E-mailed: 12/05/12 (fd)
Workforce Development Agency, State of Michigan (WDASOM)
Policy Issuance (PI): 12-21

Date: December, 5, 2012

To: Michigan Works! Agency (MWA) Directors

From: Christine Quinn, Director
                Workforce Development Agency
                (SIGNED)

Subject: Implementation of Michigan's Industry Cluster Approach (MICA) –
                Cluster Readiness Index and Commitment to Cluster Approach

Programs
 Affected: All WDASOM programs administered by MWAs

Rescissions: None

References: Michigan Industry Cluster Approach (MICA) Guidelines, dated 7/26/12

Background: A demand-driven workforce system is the State of Michigan's primary
                workforce development strategy. On July 26, 2012, WDASOM issued the
                MICA Guidelines which provide a framework for implementing a cluster
                approach throughout the workforce system. This policy, as well as
                subsequent changes to this policy, provides tools and establishes a process
                for implementing MICA across the MWA system.

Policy: **MICA-related**

                Definitions

                Cluster: A geographic concentration of related employers, industry
                suppliers, and institutions in a product or service field. For the purposes
                of workforce development, Michigan's clusters are broad industry sectors.
                In a practical sense, clusters are an organizing framework to permit the
                selection of significant industry sectors for which in-depth knowledge and
                expertise on workforce issues are developed by service providers that
                convene employers. A cluster leverages the knowledge and resources of
                all involved, decreases duplication of effort, and often achieves cost
                savings for training and other services.

Demand-Driven: 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.

The purpose of a demand-driven workforce 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.

MICA Objectives

The overarching objective of MICA is to adapt the workforce system to produce and identify job ready candidates with the skills and competencies demanded by the targeted industry cluster. Sufficient public funding does not exist to meet all of the training needs in Michigan. When employer needs are met utilizing an industry cluster approach, employer champions are likely to step forward and not only become advocates for collaborative efforts in the future, but will likely be more willing to provide their own resources to support training and other workforce needs.

The specific objectives of MICA include:

- Employers identify industry demand and vacancies.

- Employers provide direct input into the design of educational program offerings that directly respond to industry-identified demand with curriculum that addresses occupational skill requirements.

- WDASOM and MWA services and programs align with industry's need for skilled workers, including training, recruitment, assessment, placement of job ready candidates, and long-term pipeline issues.

- The Career Education Consumer Report (CECR) includes programs representing high-demand occupations based on input from employers.

MICA Implementation

Successful adoption of MICA occurs upon completion of three phases: 1) Commitment to Cluster Approach; 2) Partnership Mobilization; and 3) Recruitment and Training Implementation. A cluster's movement through each phase is dependent on local understanding of the industry, interpretation of the workforce issues, engagement of industry partners, and commitment to the cluster approach.

WDASOM will use MICA as the primary strategy for moving Michigan to a demand-driven workforce system. To measure the effectiveness of MICA across Michigan's workforce system, all MWAs are required to take steps toward implementing cluster strategies. The MICA Guidelines, issued on July 26, 2012, provide guidance and clarification regarding the industry cluster approach and the framework for implementation. This policy issuance, along with subsequent ones, will provide implementation tools and corresponding instructions to the MWAs.

Phase 1 – Commitment to Cluster Approach

Phase 1 of MICA is the local commitment to the cluster approach. Key activities for MWAs during this phase include:

- Gathering data on potential local clusters
- Selecting local priority clusters (which may or may not include any of the five identified by WDASOM)
- Identifying cluster employers, partners, and other resources
- Engaging employer champions
- Obtaining cluster engagement from employers
- Completing and submitting to WDASOM a Cluster Readiness Index for each local priority cluster
- Completing and submitting to WDASOM a Commitment to Cluster Approach form for each local priority cluster

Cluster Readiness and Progress Indices

MWA will use the Cluster Readiness and Progress Indices to self-evaluate the region's capacity and preparedness to develop a demand-driven system within the context of MICA. The Cluster Readiness Index Form WDASOM-MICA 1 (Attachment A) is a self-assessment learning tool that provides baseline measurements in a number of key areas crucial to the development of local or regional cluster strategies. Additional details about the key areas crucial to cluster development are outlined in the MICA Guidelines. Resulting information from the Cluster Readiness Index helps a region identify areas of strength as well as potential areas to improve cluster exploration, adoption, and implementation. The index is particularly useful when comparing clusters within the same region. Information from the Cluster Readiness Index will be used by WDASOM to identify and develop state-level support tools to assist regions with progressing through the various stages of cluster development. Over time, the Cluster Readiness Index will function as a Progress Index. The Cluster Progress Index measures growth over time in the same key areas to

demonstrate an increase in the ability to operate a demand-driven cluster strategy effectively and efficiently.

The Cluster Readiness and Progress Indices are based on key indicators of success identified through the research of several national best practices. The indices are not intended to favor one cluster approach over another or prescribe how MICA is implemented locally. Scores from the indices are strictly used to measure an individual cluster's progress related to the key indicators of success and are not linked to funding decisions.

Commitment to Cluster Approach

Upon completion of a Cluster Readiness Index and the identification of employers and other partners, MWAs will complete a Commitment to Cluster Approach Form WDASOM-MICA 2 (Attachment B). Further instructions on completing this form are located in the Action section of this policy issuance.

Phase 2 – Partnership Mobilization

In Phase 2 of MICA, MWAs verify skill gaps, training needs, and hiring demand by convening employers, industry associations, and economic development organizations. Key activities for MWAs during this phase include:

- Developing and refining local high-demand occupation lists
- Convening employers
- Identifying workforce needs particularly in the areas of recruitment and training

Additional details about Phase 2 of MICA are outlined in the MICA Guidelines. Specific tools, instructions and requirements for Phase 2 will be provided in subsequent policy issuances.

Phase 3 – Recruitment and Training Implementation

Phase 3 of MICA focuses on training job seekers and workers for the employers within the selected industry cluster. Key activities for MWAs during this phase include:

- Networking with partners and employers
- Scheduling and promoting training
- Recruiting and screening candidates
- Enrolling trainees

- Monitoring trainee participation at the start of training for any issues or dropouts
- Measuring the success of training

Additional details about Phase 3 of MICA are outlined in the MICA Guidelines. Specific tools and requirements for Phase 3 will be provided in subsequent policy issuances.

Funding

Training to increase the skills of workers is at the heart of MICA. Where significant workforce needs and skill gaps exist in high-demand industry sectors or clusters, maximizing training resources is extremely important. Collaboration among industry, WDASOM, MWAs, and education and training providers is the key to maximizing resources. Moving to a demand-driven system through industry clusters is the workforce strategy for the State of Michigan. Therefore, resources must be used toward meeting employer demand, including but not limited to the following:

- Local-level formula funds
- State-level competitively procured and discretionary funds
- WIA Statewide Activities and Rapid Response funds
- Other funding including fee for service and grant resources

To the extent that funds are available, WDASOM will dedicate competitively procured and state discretionary funding to MWAs and/or talent regions (with a lead MWA acting as fiscal agent) that have committed to cluster development.

Action: The MICA Cluster Readiness Index consists of a series of 54 questions addressing key indicators that relate to one or more of the eight "dimensions." For each question or "indicator" there are four choices (alternating shaded blocks of four) that respondents are asked to select from based on which *best describes* their current level of preparedness/activity related to a particular cluster dimension. Each "indicator" is scored on a four-point scale to establish a baseline measurement for assessing the MWA's or convener's readiness relative to a particular topic. The scale ranges from 1 to 4: values at 1 and 2 represent preliminary and developmental stages; 3 and 4 represent functional and "high-level" clusters.

The results are reported based on this 4-point scale, or index, as well as a horizontal bar graph for a graphical representation of cluster readiness. A

summary of results shows an overall index and a measure for each of the eight dimensions (see last page of the MICA Cluster Readiness Index).

All MWAs are required to submit completed MICA Cluster Readiness Indexes for all clusters in a local area or talent region, but at least one completed MICA Cluster Readiness Index as detailed in this policy issuance within 30 days from the issue date of this PI be e-mailed to Ms. Florine Davis at davisf@michigan.gov.

In addition, MWA must demonstrate industry need for any cluster(s) selected and notify WDASOM by completing Attachment B: Form WDASOM – MICA 2. Commitment to Cluster Approach notification must include, at a minimum: basic cluster information including current statistics and projections, employment information, needs, local economic relevancy, and labor market data. Upon request, WDASOM will provide each MWA with data on the state priority clusters (agriculture, energy, health care, information technology, and manufacturing).

Attachments include relevant forms as well as additional instructions.

Inquiries: Questions regarding this policy issuance should be directed to the appropriate Cluster Talent Director:

Marcia Black-Watson
Energy Talent Director
(517) 241-8221 or by e-mail at black-watsonm@michigan.gov

Rey Guzman
Agriculture Talent Manager
(517) 335-6799 or by e-mail at guzmanr1@michigan.gov

Jeanette Klemczak
Health Care Talent Director
(517) 335-7807 or by e-mail at klemczakj@michigan.gov

Chris Knapp
Information Technology & Media Talent Director
(517) 241-4399 or by e-mail at knappc@michigan.gov

Bob Sherer
Manufacturing Talent Director
(517) 241-6099 or by e-mail at shererr@michigan.gov
Cluster Strategies

Workforce Development Agency, State of Michigan

201 N. Washington Square, 3rd Floor
Lansing, Michigan 48913

This policy issuance is available for downloading from the Internet system at http://web.michworks.org/OWD/index_wp.htm. Please contact Ms. Florine Davis at (517) 335-6461 for details.

The information contained in this policy issuance will be made available in alternative format (large type, audio tape, etc.) upon special request to this office. Please contact Ms. Davis at (517) 335-6461 for details.

**Expiration
  Date:**   None

Attachments:
Attachment A: Form WDASOM – MICA 1 – Cluster Readiness Index
Attachment B: Form WDASOM – MICA 2 – Commitment to Cluster Approach

CQ:RF:fd