are described more fully in the individual site case studies. Significant elements of IRE's strategic program development are:

- Recognizing which elements of a system are most important, given local and national circumstances.
- Deciding which services would best be delivered by others and, for these services, deciding who could best deliver them.
- Developing initial partnerships and successful operating relationships.
- Adding to its array of partnerships as its programs expand.

Endnotes

[1] Plus additional at-large members.

[2] Not, of course, in SVA, where huge surpluses of space still exist.

[3] With the exception of aid to schools that are developing school-to-work programs (which seems to be considered part of broader community building as well), for which the schools are the central program delivery agents.

[4] Including support staff.

[5] As well of course as the availability of various kinds of institutions as potential participants.

3 What Did the Programs Accomplish?

The IRE programs we examined cover territories with many manufacturing businesses. They provide at least some assistance to a significant share of these businesses each year. The key questions, however, are whether their activities actually keep firms in the area, foster competitiveness and growth, and increase job opportunities for disadvantaged people. Our conclusion is that the programs are having major impacts of these kinds and at a low cost per job affected.

The Programs' Direct Impacts

Consider first the number of businesses and jobs impacted, as summarized in Table 4. To determine this, we asked IRE program staff to separate out firms for which their organization's action — either alone or as a significant part of a larger effort by partners — had been key to retaining firms, helping them expand, or aiding their start-up or move into the area.

TABLE 4
Annual Outcomes

	WIRE-Net 1995	**Berkeley OED** (5 yr. average, 1990-95)	**JARC** 1995	**SVA** (3 yr. average, 1993-95)
a. Manufacturing Businesses Retained/ Attracted	18	8	55[1]	13
b. Jobs Retained/ Attracted	1,082	896	2,460	1,848
c. Local Residents Hired through Placement Program	152	40[2]	41	no program
d. Firms Given Skill Training	no program	no program	17	no program
e. Total Workers in Firms with Major Skill Training	no program	no program	2,275	no program
f. Workers Trained (Significant New Skills)	no program operated by others	Separate program	290	no program
g. Total Mfg. Firms in Area	350	230	n.a./60[3]	7,000[4]
h. Total Mfg. Jobs in Area	13,000	6,500	18,000/3,600[3]	70,000[5]
i. % of All Mfg. Businesses Affected Annually [i = a/g]	5%	3%	n.a.	0.2%
j. % of All Mfg. Workers Affected Annually [j = (b+e)/h]	8%	14%	26%	less than 2.6%

[1] Not including those for whom training was the sole significant service.
[2] Manufacturing jobs only, within a broader program of placement.
[3] 1988 estimates. First figure is all manufacturing, second is metal fabrication sector.
[4] Estimate of manufacturers with 10 or more workers.
[5] Estimated minimum based on 7,000 manufacturers each with 10 or more workers.

In one year, WIRE-Net made a difference for over five percent of area firms and nearly eight percent of area jobs — enough to sharply change the pattern of decline or growth of manufacturing in the area."

We then checked those estimates by discussing the IRE program's importance with a (admittedly non-random) sample of the companies. In each case, we asked program staff to explain what assistance was provided in response to what issues. Note that, in general, the estimates do not account for expansions facilitated (or contractions avoided) by increasing firms' competitiveness through such mechanisms as technology upgrades and worker skill training. Thus they likely underestimate total impact.

Consider WIRE-Net's impact: Table 2 shows that in 1995 alone, WIRE-Net provided assistance with manufacturing, employment placement or joint purchasing to over 200 of the area's 350 firms. It claims that for 18 of these (involving 1,082 jobs), WIRE-Net's services (alone or with partners) made the key difference in whether the company stayed and prospered in (or was attracted to) the area (see Table 4). That one-year impact amounts to making a difference for over five percent of area firms and nearly eight percent of area jobs. That much impact is sufficient to change sharply the pattern of decline or growth of manufacturing in WIRE-Net's area, even if WIRE-Net overestimated its role.

WIRE-Net's job placement program placed more than 150 people in 1995 (and over 250 a year since 1995). [1] Eighty-seven were local people gaining jobs that, in the absence of the Hire Locally program, would likely have gone to people outside the WIRE-Net area. The share of those jobs going to economically disadvantaged people and/or people of color was about double their proportion in WIRE-Net's territory.

WIRE-Net also produced some other valuable outputs not shown in Table 4: over $4.5 million in infrastructure improvements, 40 acres of industrial land protected for heavy industrial use, and nearly $300,000 in loans (see Table 5).

TABLE 5

Outputs Other than Individual Firms Assisted, Jobs Retained/Created, Job Training and Placement

	WIRE-Net	Berkeley OED	JARC	SVA
Loans resulting from packaging or referral	$290,000	$2.4 million[1]	—	n.a.
Value of infrastructure improvements obtained	$4.58 million[2]	n.a.	n.a.	—
Industrial land protected by zoning, land use advocacy	40 acres[2]	5-6 acres[1]	100,000 s.f.[3]	—
Industrial space developed directly	—	—	67,000 s.f.[4]	—
Industrial space development (by others) encouraged, assisted	n.a.[5]	367,000 s.f.[1]	n.a.	n.a.

[1] Annual average over 5 years.
[2] Two-thirds of this work was completed in the 2 years preceding 1995.
[3] Includes part of 1996.
[4] Two buildings completed in 1991 and 1994 and still owned and operated by JARC.
[5] Information not available.

"In the first five years of Berkeley's IRE program, a long-term decline in manufacturing employment ended, and manufacturing jobs have grown ever since."

The Berkeley Office of Economic Development program shows a similarly substantial impact. Although OED credits itself with significant effect on only eight firms in 1995, that still constitutes over three percent of all city manufacturers. And those eight firms involve about 14 percent of the city's total manufacturing employment: again far more than enough to reverse or redirect annual employment trends in the sector.

In addition, Berkeley's job placement program linked 40 local workers to manufacturing jobs alone. Our case study analysis suggests strongly that those jobs went to people in economic need and people of color who generally would not have had access to these positions. The business assistance effort also helped produce over $2 million in loans, more than 350,000 square feet in added industrial space, and about five acres in protected industrial land use each year.[2]

Jane Addams Resource Center's impact is somewhat more difficult to assess because so many of its resources are directed to training existing workers. It is difficult to determine in which instances the skill and education upgrades, along with complementary services in technology and other areas, were critical to firms' abilities to survive and grow. If we look only at its estimate of impacts for the Targeted Development Project (non-training) assistance to manufacturers, then JARC made a difference with 2,460 manufacturing jobs in a year. Again, this level (14 percent of total manufacturing workers in the area) would strongly shift manufacturing job growth trends — even though we are comparing it to *all* manufacturing employment in the area, not just metal fabricating, where JARC concentrates.

In addition, JARC trained about 290 existing workers for more highly paid jobs and produced other retention/expansion outputs, including the 2,275 jobs it says it saved by training the 290 workers in the same firms.[3] JARC also produced nearly 70,000 square feet in manufacturing/incubator space it owns and manages, and it protected 2.5 acres of land from non-manufacturing re-use.

Steel Valley Authority's manufacturing assistance was estimated to impact about the same number of companies and jobs as the other three IRE programs: 13 companies a year involving about 1,850 jobs. Those figures constitute a much smaller share of all manufacturing in the vast SVA territory: not nearly enough to change the overall trend line.

SVA might be able, at some point, to "scale up" to deal with the larger area and greater concentration of manufacturing. Its niche, working with firms in crisis and near-crisis, however, may inherently limit its sweep.

Overall Impacts on Manufacturing

For WIRE-Net, Berkeley OED and JARC, their estimated impact on jobs through assistance to specific firms would be sufficient to make a major impact on recent trends in manufacturing employment. As a further check of their impact, we gathered information on overall manufacturing activity in their areas before and after IRE programs were instituted.

Information for Berkeley is the most detailed. In the five-year period beginning in 1987, an extended decline in manufacturing employment ended, and manufacturing jobs have grown ever since. It was in that same period that OED began ad hoc assistance to individual manufacturers, undertook its outreach survey, helped push land-use conversion controls to protect industry, and made providing business assistance to several kinds to manufacturing firms a top priority.

This match between program start-up and manufacturing sector turnaround was no coincidence (say, due to macro-economic conditions changing at the same time). Before the IRE program was initiated, Berkeley lost manufacturing jobs at a

"WIRE-Net's program costs barely exceeded $200 per job, an exceptionally low figure compared to other job-generating programs."

faster rate than did surrounding communities and the state. Its gain after the program began far outstripped the performance of other locales.

Evidence of change in manufacturing activity is much more impressionistic at the JARC and WIRE-Net sites. Because each operates in only a portion of its home city, data are available to measure manufacturing job levels only when special surveys are conducted. We do not have systematic information for periods preceding and during JARC's operations .[4]

We do know that, after JARC's intervention, JARC staff, area manufacturers and other observers consistently said things like: the real estate market had tightened, industrial companies had a harder time finding space, JARC was asked to help bring additional real estate onto a tight market, there was concern about competing uses for space in the area, and the like.

In the WIRE-Net area, we have special survey data only for 1990, too early to reflect much of the organization's work. The impressionistic information is similar to that for JARC. According to both WIRE-Net staff and the executives of area firms with whom we spoke, until quite recently the WIRE-Net area had major vacancies along a number of industrial streets. By and large, these have now been filled. Indeed, WIRE-Net's decision to go outside its historical package of services to help develop industrial space resulted from that observation. In addition, the individual firms we interviewed[5] reported stability or growth. Such impressions are consistent with the large numbers of firms and jobs WIRE-Net and JARC claimed to have favorably impacted.

Only SVA shows smaller apparent impact on aggregate manufacturing activity. This is consistent with its revised strategy of assisting only mid-size and smaller firms, coupled with its choice of a large, severely distressed region to address with very limited resources. Even for SVA, however, the estimated impact on the number of jobs is, at perhaps one percent to two percent each year, sufficient to have some aggregate effect in periods in which jobs are not otherwise hemorrhaging.

What Did It Cost to Produce a Job?

IRE programs at our four primary sites are extremely cost-efficient compared to other mechanisms for creating and/or protecting[6] jobs. Even if we make extremely conservative assumptions in counting jobs and other outputs for which IRE interventions made a significant difference, the costs per job are very low.

Unit costs are estimated in Table 6. They are based on the outcomes just described, data from organizational budgets, and executive directors' allocations of staff time to various functions. All make the extremely conservative assumption that no other manufacturing services except those that directly resulted in saving or expanding a specific business were of any value. Thus, all costs of such assistance are divided by the number of jobs saved (costs for job training and placement programs were separated out, however).

As Table 6 shows, WIRE-Net program costs alone (basically staff and overhead) barely exceeded $200 per job: an exceptionally low figure compared to other job-generating programs. For most companies and jobs, that program cost constituted most of the total cost of the interventions that retained the jobs. The $218 figure thus provides a reasonable estimate of unit cost.

We also estimated the cost for the financial assistance (below-market interest rate financing and tax abatements) that a few firms received from other sources, since that might well be considered part of the total costs of retaining them.[7] Those costs, spread over all 1,082 jobs, are in the range of $115 to $2,650 per job,[8] yielding estimated total unit costs of between about $300 and $2,900.[9]

"Program costs for the lead IRE organizations compare very favorably with costs experienced and/or allowed under other federal and state job creation programs."

TABLE 6
COSTS PER UNIT OUTCOMES, FY 1995

	WIRE-Net	Berkeley OED	JARC	SVA
IRE Organization Costs per Job Retained/ Created	$218	$247	$75[1]	$166
Costs Including Other agencies (Financing and Consulting)	$333-2,868	$574[2]	$75	$1,132[3]
Costs per Job Placement	$486	$1,317	-	-
Costs per Job Trainee	-	-	$720	-

[1] It should be noted that some firms received JARC assistance through both its training programs and Targeted Development Project. Therefore, the cost-per-job created or retained for both training and Targeted Development is likely to be somewhat understated because some firms received assistance under both of these activities and, thus, were double-counted. Data that would have enabled us to adjust for this factor were unavailable.

[2] We assume that all of below-market loans carried a 5% interest rates, versus 8% from non- subsidized sources, and an average term of seven years (five years is typical for equipment, ten or longer for real estate). $12 million @ 8% @ 7 years provides $3,710,904 in interest fees; $12 million @ 5% @ 7 years provides $2,246,980. The difference ($1,463,924) divided by the program's five years of operation is $292,785.

[3] This figure is based on adding the cost for one month of two full-time manager/engineer grade salaries ($10,000) plus a $20,000 interest subsidy (3% subsidy for 10 years for $100,000), and then subtracting a per company cost already reflected in the SVA budget ($72,000 in annualized consulting costs divided by 13 firms or $5,500). This figure ($24,500) was divided by 33 employees.

Looking at the first two rows of Table 6, we see that the costs per job retained/created are remarkably consistent across the four sites. Program costs for the lead IRE organizations (row 1) are all below $250 per job. Including external capital subsidies produces total unit costs (row 2) for the other organizations that are easily within WIRE-Net's $300-$2,900 range.[10]

This range of costs compares very favorably with costs experienced and/or allowed under other federal and state job-creation programs. Estimates for the federal government's Urban Development Action Grants program are around $10,000 per job — and close to $50,000 per job if only jobs for low income people are counted.[11] CDBG program rules allow job impact as low as one job per $35,000 for a city's whole economic development effort, and one job per $50,000 for a single project. An estimate of only the CDBG program costs (not including the other funds, such as capital subsidies, that also went into CDBG-supported economic development efforts) for a sample of CDBG recipient localities is $2,718 per job.[12]

Indeed, if one were concerned that the IRE organizations might have systematically overstated their impacts, it is noteworthy that cutting in half the number of estimated jobs retained/created would still leave costs per job low in comparison to other programs. Allocating some "bricks and mortar" program costs to other-than-jobs goals (such as blight reduction) leaves IRE with a significant cost advantage.

The reasons that manufacturing retention/expansion programs are cost efficient are not difficult to discern. A business retention approach is built on relationships. The manufacturing assistance organizations learn about firms' needs, provide direct services, and build links to other actors and institutions that can serve the companies as well. In a small number of cases, they provide capital subsidies, but, in most instances, these subsidies are neither large nor central to the retention process.

We also have data about job placement/linkage and training costs for the IRE programs that have been providing these services. The Berkeley and

"WIRE-Net had its largest impacts first in helping firms find and get approvals for sites and, second, in helping recruit and hire entry-level workers."

WIRE-Net programs' placement costs are significantly lower compared to the private-sector costs of recruitment, screening and hiring. This is true even though First Source and Hire Locally dealt with a more difficult-to-place population. The corresponding figures for the Western and mid-Western region are $6,691 and $1,229, above the respective figures for placement in Table 6.[13]

JARC's training costs are also lower than those for other programs. Although data for truly comparable skill-upgrading programs for the currently employed — JARC's focus — are hard to find, one survey of training programs showed JARC at or near the least expensive.[14]

Which Program Components Mattered the Most?

Of the many program elements we described in Chapter III, some appear most significant in determining whether firms are successfully retained. Table 7 shows the number of firms for which IRE program assistance was believed crucial to their decisions to stay or expand and that received various types of aid at each key site.[15]

WIRE-Net had its largest impacts first in helping firms find and get approvals for sites and, second, in helping recruit and hire entry-level workers.[16] Financing was third, but discussion with WIRE-Net staff revealed it to be a "distant third." In several cases in which financing was designated, a firm did receive lending help from WIRE-Net and/or a partner, but that was not the most valuable form of aid (and definitely not WIRE-Net's prime contribution). Other common WIRE-Net activities, such as joint purchasing among firms and advocacy with local government (other than on the provision and protection of sites), were less often considered the key to retention.

In the long haul, however, advocacy for zoning and infrastructure improvements that meet manufacturers' needs may prove to be "make or break" services. Inside-the-plant-gate assistance with technology and marketing were undergoing major expansions at the time of our visit; their impacts on retention may also grow with time.

Berkeley OED's major impact was in site finding and permit approval assistance, often in the specific form of assisting firm expansions. The combination of assistance with permit processing, site selection and environmental review constituted the bulk of its activity (some environmental work, however, involved clearing emissions problems on current sites rather than dealing with expansions).

This concentration of effects is consistent with Berkeley OED's history as a successful incubator of manufacturing firms that, in the past, had later often departed because they couldn't quickly enough get space to expand or have other needs of maturing firms met. The role of job placement reflects the importance given to that function, and the independent but closely linked First Source program. Although, unlike WIRE-Net or JARC, the City of Berkeley controls loan funds, the number of financing/loan packaging cases was modest.

Among these four sites, JARC reports the most diverse services with strong impacts. One grouping is in technology services, worker training and management assistance, with the emphasis on enhancing manufacturer and worker competitiveness. Another grouping is advocacy (on land use, infrastructure, etc.) and actual infrastructure improvement.

Many firms received general information and referrals, but it is not clear that those services alone — rather than in combination with others — would have retained jobs. JARC does no financing of its own but did refer manufacturers to "other resources" for purposes that may have included finance. It did not, however, identify financing even by its partners as being significant in retention success.

"Steel Valley Authority had its primary impact through combinations of services that match its orientation: technology and management assistance, access to financing and owner succession."

TABLE 7
Types of Assistance to Manufacturers that are Significantly Impacted: 1995

Types of Assistance	WIRE-Net	Berkeley	JARC	SVA (3 yr. total 1993-95)
Manufacturers Assisted by Other than Job Training/Placement				
Advocacy (not elsewhere specified)	1		40	22
Environmental Regulations		9	5	
Financing/Loan packaging	6	12		18
General Information			20	
Infrastructure improvements	1		12	
Management Problems not Elsewhere Specified			15	15
Marketing			5	
Owner Succession	1			8
Permit Processing	1	41	4	
Real Estate\Site Selection	13	24	10	
Referral to other Resources			15	
Regulatory Issues not Otherwise Specified			5	
Safety/ Crime Control Issues	2		5	
Technology/Computerization/ISO 9000			30	26
Other Referrals		19		26
Total[1] Manufacturers Assisted by Other than Job Training/Placement	25	105	55	39
Manufacturers Assisted with Job Training			17	
Manufacturers Assisted with Job Placement	*	13		

[1] Columns do not add to total because some were retained through more than one kind of assistance.

* WIRE-Net does provide placement services but did not have data available on number of firms helped with placement.

SVA had its primary impact through combinations of services that match its orientation: technology and management assistance, access to financing and owner succession. The other large categories fit with this focus. Reading the individual company summaries of what SVA provided, it is clear that the bulk of the referrals were to sources of outside expertise and funding in these same primary areas. "Advocacy" is used to refer to help resolving labor-management disputes, consideration of buyouts for companies planning to close and the like.

Several patterns are apparent. First, "enabling" actions that help firms conduct ordinary though not

"Very little in our study supports building IRE programs around subsidized financing and tax breaks, as many local economic development programs historically have done."

everyday activities — expansions, local moves, meeting environmental standards, getting access roads repaired — are clearly valuable in encouraging retention and growth. Much of the actual activity involves working closely with the manufacturer in a series of steps. This work often draws on the IRE program operator's expertise, developed from extensive experience in these functions, that individual firms — especially small firms — may not have. It also draws on the contacts the operator has developed, at City Hall and elsewhere.

The results, particularly the cooperation from the public sector, solve the manufacturers' specific operational needs. They also salve manufacturers' feelings that they are often neglected and unappreciated despite their substantial economic contributions.

Second, the inside-the-plant-gate assistance provided by three of the four primary study sites (and by the other sector-oriented sites as well) seems to be growing in importance. Like the site expansion and related activities, services to improve competitiveness depend heavily on IRE program staff interaction with business, and even more heavily on outside sources of expertise.

Third, job training and placement are increasingly important. Their importance stems from their complementing other components of technological and management competitiveness and their ability to respond to emerging shortages of qualified workers. Only SVA, operating in an environment in which skilled labor is in all too great supply, does not have a substantial effort in this area.

Fourth, cheap loan financing and other capital subsidies have limited roles in the industrial retention efforts we examined. For WIRE-Net, Berkeley OED and JARC, below-market-rate financing or other capital subsidy is generally not provided to manufacturers. They and their partners have only limited subsidies available to begin with and, in most circumstances, neither they nor the firms themselves judge such subsidies as crucial to retention/expansion decisions.

Being able to help with access/referral to financing sources at market rates, especially for small loans or for firms without much credit history, is more often a need. In certain special circumstances, a loan fund that is cheap and/or takes risks is valuable: for example, in helping finance new environmental technologies in Berkeley, or restoring a historic but very obsolete plant in Cleveland. In rare cases, such as the Cleveland plant, a major subsidy in the form of taxes forgiven by a public sector partner may make or break a project.

But only in the case of SVA is the availability and cost of financing and other capital subsidies frequently at the center of a manufacturing retention strategy. SVA has specifically selected a strategic niche — rescuing threatened plant and company shutdowns — that makes financing of buyouts, major modernizations, etc., more of an issue. Even then, it is financing *availability,* hand-in-hand with labor-management cooperation and technological improvement, that most stands out as what companies need. Very little in our study supports building IRE programs around subsidized financing and tax breaks, as many local economic development programs historically have done.

It is worth noting that part of the reason that capital subsidies do not rate high in importance may be related to the basic IRE strategy focus, at our sites and in general. IREs pay relatively little attention to attracting businesses from other cities or regions (although the programs in our study do respond enthusiastically to firms that express interest in relocating to their turf). As a result, there is less cost competition with alternative locations. And (except for the early days of SVA) IREs have not focused on large plants of national and multinational firms, which might be the most responsive to competing capital subsidies.

"The available evidence demonstrates that the programs serve disadvantaged local residents in numbers well in excess of their proportion in the population and workforce."

The programs we studied concentrated on growth and retention of small and mid-size, often locally controlled, firms. Their success suggests that the same focus, with its reduced importance of capital subsidies, also serves the local communities nicely on other grounds as well.

How Well Did They Hire Disadvantaged People and Serve Community Residents?

A commitment to training and hiring disadvantaged people for manufacturing jobs, along with participation by manufacturers and the IRE organization in community improvement activities, was at the center of our definition of an IRE strategy and our choice of study sites.

Hiring and Training

How did the IRE initiatives perform on this key dimension of their work? Three of the four primary sites feature a job placement and/or job training effort as part of their basic program. In each case, the available evidence demonstrates that the programs serve disadvantaged local residents in numbers well in excess of their proportion in the population and workforce. Here, we summarize the findings contained in more detail in the individual case studies (note that aggregate placement and training totals are already included in Table 4).

WIRE-Net used its Hire Locally placement program to concentrate hiring among local residents in need. It placed over 150 people in 1995 and over 250 people in 1996. In WIRE-Net's largely working class and low income community, an estimated 89 percent of its manufacturing hires were local people. In the WIRE-Net area in general, only about one-third of manufacturing jobs went to local residents. People of color were placed at a rate (36 percent) twice that of their share of the area population. Ninety-one percent of placements were very low income (by HUD standards), again roughly double their proportion in the area population. Low income minorities had the same targeting results.

By accompanying their other business assistance with a targeted job placement program, WIRE-Net not only served manufacturers' high-priority need for workers but concentrated hiring among disadvantaged community members.[17] WIRE-Net's new efforts to provide job preparation seminars and basic manufacturing skills training should serve to extend their targeting success.

Berkeley OED operated a First Source job placement program in which employers of all kinds agreed (under a variety of circumstances in which the city had leverage) to look first to OED job candidates when making entry and near-entry level hires. Berkeley's targeting results were very similar to WIRE-Net's. All its placements into manufacturing jobs were Berkeley residents, compared to 20 percent local hiring historically. Over nine in ten placements were from the low income and working-class neighborhoods of West and South Berkeley, whose residents held only seven percent of all jobs citywide. Nearly four-fifths of manufacturing placements were minority — twice the minority share of all Berkeley manufacturing workers — in a city-wide labor force that is nearly two-thirds white.

First Source has the advantages of drawing directly on job candidates coming through local training organizations and, for a biotech firm that is easily its largest hiring manufacturer, through a specialized high school and community college program for at-risk youth. Its prime limitation has been in the scale of placing workers in manufacturing jobs. Despite the sector's substantial revitalization and growth, First Source has made only around 40 manufacturing placements a year.

An increase in outreach to manufacturers — and some strengthening of training agencies' ability to

"Over nine in ten OED placements were from the low income and working-class neighborhoods of West and South Berkeley, whose residents held only seven percent of all jobs citywide."

prepare workers for manufacturing employment[18] — could increase First Source's coverage of manufacturing job openings and thus assure more job targeting.

JARC's training of existing workers in area metal-working factories is central to its overall service provision. The trainees are typically working poor, with annual wages ranging from $6 to $9 per hour. Many receive help with literacy, English as a Second Language (ESL) and basic math, along with specific job skills. JARC has no General Equivalency Degree (GED) or other minimum requirements for its trainees. As shown in Table 4, in 1995 JARC trained nearly 300 workers.

Unfortunately, JARC has not maintained records about the socio-economic characteristics of its trainees, except for six months in 1997. In that period, 40 percent of workers receiving training were Latino, 40 percent white, 14 percent African-American, and the rest Asian or Middle Eastern. Nearly all were male. Three- quarters had a high school education or less.

In 1995, JARC began training unemployed people and placed 41 of them into jobs. This program was substantially expanded in 1996.

SVA faced a different set of conditions: a surplus of well-trained workers. Its principal goal was to stem the tide of job losses, which were impoverishing the local workforce and driving people from their communities. With a surplus of skilled labor, SVA was not involved with training and placement.

It did, upon occasion, become involved in rescuing specific firms whose workforce was drawn principally from disadvantaged inner city neighborhoods.

Of the four other IRE initiatives we looked at, three had central components readying disadvantaged people for work and/or placing them in jobs. For the Hosiery Technology Center in North Carolina and the Wood Products Competitiveness Corporation (WPCC) in Oregon, training was a primary function from the outset. While HTC's training was not restricted to low income people, it did have a specific arrangement to bring in low income candidates.

The realities of wages and career choice will apparently produce similar results for WPCC. Northeast Milwaukee Industrial Development Corporation has both priority placement services and skills training in its early service package.

Only Greater North Pulaski Development Corporation in Chicago delayed in moving to formal programming in this area. At the time of our site visits, however, it was reviewing best practices elsewhere in order to select an approach of its own.

Did the Programs Help Their Communities in Other Ways?

The contribution of IRE initiatives to the welfare of low income and working-class communities was not limited solely to hiring residents for manufacturing jobs. The work of just the primary initiatives included:

- WIRE-Net's development of Destiny Academy school-to-work programs at the area's prime high school, its leadership in rescuing the school from possible closure, and its efforts in community clean-up and toxic removals in collaboration with its parent CDCs.
- Berkeley OED's participation in the Bayer Development Agreement negotiation that produced subsidized child care, funds for a new community center, support for subsidized home rehab, collaboration in improving environmental safety reviews and other special features.
- JARC's Learning Unlimited Program, a comprehensive package that assists dropout youth with their emotional and social as well as employment needs; its Adult Learners Program Services, using volunteer tutors to provide one-on-one or small group assistance to adults with educational

"The manufacturers, residents and other leaders of the IRE initiatives became stakeholders not only in the IRE organizations but in their broader communities as well."

and employment needs; and its Edge/Up school-to-work program.

- SVA's contribution of data and analysis about job mismatch to the work of the South Pittsburgh Revitalization Team (a neighborhood-based, low income advocacy group), and its partnership with the River Cities Coalition, helping organize toxic clean-up, affordable housing and expanded training programs.

The manufacturers, residents and other leaders of the IRE initiatives became stakeholders not only in the retention organizations but in their broader communities as well.

Endnotes

[1] WIRE-Net case study report (around draft page 26)

[2] See Berkeley case study. Overshadowing the land use results was the impact of the West Berkeley Plan OED helped catalyze.

[3] JARC officials take the view that ultimately firms without skill-upgraded workers will fail, so that they can take credit for retaining all jobs in the firms for whom they train.

[4] Nor for other communities within Chicago for comparison.

[5] By no means a proper statistical sample.

[6] Essentially a retained job that would otherwise be lost to an area is no different from a created job in the same area in terms of its impact on total employment and opportunity.

[7] On the assumption that the retention/expansion would not have been assured without the special capital assistance.

[8] The large range stems from necessarily crude approximations of financial assistance in which WIRE-Net was not directly involved.

[9] It is also possible we missed some significant marginal costs involved with the work of a partner organization in retaining/expanding a firm, although for many of the partners the *additional* cost to assist WIRE-Net firms is probably limited.

[10] Data regarding other capital costs for assisting JARC clients are not available; therefore, no estimate of total unit costs at JARC is presented in row 2 of the table.

[11] Ed Gramlich, *Bright Promises Questionable Results,* 1990, Center for Community Change.

[12] Walker, Christopher. *Federal Funds, Local Choices: An Evaluation of the Community Development Block Grant Program.* Washington, DC: Urban Institute.

[13] Employment Management Association, *Cost Per Hire 1995.* National average is $2,356.

[14] Blum, Kristin M. and Paul W. Mattessich. *Cost of Employment Placement and Training Programs for the Disadvantaged, 1995.*

[15] Firms getting more than one form of aid are counted once for each service.

[16] We do not have an exact number of firms assisted by the latter, but given the goals of Hire Locally, the make-up of local business, and the total of over 250 placements in 1996, we can reasonably assume the number of firms aided exceeds six—the number provided financing assistance.

[17] There were of course manufacturing hires that took place outside of Hire Locally's systems that may have had less targeting to people in need; we do not have the data to measure that.

[18] As a part of their overall consortium effort to strengthen the job training system.

4 Why Did the Programs Succeed?

While answers based on a small sample of deliberately chosen winners can't be considered scientific, the importance of certain factors consistently emerged from our observations and interviews. These included aspects of:

- Organizational structure and vision
- Program concept
- Internal capacity
- External assistance and partnerships
- Economic and social conditions

Organizational Structure and Vision

Making Businesses Stakeholders

The IRE programs we studied treated manufacturers as legitimate stakeholders in the success not only of their own firms, but neighboring industry and the surrounding community. Manufacturing businesses were *presumed* to deserve a central place at the table. The IREs saw them as central in developing strategy and defining what services were worth providing: both literally in the governance of IRE organizations and figuratively in the process of designing IRE approaches and programs.

Participating firms gained a sense of ownership of the IRE initiatives, and that kept them involved. Such ownership allowed firms to be comfortable with IRE "inside the plant gate" interventions they would not otherwise have allowed. It also encouraged their participation in joint program design efforts with their competitors.

Such efforts were crucial to making IRE services relevant. They also opened doors for peer learning experiences — seen in such diverse industries as WIRE-Net's eclectic mix, metal-working (Jane Addams Resource Center), hosiery (Hosiery Technology Center) and secondary wood products (Wood Products Competitiveness Corporation).

IRE efforts helped manufacturers surface as the major players by virtue of the manufacturers' use of space and provision of jobs. They changed the common manufacturer strategy of "keeping your head down and hoping they don't notice you." In West Berkeley, the participation of manufacturers in a coalition with labor and clergy gave the businesses the credibility and clout to sweep in a land-use plan protecting their long-term presence. In Chicago, Milwaukee and Cleveland, their participation with others won infrastructure improvements benefiting themselves and the surrounding communities. Presuming that manufacturers and other stakeholders share common interests in preserving jobs and improving neighborhood quality is crucial in building support for joint demands.

Steel Valley Authority was initially a notable exception. The large, externally controlled firms in its area were neglecting or defying community concerns for jobs. These companies were not only actively down-sizing workforces but removing plant and equipment, denying opportunities for buyouts or worker/management collaboration. When SVA shifted its focus to smaller firms, in which management and owners were more open to a sense of shared stakeholding, it increased its success.

Committing to Doing Outreach

A related notion was to use direct, face-to-face outreach to manufacturers as a central tool. IRE organizations most consistently used this approach at the outset of their work to find out what services would be of value and to establish a personal relationship with manufacturing leaders. Manufacturers at many sites complained about being ignored by the public sector and by traditional business organizations (e.g., Chambers of Commerce). They felt their contributions (jobs, income) were discounted

"The IRE programs treated manufacturers as legitimate stakeholders in the success not only of their own firms, but neighboring industry and the surrounding community. Manufacturing businesses were presumed to deserve a central place at the table."

by the community and local government. Personal outreach provided a way to give them recognition.

Later, IRE programs developed additional ways to get information about service priorities: talking to members or other participants at meetings; training sessions and other gatherings; and analyzing usage of existing services.

But initially there was no substitute for going out and talking, not to a few representatives of the Chamber of Commerce, but to the company owners/executives *on site*. Small manufacturers are generally very thin in management; many chief executives cannot afford to be away from their plants any more than absolutely necessary.

Making personal contact was also crucial to getting firms to start using IRE services and joining its group activities. Periodic outreach remained important to add participants, market key services as contact people changed (notably job placement and training services) and assure that non-participating firms did not have different priorities for service. But it was often difficult to find the staff and other resources to do outreach very frequently.

Building Credibility and Trust Through Valued Services

Developing credibility by providing genuinely valued services (as defined by members of the manufacturing community themselves) is another closely related success factor. OED in Berkeley faced perhaps the largest challenge. The city had had little in the way of a business assistance function before OED's creation. Neither it nor the Chamber of Commerce had engaged manufacturers in particular. The city as a whole was seen by the business community as anti-business.

OED followed up its initial outreach effort by responding actively to a wide array of (usually modest) requests and complaints voiced by the manufacturers they had contacted.[1] It gave priority to manufacturers' requests for aid within standard OED service categories, such as help with site-finding, permit processing and placing qualified workers. These efforts combined with its outreach survey to trigger positive word of mouth: "If you have to deal with the city, these OED staff will join you on your side. Give them a try."

JARC provided skill-specific training of existing production workers and line supervisors, created marketing directories, brokered access to technology, and intervened to meet manufacturers' real estate and zoning needs. It listened to the initially stated priorities of the metal-working consortium and responded with effective services. This "Targeted Development Project" created an impression of teamwork and competence that later allowed JARC's transition to focus more on training and technology.

Because it demonstrated early on its ability to supply qualified workers and to be genuinely helpful in City Hall dealings and site-finding, WIRE-Net has been able to place over 1,000 workers through its strictly voluntary Hire Locally program. Its early services, together with a sense of business ownership, opened the doors for greater involvement inside-the-plant-gate with marketing, technology implementation and other aspects of operation.

The Steel Valley Authority became able to work with both labor and management by doing first-rate business analysis and technical assistance that all parties learned they could rely on.

Focusing on Providing Services to Businesses First

IRE program leaders presumed from the start that community residents and manufacturers had many common interests, beginning with the hiring of qualified local workers and extending through improving schools and roads. They talked about community benefits from the start, and firms' interests were confirmed in early outreach.

"A retention/expansion strategy builds on basic positive links between existing firms and their current locations, providing natural targeting and good handles for convincing the firms to remain."

But they also recognized that they would need to entice manufacturers into a relationship by providing value-adding services to the firms. Once the IRE program became a concrete ally, say in training and placement, then the door could be opened for collaboration on school-to-work efforts.

Companies began to see that they needed to go back into the schools to properly prepare young people for — and interest them in — manufacturing. IRE staff developed manageable structures and tasks into which firms could fit their involvement. They had already helped develop a sense of cooperation and mutual benefit around saving jobs and businesses. The lag between serving businesses and involving them in serving the community need not be long, but the sequencing is important.

Having a Clear and Consistent Mission

IRE institutional commitment to a three-part agenda — to retain and grow manufacturing businesses, to prepare and place or retain and upgrade local workers, and to improve the community for both industry and residents — is a critical complement to treating businesses as stakeholders and attending to their priorities. It kept overall priorities clear for small, understaffed organizations, generating strong programs despite very limited resources.

This commitment to a broad agenda sustained the Steel Valley Authority when its initial interventions at huge plants failed. SVA's commitment to retaining living-wage jobs and preserving the physical investments that were critical to the community led it to explore alternatives and successfully make the transition to aiding smaller firms.

The commitment also helped shape new directions for expansion when additional resources appeared, such as the Pew Trust funds in Cleveland, "green economy" resources in Berkeley and expanded public funding for JARC and SVA.

It maintained focus on placement and training[2] and low income community benefits when few organizations linked those issues with business assistance at all.

Program Concept and Design

Focusing on Retaining Industry

Concentrating on manufacturing retention and growth — and its workforce implications — was a critical strategy. These concerns have long been neglected by the economic development profession, which generally prefers attracting new businesses to retaining and growing existing businesses. In recent years, the profession has focused on non-manufacturing over manufacturing industries. It has rarely paid much attention to workforce development and linkage, particularly in relation to the needs of low income people.

But the IRE programs we studied saw opportunities and needs to sustain manufacturing activity to benefit their communities amid the sharp downturns of the 1980s.

A retention/expansion strategy — outside large national/international firms — builds on basic positive links between existing firms and their current locations, providing natural targeting and good handles for convincing the firms to remain. The IRE program knows which firms to concentrate on and already has a relationship with them. Firms usually prefer not to move if they have a choice. The IRE program knows their concerns from its outreach and similar contacts, and it can conveniently gather more information and strengthen its relationship. The kinds of services that IRE efforts can provide — services that make it easier to operate, expand and compete — turn out to be of real value to manufacturers. A modestly funded IRE program is able — in collaboration with many partners — to serve enough firms to make a real difference in business and employment trends locally.

"The training and placement services that opened new doors for community members turned out to also serve a pressing need of manufacturing firms."

Focusing on Training Disadvantaged People and Linking Them with New Jobs

The typical economic development program pays little or no attention to its impact on job opportunities for people of limited income, education, skill and experience. The IRE initiatives we selected are deliberate exceptions. One of their explicit objectives is to prepare such people for jobs and job upgrades, protect their existing employment, and help them get out of poverty.

As it turns out, including these objectives not only puts those ordinarily left out back into the economic game, but also makes a major contribution to the success and competitiveness of the manufacturers themselves. At many of these sites, manufacturers had difficulty finding entry-level and somewhat more skilled workers. The training and placement services that opened new doors for community members turned out to also serve a pressing need of manufacturing firms.

The companies had experienced labor shortages well before the economic growth of the last four years tightened market conditions. With recent memories of large-scale plant closings — and inaccurate pictures of the conditions and technologies of modern manufacturing — young people (and their parents advising them) were reluctant to join the industrial workforce. In addition, many job candidates lacked standard work readiness skills and behaviors.

IRE linkage and training programs were designed and run with major employer input and centralized to achieve efficiencies not available to single, modest-sized firms (who frequently lack personnel officers). They saved employers' time and money in recruitment, hiring and training. The workers also must have contributed to productivity because manufacturers voluntarily kept using the programs.

Effective placement and training programs help make firms more competitive for at least two reasons. Qualified people are critical to maintaining current operations. Perhaps still more important, the *new* manufacturing technologies and equipment which allow rapid and low-cost change require higher skills, including familiarity with computers and ability to set up and operate computer-aided or driven machinery.

The hiring and/or training achieved the IREs' promise that aid to manufacturing businesses would provide job benefits for local residents. It gave employers a taste of meeting community concerns while getting help with their own bottom-line issues. And it provided a stepping stone toward cooperation on a wider set of issues to benefit the communities and businesses — most naturally toward collaboration on improving education. In a series of ways, IREs' prime stakeholders were well-served by the all too rare notion of linking business assistance with job opportunity for those in need.

The concept of serving both residents and businesses through workforce programs was of tremendous value and practical impact. But the quality of delivery was mixed and, often, services were incomplete: IRE staff sometimes lacked sufficient training on workforce development to assist people needing a lot of training and support to make it in the world of work (these needs for further development are discussed in the final chapter on opportunities for growth).

Helping Companies Find Sites within the Target Area

In addition to the basic strengths of their strategy, these IRE organizations made some wise choices about specific priorities. They paid attention to firms that needed to move by helping them find alternative local sites. They helped identify

"If manufacturers can fairly easily meet their needs locally, they look no further. Thus, a retention effort must engage manufacturers when they are just beginning to consider moving or expanding."

sites, clear them of toxins, obtain permits and successfully advocate for infrastructure and other improvements from the local public sector.

Manufacturers[3] typically prefer to stay close by if they can. If they can fairly easily meet their needs locally, they look no further. But once stymied locally, they greatly widen the options they are willing to consider. A retention effort must engage manufacturers when they are *just beginning to consider* moving or expanding. By continually reaching out to firms, providing services and establishing personal relationships, IRE organizations can get early information about a manufacturer's space needs and meet these needs before the firm starts looking more widely for locations.

They can also help meet those needs before an outside realtor is engaged[4]. Brokers have no particular commitment to city locations and often reap higher commissions by moving clients to newly opening suburban business parks.

All our primary sites except SVA put major emphasis on helping companies find and use sites. Where necessary, they even developed usable spaces themselves, especially for smaller firms that were expanding.

Providing Other Services that Were Highly Valued by Companies

Developing new services in response to expressed business needs has also been key. IRE strategies varied in terms of the particular services offered at sites. But all emphasized identifying services currently important to manufacturers and delivering them in a way that provided concrete value to the firms. WIRE-Net, JARC, SVA and WPCC all significantly changed their services over time. They changed in reaction to changing conditions and needs, as reflected in which programs businesses participated in and what they said they needed.

De-emphasizing Capital and Tax Subsidies

None of our study sites made large-scale subsidies for manufacturers' facilities or operations a central component of their programs. They found that the people and relationship-based services they provided were effective without the subsidies. There seemed to be few cases in which a subsidy would make a crucial difference.

The Steel Valley Authority was a partial exception. It did find cases where the availability of a large amount of equity and loan capital might have made a difference in being able to rescue a firm. But even then it was the limited access to large amounts of risk-taking capital, rather than lack of a subsidy per se, that played a central role.

Assuring access to financing on reasonable terms was at least modestly useful at other sites. But access involves the networking aspects of information and referral more than it does subsidizing interest rates, making grants or forgiving taxes.

The de-emphasis of deep subsidy relieved IRE organizations of difficult fund-raising challenges and preserved resources for more effective program components. It kept the focus on job preservation and creation and on the primary needs of firms as determined by their own management and ownership. It sharply lowered unit costs of job retention and expansion.

Carefully Designing Training Programs To Make Them Relevant

The experience of IRE programs in the job-training area underlined basic lessons about effective job-training initiatives. Most important is the direct involvement of manufacturing businesses in training design, curriculum and, ideally, delivery.[5] At JARC, HTC, WPCC and Northeast Milwaukee Indus-

"The most important feature of IRE job training initiatives is the direct involvement of manufacturing businesses in training design, curriculum and, ideally, delivery."

trial Development Corporation — the initiatives with extensive skills-training efforts — participation was critical to providing up-to-date, high quality training and to making it credible for both employers and trainees.

A second factor is flexible matching of training to the hiring needs of individual firms. The Hosiery Technology Center is an ideal model: it began training hosiery employees only when employers had sufficient need for them to sustain a small class, and when manufacturers were in a position to commit to hiring graduates.

Third, skill training for particular jobs is a very good context for improvement in basic education skills. Last but not least, basic computer literacy is already a skill needed for even many entry-level jobs and is very rapidly expanding as a requirement.

Developing Internal Capacity

The IRE institutions' own skills and human and organizational resources made the efforts we examined stand out. The specific mix of in-house skills and partners varied, as did the roles of players in specific positions. But, in each case, the organizations had assembled a group of talented leaders and professionals who could:

- Understand and shape economic strategy.
- Deliver services that were truly valuable to firms and residents.
- Bring the respect needed to gain the continued participation of businesses, public and private partners, and community residents.

Developing Strong Staff Leadership

Our IRE sites were led by strong, competent, confident people with substantial relevant experience (although some had a good deal to learn about industrial retention and expansion efforts).

For example, John Colm at WIRE-Net arrived with a background in organizing rather than business assistance or economic development. But his organizing skills served him well in figuring out how to successfully contact and gain the participation of business people, residents and other key players. His background helped shape his clarity of vision about multiple stakeholders in the community and their diverse yet overlapping interests. It significantly shaped his thinking about how to change the behavior of city government and the broader economic outlook of various public and private institutions.

At the same time, he has proved a quick and effective study in business assistance and workforce development, keeping abreast of the latest thinking in manufacturing retention and growth. He has been able to lead in designing programs and translating the interests of WIRE-Net constituencies into concrete action, and he has earned praise for his ability to translate technical language into the practical language of business.

Berkeley OED's manufacturing retention effort was led by Kate Squire. Squire had pioneered in the development of systematic industrial retention efforts while working in economic development for the state of California. Already part of her theory and practice were:

- The primacy of retention/expansion in overall strategy.
- The manufacturer as stakeholder.
- The value of outreach and gathering detailed information about firm interests and needs.
- The importance of rapid response on perhaps mundane-seeming matters.
- The goals of engaging other city departments in meeting manufacturers' needs and city leadership in recognizing manufacturing's value.

Other senior leadership in OED did not need to

"The specific mix of in-house skills and partners varied, as did the roles of players in specific positions. But in each case, the organizations had assembled a group of talented leaders and professionals."

be convinced that manufacturing was important in widening opportunity for disadvantaged people, that scarce resources needed to be committed to contacting and assisting manufacturers, and that it was important to fight for a manufacturing-friendly land use and zoning plan.

Developing a Staff with Excellent Skills

Each of our primary sites has assembled a staff with specific skills and experience to carry out its programs. In the main, these staffs are very small. But they are by no means second-rate.

SVA's small core combines executive director Tom Croft's background in organizing and expertise in labor-management issues with other key staffers' technical expertise in business, economics, and finance. Together they are able to:

- Assemble useful databases to guide their analysis of firms' market circumstances.
- Assess swiftly the needs of firms in crisis.
- Determine what outside technical assistance is needed.
- Recognize skilled outside providers.
- Properly guide continuing work.

JARC staff have a reputation for the right balance between "book knowledge" and hands-on experience and learning — especially in the increasingly central part of their work in job skills training. WIRE-Net has been able to move forward rapidly in using its new foundation funding, largely because it added staff with specific expertise in the areas of its program expansion: job training and placement, marketing and technology. Outside the primary IRE foursome, the Wood Products Competitiveness Corporation's early struggles and successes have followed its abilities to attract and retain staff skilled in specific areas.

Focusing on Planning and Analysis

Each program takes planning and analysis very seriously. Each develops its programs based on information about company and resident needs and conditions, as well as its own expertise. Planning and analysis are definitely not simply a way to meet external funder demands, but a critical part of their ability to serve area stakeholders.

Indeed, for JARC, our researchers considered its thoughtfulness about the selection and design of programs to be the strongest reason for its success. JARC conducted an in-depth study of the local manufacturing economy before choosing to focus on the metal-working sector. It used information from the manufacturers' consortium to design its initial and revised packages of aid. Its 1993 strategic planning process — formally engaging both staff and board — helped the organization refine its program to integrate advanced job training with other business assistance and education.

It also became highly expert about training for the metal-working workforce (which evolved into its chief mission). Its extensive study of skill requirements for categorizing metal-working jobs proved highly useful to employers (in creating job ladders, preparing to meet quality standards) and to JARC itself in designing additional training.

All of JARC's program development work reflects careful attention to both opportunities and constraints and to including the right set of partners.

SVA staff built the capacity to collect and manipulate large amounts of data to help keep track of their clients, interventions and the general economic and industrial climate. This has allowed them to rapidly analyze troubled companies and make a quick assessment of a firm's ability to survive and the factors which have put it in trouble.

OED in Berkeley used the information it collected in its retention survey to assess the viability

"Steel Valley established itself as a significant player by gaining state designation as an official "Authority" of the state, with powers that included eminent domain."

of manufacturing in the city, to identify program priorities, and to alert policymakers and other city staff to the potential to retain and grow manufacturing businesses. Its detailed data on industrial uses and needs for expansion helped shaped the specifics of the West Berkeley Plan and zoning revisions.

WIRE-Net's strategic planning process was highly successful in laying out the directions for its expansion when more foundation support arrived.

Generating Active Business Leadership

An important step on the path to IRE success is early commitment by at least a modest number of sympathetic businesspeople to:

- Participate on the board of directors.
- Help guide program development.
- Make early use of assistance.
- Encourage others to do so.
- Sustain the multi-part mission of benefit to business and community.

Such participation is needed to overcome the chicken-and-egg problem of wanting to establish credibility by providing quality services but lacking credibility to attract first clients.

WIRE-Net drew effectively on a core of firms with past relations with the CDCs that helped form WIRE-Net itself. It used this core to establish a sense of business ownership from the start and to assure residents that they would benefit, particularly through those manufacturers hiring local people.

Berkeley OED activated a small group of firms during its outreach effort. They then gave credibility to the fight for space for manufacturing in West Berkeley, and became clients of and advertisers for OED programs. JARC metal-working firms who joined the first consortium were central in shaping programming in general and the training in particular. HTC and WPCC were heavily driven by industry members from the very start. In HTC's case, members of a pre-existing industry association had pressed for creation of the training and technology functions.

SVA, however, differed from the others in its early years, when it focused on battling with companies that had already decided to close.

Developing a Track Record and Finding Other Ways to Establish Credibility

Each of these IRE organizations has developed a track record of successfully providing services. It then built on that credibility to gain further participation by manufacturers, residents and others, and to develop and implement further programming. Building a credible record has required attention to:

- The need for satisfied "customers".
- The likelihood that it may take several years to reap full benefits.
- The value of consciously building upon past success (word-of-mouth).
- The benefit of communication (newsletters) and positive media.

In addition, some of the organizations have used other ways to establish credibility. SVA initially established itself as a significant player through unusual means. Using political impetus created by massive plant closures and job losses, it was able to gain state designation as an official "Authority" of the state with powers including eminent domain. This greatly enhanced its credibility from the start, especially given its unusual nature as a community-labor-church start-up.

"IRE programs need to be flexible to respond to needs and opportunities as they arise. Under these circumstances, availability of general operating support funds is enormously important."

Even though it failed to save the closed or closing plants that were a focus of its work, the efforts were very visible. They symbolized the frightening change underway and the struggle to stem it — and earned the continued support of workers and community. When it switched in the 1990s toward concentrating on smaller firms, earlier interventions and an array of supports for businesses, SVA built a successful track record. This led to more state funds, a wider area of authority and credibility with stakeholders such as aging company owners and workers and managers considering a buy out, which in turn led to further successful cooperation and action.

WIRE-Net's route was more conventional, building on early successes in eliciting city responses to manufacturers' needs, in placing qualified workers, and in meeting joint company needs for security. WIRE-Net used that record to attract additional members and clients and to encourage city and foundation support.

At the outset, JARC benefited from the long outstanding history of its parent Hull House. It then built its own reputation, first around its assistance to business and more slowly around the increasingly evident excellence of its manufacturer-driven job training.

Berkeley's OED, on the other hand, was initially burdened by local businesses' negative views of the city. Doing outreach and following up promptly on simple but concrete issues helped to change that perception.

A final element of a track record is the record of individual staff members. Many of the executive directors and key staff people in the IRE initiatives have long tenures with their organizations. They have built relationships over time with local manufacturers and city officials and demonstrated their capability and trustworthiness in delivering value.

The Role of External Institutions and Players

Local economic development initiatives, IREs and others, are both assisted and constrained by aid (or its lack) from external resource providers and collaborators.

Need for Flexible Funds for Operating Support

IRE programs are staff-intensive, with staff having to spend time ironing out permit problems at City Hall or matching workers to job openings. Few activities are "projects" in the sense of one-time efforts with a beginning and an end, nor are they real estate deals with likely potential for profits. Only a fraction of IRE services, such as shared security patrols, are likely to generate fees. In addition, IRE work programs need to be flexible to respond to needs and opportunities as they arise. Under these circumstances, availability of general operating support funds is enormously important.

WIRE-Net's expansion after it received a major influx of flexible operating funds from the Pew Charitable Trusts' Neighborhood Preservation Initiative and the Cleveland and George Gund Foundations demonstrates the importance of such money. WIRE-Net's staff expanded from 3.5 to nine full-time employees. It greatly expanded its job placement services and moved into work preparation and training, assistance in technology adoption and management, and tooled up for entry into the commercial real estate market. In less than two years it showed major progress in all these areas.

Somewhat flexible funds from city government in both Chicago and Cleveland are beginning to play the same kind of role, while expanded state grants support SVA's early warning and related business assistance efforts.

"Assisting in relations with city government is an important IRE activity. Manufacturers must feel they can operate efficiently in their current location and expand as needed."

Berkeley OED's IRE program has been supported by city government from the start, but the inability to expand that core support beyond one primary staffer has restricted new programs. In the area of recycling and environmental manufacturing, OED was able to obtain separate funding and support additional staffing. Thus it has been able to add significantly more program development and implementation in this area, based in large part on having one additional staff person who can pay focused attention to the field.

Each of the four primary sites is a relatively mature organization with a well-developed agenda, organizational infrastructure and systems in place, experience delivering services, credibility with business and community, and a network of other partners. Each is thus well-equipped to make prompt use of any additional flexible money.[6]

Younger organizations, such as WPCC and NMIDC, would be better served by sufficient support to allow them to staff and further develop their initial work programs.

Need for Local and State Government Support and Cooperation

Local governments, in particular, have significant roles in the success of IRE organizations. Government being responsive to IRE staff attempts to resolve manufacturers' problems makes manufacturers feel they can operate efficiently in their current location and expand as needed — the key message an IRE effort must convey.

At least in Cleveland, Chicago and Berkeley, city agencies are not highly regarded as problem solvers for industry — or even as being able to smoothly handle ordinary situations. In each place, assisting in relations with city government is an important IRE activity. Strengthened support from policymakers for city agencies' attention to manufacturers' needs — and improved municipal management/service in general — would be of real benefit.

Perversely, the more difficulty firms have in dealing with City Hall, the stronger the need for IRE staff skills in working with City Hall. But, at this point, successful organizations do not need this boost. And still small organizations could be more successful on other issues if city issues required less attention.

A second role of local or state government is to have a policy to support manufacturing as a sector, particularly small and mid-size manufacturing.

Only SVA's public sector recognized manufacturing's continuing importance early on in the IRE organization's evolution. At our other sites, local and state government saw other sectors — and in Cleveland and Chicago, bigger firms — as more promising targets of attention.

Gradually the IRE efforts won recognition and support by succeeding and then showing off their success. For example, OED in Berkeley took its skeptical city council members on a tour of the industrial district to give them a feel for what current-day manufacturing was about, educate them about widespread use of new technology, and show the healthy potential for expansion. That set the stage for the council adopting zoning and program priorities that protected manufacturing.

Local and state government also can encourage the success of IRE efforts by providing direct and indirect financial support for multiple purposes:

- Operating support
- Infrastructure improvements
- Loans or occasional subsidies
- Industry-specific job training

Skepticism by policymakers and/or economic development staff sometimes limited this support (as did tight budgets). SVA, WIRE-Net and WPCC

"Every one of these IRE initiatives is in fact a complex partnership. The partners can make contributions that the IRE organizations cannot reasonably make."

received early state funding, and Berkeley OED assigned business assistance staff to focus on manufacturing. But growth in state/local resources has been slow to come and modest in amount, even as evidence has mounted that it could make a difference. Recently, there are more positive signs. State funding for SVA and citywide programs in Cleveland and Chicago that benefit WIRE-Net, Greater North Pulaski Development Corporation and JARC are expanding.

Need for Many Partners

Every one of our study sites is in fact a complex partnership. The partners can make contributions that the IRE organizations cannot reasonably make or develop capacity for. These partnerships have significantly contributed to IRE effectiveness in ways far beyond financial support.

They bring critically needed information and expertise, most notably through the participation of manufacturers in defining program priorities and design. They reduce or eliminate the need to develop costly skills in-house, as in the case of aid with technology adoption provided by federally supported manufacturing extension centers.[7] Partners can provide infrastructure that small IRE organizations could not possibly duplicate, as in the case of school systems collaborating in school-to-work training efforts.

They deliver direct business assistance and related services outside of IRE service providers' roles and structure, as in the case of city governments handling zoning regulation and street and viaduct improvements. They lend added credibility, as in the Urban Redevelopment Authority of Pittsburgh joining SVA, and the Chamber of Commerce joining Berkeley OED, in outreach to manufacturers. Manufacturers also add credibility when they pass on positive word-of-mouth appraisals of IRE programming and cooperation.

What Impact Did Economic and Social Conditions Have?

Underlying conditions within and beyond the territories of these IRE organizations have provided both advantages and disadvantages. The specifics give some indications about how well these highly successful efforts might transfer to other locations, but interestingly they do not seem to rule out many other areas except those with an obvious lack of manufacturing base.

Overall Strength of Regional and Local Manufacturing

Patterns of aggregate strength in manufacturing have played both negative and positive roles. The overall picture, however, shows that well-designed and run IRE efforts had positive impacts under a variety of market conditions.

The broad decline in manufacturing, especially during the 1980s, both triggered the work of several of the efforts we observed and made that work more difficult. Shutdowns and cutbacks driven by basic structural shifts and declines were beyond the reach of our study's programs (and, for most, were not the focus). Losses of major plants in multi-national companies affected their smaller suppliers as well. The broad decline discouraged governments from assisting manufacturing firms. It discouraged young people, and their parents and teachers, from considering manufacturing careers. Certainly the overwhelming losses — particularly in steel — in the Pittsburgh area swamped the capability of IRE intervention.

Improving conditions nationally and regionally eased the stress on the IRE programs. Most of their early activity was better suited to keeping a firm in its location (and perhaps helping it expand) than to making it more competitive. Improving overall conditions increased the relevance and power of IRE

"Industrial areas with 5,000 to 30,000 jobs may be most desirable, at least as a starting point, for IRE efforts. This size provides opportunities to find firms with common interests."

programs' work to make existing communities more desirable locations. It gave them time to strengthen their activities in improving competitiveness. The expansion of WIRE-Net's work into technology transfer and peer management assistance — and JARC's heightened focus on skill training and technology — represent that kind of evolution.

Strengthened manufacturing also made it easier to place local workers, as manufacturers found fewer qualified people available and so were happy to have help.

But it is easy to overstate the constraints imposed by market conditions. WIRE-Net's Hire Locally program, after all, placed about 150 workers in manufacturing firms each year since the late 1980s, through cyclical and structural ups and downs. Manufacturing in Berkeley declined during the 1980s, but it began growing after the IRE program was implemented. While elsewhere the sector was still in the doldrums, JARC stabilized its metalworking industry and began facing space shortages for smaller firms. And SVA's small staff succeeded in terms of "jobs saved per dollar," in significant part by changing its strategy, even though the regional manufacturing market remained distressed and SVA's service area was too large for its work to affect aggregate measures of industrial activity.

Focus on Smaller, Locally-owned Firms

The IRE programs we investigated had mostly smaller firms within their territories and a great deal of local ownership. Multi-nationals were either uncommon, had moved or shut down, or were at most a component of overall industrial activity.

That allowed the IRE efforts to concentrate on companies that, because of their modest size, needed services that large firms often did not. Local owners were easier to satisfy with such actions as intervention at City Hall or aid in finding local expansion sites. Their ties to home and local markets were more substantial, and their thoughts of moving far fewer.

Appropriately-sized Territories

Industrial areas with 5,000 to 30,000 jobs may be most desirable, at least as a starting point, for IRE efforts. Smaller areas seriously challenge an organization's ability to provide high quality service at reasonable cost, because of the lower demand for any given service. This size range provides opportunities to find firms with common interests. At the same time, the area is small enough that a modest-scale organization can make the kind of visible impact that elicits further investments and efforts. It allows for personal outreach and relationships and encourages true networking among businesses.

Shortage of Urban Sites

In inner-city industrial areas like the ones assisted by WIRE-Net, Berkeley OED, JARC, GNPDC and NMIDC, early successes may produce a shortage of usable sites for expansion and new firms. Such a shortage poses a threat to further growth. Many facilities are obsolete, of inappropriate size, and/or expensive to clear of toxins.

For WIRE-Net, Berkeley OED and JARC, the great bulk of the good vacant spaces have in fact now been taken. JARC has already responded by developing its own space for small firms, WIRE-Net is moving in that direction, and OED has made private re-use of its three remaining large sites a top priority.[8]

Vacant land that is large enough for traditional industrial parks is not generally available. To keep initial IRE successes from being strangled by space shortages, it will be important to:

- Improve mechanisms to clear toxins efficiently.

"IRE programs are building new collaboratives at the high school level to improve education and work preparation in general."

- Protect existing manufacturing spaces from conversion to alternative uses.
- Creatively re-use older structures.
- Find additional space within reasonable distance.

Lack of Patient Capital

In special but important circumstances, a lack of patient social capital restricts the ability to take on some useful pieces of work. Few investors are willing to wait for the long run to earn their returns, and to accept lower returns in order to reap societal benefits.

This is most notable as an issue for SVA. Resources — especially equity and near equity — to modernize larger plants or foster new ownership and ownership structures are little available, despite some long-term economic opportunities and powerful social objectives.

But this issue also appears in the shortage of federal resources to support redevelopment of obsolete structures, support that JARC and GNPDC once received. Provision of decent, entry-level jobs for people with limited skills — and restoration of large inner city buildings to industrial use — may produce the social benefits that society would support financially, but there are few remaining federal programs through which to exercise such a choice.

Distressed School Systems

It is a sad fact that public schools near our primary sites are having great difficulty educating the students who might become the skilled, computer-literate manufacturing workers of the next century. Training and placement programs for high school graduates and dropouts often find that young people need intensive remedial education and an array of support services just to qualify them for the program's services — much less for quality jobs.

Programs and facilities that teach specific skills — for example, metal-working — have been lost in the schools or are based on obsolete machinery and techniques. The increasingly ubiquitous need for computer proficiency is not being met; indeed, ordinary English workplace literacy needs are often not met.

Of course, these problems are not unique to IRE efforts. And IRE programs are among those building new collaborations at the high school level to improve education and work preparation in general. No one involved believes it will be enough to develop training programs that, after the fact, try to offset what a deteriorating school system failed to do.

Endnotes

[1] For example, getting the Public Works Department to pick up old furniture and other trash dumped (to avoid dumping fees) at night on the streets of industrial neighborhoods.

[2] Outside of SVA's special circumstances.

[3] At least most non-multi-nationals.

[4] Asking brokers for *local* leads fitting particular specifications, keeping the name of the firm confidential until a promising local site is identified, retaining the client-service provider relationship as between IRE and firm.

[5] Either by current employees of manufacturers or by former workers/supervisors now in the employment of training organizations.

[6] WIRE-Net, having just greatly increased its budget, may be an exception but is at least in need of money to continue its expanded effort after Pew's NPI expires.

[7] There remains an issue of whether the extension centers can serve relatively small manufacturers with the fee scale and generally one-on-one approach that they take, to which we will return later.

[8] Two have in fact been put to re-use since our visits.

5 Did the Programs Change Systems Serving Businesses and Communities?

The efforts of the IRE organizations we examined have resulted in a series of changes beyond their immediate outcomes for individual businesses and residents: changes in attitudes, institutions, partnerships and programs. We call these system changes. System changes:

- Have a life outside the organizations, resulting in job retention, expansion, placement and training.
- Have impact beyond the scope of local program activity.
- Produce and institutionalize lasting results that don't disappear with changes in personnel, local politics or the economy.

Some of these systems changes are in the geographic areas where the IRE initiatives have been operating. In other cases, work in one specific area of a community has impacted the entire city and beyond.

Systems Changes Within the Initiatives' Target Areas

Establishing New Models for Collaboration

The IRE programs we examined are explicit models of collaboration between manufacturers and the community, to save manufacturing businesses and jobs and to provide residents with jobs, as well as to serve the community in other ways.

Workers, residents, governments, nonprofits and still others joined with manufacturers to pursue often shared and certainly inter-connected goals. They had large impacts by forging new alliances, providing for each others' direct participation in the IRE efforts, and brokering each others' contributions and services. They demonstrate systems change in new arrangements, partnerships and cooperative action. These could be replicated by other industrial retention programs as well as by other efforts to deal with local issues. Such modeling may affect both the IRE territory and cities and regions beyond.

Developing New Traditions of Business-to-Business Cooperation

At many of our sites, manufacturers established new arrangements among themselves for jointly addressing issues and solving problems. The IRE initiatives often provided the catalyst and structure for these innovations. Examples include:

- Peer exchange and learning — especially regarding management and technology issues at JARC and WIRE-Net.
- Focus on fellow manufacturers as suppliers, customers and joint bidders at WPCC.
- Collaborative designers and teachers in training programs at JARC, HTC and WPCC.
- Joint advocates for improvements in infrastructure and services.
- Pressure groups for policy changes, such as protective zoning in Berkeley and Chicago.

Establishing a Focus on Serving Disadvantaged Populations

The IRE programs we studied established new high standards for focusing on the jobs needs of low income, low-skilled and unemployed residents of distressed communities — often heavily people of color. In particular, they demonstrated that it was possible to target training and placement in manufacturing jobs (preserved and created by IRE efforts) to the people most in need, on a systematic and continuing basis, *while simultaneously delivering first class services to business.*

"These IRE programs demonstrated that it was possible to target training and placement in manufacturing jobs to the people most in need, while simultaneously delivering first class services to business."

In a systems sense, they serve as proven models for coupling business assistance that saves and creates manufacturing jobs with targeted job training and placement efforts that move disadvantaged people into those positions.

It is no surprise that we found such models among our case studies, since we deliberately set out to choose sites combining business aid and targeted hiring and doing both effectively. Much more surprising is how few cases we were initially able to find of such joint attempts. The cases we eventually examined clearly demonstrate that both goals can be met.

Increasing Attention by Manufacturers on Their Communities

Most manufacturers initially became involved in IRE programs to deal with their own business needs. But after working with other community leaders and gaining real value from the help they received, businesspeople substantially expanded their participation in community-building. This involvement was most common in school systems and training programs, where the synergy between narrow firm and broader societal interests was greatest.

It also most frequently occurred where the IRE organizations provided convenient mechanisms for businesspeople's contributions. For example, a severe budget crisis in the Cleveland school system threatened to close the local high school. Manufacturers from the area, already attuned to the education issues and the policy process, played an important role in keeping it open. WIRE-Net and local companies already had built relationships with the principal and parents in arranging for skills trainings, job shadowings, etc.

Involvement in IRE activities sometimes led to more independent business commitment to community. A firm that participated in WIRE-Net's school-to-work program liked it enough to re-start its own program of youth apprenticeships.

Changing Attitudes Toward Local Industrial Areas

In several cases, IRE initiatives had sufficient impact and publicity to change businesses' perceptions of the undesirability of locating in center cities.

Cleveland's near west side had been known as an unfavorable location: too few clean and ready sites, little attention or cooperation from city government, little interaction among area businesses. But by the time of our visit, word had spread that you could get help from WIRE-Net with local issues and that, through WIRE-Net, firms could gain some oft-desired recognition of their contributions. We heard of firms now asking city officials or brokers to help them look for sites in the WIRE-Net area and to put them in touch with the organization.

Since central city IRE organizations often lack powerful tools to win in the competition with their own suburbs for manufacturing firms, such improvements in reputation can be extremely important in retention/expansion and attraction/start-up.

Increasing the Focus on Land-use Planning and Zoning Policies

Protecting space for industrial firms was an important issue at several of our study locations. Most notably in the case of the West Berkeley Area Plan and zoning revision, IRE organization efforts contributed key information, pulled together business, worker and community players and helped organize the effort to preserve industrial land.

In Chicago, JARC and GNPDC helped gain industrial zoning protections and defended against smaller losses through spot-zoning. WIRE-Net both

"In two sites, the IRE organizations had central roles in establishing city-wide programs that fund the work of retaining small and mid-size manufacturers."

stopped spot rezoning and helped convince the city to open additional nearby land to industrial use.

Improving Permit Systems

Getting sign-offs for industrial use expansion in central cities is often difficult. The rules in built-up areas are inherently more complex, and cities' processes are often balky. Pressure from manufacturers working through and with IRE organizations helped to increase the cities' responsiveness.

In Berkeley, Cleveland and Chicago, the IRE program led the way in establishing the importance of keeping manufacturers in the city by easing operations such as permitting. In Berkeley, the city actually changed the way it provides permits. It established a one-stop center and assigned a single staff person to shepherd each application. The IRE effort clearly helped establish consensus about how to use land that enabled streamlined permit decisions.

Systems Changes in the Wider Area

Creating City-wide Programs for Small Manufacturing Businesses

In two of our four primary sites, the IRE organizations had central roles in establishing city-wide programs that fund the work of retaining small and mid-size manufacturers.

In Chicago, GNPDC and JARC — and the effective advocacy they and their allies did — helped convince city government to create the Local Industrial Retention Initiative. LIRI provides operating grants to Chicago organizations to serve as local links to manufacturers and to provide an array of services. GNPDC and JARC are grant recipients — a more flexible departure in the way the city had provided support — and have more sophisticated programs overall than the others. But their work has served not only themselves but other IRE initiatives and, hence, manufacturers, all over the city.

In addition, Chicago has established industrial corridors projects, in which the LIRI organizations, members and allies develop plans for using city funds for infrastructure and other improvements in their areas.

Similarly, WIRE-Net's model and advocacy moved the city to create the Cleveland Industrial Retention Initiative (CIRI), which provides funds for outreach and response in four areas in addition to WIRE-Net's near westside. Most of the other organizations are relatively young and have not yet proceeded much beyond the initial outreach stage. But the program offers the opportunity to build capacity and add a range of services that would establish a much wider reach. And WIRE-Net has — at the request of the city — developed partners to expand its territory.

The CIRI/LIRI and industrial corridors monies are not sufficient to support full replication of the substantial efforts we examined. However the resources have already helped additional organizations hire staff, start providing services and entice in more participants. And together the same monies and processes constitute important added resources for the established IRE initiatives themselves.

SVA is at an early stage of an ambitious effort to build a large pool of risk capital for modernization and buy-outs. Its Industrial Valleys Investment Corporation fund, with labor backing and a variety of investment sources, has a wide regional territory and is considering a national role.

Influencing Regional Systems

Existing IRE initiatives have begun to have systemic influence at a regional level as well. In west-

"IRE initiatives' have changed the perceptions of key players that manufacturing is beyond resuscitation. This attitude change may be the most significant system impact of all."

ern Pennsylvania, SVA has been given expanded funding by the state and asked to deal with manufacturers over a 20-county area. The program model, SEWN, draws upon union officials, workers and others to alert SVA to potential plant closures and departures. It relies heavily on the contact and service provision design that SVA devised. SVA also developed training to help make other players valuable observers of possible plant crises.

WIRE-Net is heavily involved in an economic strategy effort called Workforce Initiative for Northeast Ohio, which involves WIRE-Net board members, staff and funders in substantial roles. As a result, the regional committees are giving substantially greater consideration to small firms and to issues of workforce development within sectors and for the benefit of low income people than would otherwise be the case.

Educating People about the Importance of Manufacturing

Underlying their effectiveness in bringing additional resources to manufacturing retention and expansion has been IRE initiatives' progress in educating a variety of actors about the realities of modern manufacturing business, the potential for it to stabilize and grow, and the consequences of its loss. They have changed the perceptions of key players that manufacturing is beyond resuscitation by several means.

- OED's tour for Berkeley's mayor and city council highlighted the skills and technology involved in producing both conventional and new environment-friendly products.
- SVA sustained the debate over the loss of Pittsburgh's industrial infrastructure and skilled workforce, arguing the importance of industry's quality jobs.
- JARC demonstrated success in revitalizing the metal-working sector after it had largely been written off.

Since a variety of policy, program and partnering actions hinge on such perceptions, this attitude change may be the most significant system impact of all.

Showing the Importance of Investments in Training and Placing Disadvantaged Residents

The IRE initiatives include powerful examples of the value of investments in preparing low income people for manufacturing work, increasing their skills in line with modern technological and efficiency concerns, and linking them to good manufacturing jobs. These examples have convinced others of the importance and high yield of these investments. They also illustrate ways to take advantage of IRE experience to develop further success.

JARC and HTC particularly have convinced employers that investment in skill upgrades can increase productivity by enabling changes in technology and management as well. In Berkeley, the system of high school and community college preparation of at-risk youth for well-paid bio-tech positions, together with the First Source job linkage program, has become a widely studied model for potential replication.

WIRE-Net and Berkeley OED linkage efforts, built as service-driven strategies for meeting the entry-level hiring needs of manufacturers, have proven their ability to target employment opportunity to those most in need.

HTC, WPCC and Berkeley are among those showing how new arrangements with community colleges can be highly profitable in preparing entry-level as well as more skilled technical workers from the low income community.

"Little has been written about those who have succeeded and there are few forums for exchanging ideas. There is only the barest beginning of systems to provide operating, training, start-up and technical assistance support."

Expanding systems for responding to companies in trouble

SVA, in choosing a different niche than our other primary focus sites — concentrating on firms in more dire circumstances — has demonstrated the potential to rescue ailing companies, at least under certain conditions. Coupling attention to early warnings, labor/management issues, ownership succession, technology renewal and management quality with efforts to generate new sources of patient capital, SVA may be creating another model to complement the outreach/service model for relatively healthier firms elsewhere.

Learning from Efforts that Didn't Work

Not every change in partnering, structure and policy has been successful. It has proven very difficult to create successful partnerships between IRE initiatives and federal manufacturing extension services: the cost of MES fee-for-service contracts exceeds what many small manufacturers can pay. Cooperation between firms in joint purchasing has had mixed outcomes, with not enough firms finding the goods and services worthwhile. SVA's first program model focused too heavily on huge firms and relied too much on capital-heavy workouts. Cleveland's young CIRI program, supporting many organizations new to industrial retention programming, has not yet shown that it can move beyond outreach toward substantial packages of business assistance and workforce development.

IRE efforts to reform high school, vocational education and community college systems — other than with special new programs — have had very limited impact, perhaps because so many other players at many levels are deeply involved as well. IRE organizations will need to continue to develop many allies if they are to change some of the larger institutions that affect them.

They need to keep looking to their constituents to learn what services are of real value. As in most evolution, the growth process takes time, and it will not be linear nor mistake-free. As the number of IRE efforts grows, increasing their exchange of information among themselves may shorten the learning curve. Because different initiatives have focused on different aspects of industrial retention at varying times in their history, each program will be able to serve as both guide and student, depending on the issue.

A potentially important systems change not yet attempted is the development of explicit mechanisms for capacity-building:

- Training staff
- Developing leadership
- Exploring program and strategic options
- Aggregating key resources

Locally, regionally and nationwide, very few have specific experience growing local manufacturing and targeting the benefits of this growth. Little has been written about those who have succeeded and there are few forums for exchanging ideas. There is only the barest beginning of systems to provide operating, training, start-up and technical assistance support that increasingly characterize some other fields of community development, such as affordable housing.

Why Were the Programs Successful in Achieving System Change?

Some components of the IRE initiatives we studied were key in bringing about these changes in systems:

- Basic mission

"The work of IRE staff to act as a catalyst — to create specific value-added opportunities for businesses' shared activities — is central."

- Approach to participants
- Capabilities and resources

To develop effective partnerships, one key is that the manufacturers must be committed to their IRE organizations and to working with other partners.[1] The examples of joint activity among diverse players — and the new forms of business-to-business cooperation we observed — depend on a level of trust in joint action, information exchange and joint learning that is unconventional in the private sector.

This trust and commitment formed in large part because of the IRE initiatives' components:

- Treatment of manufacturers as true stakeholders in the organizations and communities.
- Attention to manufacturers' views in defining program priorities.
- A stable set of staff with whom to build confidence.
- Continuing delivery of services valuable to businesses.

This combination gave IRE efforts legitimacy with their business client/participants. Legitimacy allows the initiatives to take on new activities as situations arise. It lets them share information among fellow manufacturers that ordinarily would be deemed too confidential. The work of IRE staff to act as a catalyst — to create specific value-added opportunities for businesses' shared activities — is central as well.

The improved attitude of manufacturers toward staying in or relocating to city neighborhoods is a systemic change that grows from many IRE efforts, especially the IRE's effectiveness in dealing with manufacturers' problems with local government and regulators. By smoothing the process of gaining necessary approvals, responsive services and improved infrastructure, IRE organizations change businesses' views of a neighborhood from one where "everything is a hassle" to one where city cooperation can be gained through IRE intervention.

The IRE efforts we studied were able systematically to target benefits to people in need — as the overwhelming majority of economic development efforts have failed to do. The reason for their success? *Commitment:* defining that goal as a crucial part of the organization's mission and systematically devising programs and directing resources toward meeting it.

Too often, serving low income people is simply not a goal of business assistance programs. But, once it has been made a goal, it can be accomplished. The natural synergy between employers' needs for qualified workers and residents' desire for decent employment supports the commitment. Consistent mission and commitment also seem central to establishing that the manufacturing infrastructure and job base deserve preservation.

Expanded and institutionalized commitment by manufacturers to the community — such as assistance to schools, collaboration in planning and implementation of physical improvements — stems largely from patient nurturing and recruitment by IRE staff. Most firms first connect to IRE organizations through bottom-line services they need. IREs have the best chance of building businesses' participation into regular practice when they:

- Deliver the services responsively.
- Continue personally to contact and invite the firm to wider activities.
- Design community interventions, in consultation with manufacturers, that companies can easily join, instead of having to construct programs of their own[2].

IRE staff focus on the task has also proved critical in obtaining protective land use planning and zoning for manufacturing. Manufacturers understand the threat posed by competing and conflict-

"From a long-term perspective, IRE action to educate others about the importance of manufacturing to a community and to represent and recruit manufacturers must be an extremely important function."

ing uses. But they are relatively unlikely to focus on the issue: it usually doesn't affect them directly and immediately. From a long-term perspective, IRE action to educate others about the importance of manufacturing to a community and to represent and recruit manufacturers for crucial meetings must be an extremely important staff function.

Increasing outside financial support for IRE initiatives — especially flexible operating support — has been crucial for their growth. From a systems change point of view, it has also been significant in spreading IRE efforts — with their targeted employment goals — to areas beyond the their immediate turf. Program expansion, increased visibility and the prestige of outside recognition have helped the initiatives make their case for more local and regional support.

IRE strategies are also getting more attention on the regional level (especially in the regions around our sites) because of:

- The exemplary models the sites provide.
- Their continuing educational efforts about the importance of manufacturing.
- The improved economic situation for manufacturing in general — making the notion of successful retention and expansion more credible to skeptics.

As a systematic economic development priority, industrial retention and expansion still faces large obstacles to prove its legitimacy. Most economic development professionals are skeptical about "industrial," "retention," and certainly "jobs for people in need" as focal points for their work. To overcome this prejudice, IRE initiatives need to use public forums to highlight their success.

Endnotes

[1] Inside the IRE initiatives and as partners from without.

[2] Only a few of the largest firms seem inclined to do that, at least at first.

6 Conclusions and Recommendations

The evidence about the performance and im–pact of IRE initiatives indicates that they are well worth expanding in size and in range of activities, as well as replicating elsewhere. In this section we make recommendations for expansion, extension and replication.

Expanding and Extending Existing IRE Initiatives

Because the IRE initiatives we studied set different initial priorities and evolved in different ways, the logical directions for their expansion and extension differ. However, there are several common themes, reflecting both currently emerging directions and already successful evolutions.

The Need to Expand Job Training and Placement Efforts

Business assistance programs have rarely paid much attention to the needs of disadvantaged people. Our initiatives were therefore often breaking new ground in taking on workforce development tasks — new ground both for themselves as organizations and for the field. Understandably, in most instances they selected only a particular slice of the workforce program spectrum. WIRE-Net and Berkeley's Office of Economic Development focused on placement, not training; Jane Addams Resource Center, the Hosiery Technology Center and the Wood Products Competitiveness Corporation did the reverse.

No one organization has yet been able to deliver, by itself or with a partner, a program that includes all elements of job training, readiness, placement, school-to-work and support services pre- and post-employment — and integrate manufacturers into all of these. But each recognizes that all these elements are important, and most are currently expanding their workforce programming:

- WIRE-Net has developed job readiness seminars for potential workers and is beginning introductory manufacturing skills training through a community college.
- Berkeley OED, successful with employer-driven training and school-to-work programming in the bio-tech field, is working with local job-training agencies to identify additional sectors that could use specialized training programs.
- JARC, which specialized in upgrading the skills of existing manufacturing workers, has been expanding training for entry-level workers.
- WPCC, which has had some early success with job behavior/exposure to manufacturing, is moving more heavily into employer-driven skill training for current workers.
- HTC, which had focused on skills training, has begun a partnership with the North Carolina State Department of Labor to recruit incoming immigrants in need of work. It is adding English as a Second Language and other supplementary basic education.
- Greater North Pulaski Development Corporation, which had been offering only informal referrals, completed an extensive review of placement and training options and is contemplating some new workforce initiatives.

Developing full, effective workforce development systems — with IRE organizations as both operators and broker-partners — is a likely continuing direction and a desirable extension to current programming.

The Need to Provide Businesses with Help in Modernizing

Some of the IRE initiatives have made substantial progress in providing services to aid manufacturing modernization, or in providing referrals. Others have not. Some with experience are attempting to

"Especially for smaller firms, access to modern technology and management is crucial. If industry and jobs are to survive, IRE efforts must help keep firms competitive with manufacturers elsewhere."

change how they provide services to deal with issues of cost and efficiency in complex one-to-one assistance.

Especially for the smaller firms that characterize the industrial areas we examined, access to modern technology and management technique is an important issue. If industry and jobs are to survive, IRE efforts must help keep firms competitive with manufacturers elsewhere. Expanding into this field — and finding ways to bring down costs — are key directions for future program extensions.

One promising route has been to concentrate on a single manufacturing sector or cluster of related sectors, as JARC, SVA, HTC and WPCC have done. Concentrating on a sector leads to programs that serve multiple firms simultaneously, such as training seminars and technology demonstrations, and expands the possibilities for peer learning. Where no single sector is highly prominent, IREs might achieve the same result through partnering with neighboring communities.

The increasing number of federally sponsored, regional manufacturing extension centers has somewhat diminished these initiatives' needs to build extensive in-house technical capacity.[1] But JARC and WIRE-Net first established and then dropped contracts with manufacturing extension centers. The centers' need to support themselves through fees from larger projects is often incompatible with small manufacturers' needs and ability to pay. WIRE-Net is exploring expanded peer information sharing, concentration on common technologies and the use of lower-cost student engineers[2] as ways of cutting costs. Again, regional collaboration might allow firms in a single sector to share costs.

Similar approaches may help with management and market-development assistance. WPCC has effectively combined firms' efforts around international marketing to reduce costs of attending distant trade shows.

The Need to Focus on the Intersection of Technology and Training

IRE initiatives recognize the synergy between technology and skill upgrading. To install and efficiently use modern equipment, production workers and frontline supervisors need to know how to operate, set up and maintain it. This now frequently involves computer-aided and computer-controlled machinery, requiring some literacy in that area as well. The ability of an IRE organization to deliver effective skills training to entering and continuing workers *and* to facilitate the investment in and adoption of up-to-date technology is key to modernization assistance.

In the best cases, as in the partnerships JARC has recently created, manufacturers are direct partners in the training efforts. Up-to-date equipment that the companies will actually use in production is provided for training. JARC was, at the time of our visits, developing a Technical Training Center with its industry partners. It will train workers on the latest machinery, provided by industry, in a facility located in JARC's own "Raven" development. A "training factory" where machinery can be tested and shared — such as that very recently begun in connection to Northeast Milwaukee Industrial Development Corporation's work — may turn out to be valuable.

The combination of technological and skill upgrading appears to be a powerful tool for manufacturers and thus an important area for future IRE work.

The Need to Protect and Increase Industrial Space

Sufficient room for current and expanding manufacturing is a growing issue for most of the urban IRE efforts. Increasingly, IRE initiatives have begun

"Some urban IRE initiatives are widening their geographic focus. This allows a program to efficiently provide specialized training and increases its ability to match job candidates to available, appropriate jobs."

to respond to the need, defending existing space and, to a lesser extent, seeking to expand.

- JARC has been a leader. It has advocated for zoning protections for industry and opposed competing uses, and undertaken two developments of its own for use by small firms.
- GNPDC has been particularly active as a developer.
- Berkeley OED worked hard for policies that protect industrial land and to put back into use large, vacant, privately-held industrial properties.

Especially in relatively tight markets, there is room for expanded action, including more real estate development. All the sites need to continue devoting staff to organizing and advocacy to protect existing manufacturing space. An important opportunity is to become more deeply engaged in cleaning up sites with toxic problems. This effort would become more practical if proposed federal legislation to provide substantial funds for making "brownfields" re-usable is adopted.

The Need for Continuing Outreach

Short-handed IRE staff have been limiting the amount of new outreach they undertake with manufacturers. Unfortunately, lack of outreach can:

- Threaten manufacturers' sense of ownership and belonging.
- Reduce the information base around which much successful IRE work has been planned.
- Increase the likelihood that companies' problems will come to staff attention too late to make a difference.
- Reduce firms' long-term participation in local job hiring programs.

Modest funds from Cleveland's new Cleveland Industrial Retention Initiative program were sufficient to allow WIRE-Net to reinstate regular outreach. The cost of such work elsewhere would surely be modest as well.

Resources for *continuing contacts with key firms* would also be highly desirable. WIRE-Net anticipates beginning a "key accounts" program. This would involve regular interaction with key firms, providing priority attention to any that are signaling difficulties along with services to assist with competitiveness and location problems. Such an approach could expand IREs' success with key problem cases.

SVA, in moving toward earlier intervention with somewhat smaller firms, and WIRE-Net, in attending to key accounts, are moving at least elements of their programs closer together in focus and technique.

The Importance of Expanding Geographic Reach

Several of the urban IRE initiatives are taking on or contemplating widening their geographic focus:

- With state encouragement and support, SVA has expanded its work to 20 counties.
- Berkeley OED is working with its neighbors in two industrial sectors across its borders. The city is also beginning a cooperative effort toward regional job placement and training.
- WIRE-Net modestly expanded its area of action within the CIRI program.

Besides the obvious benefit of wider reach by first-rate service providers, a larger scale has additional advantages. Having more firms within the territory with common technology and training needs, marketing goals and purchasing requirements can justify the joint programs which save money. Other advantages include being able to efficiently provide specialized training and an increased ability to match job candidates to available, appropriate jobs.

"These IRE initiatives are very thinly staffed to do such staff-intensive work. To expand and extend their efforts, they will need additional flexible funds."

The Need to Decide If a Sectoral Strategy Makes Sense

Many of the initiatives either focused on a sector of the economy from the start or are considering taking on such focus. Advantages include the ability to develop a high level of expertise in one field and the ability to focus training or other services on a group with common needs. Interestingly, however, there is simultaneously some movement away from a sectoral focus.

Berkeley OED is considering doing more sectoral work. But JARC has extended its efforts beyond its Metal-working Consortium to a variety of companies located within the same turf. SVA is exploring adding other sectors outside metals. WIRE-Net started moving toward sectors to deal with common technology and management and marketing issues, but it has since returned to exchanges between executives from a mixture of firms.

Which strategy is best? The correct answer is, "It depends on the circumstances."

Sectoral intervention makes sense where the primary issues are competitiveness and there are enough firms or a big enough territory to produce real bounties in expertise and common interests. In other instances, manufacturers in a given community often have common interests and concerns, facilitating efficient IRE work across sectors. Working together makes it easier to advocate for joint interests or assist with community and business needs. It may be most desirable for IREs to mix cross-cutting and sectoral efforts, based on needs and circumstances.

The Need for Flexible Money

Our study's IRE initiatives are very thinly staffed to do such staff-intensive work, even taking into account their many partners and referrals. To expand and extend their efforts, they will need additional flexible funds. These funds need not be purely core support money, since the work for the most part is in specific program areas. But "project" funds without money for administration and program staff will not meet the need.

The Need for Stakeholder Control

If the IRE initiatives grow in breadth and scale, staff and board leaders will need to pay attention to retaining manufacturers', workers' and communities' sense of ownership. They will need to continue to involve stakeholders in identifying priorities and acting as program experts, designers and teacher-mentors. They will also need to continue responding to stakeholders' immediate needs.[3]

Berkeley OED's loss of active stakeholder participation after the West Berkeley Plan's completion leaves it unsure of continued support. SVA, until now strongly linked only to union workers, is trying to increase its involvement and connections with other players and communities. The others need to retain the links that they have.

The Need to Tackle the Consequences of "Welfare Reform"

The sharp changes in welfare programs have created pressure for more work opportunities. Our IRE efforts are natural candidates to be job generators. In their best forms, the initiatives retain and create jobs, in or near communities where many welfare recipients live. Many of these jobs require little if any skill and experience, pay relatively decent wages and benefits, and are already the targets of programs to prepare disadvantaged people for work and link them to job openings. IREs' already existing programs could be expanded to include outreach to welfare recipients and the supportive services they need, such as child care and medical care.

"Policymakers need to be educated — and economic development professionals re-educated — about the importance of initiatives that focus on employing disadvantaged people and contributing to their community."

What Is the Best Way to Replicate IRE Programs that Target Their Benefits to the Disadvantaged?

Very few industrial retention and expansion programs in the United States focus on employing disadvantaged people and contributing to their community. This report has found that those that do have this focus have been quite successful, which suggests that more IRE programs should adopt this goal. For this to happen, it will be necessary for:

- Proponents and practitioners of IRE programs to communicate more widely about the strategy, giving it increased visibility.
- Public and private sector funders to expand flexible support for development and operations.
- Policymakers to be educated — and economic development professionals re-educated — about the value of such efforts.

Our discussion of how the existing initiatives evolved and why they succeeded can provide guidance about how to replicate such programs. A few items specific to the replication process deserve highlighting.

A strong base committed to the growth of local industry and the targeting of that growth to low income people and communities is the key requirement. There are too many other conflicting demands to maintain such a focus without a few stalwart entrepreneurial visionaries. It also appears crucial to establish organizations whose sole or main purpose is integrated IRE efforts.

Recruiting and training leaders to staff the new organizations is a major need. Few people have had the opportunity to combine business assistance, targeted workforce development and perhaps community development in disadvantaged areas, and the vision and skills do not automatically overlap. Existing training programs do not cover the full spectrum well, and none pretends to focus on integrating them. The number of existing programs from which to recruit developing leadership is very limited. Creating and finding an appropriate home for such training will be a critical challenge.

Similarly, staff and board of new IRE organizations need to be able to visit strong existing initiatives and to benefit from peer contact and learning. Resources for these purposes will be crucial. We found that even the staff leaders of our study organizations — most with extensive experience — welcomed an opportunity to meet and learn from each other.[4] Its importance is bound to be greater for newcomers and new organizations.

Careful attention to reaching out to businesses and building initial credibility will be crucial, as it was in the early years of existing initiatives. Closely related is the need to select a target area of sufficient scale and industrial concentration. A small neighborhood base will not do.

Joint pressure on local or state government by multiple players, particularly to replicate successful, nearby IRE efforts, is important. In Chicago and Cleveland, the models of JARC, GNPDC and WIRE-Net — and their efforts to garner support and attract allies — were crucial in creating support programs for other nascent IRE organizations elsewhere in the two cities. Such organizations can also offer a powerful model to other cities as well.

Again, a critical component is to maintain the focus on targeted jobs. Chicago's and Cleveland's new programs do *not* require directing job opportunities to local, low income people. So far, such targeting has not blossomed (although the new initiatives are still very young and just developing activities beyond initial outreach).

Providing resources to build the capacity of new IRE efforts is important, whether or not

"It's not hard to assess the feasibility of starting an IRE. One needs to roughly estimate the size of the market, the nature of the firms, the interest of potential business and community leaders, and the needs and qualities of the workforce."

local or state government is the primary vehicle. These include

- Core support for basic operations.
- Training for staff leaders, staff and board.
- Technical assistance both to attain specialized skills from outsiders and to build program and organizational development skills in-house.

How to Get Started

It's neither an endless nor endlessly complicated matter to assess the feasibility of starting an IRE. One can readily enough make a rough assessment of the size of its market, the nature of its firms (especially size and sectoral concentrations), the interest of potential business and community leaders, and the needs and qualities of the workforce.

Quickly involving some key business leaders — and moving quickly on a couple of attainable priorities — would replicate how existing successful programs started.

Some initial operating funds from a risk-taker are needed, and a support system with some of the components just discussed would certainly accelerate the growth process. Fortunately, experience shows that the budget for successful early action is very modest (although the cost of a comprehensive program covering the multiple areas we found to be valuable is much higher).

Developing comprehensive programs — with complementary parts and partners — will require some patience (and patient investment). Developing trust among manufacturers, staff capacity and confidence, and an effective set of workforce programs has taken time, even for the best programs. The experience we now have about the process of development — together with creation and expansion of capacity-building support systems — could shorten the timeline. We have seen, for example, how an infusion of foundation funds accelerated development of WIRE-Net, which had some time to mature but also was more than ready for further growth.

What Are the Implications for Federal Policy?

The federal government could make an important contribution to industrial retention and expansion, and IRE programs' effectiveness in creating and preserving jobs for those in need strongly justifies such a contribution.

With very little money, it could support networking among IRE institutions and leaders, including convening meetings, developing a newsletter and training materials, and supplying technical assistance.

With some more money, it could combine a multi-site demonstration project with its networking support. That demonstration would give careful attention to differences in local context, a serious commitment to building capacity over time, and a phasing which allows programs to progress at their own speed.

Going further, the government could make industrial retention and expansion part of a broader demonstration initiative that would offer multiple economic development strategies, each focusing on targeting private sector jobs to people in need.

A still stronger commitment would create a new competitive funding program supporting this range of strategies. The program would select grant recipients on the basis of their targeting goals and likely effectiveness in creating jobs.

Federal policy and programs have enormous potential to support the replication and growth of IRE initiatives. Such initiatives could draw on existing resources, including:

- At the Housing and Urban Development Depart-

"The federal government could make an important contribution to industrial retention and expansion, a contribution justified by how effectively the programs have created and preserved jobs for those in need."

ment (HUD), Community Development Block Grant and Empowerment Zone and Enterprise Community resources for manufacturing assistance and job linkage programs.

- In the Commerce Department, Economic Development Administration (EDA) support for manufacturing space and infrastructure, and NIST-sponsored manufacturing extension centers.
- Environmental Protection Agency (and HUD) brownfield clean-up resources.
- Health and Human Services welfare-to-work and school-to-work efforts for workforce development and placement.
- Small Business Administration and Community Development Financial Institutions financing.
- New initiatives, such as the potential block grant for job training.

IRE programs with truly targeted job and community benefits are naturals for meeting the objectives of these federal efforts.

Endnotes

[1] Notably, Berkeley OED, with its small manufacturing-specific staff and until very recently no nearby regional MES, had not attempted to work in the technology adoption/transfer field at all.

[2] On the basis that most of the manufacturers are seeking merely to install existing technologies that have some history elsewhere.

[3] Even if subcommittees and other structures need to proliferate in response to scale and breadth.

[4] Despite their prominence in a small field, most outside a single city had never met and many were unaware of each others' efforts.

Bibliography

Ahlbrandt, Jr., Roger S. October 1990. "Long Range Planning." *The Revival of Pittsburgh — A Partnership between Business and Government*. Vol. 23, No. 5. 31-40.

Ansley, Fran. June 1993. "Standing Rusty and Rolling Empty: Law, Poverty, and America's Eroding Industrial Base." *Georgetown Law Journal*. Vol. 81, No. 5. 1757-1896.

Barchoff, Herbert and Robert E. Swift, June 30, 1993. "Manufacturing Job Losses Cripple the Economy." *New York Times*. A30.

Bartik, Timothy. January 1993. "Economic Development and Black Economic Success." *Upjohn Institute for Employment Research Technical Report No. 93-001*. Kalamazoo, MI: Upjohn Institute.

Bartlett, Sarah. October 7, 1991. "Growth Amid Blight: Uneasy Worlds Coexist." *New York Times*.

Bingham, Richard D. and Robert Mier. 1993. *Theories of Local Economic Development*. Newbury Park, CA: Sage Publications.

Blakely, Edward J. 1994. *Planning Local Economic Development: Theory and Practice*. Thousand Oaks, CA: SAGE Publications.

Blum, Kristin M. and Paul W. Mattessich. August 1995. *Cost of Employment Placement and Training Programs for the Disadvantaged*. St. Paul, MN: McKnight Foundation.

Borgsdorf, Del. Summer-Fall 1995. "Charlotte's City within a City: The Community Problem- Solving Approach." *National Civic Review*. Vol. 84, No. 3. 218-224.

Bosworth, Brian and Stuart Rosenfeld. 1993. "Significant Others: Exploring the Potential of Manufacturing Networks." *The Aspen Institute, Aspen Colorado, July 1-3, 1992*. Chapel Hill, NC: Regional Technology Strategies, Inc.

Bound, John and Harry J. Holzer. May 1991. "NBER Working Paper #3715." *Industrial Shifts, Skills Levels, and the Labor Market For White and Black Males*.

Bound, John and Harry J. Holzer. August 1993. "The Review of Economics and Statistics." *Industrial Shifts, Skills Levels, and the Labor Market for White and Black Males*. Vol. LXXV, No. 3. 387-396.

Bovaird, Tony. May 1994. "Managing Urban Economic Development: Learning to Change or the Marketing of Failure?" *Urban Studies*. Vol. 31, Nos. 4/5. 573-603.

Brecher, Jeremy and Tim Costello. 1990. *Building Bridges: The Emerging Grassroots Coalition of Labor and Community*. New York: Monthly Review Press.

Brimmer, Andrew F. September 1992. "Political Power and Urban Decline." *Black Enterprise*. Vol. 23, No. 2. 45.

City of Berkeley Office of Economic Development. June 1989. *City of Berkeley Business Retention and Expansion Program Summary Report*.

Clark, Peggy and Stven L.Dawson. Nov. 1995. *Jobs and the Urban Poor: Privately Initiated Sectoral Strategies*. Washington, D.C.: The Aspen Institute.

Cliett, Furman. Winter 1991. "Business Improvement/ Retention Programs in Georgia Communities." *Economic Development Review*. Vol. 9, No. 1. 53-54.

Clinton, William. February 1996. *Economic Report of the President*. Washington, DC: U.S. Government Printing Offices

Coleman, Bill. Winter 1991. "Minnesota Business Retention and Expansion Program." *Economic Development Review*. Vol. 9, No. 1. 23-25.

Community Information Exchange. 1994. *Southworks Machine Shop (Chicago, IL)*. File Number MP020133. On-line Database.

Community Information Exchange. 1994. *Chicago Commons Invention Incubator (Chicago, IL)*. File Number MP020304. On-line Database.

Community Information Exchange. 1993. *North Country Industrial Complex (Littleton, NH)*. File Number MP020170. On-line Database.

Community Information Exchange. 1994. *Sector Analysis: Metal Fabrication (Chicago, IL)*. File Number MP020124. On-line Database.

Community Information Exchange. 1994. *First Indianapolis Business Center (Indianapolis, IN)*. File Number MP020194. On-line Database.

Community Information Exchange. 1994. *Fulton-Carroll Center for Industry (Chicago, IL)*. File Number MP040292. On-line Database.

Community Information Exchange. *Focus Hope: Industry Mall*. File No. MP020167. On-line database.

Community Information Exchange. 1990. *Business Succession Planning Service*. File No. MP040306. On-line database.

Community Information Exchange. 1987. *Crosstown Industrial Park*. File No. MP020218. On-line database.

Community Information Exchange. 1990. *Westside Industrial Retention and Expansion Network*. File No. MP040307. On-line database.

Community Information Exchange. 1994. *Urban and Community Development Program (New York State)*. File Number FU000127. On-line Database.

Community Information Exchange. 1993. *Newark Collaboration Group (Newark, NJ)*. File Number MP010253. On-line Database.

Community Information Exchange. *Elmwood Neighborhood Housing Services and Citizens Bank (Providence, RI)*. On-line Database.

Community Information Exchange. 1993. *Marland Mold Company Employee Buy-Out (Pittsfield, MA)*. File Number MP020387. On-line Database.

Community Information Exchange. 1993. *Freedom Factory (Cincinnati, OH)*. File Number MP060056. On-line Database.

Community Information Exchange. 1995. *Partnership for Economic Independence (Detroit, MI)*. File Number MP000434. On-line Database.

Community Information Exchange. 1993. *Connecticut Works Fund Loan Guarantee Program (CT)*. File Number FU000582. On-line Database.

Community Information Exchange. 1994. *Ogontz Industries, Inc. (Philadelphia, PA)*. File Number MP020119. On-line Database.

Community Information Exchange. 1994. *Chicago Focus Program (Chicago, IL)*. File Number MP040305. On-line Database.

Community Information Exchange. 1993. *Revolving Loan Funds (Pittston, PA)*. File Number MP120392. On-line Database.

Conway, Maureen and Fred O'Regan. May 1994. *From the Bottom Up: A Collection of Program Profiles*. Washington, DC: The Aspen Institute.

Conway, Maureen, Catherine Gibbons, and Fred O'Regan. May 1994. *Regional Strategies for Employment and Poverty Alleviation: Domestic and International Models*. Washington, DC: The Aspen Institute.

Conyers, James E. January 1995. "Race, Politics and Economic Development: Community Perspectives (Book Review)." *Contemporary Sociology*. Vol. 24, No. 1. 53.

Coulton, Claudia, Shanta Pandey, and Julian Chow. December 1990. "Concentration of Poverty and Changing Ecology of Low-Income, Urban Neighborhoods: An Analysis of the Cleveland Area." *Social Work Research and Abstracts*. Vol. 26, No. 4. 5-16.

DeParle, Jason. July 19, 1992. "Responding to Urban Alarm Bells at Scholarship's Glacial Pace: Conversation with William J. Wilson." *New York Times*.

Donohue, Christopher. Winter 1991. "The Industrial Services Program's Industry Action Projects in Massachusetts." *Economic Development Review*. Vol. 9, No. 1. 34-37.

Economic Development Quarterly. Winter 1991. Thousand Oaks, CA: Sage Periodicals Press.

Economic Report of the President Together With the Annual Report of the Council of Economic Advisers. 1996. Washington, DC: U.S. Government Printing Office.

Ellenis, Manny. Winter 1986. "Seven Paths to a Successful Retention Program." *Economic Development Review*. Vol. 4, No. 1. 36-38.

Employment Management Association. 1991. *National Cost Per Hire Survey Report*.

Employment Management Association. 1995. *National Cost Per Hire Data*.

Farley, Reynolds. Winter 1988. "Blacks and Whites: Narrowing the Gap?" *The Review of Black Political Economy*. Vol. 16, No. 3. 115-120.

Feldman, Daniel C. and Carrie R. Leana. Summer 1994. "Better Practices in Managing Layoffs." *Human Resource Management*. Vol. 33, No. 2. 239-260.

Fieser, John B. January 1993. "Technology and Economic Development: The Dynamics of Local, Regional, and National Change (book review)." *Economic Geography*. Vol. 69, No. 1. 94-98.

Fine, Helene S. October 1986. *Metalworking Manufacturing in Lakeview/North Center, Chicago: A Study of a Sub-Economy*. Chicago, IL: Jane Addams Resource Corporation.

Fitzgerald, Joan. 1993. "Theories of Local Economic Development." *Labor Force, Education, and Work*. Richard D. Bingham, and Robert Mier, eds. Newbury Park, CA: Sage Publications. 125-146.

Florida, Richard. 1995. "Toward the Learning Region." *Futures*. Vol. 27, No. 5. 527-536.

Furchgott, Roy. August 28, 1994. "Baltimore Has Seen the Future, and It Is Biotechnology." *New York Times*.

Furdell, Phyllis. November 1995. "First Source Employment Program: Berkeley, CA." *Paths to Economic Opportunity: Case Studies of Local Development Strategies to Reduce Poverty*. Washington, DC: National League of Cities. 61-65.

Gallant-Stokes, Trudy. August 1992. "Chrysler Raises Hopes." *Black Enterprise*. Vol. 23, No. 1.

Galster, George, Ronald Mincy and Mitch Tobin. August 1994. "The Disparate Neighborhood Impacts of Economic Restructuring." Unpublished manuscript.

Galster, George and Ronald Mincy. 1993. "Understanding the Changing Fortunes of Metropolitan Neighborhoods: 1980 to 1990." *Housing Policy Debate*. Vol. 4, No. 3. 303-352.

Gans, Herbert J. September 1994. "Positive Functions of the Undeserving Poor: Uses of the Underclass in America." *Politics and Society*. Vol. 22, No. 3. 327-335.

Gans, Herbert J. September 1993. "From 'Underclass' to 'Undercaste': Some Observations about the Future of the Postindustrial Econ...." *International Journal of Urban and Regional Research*. Vol. 17, No. 3. 269-283.

Geoghegan, Thomas. January 25, 1996. "The State of the Worker." *New York Times*.

Giloth, Robert. August 1995. "Social Investment in Jobs: Foundation Perspectives on Targeted Economic Development during the 1990s." *Economic Development Quarterly*. Vol. 9, No. 3. 279-289.

Gittleman, Maury B. and David R. Howell. April, 1995. "Changes in the Structure and Quality of Jobs in the United States Effects by Race and Gender 1973-90." *Industrial and Labor Review*. Vol. 48, No. 3. 420-440.

Goldsmith, William W. and Edward J. Blakely. 1992. *Separate Societies: Poverty and Inequality in U.S. Cities*. Philadelphia: Temple University Press.

Gramlich, Ed. 1995. "History of CDBG's Failure to Focus on Low Income People." Washington, D.C.: Center for Community Change.

Handy, John W. Winter 1993. "The Review of Black Political Economy." *Community Economic Development: Some Critical Issues*. Vol. 21, No. 3. 41-64.

Harrison, Bennett. September, 1994. *Building Bridges: Community Development Corporations and the World of Employment Training*. New York City, NY: Ford Foundation.

Harrison, Bennett. 1994. *Lean and Mean: The Changing Landscape of Corporate Power in the Age of Flexibility*. New York City, NY: Basic Books.

Hoeffel, John. January 1993. "High-Wage Jobs along the Fiber-Optic Highway." *American Demographics*. Vol. 15, No. 1. 16.

Holzer, Harry J. 1996. *What Employers Want: Job Prospects for Less-educated Workers*. New York City, NY: Russell Sage Foundation.

Hornack, Joseph and Staughton Lynd. 1986-87. "The Steel Valley Authority." *New York University Review of Law and Social Change*. Vol. XV, No. 1. 113-143.

Horwitz, Tony. December 1, 1994. "Nine to Nowhere: These Six Growth Jobs Are Dull, Dead- End, Sometimes Dangerous: They Show How 90's Trends Can Make Work Gloomier For Unskilled Workers." *Wall Street Journal*. 1.

Jasinowski, Jerry J. May 1996. "Articles on Manufacturing Extension from the Modernization Forum." *Modernization Matters*. Jack Russell, ed. Dearborn, MI.

Jencks, Christopher and Paul E. Peterson, eds. 1991. *The Urban Underclass*. Washington, DC: The Brookings Institution.

Kain, John F. May 19, 1992. "The Spatial Mismatch Hypothesis: Three Decades Later." *Housing Policy Debate*. Vol. 3, No. 2. 89.

Kane, Matt and Pegy Sand. 1988. *Economic Development: What Works at the Local Level*. Washington, DC: National League of Cities.

Kanter, Rosabeth Moss. September-October, 1995. "Thriving Locally in the Global Economy." *Harvard Business Review*. 151-160.

Kasarda, John. 1993. "Housing Policy Debate." *Inner-City Concentrated Poverty and Neighborhood Distress: 1970 to 1990*. Vol. 4, No. 3. North Carolina: Fannie Mae. 253-302.

Kasarda, John. 1983. "Entry-Level Jobs, Mobility, and Urban Minority Unemployment." *Urban Affairs Quarterly*. Vol. 19, No. 1. North Carolina: Sage Publications, Inc. 21-40.

Kasarda, John. January, 1989. "Urban Industrial Transition and the Underclass." *The Annals of American Academy*. Vol. 501. 26-47.

Kasarda, John and Kwok-fai Ting. 1996. "Joblessness and Poverty in America's Central Cities: Causes and Policy Prescriptions." *Housing Policy Debate*. Vol. 7, Issue 2. 387-419.

Kasarda, John. January 1989. "Urban Industrial Transition and the Underclass." *Annals of the American Academy of Political and Social Science*. No. 501. 26-47.

Kasinitz, Philip and Jan Rosenberg. May 1996. "Missing the Connection: Social Isolation and Employment on the Brooklyn Waterfront." *Social Problems*. Vol. 43, No. 2.

Keener, Jack and Jane Davey. Winter 1991. "Merging Economic Development and JTPA Agendas." *Economic Development Review*. Vol. 9, No. 1. 47-49.

Klein, Joe. July 15, 1994. "A Tale of Two Cities: The Problem is not the Absence of Jobs, but the Culture of Poverty." *Newsweek*. Vol. 124, No. 7. 57.

Koritz, Douglas G. Spring 1991. "Capital Mobility Versus Unity of Purpose: Urban Redevelopment in Buffalo, NY and Pittsburgh, PA." *Buffalo Law Review*. Vol. 39, No. 2. 409-427.

Kotkin, Joel. February 9, 1992. "Jobs: Creating Them, Keeping Them." *Los Angeles Times*.

Krumholz, Norman. November 1991. "Equity and Local Economic Development." *Economic Development Quarterly*. Vol. 5, No. 4. 291-300.

Lafer, Gordon. September 1994. "The Politics of Job Training: Urban Poverty and the False Promise of JTPA." *Politics and Society*. Vol. 22, No. 3. 349-388.

Lafer, Gordon. December 1992. "Minority Unemployment, Labor Market Segmentation, and the Failure of Job-Training Policy in NYC." *Urban Affairs Quarterly* Vol. 28, No. 2. 206-235.

Lambert, Bill. December 1988. *Documentation of Linkage Between Commercial and Industrial Development in Berkeley Need for Low and Very-Low income Housing in Berkeley*. Dave Fogarty, ed. City of Berkeley, CA.

Lenzi, Raymond C. Winter 1991. "Business Retention and Expansion Programs: A Panoramic View." *Economic Development Review*. Vol. 9, No. 1. 7-11.

LeRoy, Greg. 1994. *No More Candy Store: States and Cities making Job Subsidies Accountable*. Chicago: FIRR.

Levy, Frank. September, 1992. "A Review of Recent Trends and Proposed Explanation." *U.S. Earnings Levels and Earnings Inequality*. Murnane, Richard, ed.

Levy, John. 1990. *Economic Development Programs for Cities, Counties, and Towns*. New York City, NY: Praeger Publishers.

Loveridge, Scott, Thomas A. Smith, and George W. Morse. Winter 1991. "What Does It take To Run a Local Business Retention and Expansion Program? A Six State Survey." *Economic Development Review*. Vol. 9, No. 1. 12-15.

Mingione, Enzo. September 1993. "The New Urban Poverty and the Underclass: Introduction." *International Journal of Urban and Regional Research*. Vol. 17, No. 3. 324-326.

Moore, Michael. October 1990. "Compensation: The Million-Dollar-a-Year CEO is Fast Becoming a Public Enemy. It's Now Time for America's Executives to ask, How Much is Enough?" *Business Month*. Vol. 136, No. 4. 36-37.

Moore, Thomas and Aaron Laramore. June, 1990. "Industrial Change and Urban Joblessness: An Assessment of the Mismatch Hypothesis." *Urban Affairs Quarterly*. Vol. 25, No. 4. 640-658.

Moser, Caroline O. N. April 1995. "Urban Social Policy and Poverty Reduction." *Environment and Urbanization*. Vol. 7, No. 1. 159-171.

Murnane, Richard and Frank Levy. 1996. *Teaching the New Basic Skills: Principles for Educating Children to Thrive in a Changing Economy*. New York: The Free Press.

National Council for Urban Economic Development. 1993. *Urban Manufacturing: Dilemma or Opportunity?* Washington, DC: NCUED.

National League of Cities. 1996. *Poverty and Economic Development: Views from City Hall*. Washington, DC.

O'Regan and Maureen Conway. March 1993. *From the Bottom Up: Toward a Strategy for Income and Employment Generation Among the Disadvantaged*. Washington, DC: The Aspen Institute.

Osborne, David. 1988. *Laboratories of Democracy*. Boston, MA: Harvard Business School Press.

Packer, Arnold H. and John G. Wirt. 1992. "Changing Skills in the U.S. Work Force: Trends of Supply and Demand." *Urban Labor Markets and Job Opportunity*. Peterson, George E. and Wayne Vroman, eds. Washington, DC: Urban Institute Press. 52-66.

Pendleton, Scott. May 18, 1993. "Great Plains Initiative's Twin Goals Aim at Regional Survival Strategies." *Christian Science Monitor*. 10-11.

Perry, David C. and Beverly McLean. Spring 1991. "The Aftermath of Deindustrialization: The Meaning of 'Economic Restructuring ' in Buffalo, New York." *Buffalo Law Review*. Vol. 39, No. 2. 1-383.

Peterson, George and Wayne Vroman. 1992. *Urban Labor Markets and Job Opportunity*. Washington, DC: Urban Institute.

Peterson, Iver. August 10, 1995. "'Mistake by the Lake' Wakes Up, Roaring: Cleveland Finds That Winning Feeling." *New York Times*.

Peterson, Jonathon. July 27, 1991. "Industrial Blues in the Southland." *Los Angeles Times*.

Prince, Richard. May 1994. "Rochester: Face-lift for 'The World's Image Center'." *Black Enterprise*. Vol. 24, No. 10. 60-61.

Raines, John, Lenora Berson and David Gracie. 1982. *Community and Capital in Conflict: Plant Closings and Job Loss*. Philadelphia, PA: Temple University Press.

Ranney, David C., and John J. Bentancur. August 1992. "Labor-Force-Based Development: A Community-Oriented Approach to Target Job Training & Industrial Development." *Economic Development Quarterly*. Vol. 6 No. 3. 286-296.

Rist, Carl. 1995. "1995 Entrepreneurial Economy Review: The Path Toward Urban Revival." *Flexible Manufacturing Networks and Economic Opportunity*. Washington, D.C.: Corporation for Enterprise Development. 63-69.

Rosenfeld, Stuart. January, 1995. "The Potential of Predominantly Minority Two-Year Colleges." *Advancing Opportunity In Advanced Manufacturing*. Marcia Kingslow, ed. Chapel Hill, NC: Regional Technology Strategies.

Rosenfeld, Stuart. 1995. *New Technologies and New Skills: Two-Year Colleges at the Vanguard of Modernization*. Chapel Hill, NC: Regional Technology Strategies.

Rusell, David. August 1990. "Motown Makeover: Detroit May Be Bouncing Back. Have You Noticed?" *American Demographics*. Vol. 12, No. 8. 54-55.

Sabatine, Frank J. Winter 1991. "A Partnership That Works: Determining the Business Community's Needs and Concerns." *Economic Development Review*. Vol. 9, No. 1. 26- 28.

Sackrey, Charles. 1973. *The Political Economy of Urban Poverty*. New York City, NY: W. W. Norton and Co.

Siegel, Beth and Peter Kwass. Nov. 1995. *Jobs and the Urban Poor: Publicly Initiated Sectoral Strategies*. Somerville, MA: Mt. Auburn Associates, Inc.

Skinner, Curtis. March, 1995. "Urban Labor Markets and Young Black Men: A Literature Review." *Journal of Economic Issues*. Vol. XXIX, No. 1. 47-65.

Skoopol, Theda. Spring 1994. "The New Urban Poverty and U.S. Social Policy." *Michigan Quarterly Review*. Vol. 33, No. 2. 274-281.

Smith, Tim R. and William F. Fox. Summer 1991. "Economic Development Programs for States in the 1990s." *Economic Development Review*. Vol. 9, No. 3. 63-69.

Spaid, Elizabeth Levitan. January 13, 1995. "How Chattanooga Scrubbed Nation's Smoggiest Skies." *Christian Science Monitor*.

Spaid, Elizabeth Levitan. June 21, 1994. "A Neighborhood Starts to Recover from Decline: Residents..." *Christian Science Monitor*.

Stanback, Howard and Robert Mier. 1986-87. "Economic Development for Whom? The Chicago Model." *New York University Review of Law and Social Change*. Vol. XV, No. 1. 11-37.

Stanfield, Rochelle. December 16, 1995. "Training Wheels." *National Journal*. 3085-3089.

State of California Employment Development Department. 1994. *Annual Planning Information for Alameda County*.

Staudohar, Paul D. and Holly E. Brown. 1987. *Deindustrialization and Plant Closure*. Lexington, MA: D.C. Heath and Co.

Stillman, Joseph. 1994. *Making the Connection: Economic Development, Workforce Development and Urban Poverty*. New York City, NY: The Conservation Company.

Swoboda, Frank. October 25, 1992. "In Omaha, the Underside of a Jobs Promise." *Washington Post*.

Teitz, Michael. May 1989. "Neighborhood Economics: Local Communities and Regional Markets." *Economic Development Quarterly*. Vol. 3 No. 2. 111-122.

The Economist. July 16, 1994. "Long-term Unemployment: Paying for Jobs." Vol. 48, No. 3. 48-49.

The Neighborhood Works. 1996. "Employment strategies for Urban Communities: How to Connect Low-Income Neighborhoods with Good Jobs." Chicago: Center for Neighborhood Technology.

The Urban Institute. May 1995. "Federal Funds, Local Choices: An Evaluation of the Community Development Block Grant Program." U.S. Department of Housing and Urban Development, ed. Vol. 1.

Toth, Jennifer. October 17, 1991. "As Number of Poor Grows, No Solutions Seem in Sight." *Los Angeles Times*.

Turner, Susan C. Spring 1991. "Economic Development in Buffalo: Community, Change and Fragmentation." *Buffalo Law Review*. Vol. 39, No. 2. 433-443.

Twin Cities RISE! March, 1997. *The Real Cost of Employee Turnover: Preliminary Report*.

Tyson, Ann Scott. September 9, 1995. "A City Creates Jobs on Abandoned Lots." *Christian Science Monitor*.

Tyson, James L. April 28, 1995. "Has 'Mistake on the Lake' Been Fixed? Some Clevelanders Question Mega-Project Urban Revival Strategy." *Christian Science Monitor*.

U.S. Department of Commerce. 1994. *Economic Studies of the Economic Development Administration*. Washington, DC: Technical Assistance and Research Division, DOC.

U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census. 1996. *Statistical Abstract of the United States*. 116th Edition. Washington, DC

United States General Accounting Office. March 1996. *Long-Term Earnings and Employment Outcomes*.

U.S. Department of Commerce Bureau of the Census. 1993. *County Business Patterns*.

U.S. Department of Commerce Bureau of the Census. *Weighted Average Poverty Thresholds for Families of Specific Size: 1959-1994*.

U.S. Department of Housing and Urban Development. May 29, 1996. "Welfare Reform Initiatives." *Linking Residents to Work: State-of-the-Art in Connecting Residents to Jobs, Job Training*.

U.S. Department of Housing and Urban Development Office of Fair Housing and Equal Opportunity. *Jobs for Residents Providing Job Training, Economic Opportunities and Self-Sufficiency to Businesses and Residents*.

U.S. Department of Housing and Urban Development Office of Fair Housing and Equal Opportunity. April 1994. *Jobs for Residents: The Section 3 Technical Assistance Initiative*.

U.S. Department of Labor. January, 1995. *What's Working (and what's not) A Summary of Research on the Economic Impacts of Employment and Training*. Washington, DC: Office of the Chief Economist.

Vobejda, Barbara. April 1, 1994. "Gore Unveils Antipoverty Strategy: Three Departments Plan to Work Together to Revitalize Communities." *Washington Post*.

Walker, Christopher. 1994. *Federal Funds, Local Choices: An Evaluation of the Community Development Block Grant Program*. Washington, D.C.: The Urban Institute.

Walker, Sam. February 9, 1995. "Detroit Battles Decay, Joblessness in Ultimate U.S. Test of Renewal." *Christian Science Monitor*.

Walters, Stephen J.K. March 1990. "Business Climate and Measured Poverty: The Evidence Across States." *Atlantic Economic Journal*. Vol. 18, No. 1. 20-26.

Warren, Bradley J. Winter 1991. "Capital Cities Retention and Expansion Programs." *Economic Development Review*. Vol. 9, No. 1. 54-56.

Wassmer, Robert W. October 1994. "Can Local Incentives Alter a Metropolitan City's Economic Development?." *Urban Studies*. Vol. 31, No. 8. 1251-1278.

Weber, Vin. October 18, 1993. "Empowering Government." *National Review*. Vol. 45, No. 20. 26-28.

Weir, Stephen and John W. Wiater. Spring 1990. "The 'Blue Chip Business Initiative' in Belmont County, Ohio: Redevelopment of a Rustbelt County." *Economic Development Review*. Vol. 8, No. 2. 53-56.

Whitman, David. October 5, 1992. "The Next War on Poverty: An Agenda for Change." *U.S. News and World Report*. Vol. 113, No. 13. 36-37.

Wilkins, Roger. Spring 1994. "Progress and Policy: A Response to William Julius Wilson." *Michigan Quarterly Review*. Vol. 33, No. 2. 282-294.

Williams, Brett. 1992. "Poverty Among African Americans in the Urban United States." *Human Organization*. Vol. 51, No. 2. 164-174.

Williams, Donald R. May 1991. "Structural Change and the Aggregate Poverty Rate." *Demography*. Vol. 28, No. 2. 323-332,

Wilson, Cicero. 1995. "Entrepreneurial Economy Review: The Path Toward Urban Revival." *Realizing the Promise of Youth Enterprise for African American Males*. Washington, DC: Corporation for Enterprise Development. 35-41.

Wilson, William Julius. 1987. *The Truly Disadvantaged*. Chicago: University of Chicago Press.

Wilson, William Julius. Spring 1994. "The New Urban Poverty and the Problem of Race." *Michigan Quarterly Review*. Vol. 33, No. 2. 247-273.

Yarzebinski, Joseph A., C.E.D. Summer 1993. "Industrial Impact Management." *Economic Development Review*. Vol. 11, No. 3. 43-46.

Young, Ruth, Joe D. Francis and Christopher H. Young. February 1994. "Small Manufacturing Firms and Regional Business Networks." *Economic Development Quarterly*. Vol. 8, No. 1. 77-82.

Zellers, James. January 28, 1993. "Third World Wages Won't Rebuild L.A." *Los Angeles Times*.