

23RD ANNUAL

ECONOMIC OUTLOOK SYMPOSIUM



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# The 2010 Jobs Crossroad: Meltdown or Resurgence?

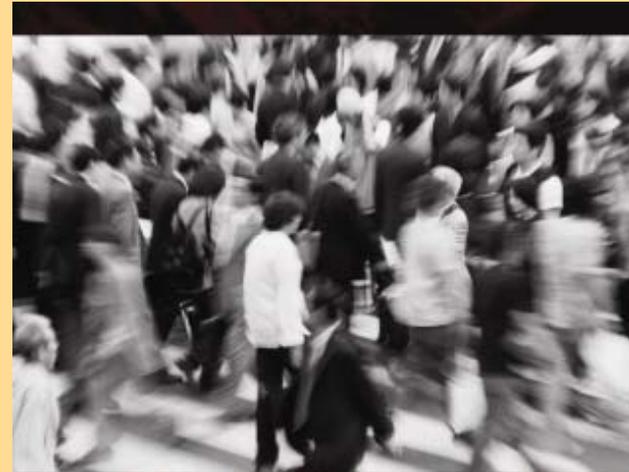
Edward E. Gordon

EDWARD E. GORDON



# WINNING THE GLOBAL TALENT SHOWDOWN

HOW BUSINESSES & COMMUNITIES  
CAN PARTNER TO REBUILD  
THE JOBS PIPELINE

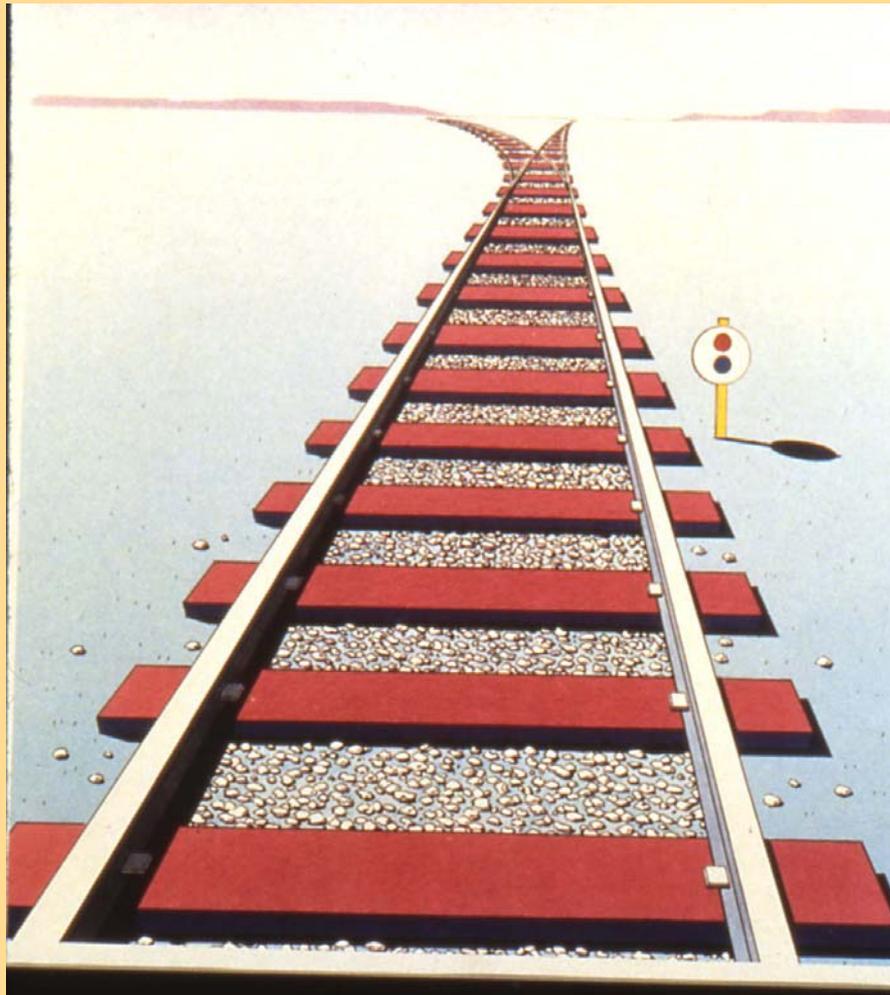


# THE 2010 MELTDOWN

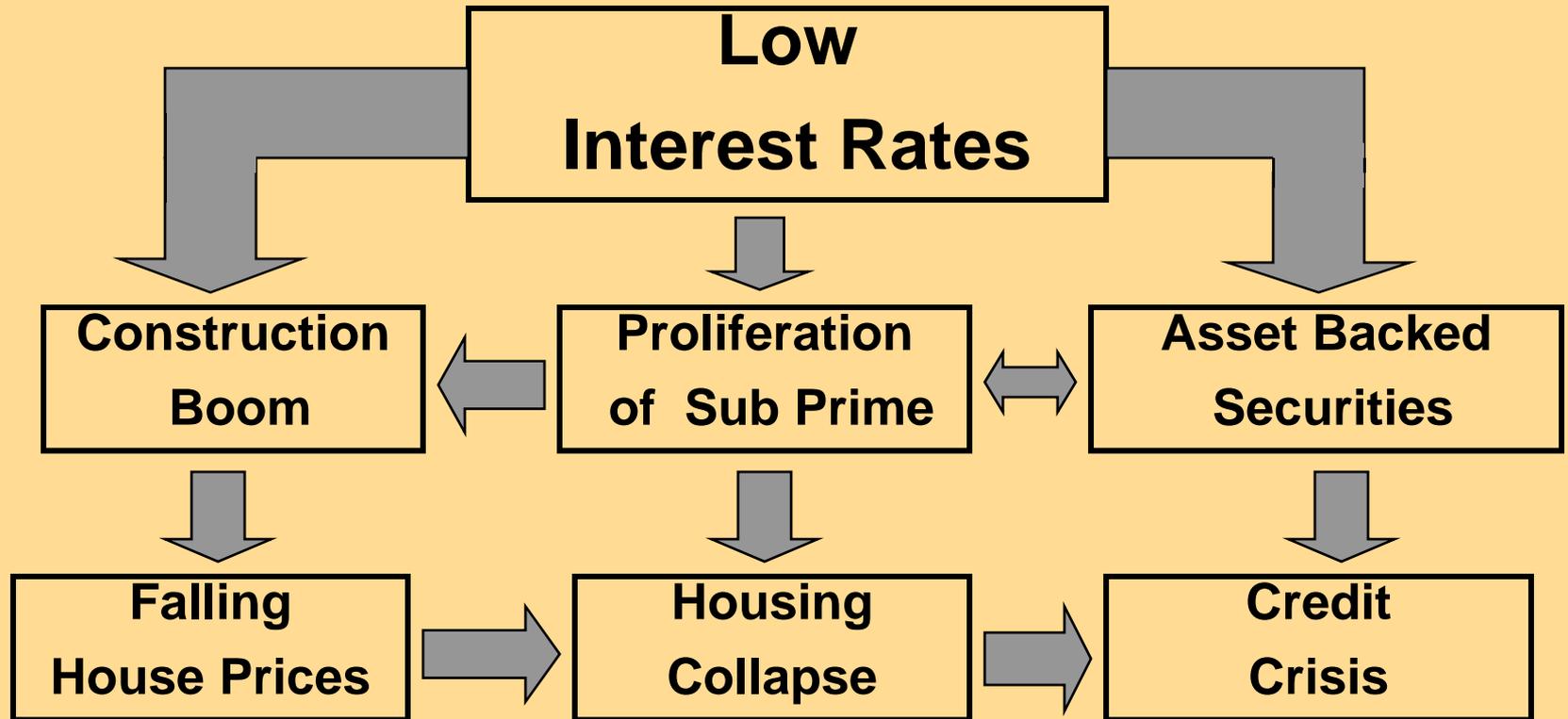
Solving the Impending Jobs Crisis

Edward E. Gordon

# 2010 Jobs Crossroad



# Evolution of the Great Recession



# Global Talent Enigma – Reading the Cards



David Cowles Artwork

# Global Talent Enigma Issues

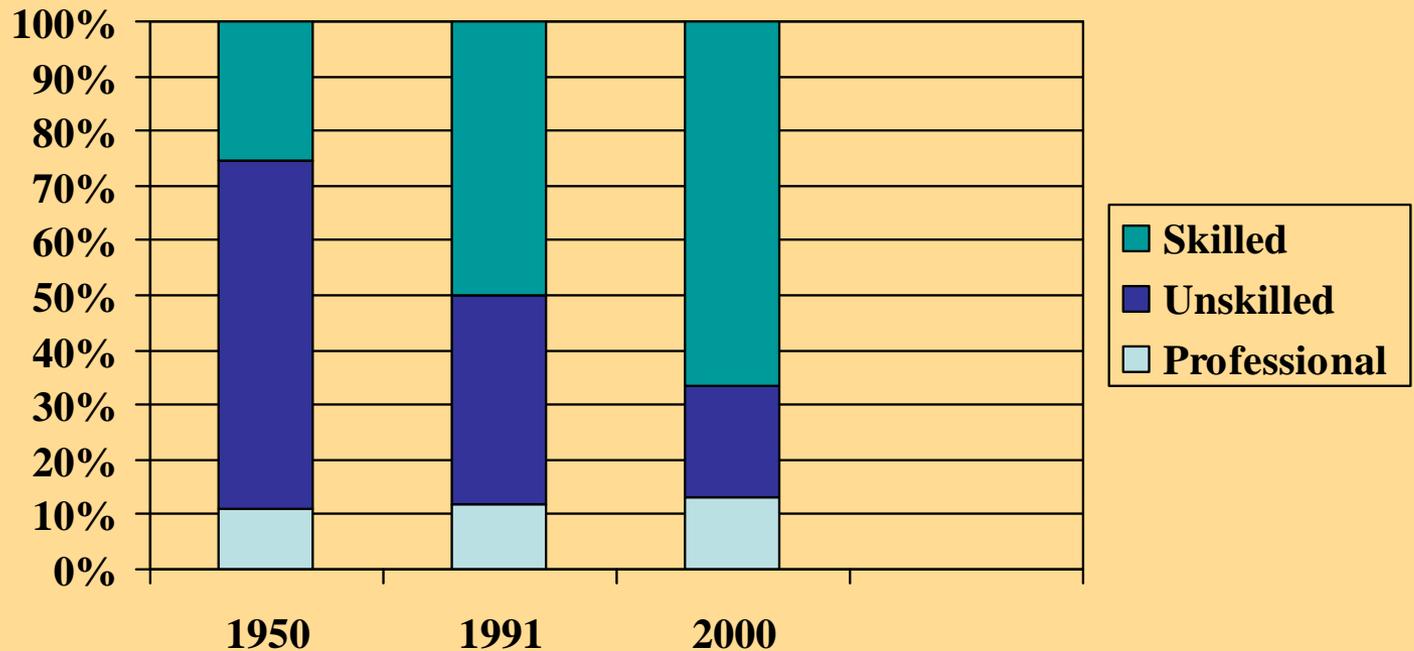
- I. Technology Paradox
- II. People Paradox
- III. Globalization Paradox

# Issues

## I. Technology Paradox

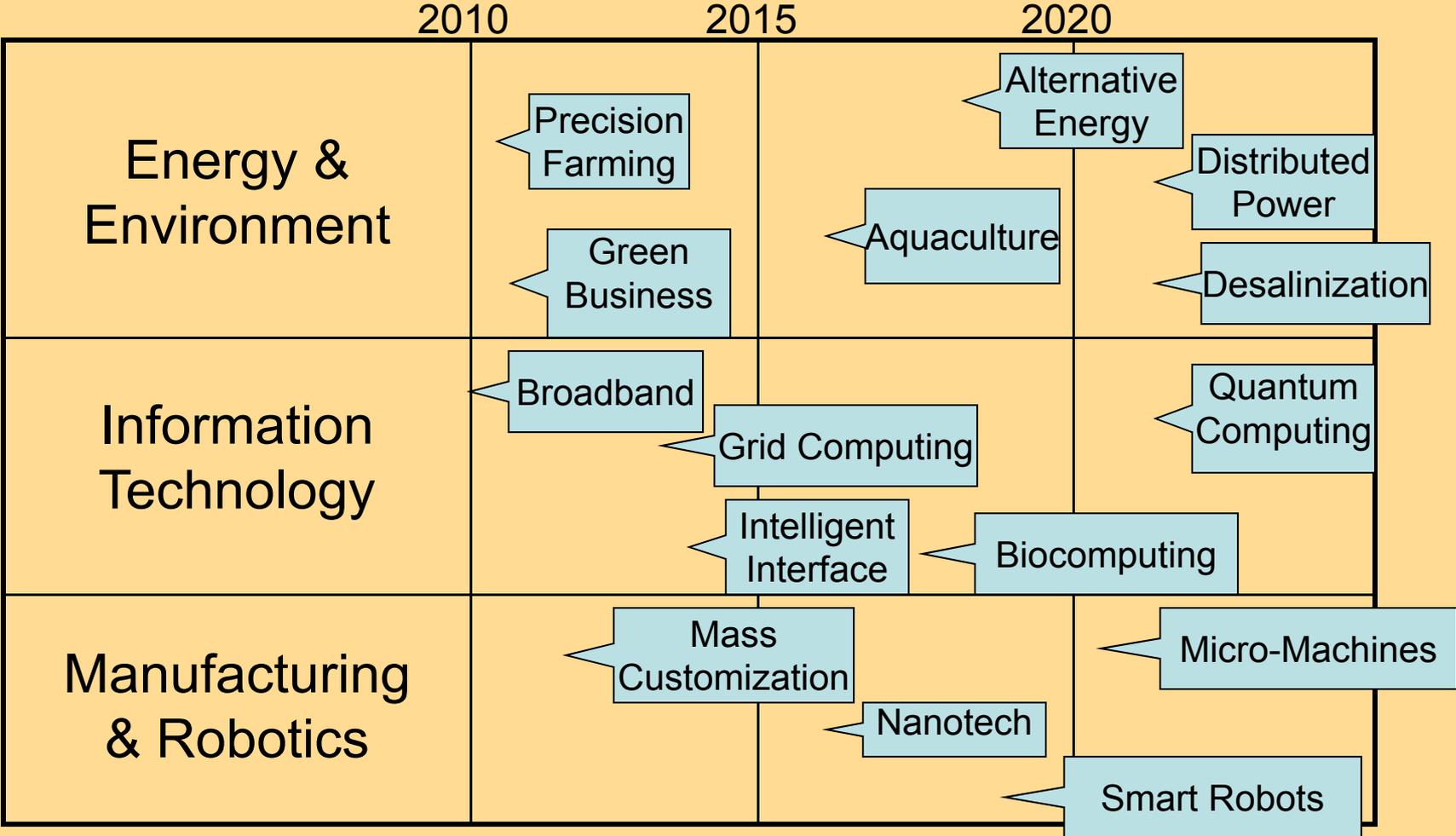


# Unskilled Jobs Are Disappearing



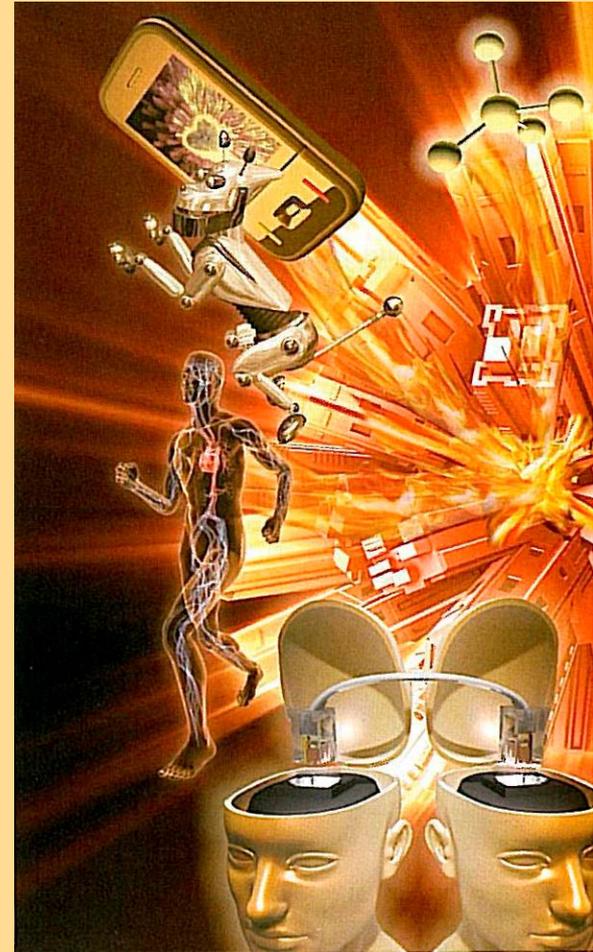
Source: Center for Economic Development, Carnegie-Mellon, 2003

# Technology Forecast Timeline



# The Cyber-Mental Age

<u><i>Focus</i></u>	Innovations
<u><i>Result</i></u>	Intelligent Machines
<u><i>People</i></u>	Knowledge Labor

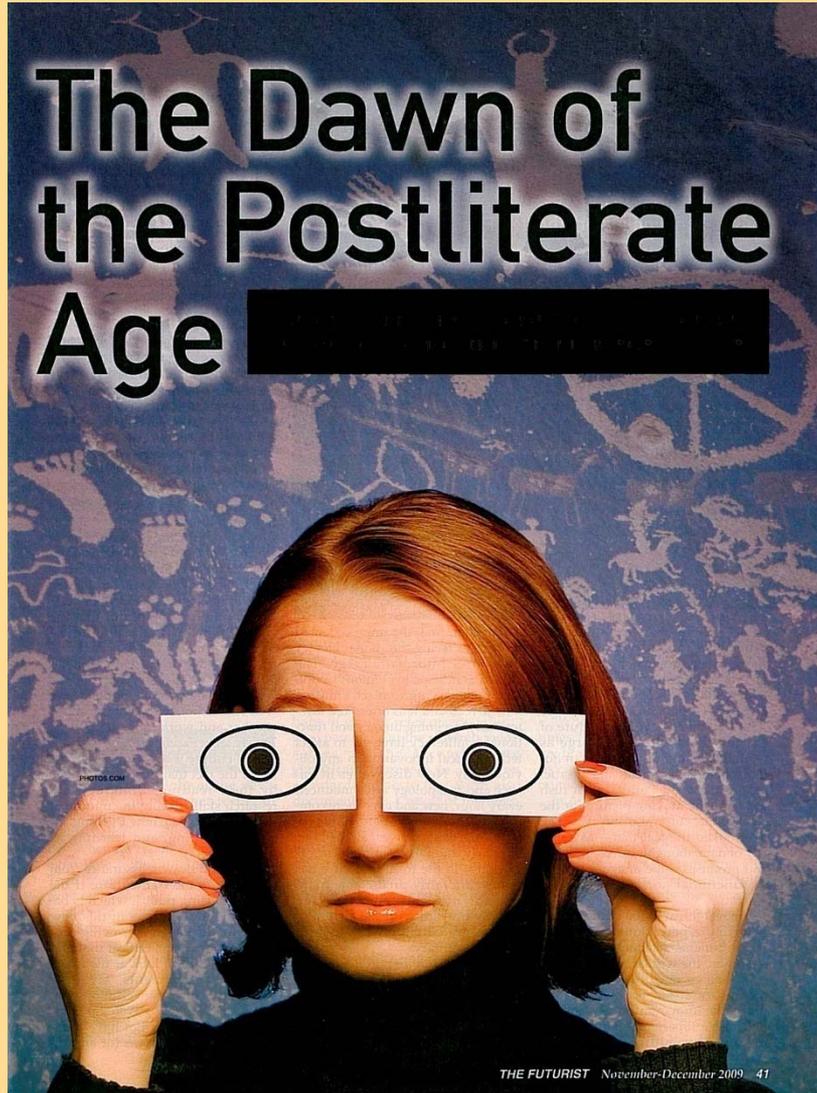


The Futurist (Used with Permission)

# 10/09 U.S. Unemployment Rate = 10.2%

<u>Talent Level</u>	<u>Unemployment Rate</u>
B.A. or higher	4.7%
A.A., Certificate, Apprentice	<u>9.0%</u>
	6.85%
↑High-Pay/High Skills = 62% of all U.S. Jobs	
<hr/>	
↓Low-Pay/Low Skills = 38% of all U.S. Jobs	
High School only	11.2%
Dropouts	<u>15.5%</u>
	13.35%

# The Dawn of the Postliterate Age



The Futurist, 2009 (Used with Permission)

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# National Adult Literacy Assessments 1992/2003 Prose Results Compared

<u>Categories</u>	<u>'92%/'03%</u>	Adult Pop. 2003 <u>Total 222 Million</u>
I. Below Basic	14/14	31M
II. Basic	28/29	<u>64M</u> (95M)
III. Intermediate (Moderately Challenging)	43/44	98M
IV. Proficient	15/13	29M

Source: U.S. Department of Education

# National Assessment of Educational Progress (NAEP)

## 2005 Reading Achievement Scores

	(1)	(2)	(3)	(4)
	Below			
<u>Levels</u>	<u>Basic</u>	<u>Basic</u>	<u>Proficient</u>	<u>Advanced</u>
U.S.	29%	39% (68%)	29%	3%
MI	27%	42% (69%)	29%	2%
WI	23%	39% (62%)	35%	3%
IL	25%	41% (66%)	31%	3%
NY	25%	38% (63%)	34%	3%
OH	23%	38% (61%)	36%	4%

Source: National Center for Education Statistics, 2007

# U.S. Workforce Talent

## The Technology Paradox

	<u>2010</u>	<u>%</u>	<u>2020</u>	<u>%</u>
1. Techno-Peasants	75M	48	82M	50
2. Walking Dead	40M	25	42M	25
3. Smart People	<u>43M</u>	<u>27</u>	<u>42M</u>	<u>25</u>
Total Potential Labor Pool	180M		200M	

# Issues

## II. People Paradox





# Ratio of Population Aged 65 & Over to the Labor Force by 2020

<u>Country</u>	<u>Percent</u>
Italy	55%
France	51%
Japan	51%
Germany	45%
United Kingdom	39%
United States	29%

Source: OECD Factbook 2006

# Annual Population Declines

Russia	-700,000
Germany	-100,000
Italy	-100,000
Japan	-50,000
South Korea	-50,000

# U.S. Workforce between 2010 & 2025

- Baby Boomers – 79 million Americans born 1946-64 retire
- Generation X – 40 million Americans born 1965-77 – Less job ready than baby boomers
- Generation Y – 70 million Americans born 1977-95 – Less job ready than prior generations

# The People Paradox

***For the First Time in American History***

the generation retiring is better educated  
than the generation that follows.

# Issues

## III. Globalization Paradox



# Talent Safety Valve:

## 1. H-1B Visa

### Importing High-Skill Workers



# China

- **600,000** Annual Engineering Graduates
- **60,000** Meet Western Professional Standards

Source: McKinsey Global Institute

# India

- **500,000** Annual Engineering Graduates  
**100,000** Employable
- **3 Million** Annual College Graduates  
**10 to 15%** Suitable for a Modern Business  
**17.2%** College Graduate Unemployment

Sources: McKinsey, 2005 & NASSCOM, 2007

# Talent Safety Valves:

2. Outsourcing

&

3. Foreign Direct Investment (FDI)

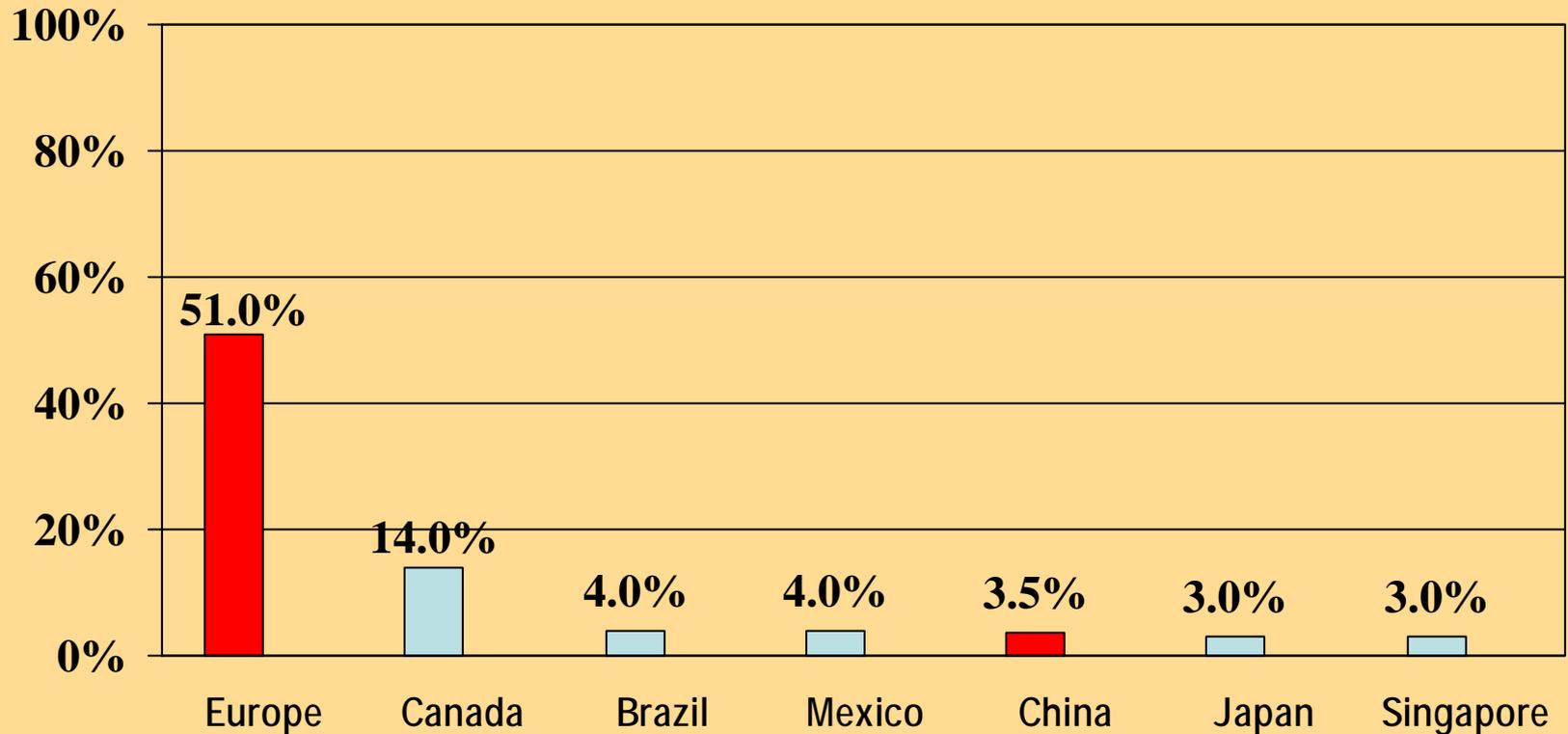
Exporting Low- & High-Skill Jobs

# U.S. H1-B Visa Allocation Recap

- 2010 Fiscal Year, 72% filled after 211 days
- 2009 Fiscal Year, All slots filled in one day
- 2008 Fiscal Year, All slots filled in two days

Source: Wall Street Journal, 10/29/09

# U.S. Manufacturing FDI



Source: U.S. Bureau of Economic Analysis, 2008

# **Advanced Micro Devices (AMD)**

Dresden, Germany

4,000 High-Skill, High-Pay Jobs

\$4 Billion Investment

# Germany 2008



- 400,000 Vacant Positions
- Shortage of 75,000 to 95,000 Engineers
- By 2014 projected shortage 160,000

# U.S. Labor Market Jobs 2006-2016

Category	New	Replace- ment	% of Total	Total
All Jobs	17.4M	33.4M	66%	50.8M
Computer Industry	822K	746K	48%	1,568M
Engineers	160K	345K	68%	505K
Skilled Trades	622K	1.1M	64%	1.7M
Teachers K-12	1.24M	1.66M	57%	2.9M

Source: Arlene Dohm & Lynn Shniper, *Monthly Labor Review*, Nov. 2007

# U.S. Labor Market Jobs 2006-2016

Category	New	Replace- ment	% of Total	Total
Nurses	647K	206K	24%	853K
MDs	90K	114K	59%	204K
Dentists	15K	31K	67%	46K
Health Techs	482K	518K	52%	1.0M

Source: Arlene Dohm & Lynn Shniper, *Monthly Labor Review*, Nov. 2007

# U.S. Labor Market

## Talent Shortages 2010-2020

<b><u>Category</u></b>	<b><u>Shortfall</u></b>
All Jobs	3M-6.1M
Nurses	340K-1M
Doctors	55K-200K
Health Technicians	200K-400K
Information Technology	500K-1M
Engineers	50K-250K
Teachers	500K-1M
Scientists	100K-200K

Sources: Bureau of Labor Statistics & Professional Associations

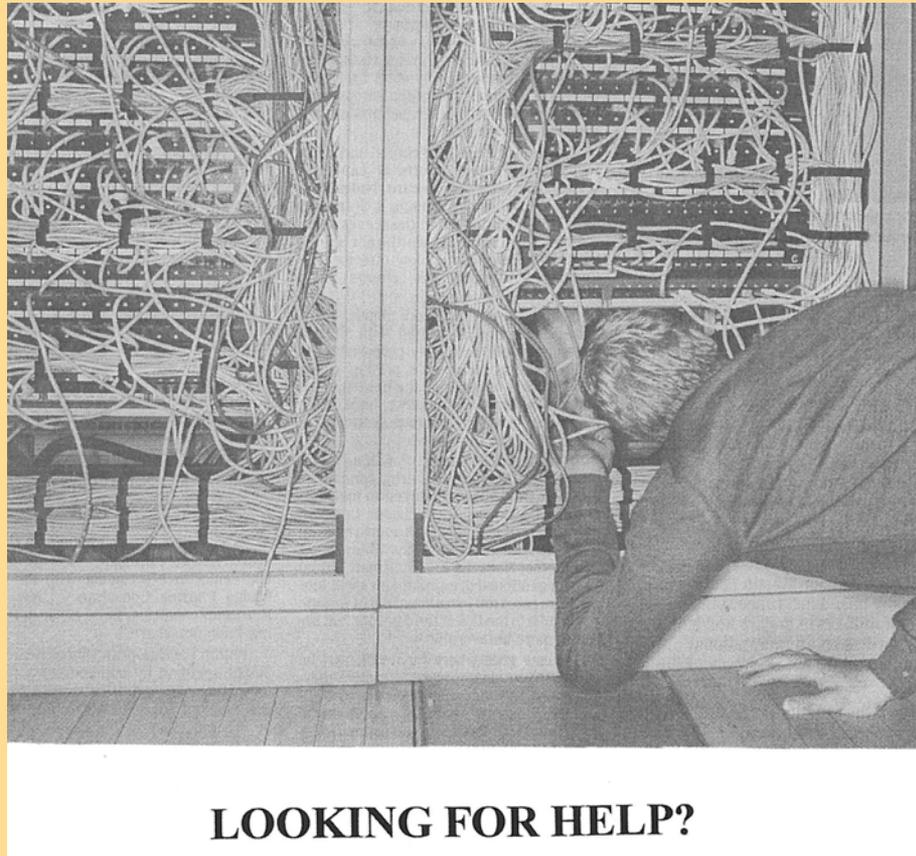
# Vacant Jobs 2009

- United States +2 Million
- European Union 2.3 Million

Source: Manpower Inc.

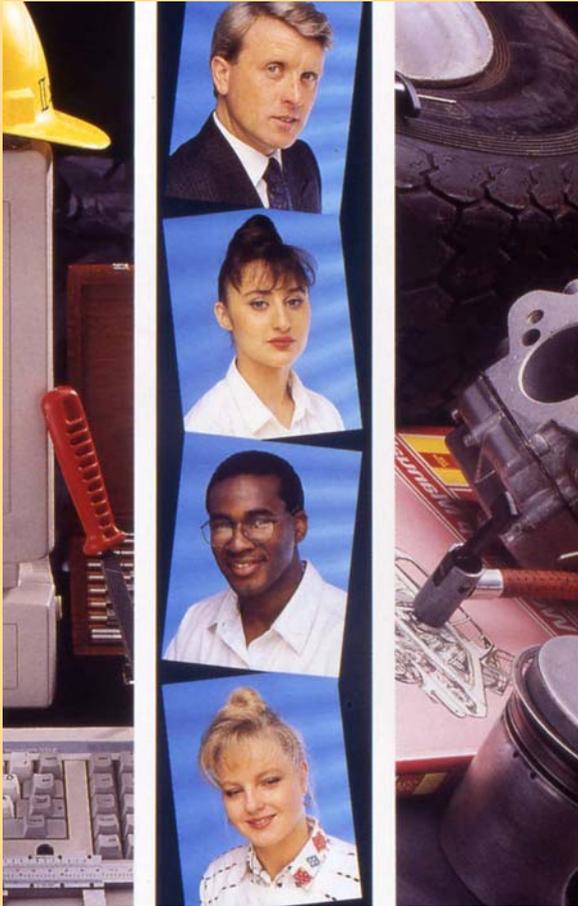
# **U.S. Talent Shortage 2010-2020**

## **12-24 Million Jobs will be Vacant**



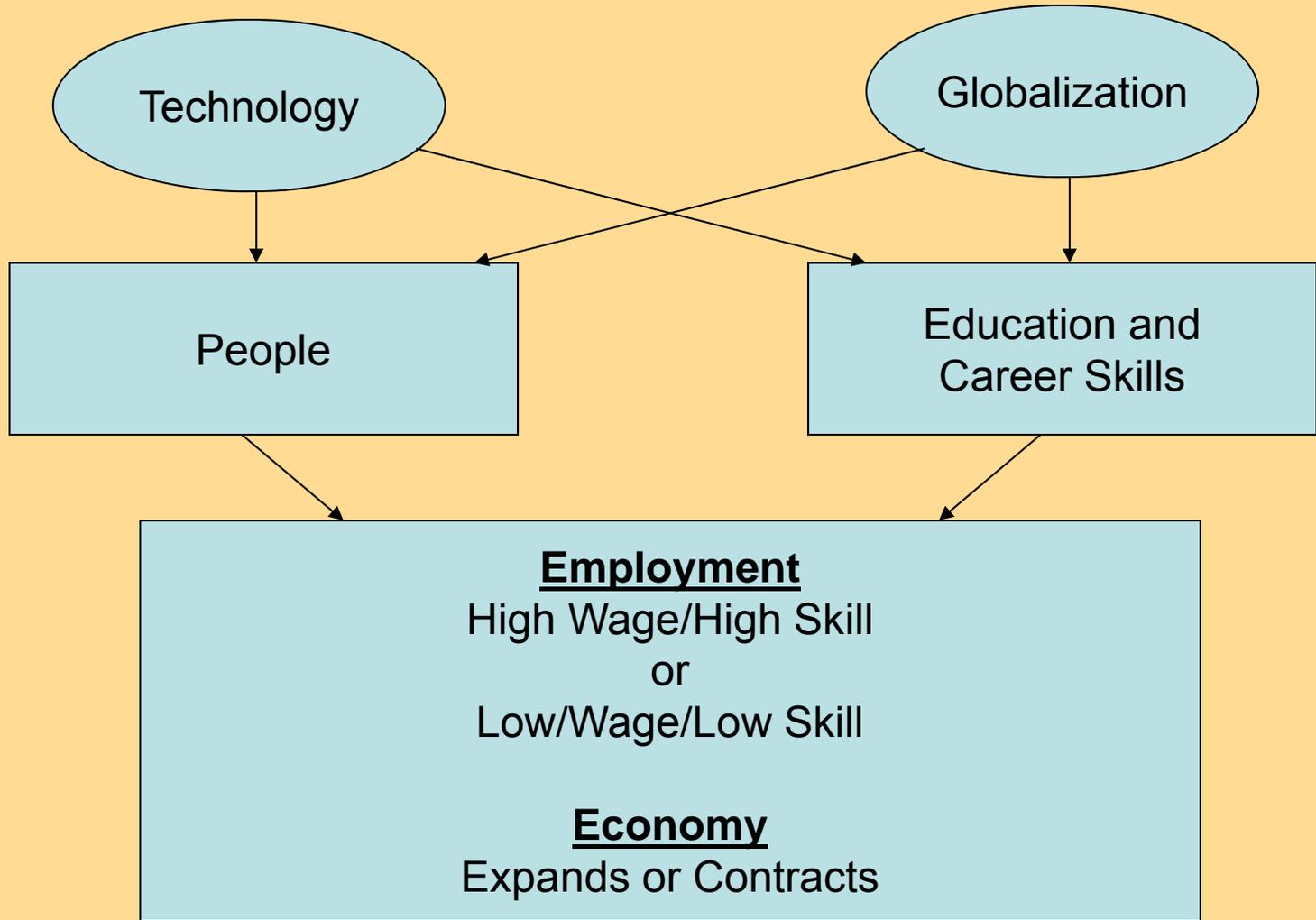
**U.S. Education's Critical Mass  
Will No Longer Support  
An Advanced Tech Economy**

# The Globalization Paradox



The Global  
Education-to-Employment System is  
**broken**  
**worldwide**

# Global Talent Enigma



# Part II: Solutions

- I. Business Sustainability
- II. Rebuilding the Pipelines
- III. Predictions for a Decade of Opportunity

# I. Business Sustainability

## Work-Life Balance Participation

<u>Flex Benefits</u>	<u>% Offering</u>
Flextime	54%
Telecommuting on ad hoc basis	45%
Compressed work week	37%
Telecommuting, part-time	34%
Shift flexibility	21%
Telecommuting, full-time	19%

Source: SHRM 2009 Employee Benefits Survey

# Business Sustainability

## U.S. Untapped Talent Pool 2010-2020

• Sequencing Mothers	27M
• Boomers	26M
• Physically/Mentally Challenged	20M
• People Exiting Criminal Justice System	<u>3M</u>
<b>Total</b>	<b>76M</b>

# Business Requires:

- Capitalizing physical capital investment – plants and equipment
- Capitalizing human capital investment – training and education

**Credit Flow to  
Small & Medium-Sized Businesses  
Necessary for  
Investment in Human Capital**

# U.S. Job Cuts August 2009

- 116,000 Small Businesses
- 122,000 Medium-Sized Business
- 60,000 Large Businesses

Source: U.S. Department of Labor

# Federal Reserve Stimulus Funds

Directed to:

- Local 504s
- Micro-Loan Groups

SBA Administered

Funds Deposited in Local Banks

# U.S. Economic Growth 2010-2020

- Exports
- Tech Innovations

**Science**

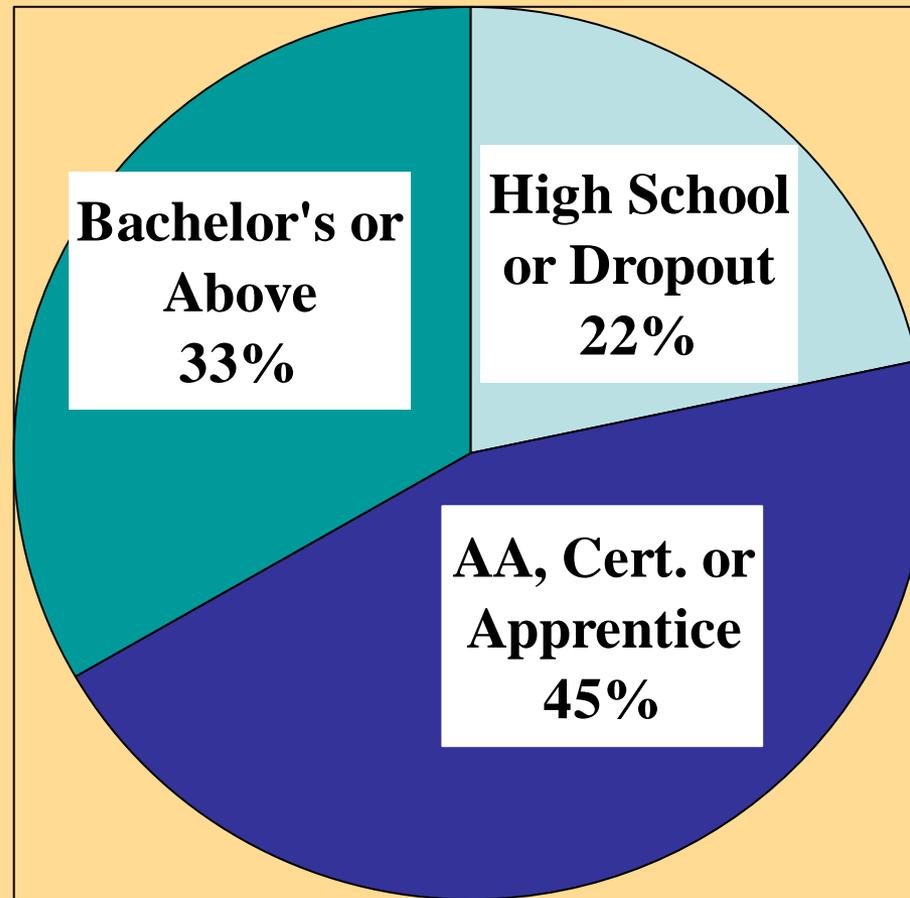
**Technology**

**Engineering**

**Mathematics**

**STEM Related Careers**

# Job Openings by Skill Level, 2004-2014



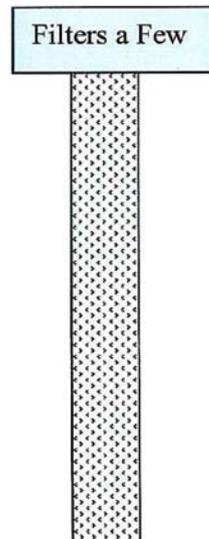
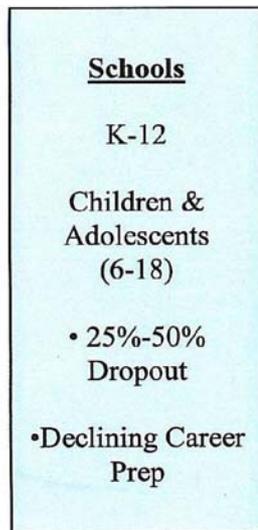
Source: Holzer & Lerman, Brookings Institute, 2009

# “The 20th-Century System”

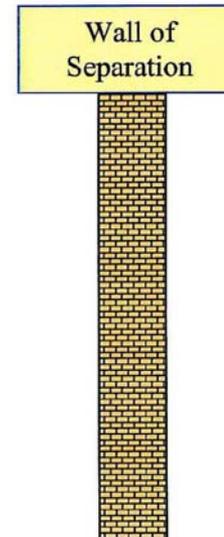
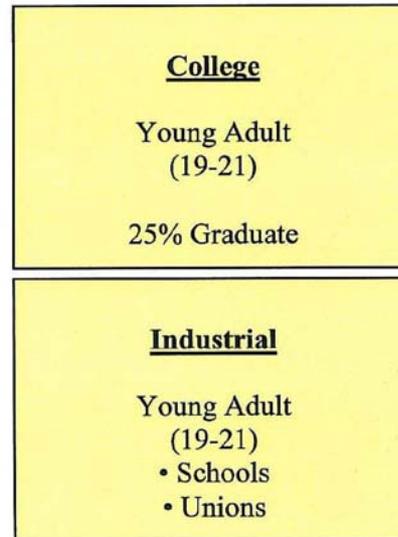
## A Closed Model

■ Education ■ Career Prep ■ Work

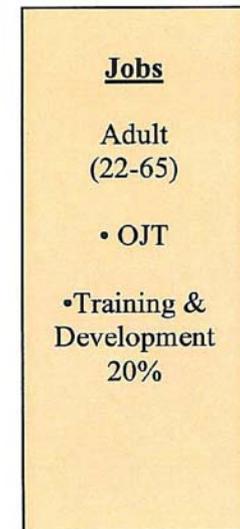
### I. Education



### II. Career Prep



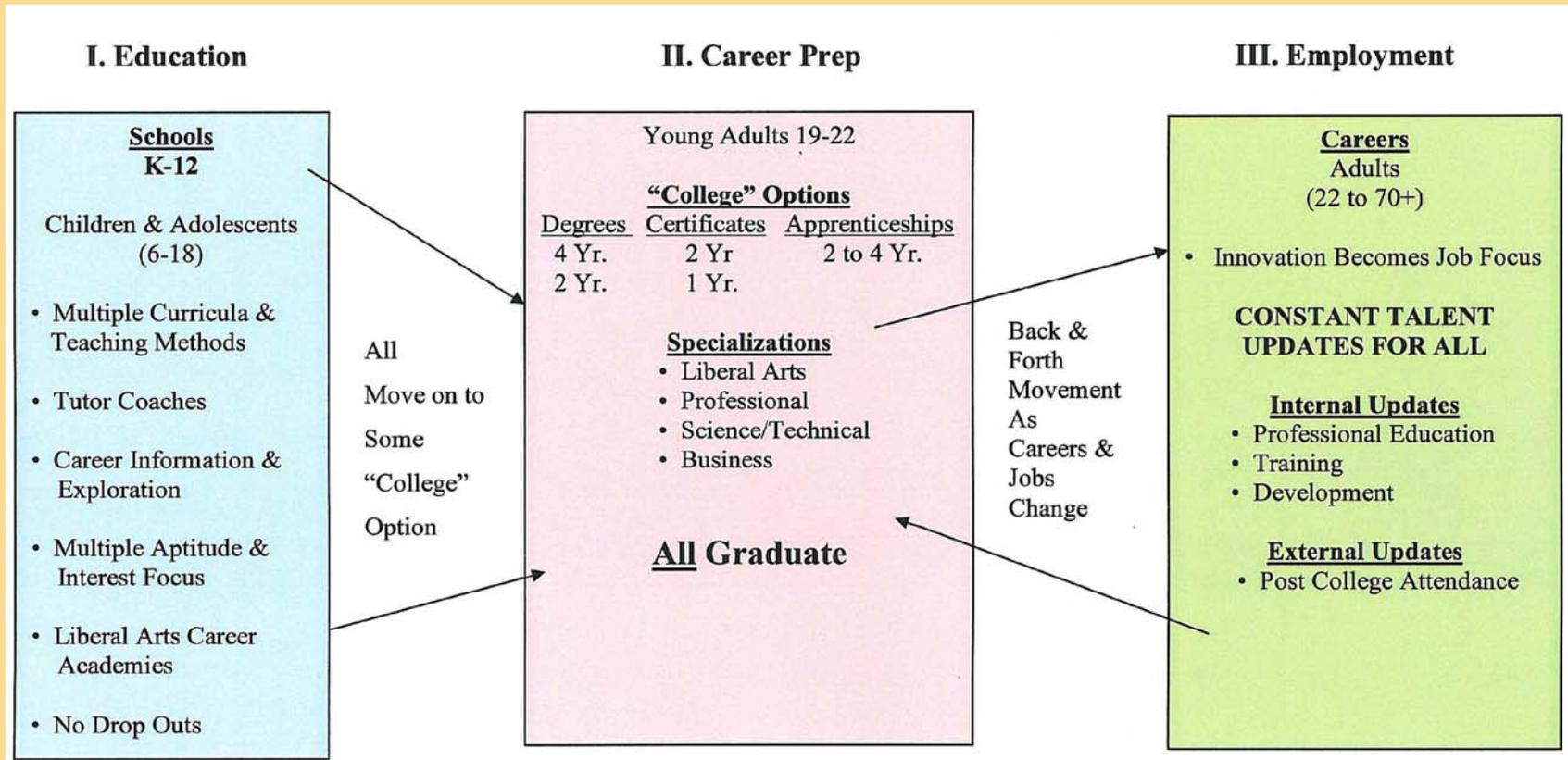
### III. Employment



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# The New “System” for the 21st Century

## OPEN Education-to-Employment Model



# 1. Education

## Schools K-12

Children & Adolescents 6-18

- Multiple Curricula & Teaching Methods
- Tutor Coaches
- Career Information & Exploration
- Multiple Aptitude & Interest Focus
- Liberal Arts Career Academies
- No Dropouts

## 2. Career Prep

### Young Adults 19-22

#### “College” Options

##### Degrees

4 Yr.

2 Yr.

##### Certificates

2 Yr.

1 Yr.

##### Apprenticeships

2 to 4 Yr.

#### Specializations

- Liberal Arts
- Professional
- Science/Technical
- Business

#### All Graduate

# 3. Employment

## Careers

Adults 22 to 70+

- Innovation Becomes Job Focus

**CONSTANT TALENT  
UPDATES FOR ALL**

## Internal Updates

- Professional Education
- Training
- Development

## External Updates

- Post-College Attendance

## II. Rebuilding the Pipeline

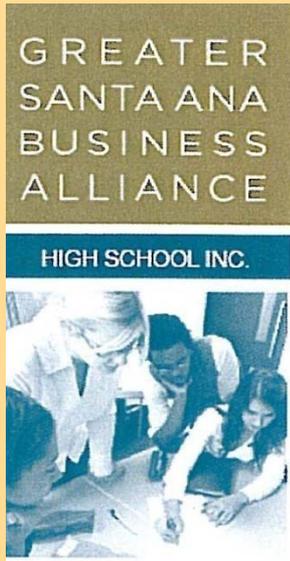


# “Gateways to the Future”

- Santa Ana, CA
- Fargo, ND
- Mansfield, OH
- Danville, IL
- Philadelphia Academies, Inc.
- Chicago Manufacturing Renaissance Council
- Cleveland Clinic
- North Carolina Bio Network

# Santa Ana, California

# Greater Santa Ana Business Alliance



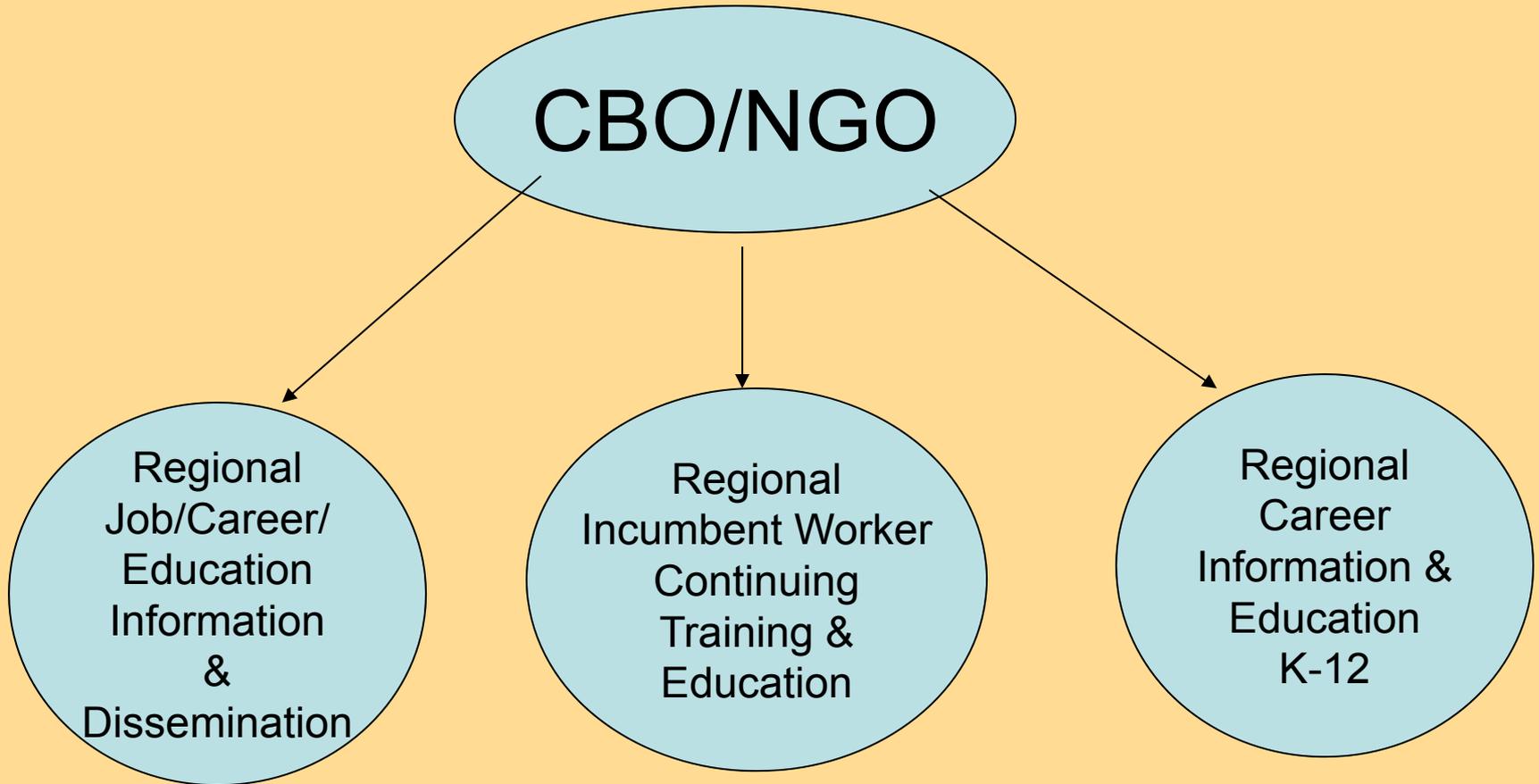
- High School, Inc.
- English Works
- Workforce Education
- Quarterly R & D Reports
- 300 Business Partners

Community-Based  
Organizations (CBOs)  
or  
Non-Governmental  
Organizations (NGOs)

Q. What is a CBO or NGO?

A. An intermediary agency that builds a network of business partnerships with community organizations. They are a neutral civic space.

# Building a Network



# III. Prediction for a Decade of Opportunity 2010-2020 Talent Creation



# 2010 & 2020 U.S. Talent Showdown Unless New System Adopted

## 2010

62% of Jobs = High Pay/High Skill

97M Needed 43M Qualified

38% of Jobs = Lower Pay/Lower Skill

61M Needed 115M Available

## 2020

74% of Jobs = High Pay/High Skill

123M Needed 43M Qualified

26% of Jobs = Lower Pay/Lower Skill

44M Needed 142M Available

# U.S. & Global Talent Creation





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# Talent Creation & the Wealth of Nations



# I Want YOU



For  
The Global Talent Revolution

# A New Beginning

