

Holland-Zeeland
Model Community Initiatives

A Three-Sector Approach to
Economic and Community Revitalization.

Holland-Zeeland Model Community Initiatives.

The greater Holland-Zeeland area is a special community that has enjoyed a successful past, a strong local economy and a uniquely desirable quality of life. A combination of global forces has fundamentally changed the effectiveness of area business models and the way we must approach our future, both nationally and locally. Just a few years ago we were a thriving community. Now local business, government and non-profit revenues are dramatically depressed, causing painful layoffs and threatening disruption of valuable community services.

Because the conditions¹ that have brought on this change are likely to persist for many years, **it is imperative and urgent that leaders from all three sectors** (business, government and non-profit) **work together to address Holland-Zeeland economic revitalization for the benefit of all.**

We have a responsibility to our citizens to initiate bold action, to avert long-term negative consequences of current conditions. Thriving communities require thriving economies which generate the personal and corporate incomes, government revenues or philanthropic resources required for all forms of social progress. **Our top priorities must be job creation and revenue growth.**

The intent of this paper is to demonstrate our commitment as business and community leaders, and share our analysis and best thinking as it currently stands. In so doing, we seek to extend the dialogue to three-sector leadership and members of the community in an effort to apply the collective wisdom and experience of many, to the challenges we face. **The goal of this white paper is not to be prescriptive, or compromise the decision authority of others, but to encourage involvement and input that will foster leadership consensus on priority actions.** We are motivated by the power of three-sector engagement to provide benefits to all stakeholders and create a sustainable future that provides the highest quality of life for all.

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¹See the appendix (p. 10) for greater detail about the root causes of our current economic condition.

Brutal Facts.

We are in unprecedented times. Both America and the world are experiencing a magnitude of economic turmoil not experienced since the Great Depression. These conditions are not the result of a single event or policy mistake; rather, multiple forces that are likely to impact most of the next decade. The current economic challenges are impacting our governments, non-profits and our area businesses in a way that many of us have never experienced.

Since 2000, Michigan has lost 890,000 jobs. In 2009, over 8,700 jobs were lost in Ottawa County alone, another 3,000 were lost in 2010. If the nation grows jobs at 160K per month, which was the average growth during the last economic recovery, it will take us until 2013 to get back to peak employment nationally. The Upjohn Institute projects that it will take West Michigan until 2016 to restore local employment to the previous peak level. West Michigan's recovery is predicted to be slower because manufacturing constitutes 29% of our employment vs. 14% nationwide.

We have learned from the work of the West Michigan Strategic Alliance that **natural regions are the smallest units of community that compete for talent, investment capital and natural resources that are essential to economic competitiveness.** Local communities like Holland–Zeeland must be thoughtful as to how they contribute to the region's economic model to deliver competitive product and service value to a rapidly changing global marketplace. The greater Holland–Zeeland area is a highly interactive and interdependent sub-unit of our region that must think and act as one community to earn the right to economic prosperity. This is essential for our government, institutions and non-profits to provide effective and cost-efficient services that are important to our quality of life.

While our current primary challenge is to revitalize our economy, we must do so in a sustainable manner that protects our precious natural assets and enables us to be a socially just community. Sustainable communities require balance among economic prosperity, environmental integrity and social justice.

Global forces shaping our economy³:

- Collapse of communism
- Development of Internet
- Changing age demographics and spending patterns
- Policies that caused a bubble and collapse of real estate values, capital markets and investments

The importance of regions:

- Natural regions are basic units of global competition
- Local communities contribute to region's competitive capabilities
- Holland–Zeeland is a natural community
- We must think and act as one

³See the appendix (p. 10) for greater detail about the root causes of our current economic condition.

Holland-Zeeland Strategic Leadership Forum Community Assessment Process.

We considered the impact of major forces on our community if we continue with business as usual. We assessed our community’s strengths, weaknesses, opportunities and threats, and identified the top three strategic priorities where actions are required if we are to remain a prosperous, livable and sustainable community.

Taking the impact of trends into consideration, our analysis centered on careful examination of the current state of affairs in the Holland-Zeeland area. We engaged in a systematic strategic thinking process analyzing the internal and external forces at play. We gained a greater understanding of critical issues, our current competitive position, and the gap between where we are today and where we want to be in the future. Through this process we were able to identify strategic priorities. For each strategic priority, two leaders volunteered to co-champion a community-wide effort to engage broader three-sector involvement.

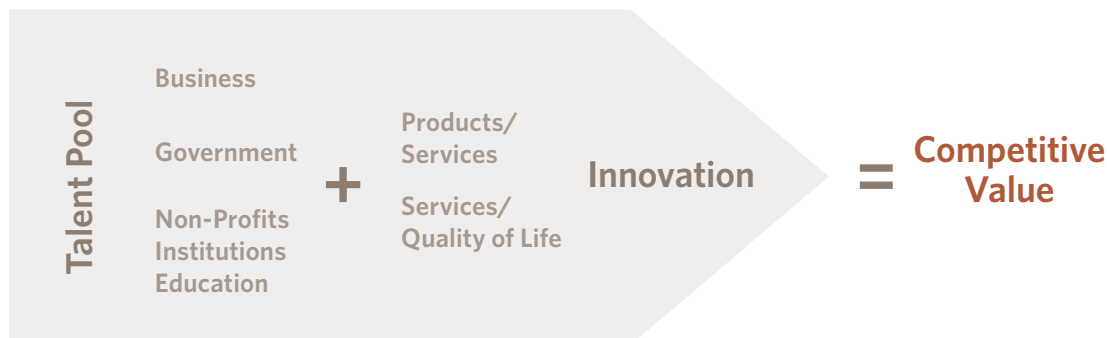
Strategic Thinking and Action

- Current Reality
- Shared Vision
- Desired Goals
- Gap Analysis
- Strategic Priorities
- Strategic Leadership Champions
- Three-sector Teams
- Shared Goals
- Action Plans
- ↓ Measures of Success

The Power of Three-Sector Engagement.

Government, business and institutions look at the community through different lenses, have different views of risk and make decisions in different ways. When addressing difficult and complex community issues, three-sector participation is the most effective organizational model.

The power of three-sector collaboration lies in our collective ability to acknowledge interdependencies, agree on shared goals, pool talent and resources, and use innovative thinking to implement strategies that add value to our community.



Vision:

We embrace the collective West Michigan vision: To be the best place to live, learn, work and play.

Goals: Future Outcomes We Seek.

► Jobs

Lead our region and state in the rate of new jobs created.

► Organization Revenues and Personal Income

Grow business revenues and profits to restore government and non-profit revenues.

Earn increased per capita income to be among highest in state.

► Improved Community Productivity

Maximize government cost-efficiency and effectiveness through collaboration and innovation to achieve best practices and become a state role model.

Strategic Priorities.

1. Business Growth through Innovation and Diversified Industry Cluster Development
2. World-Class Education and Talent Development Systems
3. Best Practice Governance for the 21st Century

Successful strategy execution depends in part on a broader understanding of interdependencies. These three priorities are interdependent and complementary to each other. Successful implementation of initiatives in one area provides benefits and momentum in each of the others.

Recommendations.

For each priority we encourage timely engagement of three-sector leaders and citizens to establish consensus on actions needed to regain positive growth momentum. Concurrently, we must begin laying the foundation for longer-term initiatives⁴ that will enable our community to sustain economic growth and support important government and non-profit services.

⁴See the appendix (p. 14) for a detailed list of longer-term initiatives.

1. Business Growth Through Innovation and Diversified Industry Clusters.

We must seek out and aggressively support diverse economic development opportunities that will increase business revenue and profits, as the fastest way to grow jobs and restore government and non-profit revenues required to provide services and amenities that are essential to our quality of life.

It is increasingly difficult for U.S. businesses to compete in commodity products and services against countries like China and India with dramatically lower costs. To compete, area businesses must innovate to move up the value chain, doing things others find difficult to do and/or are protected by intellectual property rights.

Global competitiveness requires the development of industry clusters that leverage the West Michigan region's and our local community's natural strengths and areas of expertise, to become the national or global leader in delivering superior product, service and systems value to meet the rapidly changing needs of the global marketplace.

Our community will be more sustainable if we can strengthen our existing clusters through innovation, while adding new clusters with different economic cycles, through diversification that capitalizes on our strengths.

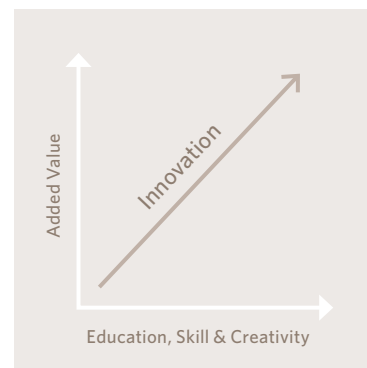
RECOMMENDATIONS

In partnership with Lakeshore Advantage, engage nationally recognized expertise to:

1. Encourage programs and initiatives designed to accelerate value-added innovation and entrepreneurship that differentiates Holland–Zeeland area businesses and our community and helps us move up the value chain.
2. Raise community-wide understanding of the impact of clusters on sustainable employment and economic growth.
 - Identify existing and potential West Michigan Regional clusters and analyze and assess actions required for industry leadership including talent development, research and infrastructure support.
 - Determine how a cluster strategy can strengthen the Holland–Zeeland community economic growth model.
 - Align three-sector leadership relative to priority actions to strengthen local clusters.

Clusters⁵:

Geographic concentrations of similar and/or related firms and associated institutions that together create competitive advantages for member firms and the local economy. (Porter, 2001).



CO-CHAMPIONS:

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⁵See the appendix (p. 11) for greater detail about the economic impact of industry clusters.

2. World-Class Education and Talent Development.

To excel at innovation that continuously improves the value of the products and services offered by our community, we need a superior talent pool to support our key industry clusters, our governments and non-profit institutions. This can only be done through a willingness to invest in education and talent development systems that are recognized both inside and outside of our community as global best practice.

The Holland-Zeeland community needs to be purposeful about actions it takes to develop the talent we have to its maximum potential, recruit the talent we need where gaps exist, and then retain talent by offering world-class education and opportunities for career growth, in a community that is known as an attractive, stimulating and fun place to live.

RECOMMENDATIONS

Initiate inclusive community processes to:

1. Strengthen partnerships between employers and educators.
2. Support an integrated education and talent development system that reflects global best practice.
3. Accelerate training that empowers companies and organizations to innovate more effectively and cost efficiently.
4. Identify the changing skill needs of area employers to ensure linkage with education institutions.
5. Achieve degree attainment rates competitive with other leading transformative regions and communities.
6. Identify research required to keep area clusters on leading edge.

The states that are the best educated have the highest per capita income.

John Austin, Senior Fellow
Brookings Institute, 2011

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Haworth

3. Best Practice Governance for the 21st Century.

Our government organizations provide essential services that contribute to the superior quality of life in the Holland-Zeeland area. This quality of life plays an important role in attracting and retaining talent, new employers and business investment.

While acknowledging these benefits, the cost of these services, in the form of time, taxes and fees, also impacts the economic competitiveness of our businesses and our desirability as a place for citizens to live. The forces creating current economic turmoil are likely to be with us for years, thereby seriously constraining resources available to government organizations. It is therefore mandatory for the common good of all, that government organizations of the greater Holland-Zeeland community and West Michigan region collaborate and strive to “think and act as one,” finding innovative ways to deliver essential services at lower cost per capita as benchmarked against other highly effective communities.



Business provides revenues that flow through so that government and non-profits can provide services that impact quality of life. Quality of life helps attract and retain talent that is essential to all organizations.

RECOMMENDATIONS

Government leaders who hold responsibility and authority must ultimately decide on the most effective areas to collaborate based on the value of savings and doability. Business and institutional leaders must support them in making courageous decisions that improve public value and well-being. We encourage inclusive three-sector engagement to explore opportunities for local public officials to partner with business, education and community leaders to build on existing strengths and find new ways to:

- Focus on creating a highly effective and efficient system of collaboration among area governments.
- Develop a commitment to continuous improvement through best practices objectively measured against other highly effective communities.
- Create a local governance model and implementation plan that promotes a strong economic climate and an exceptional area-wide quality of life.

CO-CHAMPIONS:

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Conclusion.

The Holland-Zeeland Strategic Leadership Forum purposefully stopped short of making prescriptive recommendations, acknowledging these are the responsibility of those who occupy actual positions of authority within each organization and sector. Going forward we are encouraging three-sector collaboration and community engagement to develop shared goals, key measures of success and detailed action plans for each of the strategic priorities identified.

While there are additional initiatives that the community needs to address such as competitive healthcare costs, developing vibrant urban centers and promoting a community culture that celebrates diversity, we believe the three priorities identified in this white paper deserve immediate attention. See Appendix for list of possible longer term initiatives⁶.

The threats and challenges we face are real. The consequences of ignoring them may be irreparable. To succeed in these revitalization initiatives, we must think boldly...act with a sense of urgency...and collaborate as one community.

The first step is to engage a broader group of three-sector leaders and citizens to contribute their ideas and experience to this plan. Co-champions of each bold strategy will facilitate three-sector dialogue and community engagement. With a shared sense of leadership responsibility, commitment, and accountability we will continue to build the most livable, prosperous and sustainable waterfront community on the Great Lakes.

When aligned in common purpose and united in pursuit of mutually beneficial goals, our community can overcome serious economic headwinds to lead our state in economic revitalization. We have the people, passion and capacity to rise above the challenges before us and bring jobs, prosperity and the best possible quality of life to our residents.

We urge Holland-Zeeland to become the role model for the state offering the best value per dollar of resource provided.

⁶See the appendix (p. 14) for a detailed list of longer-term initiatives.

Root Causes of the Current Economic Conditions.

America and the world are experiencing a magnitude of economic turmoil and stress not experienced since the Great Depression of the 1930s. These conditions are not the result of a normal supply-demand imbalance, a single event or policy mistake, rather multiple factors acting in concert.

The failure of communism and state socialism during the 1990s and the emergence of the Internet changed the world economic order. America and Western Europe cannot compete for commodity products and services against countries like China, India, Brazil and Russia that have dramatically lower labor, benefit, regulatory and operating costs. Our state and West Michigan region, with a large employment base tied to manufacturing (once considered a strength), have lost jobs faster than other regions with larger numbers of new economy employers. Likewise, we are projected to add new jobs more slowly than other regions as the national economy improves.

U.S. and Western European population demographics are changing dramatically with the large number of World War II Baby Boomers reaching retirement age and declining spending needs, followed by a smaller generation that enters their peak spending cycle. These changing population patterns, accompanied by age-related spending patterns, project greatly reduced total consumer spending which historically has represented 70% of U.S. GDP. These demographic patterns suggest peak consumer spending levels of the past will not occur again until 2023 or later.

Two decades of low interest rates and easy credit standards have created real estate and asset bubbles and an American culture that took on too much debt relative to income. When the bubble eventually burst most families and organizations, whether business, government or non-profit institution, experienced dramatic loss of net worth. The U.S. banking system came perilously close to collapse, only to be propped up by federal support which increases the debt burden on future generations by trillions of dollars. The long-term consequences of current monetary and fiscal policies decisions leave high degrees of uncertainty.

Importance of Regions and Industry Clusters.

“Natural regions” are the smallest units of community that possess all of the resources and capabilities required to compete in the global marketplace for talent, investment capital and natural resources. Extensive work by the West Michigan Strategic Alliance has determined that the natural West Michigan region extends from Kalamazoo and South Haven on the south to Traverse Bay on the north, with the Grand Rapids-Holland-Muskegon triplex serving as the primary metropolitan core.

Micheal Porter and the Institute for Strategy and Competitiveness at Harvard Business School (2004, 2010), define clusters as; “...geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region. Clusters arise because they increase the productivity with which companies can compete. The development and upgrading of clusters is an important agenda for governments, companies, and other institutions.”

Porter’s research has found:

- The capacity for regional innovation is often driven by industry “clusters.”
- Clusters significantly enhance the ability of regional economies to build prosperity because they act as incubators for innovation.
- Clusters possess the primary elements needed to transform ideas into prosperity—universities or research centers that churn out new knowledge; companies that transform knowledge into new services or products; suppliers that provide critical components or equipment; and marketing and distribution firms that deliver the product to customers.
- Regions with successful clusters enjoy higher average wages, productivity, rates of business formation, and innovation.

When clusters enable companies to export goods and services, new wealth is earned by the community to enhance the quality of life. For West Michigan and the Holland–Zeeland area to prosper and provide stable employment and attractive career growth opportunities going forward, we must develop multiple clusters that can achieve sustainable leadership in their industries. No region has the resources or talent to be all things to all people. We must be thoughtful and wise about investing our talent and resources in clusters that build on our area’s natural strengths and experience.

Role of Education in Economic Competitiveness.

America cannot expect to compete against the low wages, benefits and operating costs in countries like China and India. To achieve renewed economic prosperity, we need to move up the value chain in how West Michigan and the Holland-Zeeland community deliver product and service value to a rapidly changing world.

Competing at a higher level on the value chain will require significant investment in education at all levels to dramatically raise the intellectual skills capabilities of our workforce. Employers nationwide are facing increasing skills shortages and West Michigan is no exception. Baby Boomers will be leaving the workforce over the next several years, and at the same time, an increasing number of jobs require higher levels of skills and knowledge. In 1950, 80% of jobs were classified as “unskilled,” while today an estimated 85% of jobs are classified as “skilled” – requiring education or training beyond high school (Council on Competitiveness, 2007). Given these trends, it is critical that our talent development systems be capable of producing large numbers of highly skilled individuals at all levels and ages of the workforce. **The following statistics from the Upjohn Institute demonstrate that Michigan and West Michigan in particular, are already facing a crisis in our talent pool:**

- In 2006, Michigan ranked 26th in per capita income, and had dropped an unprecedented 10 places in six years.
- Michigan’s percentage of young adults (25-34 yrs) with college degrees is less than the national average and lags the top performing states by 12 percentage points (36% compared to 48%).
- West Michigan ranks 39th among 50 metro areas in the percentage of people age 25 or older who have four-year college degrees.
- West Michigan’s high school graduation rate is only 73.5% (2004-2005) in comparison to the best performing states that are nearly 90%.

Talent has become the primary driver for regional economic prosperity. By 2025 a globally competitive workforce will require at least 60% of its employees have a post-secondary credential: a one-year technical certificate, two-year Associates degree, or Bachelors degree or above. Economic prosperity (measured by per capita income, not unemployment) is highly correlated with educational attainment levels. Clearly, there is major work to be done to assure higher levels of educational attainment and an ongoing commitment to lifelong learning if our region is to prosper. (Talent 2025)

What Is a “Talent Development System”?

A talent development system is more than just a formal education system. It is the sum total of all the efforts, formal and informal, that are engaged in developing, attracting and retaining the knowledge and skill base that drives the regional economy. The key elements of this system include:

Early Childhood Development: parenting, child care, pre-school and other support for the early development of children’s potential.

K-12 Schooling: public and private elementary and secondary education.

Work-Based Learning: such as internships, job shadowing and mentoring.

Higher Education: two-, four-year and graduate college experiences, including internships, certificate programs and service learning.

Adult Workforce Development: efforts to build the skill base of working age adults, including employer training and skill development; job training programs, job rotation; flexible arrangements to retain the knowledge and skills of mature workers; and special skill certifications.

Talent Attraction and Retention: efforts to retain existing talent in the region, and to attract skilled talent from outside the region.

“What most distinguishes successful areas from Michigan is their concentrations of talent, where talent is defined as a combination of knowledge, creativity and entrepreneurship. The key to economic growth is talent. Quite simply, in a flattening world, economic development priority one is to prepare, retain and attract talent.”

(Michigan Future, 2008)

Longer-term initiatives are required to lay the foundation for long-term sustainability.

POSSIBLE LONGER-TERM INITIATIVES

- Explore potential for Holland–Zeeland to be a Midwest Destination Retirement Center.
- Support the Ready for School Initiative: Developing programming and support systems to reduce the percentage of children tested “not ready” for school from 57% to 25% or less.
- Increase the percentage of our population with associate degrees or higher from 32% to 60%. (Current average of developed countries is 50%...Talent 2025 Initiative).
- Collaborate with area colleges, universities and business leaders to create training and mentoring programs to accelerate entrepreneurial activity.
- Support dynamic incubator facilities to launch and nurture technology businesses.
- Develop stronger relationships with venture capital resources that understand and seek investment opportunities in our economic clusters.
- Create a three-sector community task force to explore feasibility of value optimization of local and regional healthcare collaboration to quality healthcare at below national average cost healthcare systems.
- Foster a community culture that genuinely welcomes and celebrates diversity in all forms—unleashing the power and benefits that come from open idea exchange and shared learning among people with different life experiences/world views.
- Initiate action programs to achieve greater diversity in executive leadership and policy boards among three-sector organizations. Support Lakeshore Ethnic Diversity Alliance to deliver effective diversity and multicultural sensitivity training programs. Possible special emphasis on cultural sensitivity training relating to Koreans and Hispanics.
- Expand “The Gathering” and Alliance for Cultural Harmony to provide a welcoming place for minorities who are new to the community to establish new friendships and become connected with the community.
- Explore group insurance and benefits administration for governments and non-profits.
- Formation of a three-sector task force to explore the wisdom and long term feasibility of revenue / tax-based sharing to support civic and cultural institutions, services and amenities that benefit the greater community.

Holland-Zeeland Strategic Leadership Forum Shared Values.

Communities make the best decisions regarding the deployment of scarce talent and resources to maximize community well-being and sustainability when stakeholders first agree on a set of shared values.

1. We respect and seek to build upon what has gone before.
2. Recognizing our interdependency in achieving common goals, we place the greater good ahead of self interest, are committed to the highest levels of honesty, integrity and loyalty to the absent, and treating each other with civility, respect, human dignity and in a win/win mutual benefit manner.
3. We celebrate diversity of all forms as a strength and source of shared learning. In so doing, we embrace the responsibility to listen actively to each other with open minds to gain understanding of perspectives that differ from our own.
4. We will make every effort to ensure that community strategic decision making is an open process and to provide ways for all interested stakeholders to provide input and have access to all information that will enhance understanding and the sense of community ownership.
5. We seek balanced input from all participants, respect for all points of view and strive to gather objective, measurable information to guide us to the best ideas and decisions.
6. We strive to achieve consensus. When this is not possible, we defer to the democratic principle of majority rule.
7. While we do not seek to compromise any jurisdiction's or organization's identity of decision authority, we strive to encourage a community culture that thinks and acts as one interactive and interdependent community.

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