

Triad Must Ask, “What Are Our Skills Clusters?”

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Article:

EDITOR’S NOTE: Andrew Brod, a leading local analyst of regional economic trends, joins The Business Journal this week as a regular contributor to the op-ed page. His column will appear monthly.

One of the most important terms in economic-development circles is “cluster.” An industry cluster is a group of industries that are interrelated: they do business with each other, they use the same infrastructure, and they often hire the same types of people.

The clusters identified for the Triad include transport-logistics, biotechnology, advanced manufacturing, health care and the arts.

In a sense, however, the emphasis on clusters has it wrong. As we’ve seen in the Triad, industries come and go. Nowadays, the fundamental drivers of a region’s economic success are the skills of its workers. The stars of the New Economy are the people whom Richard Florida calls the creative class and Robert Reich calls symbolic analysts: people who manipulate ideas instead of things.

Instead of industrial clusters, perhaps we should focus on skills clusters: groups of related competencies and abilities. Skills clusters are often reflected in particular occupations, but even occupations come and go.

Why do we focus on industries? One reason is that industries are easy to measure; the most reliable economic data tend to be organized by industry. It’s not quite as bad as the joke about the man who looks for his lost keys under the street lamp because “this is where the light is.” It makes sense to analyze data on industries, but ultimately, industries are not as fundamental as skills.

When the defense industry laid off tens of thousands of people in and around San Diego in the late ’80s and early ’90s, the local economy managed to recover (though not immediately) because it had so many skilled people formerly employed in aerospace and related industries.

San Diego is once again a leading regional economy, but now its industries include information technology, biotechnology, and other high-tech sectors. The region’s industries evolved in a very favorable way, and the underlying skill set made that possible.

The importance of skills isn’t limited to the executive suite and design studio, the bastions of the creative class. In transport-logistics, more and more decision-making is being pushed down onto the warehouse floor, where a worker must still know how to drive a forklift but often also to operate a computer, one of which may well be mounted on that forklift.

Manufacturers in the Triad are having difficulty finding workers who know how to do simple mathematics, read meters and operate machinery in an increasingly automated world.

When you listen to politicians on the campaign trail and the blusterers on talk radio, you'd think that the economy's biggest challenge is whether there will be enough jobs for our people. Our biggest concern should be whether there will be enough skilled people to fill the jobs that our economy creates.

When Robert McDowell, a vice president of Microsoft, spoke at UNCG in 2006, he explained why his company recruits overseas: "We're not looking for cheap talent — we're looking for talent. But we can't find enough people coming out of the U.S. education system with the skills we need."

McDowell went on to note that he wasn't just talking about high-tech skills, but also communications and sales.

These issues hit hard here in the Triad. Our economy has undergone extensive changes, and yet we have low levels of educational attainment when compared to other metro areas, even those in North Carolina. We're holding our own in a turbulent global economy.

But as we move forward to what we hope will be a higher-growth future, there's a question we need to ask. What are our skills clusters?