

The Chicago Manufacturing Renaissance

July 28, 2005

Chicago has a proud heritage. We are known as the “City that Works.” We are known for our vibrant neighborhoods that are now home to various immigrant groups from abroad, as well as from our own continent. They brought their skills here in search of jobs. In recent years, some of these neighborhoods have changed for the better with new housing and new residents. But other neighborhoods have felt the decline that goes with closing companies and job loss, due in part to growing competition in the global economy.

It’s clear that we are at a crossroads. Global competition for jobs, markets, companies, capital and talent are creating new winners and losers among cities and states. Some jobs and some companies will go to other regions—global and domestic—for good reasons as well as bad. We want to see development, including industrial development in countries that have been historically poor, just like we want to see continued development in our own country. Global development will mean change. The question is: how do we respond to change and competition? Do we become more efficient, smarter, and more productive or do we just give up and let everything we’ve built over the last hundred years slip away? Chicago and Illinois have always responded well to challenges and been strong competitors and winners. Our history is one of determination, creativity, and hard work to insure that our residents have every opportunity for a good life.

We are launching the Chicago Manufacturing Renaissance exactly in that spirit: to rise to the challenges of the global economy in order to insure the quality of life for ourselves, our children, and our residents that we have come to expect.

Why Manufacturing?

There’s a perception that manufacturing is inevitably moving to low wage countries, will become a minor part of Chicago’s economy no matter what anyone does, and that manufacturing jobs are not worth saving. The facts prove that this is not true.

Manufacturing Matters! A strong, modern manufacturing economy is one that can provide excellent jobs with benefits for our residents and young people—more than the retail or service economy. According to 1997 Census data, the average annual salary for Cook County manufacturing workers was \$40,840. In contrast, Cook County service-sector workers averaged \$32,251, and retail workers averaged just \$17,045.¹

Manufacturing’s employment multiplier of 3.7 is the highest of all Illinois industry sectors. This figure means that for every manufacturing job created in the state, 2.7 additional jobs are created in other sectors, resulting in a total of 3.7 jobs.²

¹ Ibid, p. 22.

² *The State of Illinois Manufacturing*, Illinois Manufacturers’ Association, December 2003, p. 11.

Manufacturing companies represent excellent investment and ownership opportunities for our business community. Modern manufacturing is profoundly linked to the creation and application of the new technologies that are generated in Chicago's universities. A robust manufacturing economy insures a growing and healthy retail and service economy. There are certainly some kinds of jobs and companies that will move abroad. Yet we have the resources, the know-how and the infrastructure that can preserve most of the jobs we currently have. But we must also attract the new companies that are making the most complex products including those that need to be quickly available to America's vast consumer market—such as the Ford Supplier Park on Chicago's South Side.

- ❖ Chicago has some companies that are doing very well as strong competitors in a variety of markets;
- ❖ Chicago is the urban center possessing the highest number of high-tech industry jobs in the nation according to a recent study by the University of Minnesota.³ 80% of new information technology is applied in the manufacturing process, and Chicago's strong manufacturing base means a relatively advanced technology infrastructure.
- ❖ Modern manufacturing requires a highly educated workforce. Chicago has the educational infrastructure to meet the requirements of modern global manufacturing including Chicago Public Schools, the large network of City Colleges of Chicago, world class universities, and a huge network of private and public training providers;
- ❖ Manufacturing is the best way to re-build the communities that were devastated by the loss of manufacturing starting in the 1970s. Manufacturing provides the wages, benefits, and work experiences that can address take our residents that ended up unemployed, underemployed, or poor as a result of the deindustrialization of their communities. Manufacturing is a sector that can offer family-supporting jobs for those who have been excluded and incarcerated. It creates profitable opportunity for business ownership; and
- ❖ We are the “City that Works.” We have a Mayor and a City Council that work in close coordination and can make things happen. We have a business community that is organized and enjoys an effective working relationship with a dynamic, creative, and strong labor movement. And we have a diverse and effective network of civic, religious and community organizations that can bring energy and creativity to any project.

The Chicago Manufacturing Renaissance

To succeed in this competition, we are launching the Chicago Manufacturing Renaissance (CMR). Our objective in this campaign is to make Chicago and Illinois the destination place for modern, global manufacturing. We will become the best in the

³ From the CFL/CLCR report, *Creating A Manufacturing Career Path System in Cook County*, p. 25.

world, not just a survivor. Like any new challenge, we will need to do some things better and differently including overcoming the fragmentation of our various efforts to assist manufacturing companies; in the relationships between business, labor, and government; and in setting highest standards for our educational system.

What does manufacturing look like today? When many think about manufacturing, they think of the old manufacturing economy—old machines; dusty, dirty, and dangerous conditions; workers—toiling and doing simple tasks thousands of time a day; brawn not brains; and workers with a strong work ethic but limited education. For some time, manufacturing has been quite different. Today, almost every manufacturing process utilizes computers and requires workers skilled in technology. Robots are common. Workers and managers work in teams to solve problems quickly. Many jobs are complex, challenging and interesting. The manufacturing jobs and companies we want in Chicago will be the most technical and demanding.

While working to attract new manufacturing companies to Chicago, we will continue to concentrate on retaining, assisting and developing the 3,000 manufacturing companies that are the backbone of our City. These companies provide good jobs and by working with the Chicago Manufacturing Renaissance, our existing manufacturing base can solve any problem that threatens or restrains them. Central to this initiative is dramatically improving the coordination and capacity of the governmental departments, business and labor organizations, as well as the development community to provide quick and effective assistance to our local companies. Currently the Department of Planning and Development, through a network of development corporations, reaches out to our companies. This can be expanded and more effectively coordinated with other public and private initiatives to better serve local companies.

But the core of the Chicago Manufacturing Renaissance is our determination to take whatever steps are necessary to be the most attractive site in the world for advanced manufacturing—not just a good site—the best site. We want to attract the companies that are at the cutting edge of the application of new technologies and new approaches to production. We want the most complex manufacturing processes mastered by our workforce. We want the companies that have a long horizon for their development and their investment. We want the companies that recognize the dynamic contribution that employees can make and reward those contributions with excellent salaries, benefits, job security, an excellent work environment, and career possibilities. These are companies that dominate existing markets. These are the companies that will be the pioneers in new markets, including those that improve our environment and our use of energy, that respond to customer demand in a matter of days, and that involve technology and innovation in production in ways that will excite the curiosity even of our youth. Modern, high performance manufacturing has exactly the kind of qualities to build the kind of society we want in Chicago. We are going after these companies to bring them here.

And we plan to get them here the old-fashioned way—to earn it. This won't be business as usual. We won't be satisfied with simply marginal improvements over what we did

last year or the year before. Our standard is to leap frog the best of our global competition in high performance manufacturing through the Chicago Manufacturing Renaissance.

To meet this challenge, we have some excellent programs that can be built upon and expanded, but we also need new initiatives that will reflect tapping into the experience and creativity of our public and private sectors, and into our great universities and research centers.

Key to achieving success in this effort is building and sustaining a High Road partnership between business, labor, government, and the education community. What is the “High Road?” Generally speaking, for businesses, it means competing by being more efficient, having a long term vision for the company, being smarter in production, building strong partnerships with their stakeholders, rewarding higher performance and productivity, and doing the best they can to be a good steward of the company—the old fashioned way of doing business. For labor, the High Road is a willingness to be flexible, innovative and engaged to help make the company more competitive once the owners and managers have embraced the High Road approach. For the public sector—government and education--the High Road is being efficient, transparent, slashing through unnecessary bureaucracy, meeting the standards that are necessary for a strong private/public partnership. This partnership in general is committed to improving the competitiveness and performance of our manufacturing companies knowing that this will provide greater returns to owners, increased compensation to employees, and increased revenues and lower costs to government. Together as partners, we will be greater than the sum of our parts if we were acting alone or in loose coordination. This partnership has to be more than the historic informal partnership that has often served Chicago well in past decades. It has to be more than the pragmatic “I’ll support you on this if you support me on that.” It must be a formal partnership around a contemporary vision for a High Road economy with new responsibilities for each partner.

Our specific plans include working:

- ❖ To improve the image of manufacturing and to educate our City about the value and potential of the manufacturing economy as a foundation for improving the manufacturing sector and public policy support of this sector. This needs to be a massive and creative campaign equal to other education campaigns on public safety, public health, or tourism;
- ❖ To become intimately informed about best international, as well as domestic, practices to understand how they can be applied to Chicago in every aspect of our work. In countries like Denmark and Germany, the workforce education system is highly valued and based on clear skill standards, a recognized system for certification of employees and training providers, and clear career paths that a young person can understand and follow. A career in manufacturing is viewed with respect. In Italy, scores of small companies work in flexible networks that allow them to create temporary partnerships to pursue a contract that neither company could pursue alone.

In Spain, vocational schools educate students about owning companies as well as working for them. In many countries, there is a social partnership of business, labor, and government that is a tradition and a given feature in all discussions and decisions affecting economic and social performance;

- ❖ To continue the reform and expansion of our education and workforce development system to meet the needs of companies for highly skilled workers and the needs of residents for clear career paths and education and training opportunities in manufacturing. Our approach was described in detail in the 2001 Chicago Federation of Labor Report, *Creating a Manufacturing Career Path System in Cook County*. A skill standards and certification-based system is essential. These efforts will be reflected in enhancing performance in:
 - Regional colleges and universities;
 - Incumbent worker training;
 - Training and education of entry level workers; and
 - K-12 programs in Chicago Public Schools;
- ❖ To expand and develop government-assisted service centers for our key industrial sectors (food, printing, metals, and electrical machinery) that promote innovation, research and development, stakeholder partnerships, networks, and other forms of assistance to improve our workforce and business development system;
- ❖ To directly involve manufacturing companies, their employees, educators, and the civic community in shaping and refining this initiative and its parts; and
- ❖ To develop and advocate for policy and legislation that supports this and similar and complementary initiatives at the City, State, and Federal level.

Taking Immediate Action

We are launching this initiative with the creation and launch of the Chicago Manufacturing Renaissance Council—representing the business, labor, educational, and governmental leadership of Chicago. The CMR will provide oversight and coordination for immediate steps as well as planning for larger and long-term initiatives to make Chicago the center of global high performance manufacturing.

While important long-term planning is taking place, we must take immediate action to build on some of the already existing programs that are going in absolutely the right direction. We will be considering ways to support existing as well as initiative new programs embodying and furthering the objectives of the Chicago Manufacturing Renaissance. The initiatives under consideration include:

1. The launch of a Manufacturing One-Stop by the Mayor's Office of Workforce Development and the Chicago Workforce Board that will assist manufacturing companies to identify and hire Chicago residents, as well as provide technical and

consulting services to these companies, reflecting the features of the Chicago Manufacturing Renaissance;

2. We must act to protect industrially-zoned land: There is enormous pressure to convert land in some sections of the city that has historically been used for manufacturing to land that can be used for housing and commercial development. We have Planned Manufacturing Districts that must be preserved and expanded to insure we have adequate land available over the next 10-20 years for our growing modern manufacturing economy;
3. Expand our TIF-funded workforce development programs to provide funding for training for incumbent workers in companies located in districts with TIF. This program can be coordinated with other state programs to provide adequate resources to help companies become world-class competitors;
4. Developing new initiatives in Chicago Public Schools including creating a direct linkage between the Ford Chicago Manufacturing Campus and neighborhood high schools. We are exploring the possibility of a Manufacturing Career Small School Academy in the Austin Neighborhood;
5. We are exploring the initiation of a Business Support System on Chicago's South Side led by a faith-based organization in partnership with our Department of Planning and Development, local development corporations, local labor unions, and others will work with area companies to identify and solve problems before they become a crisis that threaten the company.
6. We are exploring ways to remove unnecessary business regulation and entry costs that discourage business development.

Long-Term Planning

The Chicago Manufacturing Renaissance Council will develop a ten-year plan over the next nine months that will be a blueprint for making Chicago the Innovation Capital of the World and Illinois the destination site for global manufacturing. At the heart of this effort will be defining world standards and best practice in manufacturing through active investigation and research. We need to understand the capacity, experience and perspectives of our competitors and potential partners in determining our approach to all aspects of manufacturing as well as their experience in creating effective partnerships between business, labor, government, and the educational community. We need to understand our competitors in order to leap frog them, whether they are from Germany and Denmark, China, or Alabama and North Carolina. We will then develop our plan and priorities for exceeding their performance and then make it happen.

Conclusion

The standard Chicago quote from Daniel Burnham is now more appropriate than ever:

“Make no little plans; they have no magic to stir men’s blood and probably themselves won’t be realized. Make big plans in hope and work, remembering that a noble, logical diagram once recorded will not die.”

As a city and society, we face serious challenges to our way of life in the dynamic global economy. It’s only through rising to this challenge that we will inspire our residents, our youth, our workers, our managers, and our owners to become our competitive advantage as they work in partnership to make Chicago and Illinois the destination place for global High Road/High Performance manufacturing. The Chicago Manufacturing Renaissance is our next big step in implementing our big plans for the future.

The following contributed to this concept paper:

Glen Johnson, Illinois Manufacturers’ Association
Paul O’Connor, World Business Chicago
Rob Hoffman, World Business Chicago
Jerry Roper, Chicagoland Chamber of Commerce
David Hanson, Mayor’s Office for Workforce Development
Gustavo Giraldo, Mayor’s Office for Workforce Development
Bill McMahan, Mayor’s Office for Workforce Development
Denise Casalino, Department of Planning and Development
Kathleen Colbert, Department of Planning and Development
Nora Curry, Department of Planning and Development
Mary Bonome, Department of Planning and Development
Linda Kaiser, Chicago Workforce Board
Jill Wine-Banks, Chicago Public Schools
Bill McMillan, City Colleges of Chicago
Dan Swinney, Center for Labor and Community Research

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Rita Athas, Office of the Mayor
Bruce Braker, President, Tooling Manufacturing Association
Denise Casalino, Commissioner, Department of Planning and Development
Arne Duncan, Superintendent, Chicago Public Schools
Dennis Gannon, President, Chicago Federation of Labor
Demetria Giannisis, President, Chicago Manufacturing Center
David Hanson, Commissioner, Mayor’s Office of Workforce Development
Glen Johnson, Chairman of the Board, Illinois Manufacturers’ Association
Linda Kaiser, Executive Director, Chicago Workforce Board
Jack Lavin, Executive Director, Ill. Department of Commerce and Economic Opportunity
Paul O’Connor, President, World Business Chicago

Jerry Roper, President, Chicagoland Chamber of Commerce
Dan Swinney, Center for Labor and Community Research
Wayne Watson, Chancellor, City Colleges of Chicago