



IMPROVING QUALITY OF LIFE AND
CREATING ECONOMIC OPPORTUNITY
THROUGH REGIONAL COOPERATION

Joint Labor Business Task Force

The Positive Story of Michigan's Workforce

Preamble

Businesses and site selectors across the country and around the world should know that Michigan has world-class talent and a fundamentally enhanced organized labor environment that contributes to a positive bottom line. This document, the first in a series to be crafted jointly by leading corporate and union representatives, is an effort to share the factual and positive story about Michigan's talent and workforce.

The Detroit Regional Chamber and the Metropolitan Affairs Coalition (MAC) are pleased to once again partner to make this project - emerging from the Detroit Regional Chamber 2010 Mackinac Policy Conference and MAC/Southeast Michigan Council of Governments (SEMCOG) Regional Economic Development Strategy - a reality.

It is our shared hope that these facts and case studies about Michigan's talented, innovative, and productive workforce will be used by economic development entities, opinion leaders, and media across the state to promote Michigan as one of the best - and most competitive - places to do business.

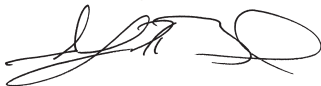
Joint Labor Business Task Force

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Joint Labor Business Task Force

Key Messages

Workforce and Talent Michigan and the Detroit Region

Key Message 1:

Michigan has a diverse, professional and highly skilled workforce.

Industry Talent

- Michigan and the Detroit region have the highest concentration of engineers in the United States.
- There are more engineers per workers in the Detroit region than any other metro area in the United States. There are 77,000 engineers, or 36 engineers for every 1,000 workers.
- Nearly 350,000 professionals are employed in information technology occupations in Michigan.
- More than 240,000 professionals work in more than 3,000 businesses in advanced manufacturing in Michigan.
- Michigan's universities and colleges employ more than 45,000 educators.

Educated Workforce

- Michigan's colleges and universities rank in the Top 10 for graduating students in each type of degree conferred (Associates, Bachelors, Masters, Doctorate and First Professional Degrees).
- The percentage of Michigan residents with college degrees continues to grow at a similar rate as the U.S. average.
- More than 139,000 students are enrolled in the Detroit region's strong network of nine community colleges.

Diversity

- Detroit provides access to a global talent pool, ranking second only to Chicago among Midwest metropolitan areas in the percentage of foreign born workers.
- Detroit's foreign born population is highly educated, with 37 percent holding a bachelor's degree, far above the U.S. average of 28 percent.
- Employers in the Detroit region have access to another global talent pool just across the Detroit river in Windsor, Canada, home to 330,000 people.

Key Message 2:

Michigan's competitive advantage is our innovation, collaboration, productivity and cost.

Competitive Wages

- In 2009, Michigan's hourly wage (\$20.18) compared favorably with the national average (\$20.79).
- For unionized workers, Michigan's hourly wage (\$23.11) compared favorably to the national average (\$24.32).
- In Southeast Michigan, the new hire earnings (first quarter 2009) average was \$1,999 per month.

Productivity

- In 2009, organized labor represented 18.8 percent of all Michigan workers.

Joint Labor Business Task Force

Key Messages

Workforce and Talent

Michigan and the Detroit Region

- Among all North American automotive plants, union and non-union, the top ten most productive plants are unionized, with four of the top ten located in Michigan.

- Chrysler Jefferson North
- Ford Dearborn Truck
- GM Lansing Grand River
- GM Detroit-Hamtramck

Automotive

- The quality of domestic automotive manufacturers is on par with import brands.
- Quality rankings of the domestic automotive manufacturers continued to improve by more than the industry average, registering a 3.5 percent gain in quality while the industry average declined by one percent.
- Ford, General Motors, and Chrysler have improved their initial quality rankings by 10 percent between 2008 and 2009, surpassing the industry average of eight percent.

Innovative Collaboration

- At Ford, General Motors and Chrysler, business and labor have worked together to create world-class manufacturing facilities, with more than \$2 billion in new investment announced since mid-2009.
- Labor has partnered with management in new auto plant locations to create two or three job classifications rather than the old model of 16 to 20, allowing for more flexibility and productivity.
- The UAW has partnered with automakers to reverse-engineer processes to lower costs and keep jobs in Michigan.

- The UAW has partnered with major manufacturers to develop new operating procedures that have allowed companies, like Ford, to bring work previously performed in Mexico and other international locations to America and Michigan.

Key Message 3:

Michigan's workforce is well prepared for the future.

- Three major research universities are located within a 90 mile radius of Detroit.
 - The University of Michigan, Michigan State University and Wayne State University work collaboratively through the University Research Corridor to diversify the Michigan economy and commercialize university research.
 - In addition, the region is rich with other institutions of higher education such as Lawrence Technological University, Oakland University, Eastern Michigan University, and the College for Creative Studies, as well as other colleges and vocational training facilities.
- Michigan ranked second in the number of degrees completed per capita in the emerging logistics field, while also outpacing the national average in degrees awarded in medical services.
- Michigan ranked third in science and engineering degrees, an important component of green design and manufacturing and one that builds on our historic strength in producing engineering talent.
- The Detroit region's strong community college network collaborates with business through efforts such as the Michigan New Jobs Training Program that provides free customized training for eligible employers who are creating new jobs.

Joint Labor Business Task Force

Key Messages

Workforce and Talent Michigan and the Detroit Region

Key Message 4:

Michigan's economy is transforming.

Global Supply Chain Management

- The Detroit region has extensive experience in supply chain system design and execution. Automotive production, assembly and distribution account for the most complex supply chain system in the world.
- Nearly 230,000 people, or 11 percent of the workforce, work in supply chain management and the number of workers is forecast to grow by 10 percent in the next decade.
- There are 25 transportation and logistics educational programs at Michigan-based higher-learning institutions.

Green Industries

- Michigan has become a leader in the clean energy economy, ranking tenth among all states in the number of clean energy jobs with 22,674, and the number of clean energy businesses with 1,932, as of 2007.

Defense

- Federal government spending in Southeast Michigan for defense contracts has steadily increased over the past 10 years, growing from \$1.4 billion in 2000 to \$4.8 billion in 2009.
- Growth in military procurement based on our strengths in advanced manufacturing, transportation and logistics – as evidenced by TACOM, the U.S. Army's research, development and sustainment organization and TARDEC, the military's vehicle laboratory located in the Detroit region – will add more than 1,700 jobs through Base Realignment and Closure in 2011.

Healthcare

- The health care industry continues to lead employment growth in Southeast Michigan. It added 34,600 jobs, or 14.5 percent, from 2000 to 2009.
- The region currently has \$1.2 billion in medical facility projects underway or planned, comprising 2.9 million square feet of floor space.

Film

- Filming expenditures skyrocketed from barely \$2 million in 2007 to an estimated \$223 million in 2009, driving more than 4,000 crew job opportunities and another 4,000 actor job opportunities.
- Michigan ranks in the top three in the United States for shooting all types of media.

Key Message 5:

Michigan is a leader in innovation.

- In 2009, Michigan ranked seventh in the nation for the total number of patents with 3,516.
- In 2009, only seven countries (Japan, Germany, South Korea, Taiwan, Canada, United Kingdom and France) surpassed Michigan in U.S. patents granted.
- Seventy percent of the research performed at Michigan universities is conducted in the Detroit region.
- Michigan moved up 21 spots since 2008 in the ranking of best states for entrepreneurship and small business.

Testimonials

Aernnova

Aernnova Engineering U.S., Inc. is a private aerospace company from Spain. Aernnova designs and manufactures aircraft components, such as wings and parts of the fuselage, for customers like Embraer, Bombardier, Sikorsky, Airbus and The Boeing Company.

Aernnova's Testimonial

Aernnova Aerospace chose Southeast Michigan to locate its U.S. Engineering Center due to the excellent aerospace and mechanical engineering curricula of its several universities and colleges, as well as the tremendous pool of existing mechanical engineering talent concentrated in this area - a combination unique within the U.S., and probably world-wide.

GalaxE.Solutions

GalaxE.Solutions is a New Jersey-based IT firm that offers a range of IT services, from tactical engagements to full project lifecycle solutions that enable clients to expand the reach and range of their systems. Their specialty is the development of technical solutions designed to interconnect internal and external systems enabling secure, seamless integration with customers, partners and suppliers.

GalaxE.Solutions' Testimonial

The reasons GalaxE.Solutions chose Detroit and Campus Martius to locate its new health care focused IT hub are many and begin with Detroit's world-class infrastructure, a skilled and motivated workforce and an iconic history of innovation.

We also considered the many great IT and health care entities in a region where health care has supplanted manufacturing as the area's largest private industry. There are also top educational institutions here through which GalaxE plans to develop training and retraining programs.

Factor in an east coast time zone, low inflation and state and local government leaders focused on attracting new businesses and Detroit makes perfect sense from a corporate, lifestyle and community standpoint.

Testimonials

Utility Workers Union of America

The labor movement has, at times, been forced to address very difficult economic challenges within the workplace. The Utility Workers Union of America (UWUA) was challenged with just such a situation in Michigan when DTE Energy divested its electrical transmission assets in 2003. The local UWUA (Local 223) affiliate was faced with the potential loss of up to 150 highly skilled positions. The transmission systems purchaser was the Michigan-based International Transmission Company (ITC). ITC selected Utility Lines Construction Services (ULC) as its subcontractor. This new relationship between ITC, ULC and the UWUA required a modification of the traditional representational model in ways that were groundbreaking. This Company-Union partnership relied heavily on a joint decision-making approach. The Union and the Company established three Taft-Hartley Trust Funds. These Trusts, which are administered jointly, provide employee benefit programs ranging from medical and dental, to vision and ancillary insurances. The Trusts are responsible for all aspects of benefit design and delivery, industry approved and recognized apprenticeship and incumbent worker training programs, and retirement financial security. This relationship requires the Union to be involved in all economic decisions made relative to providing these programs in an efficient and cost effective manner.

The Trusts were recently elevated to the National Union and now are available across the country. The success of this "model" has been proven by its acceptance and adoption by other UWUA business partners. Benefits are now being received through these jointly sponsored Trusts by other AFL-CIO affiliate unions (IBEW, USW, Plumbers & Pipefitters, SEIU, and Laborers) and industries including the electrical distribution, nuclear, water, IT and green energy sectors.

This collaborative effort emphasizes that successful outcomes for all parties can be achieved when a middle ground is found that allows for a mutually beneficial third solution to the problems we encounter in today's marketplace. The Union's goal of providing a voice for the workers is still paramount but should be tempered with an understanding of economic survival of our industries and business partners.

Rich Mata, National Training Director

Utility Workers Union of America

Utility Lines Construction Services

Here is a unique relationship between a company (Utility Lines Construction Services (ULC)), and the union (Utility Workers Union of America (UWUA)) that represents its employees. This partnership started in 2003 and has continued to grow in spite of an economic environment that some have called second only to the Great Depression of the 1930's.

The relationship started with mutual respect between the parties, a desire to perform the work with the safety of the employees first, the drive to excel in productivity and exceptional customer satisfaction, coupled with employee satisfaction and inclusion within the decision-making process. The results have been phenomenal with virtually no employee turnover, and a grievance-free atmosphere where any and all issues are worked out at the ground level. The partnership works together to find a mutually agreeable solution without favoritism to the company or the union in a cooperative effort that is always focused on employee satisfaction without sacrificing exceptional customer care.

Lee Ellis, Vice President

Utility Lines Construction Services

Testimonials

Anderson Global

I remember 12 years ago I went to the Detroit offices of International Association of Machinists (IAM) and explained that with the dollar to Euro exchange rate favoring Europeans, and with most of our customers being consolidated into a few that purchased globally, we drastically needed to change our wage and benefit package or we would have to close. IAM leadership told us that they felt we were one of the best companies to work for in our field and offered to talk with the Local to help them see a long-term picture. We ended up with a revised agreement that allowed us to keep the doors open and work toward the future.

A little over four years ago, we again needed temporary help to get through a major change in the market and were able to work together with the IAM to create an agreement that allowed us to go forward without gutting the organization.

Just last year, with the economy in shreds and the auto industry in a depression, we agreed that we would return some of the benefits that had been suspended and improve the profit-sharing plan in lieu of wage increases.

This year, we are busy, profitable, and hiring people. We have a profit sharing plan that will award our workforce and are investing \$4-5 million in new machinery and equipment. We believe our advanced manufacturing facility and workforce are the best in the world as compared to any of our competitors – and we are continually improving.

Today we believe there is no “us and them” inside our building and would welcome any prospective company thinking of moving to Michigan to visit Anderson Global and hear our story. Visit our website at www.andersonglobal.com to get an idea of how we have grown into a true advanced manufacturing enterprise.

John R. McIntyre, President
Anderson Global

Testimonials

Michigan Wheel Operations, LLC/ International Association of Machinists

Michigan Wheel Marine has manufactured boat propellers in Grand Rapids, Michigan for more than 107 years.

Mistrust between labor and management existed in the past due to a lack of communication and lack of understanding of the company's financial issues by workers during a recessionary period. Against this backdrop, use of traditional bargaining methods failed to reach compromise.

Enter new leadership of the International Association of Machinists (IAM) that stressed open communication, use of progressive approaches, and extensive training and skill set enhancement for shop floor leadership, including how to read profit and loss statements, the impact of commodity pricing on the business, cost of capital, bank requirements, personality dynamics, and circle of influence. Subsequent attempts at amended bargaining agreements have been successful. IAM leadership's perspective is, "If you want people to think what you think, they must know what you know."

The exemplary relationship between the unions and the company maintained jobs in Michigan instead of slamming the doors. If it had not been for the cooperative efforts of all stakeholders in the last three years, including the International Association of Machinists, the Glass Molders Pottery Plastics and Allied Workers and the company, Marine Wheel would not be here today. All our stakeholders want to see the operation succeed and are willing to work together to make sure that happens. Michigan is collaborating for the future!

Janet Englerth, Director of Human Resources
Michigan Wheel Operations, LLC

Karl Heim, International Representative
International Association of Machinists

Testimonials

Walbridge

Walbridge was born in Detroit in 1916. Two entrepreneurs saw an opportunity to improve the construction industry and thus Detroit became its home. It's also my home. My soul is here. I feel an obligation and responsibility to make it work and be part of the solution. Walbridge and my family have been justly rewarded for our ingenuity, hard work and fairness to all. And there are some practical reasons why we stay...

1. Very, very hard working, skilled and good people with strong Midwestern values.
2. A decent cost basis.
3. An excellent airport to destinations around the world and the USA.
4. Plentiful good housing and infrastructure.

Finally, I believe that we are at an historic crossroads and on the verge of something big happening here. Concerning labor, the vast majority now recognize their critical role in the push to be globally competitive. We have moved from strikes and confrontation to participating in trade missions together, like the successful trip we recently took to Italy, and meetings where business and labor can address problems with candor, honesty and forthrightness. I feel a changing attitude that bodes well for Michigan's future.

John Rakolta, Jr.
Chairman & CEO
Walbridge

The positive story of Michigan's workforce continues online...

We have resources available online, and it is our hope that these messages, facts and case studies about Michigan's talented, innovative and productive workforce will be used by economic development entities, opinion leaders and media across the state to promote Michigan as one of the best and most competitive places to do business.

To download a copy of the document,
please visit detroitchamber.com/LaborBusinessTaskForce or mac-web.org.