

## **A Demand-Driven Workforce Development System in Michigan**

### **Purpose of the system**

The purpose of a demand-driven workforce development system is to contribute to the state's economic vitality through the provision of workforce training and services that meet the needs of targeted business sectors and employers. While the scope and type of services are limited by the funding that supports them, the overriding imperative remains to foster talent development and connections between employers and employees that meet demand.

### **Definition**

A demand driven workforce development system identifies the employer as the primary customer. It recognizes that ultimately the employer is the "end user" of our system, and that the extent to which we meet employers' needs is the extent to which we provide the best help to job seekers.

In the workforce development system, our product supplied to our employer customers is the workforce system itself. In the broadest sense, this also includes the education and economic development systems as suppliers.

In the demand model, the employer creates the "pull" based on the demand (needs) they have. Example: I need to hire people with these particular abilities. Elements of the "pull" factor include the nature of the workers, the types of skills, credentials and training needed, as well as the numbers and timing of employment, both immediate and in the near future.

That demand is introduced into the system creating a "pull" on the supply of job seekers that could meet the employer's needs. In a true demand-driven system, the workforce agency does not respond by "pushing" or "selling" its program participants as its product for the employer. If that were the approach, the workforce agency would actually be working to get the employer to hire its program participants even if they weren't the best people for the job. In other words, that workforce agency would be placing the interests of its program and participants over the interests of the employer.

Instead, the workforce agency responds to the "pull" of demand by:

- looking for and referring applicants who are already qualified;
- helping unqualified individuals understand why they are not being considered for that employment and what they need to do to become qualified;
- assessing and addressing the services and training needed by job seekers to help them become qualified for employment that is appropriate to their aptitudes and interests;
- looking for patterns of need among business sectors/clusters or individual companies that can inform the targeting of resources;
- creating along with the employers, and ensuring delivery of, the training necessary to fill skills gaps.

## **Characteristics and indicators of a well-functioning demand-driven system (workforce suppliers adjusting to employer demand)**

- The local Workforce Development Board is actively analyzing labor market intelligence to assess the ever-changing economic landscape. It is identifying the business sectors/clusters that have the most significant impact on the local economy and are targeting primarily (not exclusively) to those businesses. The Board is working hand-in-hand with companies to identify the workforce needs, skills gaps, and other services needed by local businesses.
- Business Services staff members are addressing a broad spectrum of employer needs related to business development and talent. They are working hand-in-hand with partner organizations, and are serving as agents to bring other resources into the mix to address employer's needs that cannot be provided directly by the workforce system.
- Decisions about what training is provided result from a combination of general labor market projections with specific needs expressed by employers. The latter weighs more heavily than the former, but the two sources of input are considered together. This is in contrast to training decisions made based on schools having certain programs already available or job seekers walking in the door saying they want training in a particular occupation.
- Job seeker services are modified according to employer demand and feedback, and resources are allocated accordingly. This is in contrast to job seeker services being driven by "supply side" sources such as lists of allowable activities, assumed needs, or job seeker requests if they are not compatible with employer demand.
- Training programs and other services are designed by employers with input from staff (not the other way around). They are responsive, swift and creative solutions.
- Programs and services are started and stopped as the demand (pull) changes. This is in contrast to the system delivering essentially the same services year after year. They will also vary considerably from one community to another if they are truly demand driven.
- Business Services staff members are the eyes & ears of the system. They represent business needs to the workforce system and serve as agents to connect supply to demand. This is in contrast to client-specific job development, which is sometimes necessary but is provided only within the context of the overall Business Services purpose. Business Services staff members are not hampered by internal demands to meet program performance or to place program participants into employment. Instead, they are assisting companies in finding the best/right employees.
- The workforce agency provides services only to employers in its geographic area. It does not work directly with the employers covered by other workforce agencies, except through partnerships that are agreed upon. In meeting the needs of employers in its geographic region, however, the agency will draw from people who live in the employer-customer's labor shed commute radius or who are willing to relocate to the area.