

Ep.34 - Jeff Donofrio

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SPEAKERS

Announcer, Ed Clemente, Jeff Donofrio

- A** Announcer 00:01
Welcome to The Michigan Opportunity, an economic development podcast featuring candid conversations with business leaders across Michigan. You'll hear firsthand accounts from Michigan business leaders and innovators about how the state is driving job growth and business investment, supporting a thriving entrepreneurial ecosystem, building vibrant communities and helping to attract and retain one of the most diverse and significant workforces in the nation.
- E** Ed Clemente 00:28
Hello, I'm your host Ed Clemente and today we're very fortunate to have Jeff Donofrio, President and Chief Executive Officer for the Business Leaders for Michigan. Welcome to the show, Jeff.
- J** Jeff Donofrio 00:40
Thanks for having me on, Ed.
- E** Ed Clemente 00:42
I think I interviewed you once before. So this is this is a double pleasure to have you once again with another podcast. Um, anyway, you know, I would imagine that a lot of people, you know, I think folks who have been around the economic development world and just the business world, are familiar with the Business Leaders for Michigan, but you know, we're not always sure, you know, a lot of people listen to these podcasts and they have a long shelf life. What do you tell people what the Business Leaders for Michigan are, just so if you've met them someone who never heard of it before?
- J** Jeff Donofrio 01:13
Sure. So you know, Business Leaders for Michigan is Michigan's business roundtable. It is comprised of the most

senior executives of Michigan's largest companies and universities. We're dedicated to making Michigan a top 10 state right, for jobs, for personal income for the healthy economy. The organization was started back as Detroit Renaissance. So it was really focused originally, decades ago on just the Detroit region, but really evolved into a statewide organization over the last decade.

E

Ed Clemente 01:48

And I know that I don't know what the number is, but I think you have quite a few board members, correct?

J

Jeff Donofrio 01:55

Yeah, we have around 86 companies and about 95 board members.

E

Ed Clemente 02:01

And and that is it, you know, if anyone, they can look it up, but that really is the geography of Michigan, isn't it? I mean, you've got them everywhere in the state.

J

Jeff Donofrio 02:11

Yeah, it's across Michigan, of course, it's concentrated really across Metro Detroit, and the Westside Grand Rapids area, Michigan. But really, our members represent about 40% of the state's private sector economy. They have about a half a million direct jobs that they people they employ in jobs they control, and they generate about a trillion dollars in revenue, which is a big part of our GDP here in the state.

E

Ed Clemente 02:37

People will go, how did you get this job, Jeff? But what I would ask them, or tell them is you started out, I mean, I think people don't really know. But I'll give you a couple of things. But I think people forget sometimes, too, that John Dingell probably was your biggest foundation, wouldn't you think so and helping you meet these kind of business leaders and community leaders?

J

Jeff Donofrio 03:01

What I learned working for Congressman Dingell for almost eight years was, you know, the intersection between government and and really industry in business and how you know, the best solutions really involve everybody coming to the table, finding a compromise and moving forward. And so I was in contact with, with a lot of different companies as a congressional staffer, both in DC and locally in Michigan, and we did great things. We built wildlife refuges for, you know, downriver and Detroit, we did things like build greenways and, you know, help just really create a business environment that was conducive to growth.

E

Ed Clemente 03:38

And not only conducive to growth, but I think Congressman Dingell was also smart enough to understand that

there's a balance between quality of life and economic development. And I don't think people always see that, you know, that's a big picture concept, I think, for folks, but I think you do that your current job, too, right?

J

Jeff Donofrio 03:58

Yeah, you know, what's becoming more and more apparent is that quality life is a piece of the business environment and an important one. Placemaking, trying to make sure that people are attracted and want to stay in a community is critical because talent right now is at a premium. We know that there's talent shortages across the US and really globally. But you know, what our members tell us is they struggle every day, you know, to find individuals to fill jobs, and to keep individuals in Michigan. It's not unique to just Michigan, but it's something that I think local leaders, state leaders, we have to be cognizant of how we make sure that Michigan is a good place, both to work but also to live.

E

Ed Clemente 04:41

Yeah, and that's probably another sort of big chunk of your background, I think was also that you also worked on workforce boards, not only for the Mayor of Detroit, but also for Governor Whitmer as well and, and I you also had a job with Ford Motor Company and I would imagine, talent sort of played a central theme in a lot of those positions, I would guess.

J

Jeff Donofrio 05:08

Yeah, it's funny, Mary Barra, who's of course, the CEO of GM, and a board member of ours, spoke at a recent board meeting that we had and she said, 'You know, my HR people say the talent war is over and talent won.' It's, it is really all about talent right now, you know, it's always been about talent, but even more so today, where talent can be mobile, as hybrid approaches to work is remote work continues to become a bigger piece of the economy and an option for more workers, you know, they can work from anywhere. So I have friends I have, I have certain anecdotal stories of people moving to Michigan, moving to Traverse City, Grand Rapids, Detroit, during the pandemic, because they could work from anywhere, we'd love to keep them here, and we'd love to attract a heck of a lot more.

E

Ed Clemente 05:57

Yeah, and I think, too, that, you know, the, the two things for talent are usually skills and competencies. And I think, as we move further into this new era, new economy, is competencies are playing a bigger role, sometimes even more than skills, to keep people because they got to be able to adapt to a lot of different evolving environments all the time.

J

Jeff Donofrio 06:22

That's right, you know, really quantifying the competencies of an individual and the competencies needed in a job, you know, so this is two part. Which is employers really need to figure out, do I really need a four year degree? Do I really need a master's degree for that job I'm advertising for, or do I need a certain set of competencies, which I can determine if a candidate has in some other way, because they've had the experience where I can, you know, provide them a test or something like that. That's, I think, the future of HR recruiting and, and workforce. You know, I think it's going to be something that we see evolve within our educational systems, too. But I will say two other things, it's still really critically important that people get post secondary post high school credentials. So a two year degree, a four year degree an apprenticeship, some sort of high quality certification. You know, it is very, very much correlated to a

state's per capita GDP, their household income, you know, the percent of people in poverty with the education rate of that state. So in Michigan, for instance, the percent of people with a higher education degree or certificate 35, were 35th, we have 49% of individuals with a post secondary credential. Poverty rate in Michigan is 34th, GDP were 36th, median household income were 35th. So you can see we're right in line, you know, with that education rate, so if we can move the education rate, if we can get people work credentials, and better skills, it's going to result in an increase in income for families, it's gonna result in a decrease in poverty, and it's going to help Michigan's economy grow.

E

Ed Clemente 08:05

Yeah, I wouldn't even say, you know, the more education or the more skill sets people get, it takes care of a lot of other tertiary issues, without necessarily being its primary intention. So I mean, you know, because as you remember, I used to be a trustee for Wayne County Community College and we know how important it was for someone who didn't have the right kind of tools to all of a sudden get a degree or a skill set, because it would change their entire life pattern at that point.

J

Jeff Donofrio 08:33

You're less exposed to unemployment to recession, to automation, with the higher your, your education level is. But you know, let me just make the second point of that, which is skills are really important to making sure that people have have the right credentials, they have the right degrees, all those types of things, really critically important. But it is almost as important or more important to remove barriers to work. And that was something I did when I ran workforce development in the city of Detroit a lot, right? We had to look at not just how do you put someone into the right training, but it's how do you make sure that they can get a job and keep a job? How do you make sure that they have the transportation, that they have the childcare that they have, you know, the wraparound support services that if a life event happens, you know, a parent goes in the hospital, you know, something happens with with a cad or a child that they can overcome that stay employed and continue to move on a career pathway. What we saw in this state, I think, in this countr, during the COVID pandemic, was that women with children left the workforce at a much higher rate than men with children and with anybody, you know, in the workforce. In fact, men and women who had no children, women actually stayed in the workforce at a higher rate than men. Men and women with children under the age of five, women left the workforce at three times the higher rate. So it tells you how important childcare is, as we look at women staying in the workforce and continuing to grow their careers.

E

Ed Clemente 10:00

And as we you know, I know for the state, you also had to deal with a tough time, obviously, with the unemployment rates. And so I mean, you got to see this firsthand because usually Michigan is uduslly tip of the spear for the whole country because of the high level of manufacturing jobs in the state too. And usually we get sort of hit disproportionately maybe then other states sometimes. And that must have been a huge challenge, right?

J

Jeff Donofrio 10:27

Yeah, you know, Michigan is always one of the most exposed states to recession, it's a really exposed state to automation. So disruptions within the economy, whether it's a recessionary disruption, whether it's something like the electric vehicle disruption that we see within the auto industry, whether it's, you know, manufacturing being disrupted by automation, really hits us hard from a jobs perspective. And so, you know, I think we're second only to Indiana, in terms of the number of businesses that are impacted in any recession over the last few decades. So you know, this,

this was no, no change during COVID, we were very highly affected. And partially, we were impacted, because manufacturing plants, you know, if they're shut down, you can't really do that remotely. You know, there's a lot of our economy that you have to be in person for, and for a period of time during, you know, 2020, in particular, people weren't able to go to work.

A

Announcer 11:24

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E

Ed Clemente 11:41

Is there any other interesting sort of like, I know you guys put out a paper or a general letter not too long ago about economic development, along with Economic Development Leaders for Michigan? Do you want to just kind of give the highlights of what you thought that was about?

J

Jeff Donofrio 11:55

Yeah. So I, when you look at what our board is really focused on, making Michigan this top 10 state, they've really taken four areas where they say, we need to be laser focused on doing systemic change, and doing some short term change as well. So it's economic development and growth within the state, its talent, its business climate, and its equity. And you know, for instance, on talent, we know that Michigan has an aging population. So in 10 years, we're going to have 100,000, fewer people who are working age, we're also seeing a labor force participation rate, the number of people who are either employed or looking for a job, that percentage has decreased significantly over the last couple of decades. And Michigan is below average now, where it used to be a leading state on number of people who are actually working. So we've got to figure out ways to get more people into the workforce, we need to make sure that they are actually able to do the jobs that are in demand. So things like K through 12 reform, you know, our state, unfortunately, is in the bottom amongst outcomes for the K through 12 system, you know, a top 10 state for K through 12 is investing \$2,000 to \$3,000 more per pupil in the classroom. And that means that we're probably \$3 to \$4 billion below where we should be every year. There's also issues with governance, there's issues with, you know, too many of these, maybe waste or costs in the system that we can hopefully get out of the system as well, and then try to implement the best practices that other states have done around the country. So K 12 reform and trying to make sure that we support teachers and administrators, that we make sure that there's an actual linkage to what's going to be in the workplace and in demand as a career at the end of that, you know, educational career, someone goes through for, you know, potentially 20 years is really important. So that's one of the top priorities that we have. Economic Development is another one, right? Because we want to make sure that there are the jobs out there that are going to, you know, increase people's incomes, support a healthy economy. And what we saw, I think, in the last few months, were some some real concerns. You know, the Ford Motor Company announcement that they're going to Tennessee and Kentucky with a new assembly plant for electrified F150 vehicles, three battery plants, two in Kentucky, one in Tennessee. You know, there's a reason why they went there, they chose there because Michigan right now is a little uncompetitive, and our members would tell you this, and I think we as you look at us compared to other states, we don't have the same incentives. We don't have the same toolbox of you know, of the really items that would make something more palatable or more attractive to come here. We also don't have large site development that's been done on commercial and industrial sites. So Tennessee has been investing and Kentucky have been investing in sites for 5 to 10 years, Tennessee had a massive you know, miles wide site for Ford to have as shovel ready. Michigan doesn't have those those same sites available. And that's going to put us at a competitive disadvantage. Amongst other things.

E

Ed Clemente 15:10

Is there any other things you probably didn't mention that you see as trends or things Michigan beyond say, talent and the things you just outlined? Is there anything else maybe that you think that we have opportunities for, as a state?

J

Jeff Donofrio 15:23

Yeah, there's, there's lots of opportunities, but I think we just have to make sure we do is we're pointing in the right direction, and not trying to create something, maybe for a whole cloth, you know, if you create an artificial market, like on these movie tax credits, I know people, some people want to go back to that, I gotta tell you, that is not something that's sustainable unless you have a tax credit in place. But if you look at where we have our competitive strengths, and you know, comparative advantages, with the auto industry, with manufacturing, with research and development that happens here, you know, we have this incredible, incredible strength that we should be taking advantage of both to protect the jobs that we have right now to help them transition from where they are today to what is likely going to be a more automated, and more focus on production of electric vehicles. So our OEM assembly plants, those suppliers all need to make that transition. So we've got to help them make that transition. But then as we look at advanced mobility, there's going to be a lot of opportunities to take technologies that are on the vehicle now or that perhaps are being developed in places like Israel or Silicon Valley, and bring them into an automobile or bring them into a mobility platform that's yet to be developed. And it could be developed right here. So there's lots of opportunities for us to take advantage of, we just got to invest smartly. I think these federal stimulus dollars that we have out there, that people are trying to make decisions on is a real opportunity. We don't want to create unfunded mandates, but we can make one time investments that make us more competitive, that accelerate some of this change, help people get more education, and help us be able to to land more of the jobs in the future.

E

Ed Clemente 17:02

Well, that sort of blended into a little bit of my next question, you've had a pretty decent career, I would say very successful. But if you could go back and talk to yourself, or you know, I'm sure our mid-career person, you already kind of touched on some of the mid-career stuff, but a little bit more, but what would you tell yourself to do this time?

J

Jeff Donofrio 17:26

Invest more in stocks.

E

Ed Clemente 17:30

Next, after that one. Remember Back to the Future, they tried to get the sporting books for betting?

J

Jeff Donofrio 17:42

No, I think certainly, I would tell you know, anybody who's coming up in in a career or looking at a career, in public service, or just in life in general, that you know, there's there's do what makes or what brings you joy, do what makes your you know, or has a positive impact on your community. If you can get both of those together, I think it's, it's the best possible outcome. I you know, I always took what John Dingell told us, which is, 'You do well by doing good.' And

and that was sort of my mantra in life and how what's guided me into various career decisions. And I think at the end of the day, you know, it's a small world and don't burn bridges, right? Try to get trying to help people achieve their goals. And you'll you'll, you know, find very quickly that your life and your ability to achieve your goals becomes easier.

E

Ed Clemente 18:31

Yeah, that's exactly right. I think that that's a philosophy that you don't hear enough of, but I think it's it's so critical to give some before you receive, and then it pays off in dividends usually down the road. The we're already at the end, actually, and that didn't surprise me. I know it would go pretty fast. But the last thing and I know this is hard because you represent an organization for this whole state. But what do you like best about living in Michigan? I mean, I know you've been around the whole state, and anything particular you'd like to go to? Or what would you like if someone came to Michigan? Where would you tell them to go?

J

Jeff Donofrio 19:13

Gosh, I think I would I would tell them go to Lake Michigan, you know, go to Saugatuck or Grand Haven or one of those communities, go to Sleeping Bear dunes, you know, beautiful places. I would tell them to go to you know a city like Grand Rapids or Detroit and experience the the energy, the vibrancy that are there. You know, I live in Detroit and I'm very fortunate to live very close to Belle Isle and the new Joe Louis Greenway that's coming in, the Riverwalk, I mean I love the fact that you know, we've invested in these types of placemaking activities and and infrastructure that really makes my community more beautiful, which which is great.

E

Ed Clemente 19:51

Well, I want to thank again, Jeff Donofrio, the President and Chief Executive Officer for the Business Leaders for Michigan. It's been a pleasure talking with you, Jeff, when we take we really take advantage of having your organization in the state and keep doing good work for us and look forward to seeing you in the future.

J

Jeff Donofrio 20:09

Thanks very much Ed, appreciaite it.

A

Announcer 20:12

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