

A WIB TURNS TO DEMAND: HELPING JOB SEEKERS BY SERVING EMPLOYERS

Joel Elvery, Federal Reserve Bank of Cleveland,
Lisa Nelson, Federal Reserve Bank of Cleveland, and
Francisca G.-C. Richter, Case Western Reserve University

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Introduction

FOR YEARS CUYAHOGA COUNTY, OHIO, had two separate Workforce Investment Boards (WIBs), one that served Cleveland residents and another that served the remainder of the county. The state WIB forced them to merge in 2008 because the city’s population dropped below 500,000, the threshold for a stand-alone WIB. A new director with private-sector marketing and management experience who was hired to lead the merger went beyond simply merging the agencies. He and his team reinvented how the combined organization, Ohio Means Jobs | Cleveland-Cuyahoga County (OMJ|CC), serves employers and job-seekers.¹

The new approach they implemented in 2010 is based on five key insights. First, **focus on the metrics laid out in the Workforce Investment Act**: job placement, job retention, and wages. Second, **employers must be the agency’s main customers because they are the source of employment**—serving them is the best way to find clients jobs. Third, **new technology makes it possible to efficiently match clients to jobs**, but only if you have comprehensive and detailed information about both. Fourth, **training should be a means to get a job, not an end in itself**. Finally, **don’t confuse habits for rules**—decide what you need to do and then figure out how it can fit in the Workforce Investment Act rules and regulations.

These insights led to what OMJ|CC calls their “demand-facing approach.” The agency reoriented itself both to view employers as its primary customers and to focus their efforts with individual job seekers on getting them hired, rather than on facilitating their training. To execute this approach, the agency added staff with sales and human resources experience—to better connect to businesses and screen job candidates—and greatly reduced the amount of staff focused on directly serving job seekers. Training resources were rebalanced, with over 40 percent of training now delivered on the job. The agency also added a new database that accommodates greater depth of information about employment openings and job seekers and broadened its pool of job seekers by increasing outreach to unemployed individuals of all skill

¹ As part of a statewide rebranding effort, in early 2014 the agency changed its name from Employment Connection to Ohio Means Jobs | Cleveland-Cuyahoga County. We use the current name throughout.

levels. Together, the new database and greater number of people in the system has made the process of matching seekers to jobs more efficient and effective.

Collectively, these changes have yielded a profound transformation in the delivery of workforce services in Cleveland and Cuyahoga County. Prior to 2010, nearly 80 percent of the WIB's budget was spent on job-seeker services. Now, some 50 percent of the budget is spent on employer-related services and 50 percent on job-seeker services. This more-balanced approach is yielding results: The adult job placement rate reached 91 percent in 2011, up from 53 percent in 2009 (Halbert 2013). Like a rising tide, the demand-facing model has improved placement rates for low- and high-skilled workers alike. Moreover, OMJ|CC achieved these strong results while serving more clients and with half the staff.

The essence of the demand-facing approach is viewing employers as customers and job seekers as clients, and targeting resources to learn both employment demand and the workforce skills. While demand-driven or sector approaches are generally guided by employer needs and in-demand occupation trends, the direct targeting and tracking of job postings and potential candidates is unique to the demand-facing approach. Understanding what skills each job requires and then reaching out to a wide group of job seekers in search of a match is critical to the demand-facing approach. Because the agency engages employers irrespective of sector, this model is more robust and adaptable to changes in the labor market than those approaches that rely only on employment trends or input from board members in the business community.

Turning to Face Demand

Before the agency changed its model, job seekers entering OMJ|CC were provided resume-writing assistance, training for a job of their choosing, and the hope of employment. The results were not encouraging. Many were trained but remained unemployed, and jobs were left unfilled. An exasperated job seeker was told, "Don't worry if you can't find a job; a job will find you." There were no safeguards to ensure that training led to jobs, nor that trainees were even motivated to find jobs. The leadership team at OMJ|CC grew increasingly discouraged and realized they had to change their focus. A careful reading of the Workforce Investment Act

(WIA) legislation guided their efforts going forward: job placement, job retention, and wages—the metrics specified by the Act—became the new standard by which every activity of the agency would be measured. Under the leadership of Larry Benders, the recently hired WIB director, OMJ|CC moved to the demand-facing approach.

Around the same time, the WIB’s funding declined more than 20 percent from 2009 to 2010, resulting in the reduction of OMJ|CC staff from 80 to 25 (Halbert 2013). Some long-time employees were let go and others retired. The agency’s shift in approach required additional painful changes in staffing. Specifically, it needed more business-services professionals with sales and recruiting experience and fewer social-services professionals. With fortuitous dollars from the American Recovery and Reinvestment Act, OMJ|CC was able to hire the sales and recruiting professionals it needed to actively engage employers.

From the outset, Cleveland’s Mayor Frank Jackson gave OMJ|CC’s leadership his full support to fulfill the vision of making the agency “the best workforce organization in the nation.” According to Benders, the Mayor believed in the vision, was convinced the approach would work, and allowed Benders and his team to make necessary changes. On the other hand, among some WIB board members, training providers, and government staff there was initial skepticism with this new approach, stemming from the agency’s dramatic move away from training and a perception that employers did not want to work with the WIB. OMJ|CC leadership persisted in moving ahead, certain their plan was the right one to turn the agency around. This certainty came from the fact that only employers hire, so if an agency wants to place clients in jobs, it must work with employers. The subsequent results—tripling the number of job placements in a year while weathering a large budget cut—should convince any remaining skeptics.

Elements of the Demand-Facing Approach

The demand-facing approach to workforce development was conceived by OMJ|CC leadership as an efficient and simple way to increase placement, retention, and wages. A WIB achieves these outcomes by facilitating more and better matches between jobs and job seekers, which

requires a reliable and up-to-date information system that tracks employer needs and job seeker characteristics. Such a system did not exist—so OMJ|CC created one.

In the demand-facing model, business services specialists generate information about the demand side of the market using simple tools like recruitment and “robo-call” software, online job databases, and excellent sales and business relationship skills. The business services team is in regular contact with employers, usually starting with cold calls, in order to update the information system with current job postings and future employer needs. These conversations also help OMJ|CC specialists clarify job requirements and allow them to broker on-the-job-training deals with employers, which can lead to good matches that might otherwise be missed.

On the supply side, in addition to their longstanding role of serving walk-ins, employment specialists now also actively identify and cold-call potential job candidates by tapping the State of Ohio’s database of individuals receiving unemployment benefits. Resumes of job seekers are uploaded into the new database following review by an employment specialist, who makes sure each resume is an accurate description of that client’s skills in order to improve the quality of job matches. PC Recruiter, a recruiting software, is used to identify qualified candidates for job openings, who are “robo-called” when appropriate positions are available.

PC Recruiter facilitates much of the coordination between the business services specialists, who enter job openings, and employment specialists, who enter job seekers. Employment specialists peruse new job listings in the system and recommend clients for open positions to recruiters from the business services team, who screen the recommended applicants. Employment specialists also focus on working with job seekers to help address barriers to employment. They are expected to be more knowledgeable about WIA rules and regulations than the business services team members.

OMJ|CC also replaced “cattle call” job recruiting events open to the public with targeted recruiting sessions that allow employers to review candidates who have been vetted to meet their employment needs. Once a set of qualified candidates is identified, employers meet with the candidates, either at one of OMJ|CC’s locations or at the employers’ offices. In dramatically increasing the degree of candidate screening, OMJ|CC has made the process more efficient for both employers and job seekers.

Training is another area where OMJ|CC has made changes to drive significantly better outcomes for employers and job seekers. As noted previously, in the demand-facing approach training is a means to increase placement, retention, and wages rather than a goal in itself. OMJ|CC allocates training resources to fill open jobs and to provide targeted, on-the-job training that allows nearly qualified individuals to eventually meet all the employer's job requirements. During the training period, OMJ|CC pays between 50 and 70 percent of the individual's wage. Nationally, only 9.4 percent of program year 2011 WIA training participants received on-the-job training (Social Policy Associates 2012). In contrast, 45 percent of OMJ|CC's training participants received on-the-job training in 2011, up from 2.6 percent in 2009 (Halbert 2013). WIA permits such an emphasis toward on-the-job training and OMJ|CC did not need any waivers to make this change.

OMJ|CC credits its success with on-the-job training to a couple of factors. First, they have streamlined the on-the-job-training process by setting up a simple contract for employers that includes a clear training plan specific to the trainee and the position and by assisting employers with reporting requirements. Second, the agency has gradually built a good reputation among employers and local economic development agencies. OMJ|CC is now invited to the table when relocations and expansions are being discussed and on-the-job training is presented as part of a suite of incentives and services offered to firms.

"We are the emergency room of the local economy," explains David Megenhardt, executive director of United Labor Agency, OMJ|CC's lead contractor. "We are called when businesses are closing and when they are growing. The assurance of having 200 welders with customized training might be the icing on the cake needed to close the deal." Such expansions and relocations create opportunities to fill a number of permanent jobs using on-the-job training. Further, these firms often continue to work with OMJ|CC for later hiring needs.

More traditional types of training are still available, but those resources are now more carefully targeted to lead to job placement. Job seekers may request such training after developing an individual employment plan with a specialist and securing a letter from a company seriously interested in hiring them after training. This new requirement targets dollars to fill open positions and tests whether training recipients are highly motivated.

Outside training providers are now under performance-based contracting that holds them accountable for job placement. The providers are paid at three milestones: 25 percent on enrollment; 50 percent when training is completed; and 25 percent when the job seeker is placed. Prior to performance-based contracting, training providers were paid based on their own rules; for example, if they required full payment by the fifth day of training, they were paid by that day. Public institutions, such as community colleges, are the only training providers exempted from the pay-for-performance model. To safeguard training quality, OMJ|CC periodically reviews the completion and placement rates of training providers and removes poor performers from their list of approved providers. Performance contracting provides an additional incentive for providers to get trainees placed in jobs.

One measure of the success of OMJ|CC's demand-facing approach is that the agency has built a critical bridge between workforce development and economic development in the region. The City of Cleveland's Economic Development Department and other organizations devoted to economic growth now turn to the WIB for support with business attraction and retention. Jay Farran, senior vice president for business attraction at Team NEO (a nonprofit business attraction and growth organization that markets Northeast Ohio), said, "We are regularly challenged to provide workforce development solutions tailored to meet companies' needs. In recent years, we have enjoyed particular success with the demand-facing model deployed by the local Workforce Investment Board."

To understand how the approach works, it is helpful to consider a simplified example of how a job posting is found and filled. A business services specialist contacts an employer, learns detailed information about the position, and enters it in the database of job postings. At the same time, employment specialists are working with job seekers to enter their information in the database, address barriers to employment, and provide job search assistance. When the new position is entered in the database, employment and recruitment specialists search the database for job seekers that are a good match for the position. If matching job seekers are found, they are encouraged to apply for the position. If no good matches are found, employment specialists look for job seekers who, with some on-the-job training or limited classroom training, might be made qualified, and then makes appropriate arrangements for training. In this case, the job seeker fills the position, either during or after training.

Jobseekers and Employers Benefit

The demand-facing approach is paying dividends for job seekers. This can be seen in **Table 1**, below. An exiter is defined as a job seeker who has completed services from a WIB. Keep in mind that the demand-facing approach was fully implemented in July 2010, so 2011 was the first calendar year for which the model was in place for a full year. Below we compare the outcomes of Ohio adult and displaced workers from 2011 to those from 2007 (we chose 2007 as a comparison point because the Great Recession began in December of that year).

Table 1: Adult and displaced worker outcomes from OMJ|CC and the Rest of Ohio WIBs

Program year	Exiter's entered employment rate				Number of clients served			
	Adults		Displaced workers		Adults		Displaced workers	
	OMJ CC	Rest of Ohio	OMJ CC	Rest of Ohio	OMJ CC	Rest of Ohio	OMJ CC	Rest of Ohio
2007	80.1	78.2	84.7	87.5	2,701	16,162	1,205	8,023
2008	75.5	75.3	82.6	85.1	2,982	15,936	2,044	12,721
2009	53.1	65.6	62.3	68.6	3,709	20,334	2,433	20,581
2010	79.8	66.4	79.5	73.1	3,784	15,005	1,987	17,802
2011	91.2	72.9	91.1	79.1	3,485	12,535	1,563	11,485

SOURCE: Ohio Department of Jobs and Family Services (various years)

From 2007 to 2011, OMJ|CC's adult entered employment rate (the rate at which exiters entered employment) rose from 80.1 percent to 91.2 percent, a gain of 11 percentage points.² Over the same time, the remainder of Ohio's WIBs saw a 5 percentage point decrease, with only 72.9 percent of 2011 exiters entering employment. The average monthly earnings of OMJ|CC's adult exiters entering employment rose from \$2,450 in 2007 to \$3,040 in 2011, a gain of almost \$600. Average monthly earnings for adult exiters entering employment from the remainder of the state's WIBs declined \$113 from 2007 to 2011, ending at \$2,597 in 2011. Even more impressive, OMJ|CC's increase in employment rates and average earnings came at a time when the Cleveland metro area saw less job growth than the state as a whole. Since adopting the

² The figures cited in this paragraph are drawn from Ohio Department of Jobs and Family Services (various years).

demand-facing approach, OMJ|CC has also dramatically increased the number of clients served. The total number of adults and dislocated workers served rose from 3,906 in 2007 to 5,048 in 2011—a gain of 29 percent. The number served by the remainder of the state’s WIBs was essentially the same in 2011 as in 2007.

Workforce Investment Act core reports that provide outcomes data such as that cited in the prior paragraph can be “gamed,” most often by not counting hard-to-place people as participants and not counting participants as exiters until they are placed. There is no evidence that OMJ|CC is participating in those games, as both the number of participants and the share of participants who are exiting rose dramatically more than they did in the remainder of Ohio’s WIBs. OMJ|CC now counts job seekers as participants early in the process, when their information is entered in the PC Recruiter case management software. This partly explains why the number of adults served by OMJ|CC grew while the remainder of Ohio’s WIBs saw a decline. Over the same time, the share of OMJ|CC’s adult participants who exited during the year rose from 32 percent to 60 percent, while the rest of Ohio’s WIBs saw that number rise from 32.4 percent to 42.3 percent.

Policy Matters Ohio, a nonprofit, nonpartisan policy research institute, published a report by Hannah Halbert that examines OMJ|CC’s new approach and its impact on clients. The report found that OMJ|CC served a more educated group of jobseekers after the demand-facing approach was implemented. However, the changes were modest: The share of exiters with no college experience dropped from 55.9 percent in 2009 to 48.1 percent in 2011, while the share with some college but less than a Bachelor’s degree rose from 26.8 percent to 34.1 percent (Halbert 2013).³ The share of exiters with a Bachelor’s degree or higher rose only 0.4 percentage points (Halbert 2013).

This moderate increase in the education levels of participants is not the driving factor behind the increase in employment rates. Halbert found all education levels saw dramatic

³ The figures cited in this section are from special tabulations by OMJ|CC. Comparable data were not available for other workforce regions in Ohio.

increases in their placement rates. In 2011, the rate at which exiters entered employment was fairly similar across education groups, ranging from 83.1 percent for the no-college-experience group to 86.6 for the Bachelors or higher group. Other figures show that the benefits are also comparable across age, race, and gender groups (Halbert 2013). This demonstrates that the demand-facing approach benefits participants across the skill spectrum.

In addition to the quantifiable benefits for job seekers, employers report that OMJ|CC's services make it easier for them to recruit new employees. The following testimonial from Maceo Shorts of GCA Commercial Services is typical:

OMJ|CC was a great asset during our recent recruiting drive. Our success rate rose about 10% by adding the OMJ|CC as a recruiting tool. OMJ|CC was also able to reduce the amount of time that my HR team spent onboarding [new hires]. Each session has yielded excellent results for the amount of time we spent versus what we normally spend on the first few stages of recruiting.

Employers also value the availability of wage subsidies for people hired through OMJ|CC to get on-the-job training.

Refocusing Youth Services

Youth services differ substantially from adult services, so OMJ|CC could not blindly apply the demand-facing model across the board. Youth services are geared towards individuals from low-income families between the ages of 14 and 21 facing significant barriers to employment. Broadly speaking, the goals of such services are to prepare youth for post-secondary education and the job market, as well as to connect them with potential jobs. OMJ|CC has restructured its youth programming to align with one clear goal: high school and GED completion. While WIA requires local WIBs to report the percent of youth obtaining certificates or diplomas, OMJ|CC recognizes that a certificate alone, without a high school diploma, gives youth little hope of succeeding in the job market. Prior to OMJ|CC's change in approach, the majority of youth in the agency's program earned certificates that rarely led to a job and exited without a high school diploma. Now, the objective is for participants to obtain a high-school or GED diploma, even if this amounts to a higher cost per youth served and greater time spent in the program.

This particular focus for young clients does benefit from the agency's demand-facing approach. The new focus on job market preparation (through the emphasis on earning a diploma or GED) along with the agency's ability to draw real-time information from its enhanced database has also influenced OMJ|CC's selection of youth program providers. Providers that offer more internship opportunities and exposure to employers, particularly in occupations identified to be in high demand, are chosen over others that do not. Finally, the OMJ|CC has improved its ability to reach out to youth by hiring contractors to provide services in high schools in coordination with Cleveland Metropolitan School District. In 2011, the agency created the Youth Resource Center at OMJ|CC's downtown office as a welcoming place for young adults in need of tutoring, employment services, support, and guidance.

Conclusions

In a nutshell, OMJ|CC's strategy was to reorganize its operations to focus on the outcomes defined by WIA: placement, retention, and wages. Since jobs are in the hands of employers, the agency's approach is to face demand with a rich inventory of potential job seekers for the jobs available. This has led to markedly improved outcomes, because a much wider number of jobs and people are inventoried, job descriptions and job seekers' resumes are clearer, and training is used to finalize or strengthen matches that have a high chance of success.

OMJ|CC's example also shows the value of giving local WIBs the freedom to innovate and improve. As funding for WIBs continues to decline and states look for cost-efficient ways to operate more successfully, WIBs need to experiment to find what works. Careful piloting and assessment of promising programs will lead to better outcomes. The demand-facing approach is an example of an experiment that has moved to permanent implementation and is paying dividends for employers and job seekers.

The confluence of circumstances that led to the dramatic change in strategy by the OMJ|CC may not repeat itself. However, with unquestionable success after three years of implementation, the program reveals a simple, efficient, and adaptable structure that lends itself to replication. It is clear how the model works and what needs to be done to implement it. The

leadership of OMJ|CC feel that other WIBs would experience similar results if they adopted the demand-facing approach fully. The model's emphasis on direct interactions with employers to fill available positions allows the agency to readily respond to labor market changes. On-the-job training customized to a specific position also allows the demand-facing approach to be more responsive to changes in labor demand than classroom training. The fact that OMJ|CC has continued to refine its model even as it experienced a change in executive directors in late 2012 also suggests that the approach can be replicated. Looking ahead, it will be informative to watch the experience of three other WIBs in Northeast Ohio that recently contracted with the United Labor Agency to apply this model to their work.

The component of the model that is probably hardest to replicate is the commitment of the leadership to radically depart from the status quo. Arguably, the most important component of the change was completely shifting the mindset of the organization from serving people to serving employers. Such a culture change requires effective, clear, and committed leadership. In the face of severe budget cuts, the leadership also had enough commitment to go through the very painful process of reducing staff in order to get the right skill mix and staff size. Furthermore, the new approach led to the closure of several less-effective training providers, which created political pressure to stop the change. Fortunately, both the WIB leadership and the Mayor of Cleveland resisted. Leaders who want to replicate the model need enough confidence in the model to be undeterred by similar challenges.

The demand-facing approach has been a remarkable success and has allowed OMJ|CC to do more with less. In the past the agency primarily connected individuals to training; now it primarily connects employers to job seekers. With this change, the agency has been able to cut costs, provide higher-quality services to more employers and job seekers, and consequently improve placement, job retention, and wages. This success should ensure its sustainability and encourage its adoption by other WIBs.

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