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# Towards A New Paradigm of Development



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# Towards A New Paradigm of Development: Manufacturing Renaissance's Theory of Change

## Introduction

This paper has been more than three years in the making. This particular work began with having a difficult time explaining to one of our stakeholders exactly how the various parts of the organization fit together such that a supporter of our work could be successful in pitching the organization to a potential partner or funder. We had big ideas as well as practical programs that evolved in direct response to increased understanding of what was needed and to the changing conditions in the economy, policy and communities, but the typical person did not easily see them as connected.

As a non-profit organization, we weren't focused solely on one problem in one specific geography, or on one target population. Our programs seemed too small, and it seemed we were trying to do too much as we sought to serve youth and manufacturers while also engaging in policy making and community development. So, I began to write to put these seemingly disparate programs into one narrative as I searched for a framework—a Theory of Change—that was accessible as well as accurate in describing our experience and why MR has been committed to advancing the programs we have over the years. The following paper is the last of a number of drafts.

The audiences for this paper will come from the leaders in the world of manufacturing, community development, labor, politics, and education who are interested in policy and anchored in practical projects and programs that both refine as well as test the quality of their larger ideas. My purpose is to challenge this community to recognize that their expertise in their various sectors and programs is required but not sufficient. We face a systemic crisis that requires a systemic solution. A measure for our success is in the degree that our day-to-day programs have the key elements of what's required in a new paradigm of development as a foundation for challenging the existing paradigm. We need to contend.

I've had the luxury of working for an organization of active organizers, thinkers, and leaders that have provided a body of work to learn from. I'm deeply indebted to the staff, Board, and partners of Manufacturing Renaissance. I'm particularly grateful for the rigorous review, edits, and suggestions of Erica Staley—my daughter, the Executive Director of MR, and a strategic leader in her own right. I also am indebted to Martha Heineman Pieper for her review of various drafts, her candor, her support, and her suggestions (including the introduction to Thomas Kuhn) as I struggled to find a clear way to present my perspectives during this strange year of the pandemic.

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## Executive Summary

Since 1982, Manufacturing Renaissance (MR) has focused on retaining and rebuilding the manufacturing sector for the benefit of our society. Over nearly four decades, MR's work has reaffirmed our initial instincts that the manufacturing sector as well as the communities that historically depended on manufacturing require a shift to a new paradigm of development.

The current paradigm sees production guided by the principal objective of the private accumulation of wealth. This paradigm has given rise to:

- Increasing income inequality,
- Poverty,
- Social exclusion and polarization, and
- The contamination of the planet.

The new paradigm sees the purpose of production as driven by the objective of creating a society that is economically, socially, and environmentally sustainable and restorative. The new paradigm seeks:

- Social cohesion and development,
- The restoration of the environment,
- Democracy in all aspects of life, and
- Stable and secure lives for the citizens of the world.

A new paradigm must compete within the framework of the marketplace, government at all levels, and within civil society for hegemony. In the past, such a call to action was seen as unrealistic and a view held by those on the political margins of our society. In light of the continued decline, the discussion on a paradigm shift is now in the mainstream. The purpose of this paper is to challenge this our community to recognize that their expertise in their various programs is required but not sufficient. We face a systemic challenge that requires a systemic solution. The measure for success is in the degree that our day-to-day programs have key elements of what's required in a new paradigm of development, that have the potential to scale, and the discomfort we should feel in being silent as we re-enforce the current paradigm with traditional practices and thought. We need to contend.

Without a shift to the new paradigm, we will see the continued decline not only in manufacturing but in our society in general. With a shift to a new paradigm by manufacturers, the financial community, labor, government, and civil society, we will see progress in restoring and strengthening our manufacturing sector and our communities. This shift requires new partnerships, new ways of working with others, new responsibilities, new values, and new programmatic prototypes.

MR has dedicated its work to refining a vision and strategic framework for a paradigm shift as summarized in **Section 1**. We have also focused on developing key programmatic prototypes on the application of new paradigm thinking to key challenges in our society particularly poverty as well as exclusion and discrimination in urban settings. These prototypes demonstrate the practical potential of embracing new paradigm thinking. They can be replicated in other communities and can be scaled as a fundamental component of a paradigm shift. **Section 2** of the paper describes the main features of these prototypes.



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## Section 1

### Background

In the late 1970s, we witnessed the beginning of the dramatic destruction of our manufacturing sector in Chicago. The Chicago industrial suburb of Cicero lost 50% of its jobs in six years in the early 1980s. In the 1980s and 1990s, Chicago lost 4,000 out of 7,000 factories and 200,000 manufacturing jobs resulting in the loss of hundreds of thousands of other jobs in other sectors of the economy.<sup>1</sup> This was the beginning of the severe urban poverty we see today. African American communities like Austin on Chicago's West Side lost 90% of their manufacturing jobs. Labor/management relations changed with the demand for dramatic wage and benefit concessions backed by the threat to close a company and move it to low wage regions of the US or the world. The notion that "manufacturing was dead" in the United States became widely held by political and policy leaders. We were skeptical of that perspective, but the numbers and the impact on our communities were staggering.

In 1983, a group of labor, community leaders and academics founded what is now called Manufacturing Renaissance<sup>2</sup> to understand the transformation that was occurring to help workers, unions, communities, and society in general. Could the manufacturing sector continue to be the foundation of development for American communities? Or was it dying or dead and were we inhabiting the "new information age" or the new "service economy"?

The leaders in Manufacturing Renaissance had been shaped by the values and struggles of the 1960s. We intuitively understood the importance of manufacturing as a foundation for our society; and were intrigued by the ways in which manufacturing could be improved for the benefit of workers, unions, communities, the environment, and local government. At the heart of our values was a commitment to fairness, justice, democracy, and building a truly sustainable society. We recognized the centrality of race and community inspired by leading organizations like the Student Non-Violent Coordinating Committee that evolved from a civil rights organization into an organization seeking fundamental changes in our society. We were inspired by those who called for a new paradigm of development from the beginning, but we had only a rudimentary understanding of how this should look.

The crisis in manufacturing signaled the need to go beyond the struggle for justice, democracy and labor rights and towards a vision and strategy for community economic development that would require completely different approaches, new alliances, and what we would come to understand as a paradigm shift in our society as a whole. Our optimism at this early stage was reinforced by the opportunity to work with the Harold Washington administration in Chicago that embraced what could have been a paradigm shift in the development of urban centers throughout the country. There was a reason to think boldly.

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<sup>1</sup> This was due to the "multiplier effect." Today, each manufacturing job generates 5 other jobs, on average, in the rest of the economy.

<sup>2</sup> The new organization was called the Midwest Center for Labor Research. In the mid-90s, we changed the name to the Center for Labor and Community Research. We adopted the name Manufacturing Renaissance in 2014.



In 1991, we published a paper entitled, “Towards a New Vision of Community Economic Development”<sup>3</sup> which summarized our views at the time. In reviewing this paper recently, I was struck with its characterization of conditions in our society 30 years ago in comparison to today, and how we saw our work going forward. In our introduction, we said:

*The traditional paradigm for development has generally reflected the values of economically advanced groups and, regardless of our own particular desires, development has occurred as a reflection of the rich upon the poor. Our vision challenges this model.*

*Today, our communities have been ravaged by deindustrialization and capital flight. Factories stand empty and housing projects deteriorate while the people who could help bring them alive sit idle on stoops and street corners. Plainly traditional leadership has failed and left a vacuum in our midst.*

The paper went on to argue that these conditions can produce a fundamental shift in the prevailing development paradigm replacing it with “a model that places the economic and social needs of the whole society, particularly its most oppressed, as the target of development.” It called for “those of us who share interest in this field, to work out the details of a new vision for development in the course of engaging in work, development, and evaluation on a community level.”

As an organization, Manufacturing Renaissance is still balancing decades of research and learning about national and international best practices with the necessary practice of developing practical programmatic prototypes that would constitute the “legs of a stool” in a new paradigm of community economic development. Central to this paradigm is the retention and development of our manufacturing sector that requires:

- 1) Vibrant public/private partnerships;
- 2) Building of an inclusive education and training infrastructure that prepares a new generation of leaders for all aspects of manufacturing including production, product development, management, and ownership; and
- 3) Public policy that will lead to the scaling of the programmatic prototypes essential for broad participation and equitable outcomes.

Almost forty years later, we believe that we and others have identified the key elements of programs that, if scaled, constitute a practical path of development that is consistent with the features of a fundamental transformation of our society.

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<sup>3</sup> *Towards a New Vision of Community Economic Development*, by Dan Swinney, Miguel Vasquez, and Howard Engelskirchen, p. 1, 1991. Available at [www.mfgren.org](http://www.mfgren.org)

## Paradigms and Paradigm Shifts: Definitions

In 1962, physicist Thomas Kuhn wrote *The Structure of Scientific Revolutions* that popularized the concept of “paradigm” and, more importantly, “paradigm shift.” He describes the process of revolutionary change in the scientific community that, I think, is equally relevant to broader society. “Paradigm” is defined as “...a philosophical and theoretical framework of a scientific school or discipline within which theories, laws, and generalizations and the experiments performed in support of them are formulated.”<sup>4</sup> For the purposes of this paper, “paradigm” refers to how our political, social, cultural, and economic systems guide the forces and participants of production. Kuhn describes the features of a “paradigm shift” that provides a foundation for Manufacturing Renaissance’s theory of system change. Our vision of a paradigm shift includes:

- An understanding of the main characteristics of our current system—it’s strengths and weaknesses.
- The recognition that the current system is unable to address and perpetuates crises such as poverty and growing income inequality, under-employment, mass incarceration, climate change, and now a pandemic.
- The importance of developing a new paradigm that is up to the challenge of addressing the various crises and winning the support of the overwhelming majority of people within our society.

This vision makes possible a new social contract, a set of policies, and political power that enables the new paradigm to take hold. Kuhn specified that the achievements of a new paradigm are:<sup>5</sup>

- “Sufficiently unprecedented to attract an enduring group of adherents” away from what has been going on; and
- They are open-ended, with plenty of problems for the “redefined group of practitioners to resolve.”

Kuhn provides a theory of change that is consistent with what we have experienced in our journey to bring about a paradigm shift. His work puts in perspective the challenges we have faced as well as giving us confidence in the path we have chosen.

## The Current Paradigm

Following the Great Depression, we had a new social contract with a strong central government guided by Keynesian economic policy and an expanding industrial base with a global reach. By the 1950s, manufacturing was almost 30% of Gross Domestic Product. Manufacturing was a very profitable sector. Industrial communities were stable and vibrant. The private sector—with government support—was in command of the development of our industrial base in making the

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<sup>4</sup> Merriam-Webster dictionary.

<sup>5</sup> Introductory essay to *The Structure of Scientific Revolutions*, by Ian Hacking, p. 18.



decisions on what sectors to develop and retain, the products to produce, the use of technologies, and the terms of engaging the labor market.

The social movement was led by leaders like John L. Lewis in labor and Saul Alinsky in communities. They were effective advocates for greater redistribution of wealth for their immediate constituencies, but they also accepted the exclusion of broader sections of society having influence over the key decisions involved in the creation of wealth. The underlying assumption of our society was that the drive for the private accumulation of wealth for a few would be a tide that would lift enough boats to sustain political and economic stability as well as ensure global dominance.

**Manufacturers and Investors Violate the Social Contract:** By the late 1970s, the assumptions that had guided the previous 40 years had changed, in large part due to the emergence of new information technologies—the computer and the chip. It was now possible to store and instantly access enormous amount of information—transforming the financial markets. It was now possible to move capital across the globe in seconds. Opportunities to generate high rates of profit in the short term dramatically expanded and surpassed the traditional strategies for growth in manufacturing. David Roderick, CEO of US Steel, famously claimed as he dismantled US Steel South Works in Chicago—one of the most profitable mills in the world—that “I’m in business to make money, not steel.” His decision to close US Steel South Works contributed to the unnecessary devastation of the communities on the South Side of Chicago as well as unraveling our productive capacity.

Charlie Bluhdorn, the CEO of Gulf+Western invested in manufacturing companies with the intent of “milking the cash cow”<sup>6</sup>—remarkably similar to the business strategies of a slum lord in the housing market. He and his successors made billions in their transactions, yet the impact of their business strategy was disastrous to the communities that had depended on a commitment to stewardship by the private sector. G+W closed all of its manufacturing companies including Taylor Forge where I had worked for 7 years, purchased Paramount Pictures, and then disappeared into what became Viacom. Powerful sections of the financial community as well as some owners and managers of the manufacturing sector unilaterally violated the social contract abandoning the decades of their stewardship of our productive sector that was the bedrock of our society.

**Complicit Government:** Complicit in the mismanagement of our industrial base was passive government guided by the visions like that of President Reagan for “government to get out of the way of the private sector.” In Chicago, Brach Candy Company—an employer of 3,700 West Side residents—was being destroyed by its owner—Klaus Jacobs. There was a determined campaign by the Teamsters Union, 80 community-based organizations, and internal management at Brach to encourage Jacobs to sell the company to its employees and management—a step that would have saved a major economic anchor on Chicago’s West Side.

Manufacturing Renaissance (MR) was the key intermediary in this effort. The Daley administration cancelled our \$50,000 industrial retention contract with Chicago’s Department of Planning and Development because we were “interfering in the affairs of the private sector” with the Brach campaign.<sup>7</sup> In its analysis of every large publicly-traded company that was closing production

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<sup>6</sup> “Gulf + Western” by Bennett Harrison, *Labor Research Review* #1, p. 19.

<sup>7</sup> Misadventures in Candyland 1 & 2, [www.mfgren.org](http://www.mfgren.org)





facilities in Chicago, MR found healthy companies that faced problems that could have been solved by owners, investors, and managers who were willing to implement long-term High Road<sup>8</sup> strategies. The loss of these companies and their jobs were not isolated events but products of a declining system. Their loss could have been averted by a government that should have accepted its responsibility to protect our productive assets from manufacturing slum lords.

Local government also failed to meet the pressing needs of small manufacturing companies. Most manufacturing companies are small. Ninety-nine percent have less than 100 employees. In the 1980s, MR identified a major reason for the loss of manufacturing companies and jobs: aging owners of small companies with no successor. Hundreds of companies employing thousands of workers were closing because of a problem that could easily be addressed by effective governmental assistance.

MR did a study of 800 small companies with less than 250 employees and found that 40% of these companies were at risk because of the lack of an apparent successor. These are companies that, fueled with the vision for a new paradigm of development, could have been saved with governmental help arranging the acquisition of these companies particularly by groups of employees or Black and Latinx men and women who had historically been excluded from ownership of manufacturing companies. Assisting and saving these companies is an ideal role for local government. These companies, in their aggregate, represent the heart of the supply chain for the larger companies. Their loss was unnecessary. This was another problem that could be solved if government adopted an entrepreneurial vision and mission—an essential component of a new paradigm of development.

**The Collapse of our Vocational Education and Workforce Development System:** With the growth of industrial sectors in the developing world which had the advantage of offering low skilled labor for low wages, the American manufacturing sector shipped low-skilled work offshore and focused on developing their competitive advantage in high-skilled, advanced manufacturing. Just as this became the norm for the American manufacturing sector, public education systems began to systematically cut their vocational education programs in high schools and community colleges—evidence of a growing disconnect of local governments from the needs of the competitive manufacturing sector. Despite the prevailing misassumptions by policy leaders that “manufacturing was dead”, manufacturing persisted, adapting new technologies and creating new kinds of jobs.

Today, 58,000 manufacturing jobs in the Chicago area are going unfilled because our education and training systems failed to keep pace with changing technologies and occupations cultivating a viable pool of talent required for successful employment in today’s manufacturing.<sup>9</sup> While a few manufacturing-related training programs around the region have developed in recent years, they produce collectively perhaps dozens of graduates per year eligible for these jobs. Our society is strangling the productive sector while failing to invest in the education and training system that could link millions of young people in desperate need of a career to our manufacturing sector—again, a problem that could be solved by government on a local, state, and federal level.

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<sup>8</sup> *Building the Bridge to the High Road*, Swinney, [www.mfgren.org](http://www.mfgren.org), p. 58.

<sup>9</sup> Cordova, T., Wilson, M., Stettner A., *Revitalizing Manufacturing and Expanding Opportunities for Chicago’s Black and Latino Communities*, 2018, UIC Great Cities Institute.

## Towards a New Paradigm of Development

According to Kuhn, established paradigms or systems face anomalies—challenges that they can typically solve. The need for a paradigm shift becomes apparent when the existing paradigm faces anomalies that it cannot solve and that become crises. That is the character of our society, underscored by the COVID-19 pandemic. Crisis in almost every sphere of life is now the standard and is exacerbated through inequalities in the spheres of race, sexuality, and gender. Examples are income inequality; poverty; unemployment or underemployment; extrajudicial killings and mass incarceration of Black people; degrading personal health and life expectancy; increasing public health vulnerabilities and environmental racism; climate change and environmental disasters; political polarization; budget crises at the federal, state, and local level; and the general decline in the quality of life for most Americans. These are disparities in society that have grown exponentially over the last 40 years with the dramatic decline in manufacturing being a key contributing factor.

From the beginning, Manufacturing Renaissance (MR) instinctively understood that in communities like Chicago's West Side, we were confronting a systemic challenge that would require something on the order of a paradigm shift to effectively address. Our challenge was to create solutions—programmatic prototypes that would provide tangible solutions that could contribute to solving some of the immediate problems in ways that could create confidence and lead to the embrace of the need for and new elements of a new paradigm for community development. After fifteen years of focusing on de-industrialization and the dramatic decline of inner-city communities, we were convinced that the problems we saw were not anomalies. These problems were not the kind of anomalies that would soon self-correct within the context of the existing paradigm.

We concluded that most of the companies that closed could have been saved under a different kind of development agenda. Dramatically increasing poverty in inner city communities could have been avoided if there was a strategy for development that was economically, socially, and environmentally sustainable and restorative with a new social contract that placed social cohesion and social values at the heart of wealth creation and the development of our manufacturing base. We articulated this broad vision in a paper called *Towards A New Vision for Economic Development*<sup>10</sup>, and later in *Building the Bridge to the High Road*<sup>11</sup>. We then turned our attention to creating practical prototypes that could demonstrate the value of a new paradigm of development as they demonstrated their ability to show proof of concept towards solving immediate problems for the manufacturing sector as well as the broader economy and attracted new "adherents" won over to the new approaches. In *Towards a New Vision of Community Economic Development* (1991), we identified five distinguishing features in our vision:

- 1) A celebration of the dynamic and positive role of labor.
- 2) An embrace of democratic and participatory forms of management.
- 3) A commitment to end poverty and discrimination.

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<sup>10</sup> Paper by Swinney, Vasquez, and Engleschirchen, 1991. Available at [www.mfgren.org](http://www.mfgren.org)

<sup>11</sup> *Building the Bridge to the High Road*, 1996, by Dan Swinney.

- 4) An embrace of affirmative action as an opportunity to recover initiative and talent stifled and crushed by white male privilege; and
- 5) A commitment to ecologically sustainable development.

We would later add:

- A recognition of the powerful role of manufacturing in social transformation.
- The importance of an industrial policy that recognized the importance of new technologies that increase innovation and productivity as well as the importance of an equal investment in social inclusion; and
- The importance of deep investment in our education and workforce development infrastructure from pre-school to graduate school to achieve our goals in shifting the paradigm.

As we wrote then, “We have no blueprint for how this is to be done and, without a doubt, experience will demonstrate a spectrum of ways...”<sup>12</sup>

**The Challenges in Creating New Prototypes:** As we have experienced, developing programmatic prototypes that lead to a new paradigm is not simple work. Developing a new set of assumptions that will lead to a paradigm shift is complicated. Kuhn refers to it as solving a puzzle. Creating and applying new prototypes is messy. It’s expensive. There is constant adjustment to constructive criticism. There’s trial and error. Yet with discipline, a new prototype with features that distinguish it from the old prototype will be finally successfully solving the problems that the traditional approach could not, and offer an effective alternative that shows strength, efficiency, more social cohesion, and economies of scale. By solving problems that became crises under the old paradigm, the new paradigm becomes cost-effective.

It is an ongoing struggle to convince private philanthropies and public funding sources both that developing new prototypes is a required activity in the charity, social service, and community and economic development landscape. “Paradigm shifts” are not currently a recognized need or concept broadly accepted in the philanthropic or public sectors. Many stakeholders in the non-profit and government sphere are resigned to operate within the domains of the current, failing paradigm. . While we develop and implement practical solutions that meet the needs of our constituencies and stakeholders, we must create the space for learning, leadership development, policy advocacy and engaging a diverse cross section of our society on the issues and possible solutions. We believe that with persistence, institutions and the political power structure will be compelled to embrace the new paradigm, thus inspiring exponential growth that can meet the scale of the challenge.

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<sup>12</sup> *Towards a New Vision of Community Economic Development*, p. 10.

## Lessons from Building New Prototypes

Manufacturing Renaissance has remained true to our early understanding that the problems we experienced associated with deindustrialization were those of a paradigm for development that could no longer meet the needs of society. We've defined our role as developing programmatic prototypes that introduce the features of a new paradigm in solving the challenges facing manufacturers and communities. We've learned the following six lessons:

- 1) **The Current Paradigm Must be Challenged:** Despite the claims of those with a vested interest in the current paradigm, traditional approaches need to be challenged. We must displace the notion that the private accumulation of wealth is the guiding principle for a healthy society. While this should not prevent individuals and families to be wealthy, it should not serve as the sole guiding principal of society and certainly in proportion to the broader needs of society. The guiding principle should be grounded in development that is economically, socially, and environmentally sustainable as we all face the escalating, destabilizing dangers in income inequality, poverty, climate change, and social marginalization.
- 2) **Manufacturing Matters:** Manufacturing is at the heart of the kind of development that can lead to the creation of a broad-based middle class; the invention and production of products and processes that increase environmental sustainability and restoration. We need a much broader segment of society that is engaged in and benefiting from the creation of wealth to facilitate the expansion of social justice and social cohesion. We need to transform the social relations of production to reflect the new paradigm.
- 3) **Industrial Policy Matters:** We need an industrial policy that is guided by a commitment to the appropriate uses of advanced technology as well as a deep commitment for social inclusion in the production process. In the 1950s, manufacturing represented almost 30% of GDP in the U.S. Today, manufacturing represents 12% of GDP—the same as war-torn Afghanistan and it is declining. In China, manufacturing represents almost 30% of GDP.<sup>13</sup> We need Inclusion & Industry 4.0—an industrial policy that reflects the values of the new paradigm and leads to manufacturing representing 20% of GDP by 2030. The current industrial policy focuses almost exclusively on the importance of new technologies. As we embrace new technologies—Industry 4.0—we insist on an explicit commitment to including as many in our society as possible building a more sustainable society.
- 4) **Rebuilding Inner City Communities is a Priority:** As we focus on the growth of our manufacturing sector, we must ensure that we prioritize the redevelopment of our manufacturing sector in Black, Latinx, Indigenous and People of Color communities. It is first a matter of social justice. These were the communities that were most devastated by deindustrialization and now suffer the deepest levels of poverty, marginalization, incarceration, environmental contamination, lower life-expectancy, and ill-health. From these communities are the solutions that will benefit the entire society such as was seen of the struggle for democracy in the Civil Rights movement and its impact on communities across the US,

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<sup>13</sup> <https://www.indexmundi.com/facts/indicators/NV.IND.MANF.ZS/rankings>

including rural communities, and globally. We need to demonstrate that manufacturing will be a tide that lifts all boats, not just a few. This commitment expands the base of support in society for policies that are essential in strengthening manufacturing.

- 5) **A Strong and Entrepreneurial Government is Required:** We need government that not only ensures public safety and a more equitable distribution of wealth but that is aggressively entrepreneurial in investing in and supporting the research, technologies, institutional innovations and use of capital to continue to expand our productive capacity focused on addressing social needs.<sup>14</sup> We don't need a government that gets out of the way of the private sector, but a government that represents the needs of society in an effective partnership with the High Road private sector, sharing responsibility for the development and retention of our productive capacity for the benefit of all of the stakeholders—not just the shareholders.
- 6) **Creating Prototypes is Tough Work:** Creating prototypes that reflect the features of the new paradigm are essential in refining the design of the programs and new kinds of partnerships to ensure they effectively solve the crises of the traditional paradigm. By definition, these prototypes will initially be messy, small, and expensive. As our experience shows, the creation of an effective prototype takes time and there is no dedicated source of funding to support new approaches. Prototypes will emerge at the margins of the existing programs. They will often face institutional resistance by those who benefit or are comfortable with the current state of affairs in the institution that the new prototype challenges. As Kuhn says, "...paradigm-testing occur only after persistent failure to solve a note-worthy puzzle has given to crisis...testing occurs as part of the competition between two rival paradigms for the allegiance of the...community."<sup>15</sup> Yet as the crises deepen, broader support emerges to support new approaches. As other complementary prototypes emerge, support for the prototypes can grow exponentially, leading to their refinement and leading to a scale necessary to challenge and replace the dominance of the old paradigm.

## Section 2

### **Towards a Paradigm Shift: The Development of Program Prototypes**

#### **Inspiring Models**

For the first 15 years, Manufacturing Renaissance was a "plant closing" organization. We would be asked by unions, community organizations, religious leaders, and local governments to determine if an expected plant closing could be averted. We would assess whether there was a problem that could be solved or whether there was a problem that was not worth political or financial investment and if a problem could be addressed in enough time to save the company. After looking at scores of companies we found that roughly 20% had problems that could not be solved in a timely way. Yet 80% of the

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<sup>14</sup> Mariana Mazzucato, *The Entrepreneurial State*, 2011; and *The Value of Everything*, 2017

<sup>15</sup> Kuhn, p. 144.



companies were lost to problems that could have been solved. We became convinced that the crisis in manufacturing could be addressed and that manufacturing was far from dead. As we gained a deeper understanding of the dynamics of what was becoming the advanced manufacturing sector, we saw that it could play a strategic role in building a society that was environmentally, economically, and socially sustainable and restorative.

We were inspired by the efforts of other organizations that initiated and led projects that clearly reflected the elements of a paradigm shift:

- **Morse Cutting Tool Campaign:** The successful effort by Ron Carver of the United Electrical Workers to prevent the closing of Morse Cutting Tool—a subsidiary of Gulf + Western. This campaign framed the plans by G+W to close the company as “good business vs. bad business” in exposing the destructive corporate strategy of “milking the cash cow.” The union built a broad-based coalition in their campaign and successfully won the support of the Mayor of New Bedford—Brian Lawler to threaten the use of eminent domain to block G+W’s plans—an early model of “entrepreneurial government.”<sup>16</sup> Hundreds of jobs were saved by a union taking over responsibility for the stewardship of a manufacturing company that was an anchor in New Bedford, MA. See the whole story in *Labor Research Review* #1.
- **Bronx Ecology Project:** The Bronx Ecology Project led by Allen Hershkowitz of the Natural Resources Defense Council, to utilize new technology in taking the ink out of paper without using chlorine as the foundation for creating a paper mill in the Bronx borough in New York City that would be owned by the community and create thousands of jobs. The project was not successful but advanced a new model of community development anchored in advanced manufacturing.<sup>17</sup>
- **Sharpsville Quality Products Campaign:** The efforts of Steelworker Local 1355 at Sharpsville Quality Products in Pennsylvania to save their jobs by occupying the plant then buying the company with the support of Tom Croft and the Steel Valley Authority, among others. This represented an early effort by the labor movement to take the lead in the creation of wealth as they blocked low road short-term profit maximization strategies by the owner.<sup>18</sup>

We also began to recognize that there were other systemic approaches that showed promise in Europe, particularly in the Basque Country in Spain, and in the Emilia Romagna region of Northern Italy. In both regions manufacturing has been recognized as a key element in building social cohesion and creating a sustainable society. These regions:

- Successfully compete globally in advanced manufacturing sectors,
- Have entrepreneurial governments that actively engage in defending and expanding their manufacturing sectors, and
- Frequently use the cooperative model.

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<sup>16</sup> <https://digitalcommons.ilr.cornell.edu/lrr/vol1/iss1/>

<sup>17</sup> <https://islandpress.org/books/bronx-ecology>

<sup>18</sup> <https://www.thefreelibrary.com/A+steelworker+solution%3A+when+all+else+failed+they+bought+the+shop.-a016525373>



These examples provided enough elements of a new approach that gave us confidence that we could address the growing economic, social, environmental, and political crisis that challenged our hope for the future in the US. Such a focus was worth the risk and frustrations that accompany such ambitious goals. We recognized the importance of having a theory of change that was consistent with what we have been learning -particularly in the context of the West Side of Chicago.

We see prototypes as a programmatic reflection of a new paradigm. A prototype is much more than a program that serves a particular constituency. It needs to address an immediate problem effectively, to be distinctive from the old paradigm, and to be capable of continuous improvement, replication and to be taken to scale. The creation of prototypes is an essential pre-condition to winning broad popular support for the creation of a new paradigm.

## **Towards a New Prototype in Manufacturing Partnerships**

By the late 1990s, we recognized that a fundamental challenge for manufacturers and the broader community was the quality of education and training linked to a changing manufacturing sector. Our manufacturing sector was shifting to advanced manufacturing—a focus on the use of advanced technologies—that required a higher degree of training and education even for entry level workers. Our public education system bought into the false premise that college preparation was its primary purpose and began to disengage from effective career and technical education that could expose, inspire, and prepare young people for career-track jobs in dynamic and gainful careers like in advanced manufacturing. While there was an unjust legacy of tracking Black and Brown, young people of color into dirty, dangerous, lower paying manufacturing jobs, public education failed to keep pace with the changes in the industry and the emergence of higher quality, higher paying jobs that required math, technical and problem-solving skills.

The US public education sought to narrowly focus itself on a “college for all” agenda even as evidence mounted, reporting as early as 1988, that most high school graduates were underprepared and/or unable to persist and successfully complete and earn a college degree<sup>19</sup>. Meanwhile, thousands of jobs, many not requiring a 4-year college degree, were going unfilled and thousands of low-income students were being cheated out of the opportunity for a career path in manufacturing—a job that now pays \$82,000 a year including benefits. In Chicago, almost all vocational programs in public schools were phased out. This is a clear example of the failure of the traditional paradigm to address a crisis.

In 2000, we partnered with Don Turner, the president of the Chicago Federation of Labor (CFL) in securing a \$750,000 grant from the US Department of Labor to study the public education system’s linkage to the manufacturing sector.<sup>20</sup> We did a thorough eighteen-month study that found a total disconnect between the public education system and manufacturing companies. There was no question that the old paradigm was failing and that a new one was needed. We took a delegation to Germany, the Netherlands, and Denmark to understand best practices in vocational education and

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<sup>19</sup> *Pathways To Prosperity: Meeting the Challenge of Preparing Young Americans for the 21<sup>st</sup> Century*, Harvard Graduate School of Education, 2011

<sup>20</sup> *Creating a Manufacturing Career Path System in Cook County*, by Manufacturing Renaissance and the Chicago Federation of Labor, 2001



integrated those lessons as well the experience of the Basque Country<sup>21</sup> and the Emilia Romagna Region in Northern Italy into the recommendations of a report. The report and its recommendations were the first in Chicago to articulate the importance of national skill standards for the Chicago education system, the necessity for a dual system of education that integrates education with work experience, and the need for partnerships that includes every key stakeholder participating in and benefiting from the system including labor, community, manufacturers, educators, and city government.

Our report and recommendations engendered new partners and alliances that embraced the vision of a new prototype with a coalition that could address the huge challenge facing the manufacturing sector, what is often referred to as the “skills gap” and engaged key leaders in Chicago. The labor movement, through the Chicago Federation of Labor (CFL), took the lead in grappling with this challenge to the manufacturing sector as a whole and offered a broad and inclusive vision for change. The CFL embraced the concept of working with non-union companies in this project without the intent of organizing them—a position that was very controversial within the AFL-CIO for years. This work was led not by employers but by a broad network of organizations and agencies that represented broader public interests and accepted the requirement of meeting the standards of the advanced manufacturing sector as they recognized the centrality of manufacturing to public interests. Manufacturing was recognized as too important to communities to leave up to manufacturers alone. City government, under the leadership of the Interim Commissioner for Workforce Development, Gustavo Geraldo, and his successor David Hanson, recognized the importance of the issues as well as the partnership that was emerging, and later became active members of the Chicagoland Manufacturing Renaissance Council Leadership Committee—suggesting a more aggressive stance by government towards new partnerships than had been the Chicago tradition.

We had a breakthrough when the leadership of the Republican-aligned Illinois Manufacturer’s Association (IMA) became interested in our work under the leadership of Glen Johnson, President Oakley Millwork, and the Chair of the IMA’s Board of Directors. They were interested in our recommendations for transforming public education as well as the willingness of the CFL and the other public-based groups to meet the increasingly high standards for education required by the shift to advanced manufacturing. The IMA, the CFL, and MR agreed to work together in creating a partnership that could implement the findings of the report as well as protect the new initiatives that would inevitably arise from our joint work. For a year, following the release of the report, the CFL, the IMA, and MR met to discuss how such an unlikely partnership could be sustained and expanded. The answer was found in keeping it simple. We formed the **Chicagoland Manufacturing Renaissance Council (CMRC)** in 2005 around the following principles that addressed the immediate needs of manufacturers for a skilled workforce as well as articulating key social goals. The objectives of the CMRC were to:

- 1) Develop and promote the Chicago region as a global leader in advanced manufacturing.
- 2) Create and sustain a partnership that included all the key organizations in manufacturing including labor, manufacturers, government, community-based organizations, and educators.

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<sup>21</sup> We also had learned from the experience of the Basque Country in Spain on the central role education played in the development of the Mondragon Cooperative Corporation.<sup>21</sup>





- 3) Bring about profound large-scale changes in the education and training system to meet the needs of the manufacturing sector for talent; and
- 4) Promote the development of communities that had been devastated by de-industrialization and build a broad-based middle class by ending poverty.

The mission statement included a “commitment to development that is socially, economically, and environmentally sustainable and restorative.”

We agreed that the CMRC was to remain focused on its four objectives rather than trying to address every labor management problem or every issue facing the manufacturing sector. We accepted the fact that our partners could work together at the CMRC table while remaining strongly opposed on other issues. We found that if we meet the immediate needs of manufacturers, many of them will embrace the social goals of our broader coalition and recognize that this will lead to broader support in the country for the programs and policies that benefit manufacturers. This recognition lies at the heart of creating the kind of partnership that will lead to a paradigm shift as it becomes clearer that the current paradigm is failing to meet the needs of the manufacturing sector as well as society generally.

The CMRC has evolved as a truly public/private coalition that sees advanced manufacturing as central to the development of the region. It has:

- Sustained the key partners in its leadership structure now including the CFL, the Technology & Manufacturing Association, the Bureau of Economic Development for Cook County, CEOs of two manufacturing companies, and regional leaders in training and education.
- Given rise to Ministers for Manufacturing engaging and promoting manufacturing among 70 pastors.
- Engaged civic leaders, policy makers and promoted policy that could lead to legislation in support of educational reform linked to the needs of expanding education and training connected to the manufacturing sector.
- Proposed and supported Austin Polytechnical Academy, the Manufacturing Connect program and the Instructor’s Apprenticeship for Advanced Manufacturing; and
- Convened a conference on industrial policy that was co-sponsored by the Basque Ministry of Education.

The CMRC was the inspiration for the creation of the **National Manufacturing Renaissance Council (NMRC)**. The NMRC evolved from discussions with Ron Bloom—President Obama’s “manufacturing czar”. It’s first meeting was at the White House. The notion was to create Renaissance Councils in 5 cities as pilot projects. Success could lead to the creation of 100 councils. The NMRC recruited the National Urban League, the AFL-CIO, the Manufacturing Institute, and others to its leading body. The NMRC led to the creation of a Detroit MRC as well as a San Francisco Bay Area MRC, and efforts in several other cities. Finally, we did not have the level of financial support needed to sustain and expand



these efforts resulting in the suspension of the effort in 2015. It still remains an example of a prototype that could be taken to scale under the right circumstances.

## **Towards a New Prototype in Education and Workforce Development**

In its first year, the CMRC was invited by Chicago Public Schools to propose the creation of a new public high school on Chicago's West Side—Austin Polytechnical Academy (APA) that would reflect a new approach to what had been called "vocational education." On behalf of the CMRC, MR convened a school design team consisting of educators, a manufacturer, the Chicago Teachers Union, community leaders, workforce development and City Colleges of Chicago administrators.

This would not be a traditional vocational school that tracked young Black people into low-end jobs in manufacturing, but rather a school that focused on educating the next generation of leaders in all aspects of manufacturing including high-skilled production positions, engineering, product development, management, and ownership.

It would be a public school rather than a charter school because the scale of the opportunity in manufacturing required a program embraced by the school system, not a one-off small school that could be successful for a handful of students and a handful of companies. We saw this as a model that could be replicated in other schools in the region and elsewhere, giving us a cadre of graduates who could be leaders in the paradigm shift in the future as well as meet the immediate needs of manufacturers.

APA was inspired by the polytechnical school in Mondragon (Basque Country, Spain)<sup>22</sup>. In the 1940s in town of Mondragon in Spain, Father Arizmendiarieta was assigned to be the parish priest. Mondragon was a very poor rural community. Arizmendiarieta understood that it would never be a prosperous region without the development of the manufacturing sector. He started a polytechnical a high school that taught students manufacturing technical skills but also social values that defined the purpose of a company to serve the community rather than be a source of wealth for an individual or a group of investors, that prioritized the quality of life of the workers, and a commitment to economic democracy. In the 1950s, Arizmendiarieta helped 5 graduates of his polytechnical school to buy a local manufacturing company that made small stoves. They organized the company as a cooperative that was managed by the workers based on the principle of one-worker-one-vote. The highest paid employee would not make more than 3 times the lowest paid employee. The company was very successful, leading the creation of another company, then another. Today, this area is a prosperous region with over 100 mostly industrial cooperatives employing over 75,000 people. These cooperatives are global leaders in some manufacturing sectors. Mondragon companies operate in 40 countries. Mondragon is a model of what a new paradigm is all about, and it began with the creation of a high school and investment in youth. Mondragon is widely praised because of its cooperatives. Essential to the success of Mondragon has been its focus and commitment to manufacturing—a reality often ignored in the growing interest in cooperatives.

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<sup>22</sup> [https://d4937ac3-176d-43e2-b62d-fb4a5b456873.filesusr.com/ugd/a1c52b\\_085e2960fa594cac93df7d9dffac9572.pdf](https://d4937ac3-176d-43e2-b62d-fb4a5b456873.filesusr.com/ugd/a1c52b_085e2960fa594cac93df7d9dffac9572.pdf)



APA was designed to meet the standards of our advanced manufacturing sector providing a high-quality education. We insisted on a technical program and training facility that met the standards set by the National Institute for Metalworking Skills (NIMS). Over the 12 years we worked with the school, over 140 companies participated in supporting the program and providing work experiences for students, 297 students secured 527 nationally recognized NIMS industry credentials and participated in 674 meaningful work experiences in manufacturing. Our success was made possible also by our youth-development approach to career pathways programming, emphasizing relationship building with our participants, meeting them where they were, employing staff who were technically, pedagogically, and culturally competent. Chicago Public Schools expanded our program to two additional high schools setting the stage to become the provider for manufacturing career pathways programming for in-school youth in the CPS system.

**Institutional Resistance:** Subsequently we faced a critical factor that usually goes with creating prototypes of a new paradigm: institutional resistance. For those who recognized the deficiencies of the old paradigm, the reforms, and new approaches we suggested made absolute sense. We did not anticipate resistance in the pursuit of getting low-income youth the kind of education and training experience that could lead directly to a career path, job security, and economic opportunity—while we meet the needs of local companies.

Within the first 6 months of the opening of the school, APA's principal and lead teachers began to challenge the mission of the school and MR's role within the school. They did not recognize the value of manufacturing in the educational experience nor the role a community development intermediary contributing to shaping the educational goals of the school. They were skeptical of the motives of our company partners and their participating in school activities and working with students.

Over time, dozens of turnovers in administrative and instructional personnel across the different levels of the school and district made it almost impossible to build sustainable inroads building support for the program, our role as intermediary, or for a new vision for education's role in community development. The work was undermined, and we were marginalized by administrators' suspicion of the attention the program received locally, nationally, and internationally. The school district interpreted any success we had in securing funding for what became the Manufacturing Connect program in the school as competition for their own interests.

Despite the difficulties, we persisted because the support of the Chicagoland Manufacturing Renaissance Council, our growing community support, support from the Chicago Teachers Union, the investment of manufacturing companies in the program, and the success of the students who were enrolled in our program. But this did not prove sufficient to convert a promising prototype into institutional support. In the fall of 2019, Chicago Public Schools closed our programs in three schools without warning and without reason—constituting a major disinvestment of \$3-4 million in Chicago's West Side. At the same time, they closed the adult-training program operated by the nationally recognized Jane Addams Resource Corporation in the Austin high school (now known as Austin College and Career Academy).

We reorganized and converted what was a school-based program into a community-based program—and now a remote program during the COVID-19 pandemic serving both in-school youth and young adults from across the Chicagoland area. We still seek to work again with the school district as the values and strength of our prototype become apparent. Prototypes typically do not gain strength in a



straight line but with flows and ebbs as weaknesses in the system are acknowledged and corrected. Engaging institutional resistance directly is a feature of developing prototypes.

As we work to gain the political strength to take our programs to a larger scale, we continue to improve the quality of our work in education and workforce development. Each of our programs addresses a particular short-term challenge as well as embodying elements of the paradigm shift we seek. The programs include:

- The Manufacturing Connect program for in-school youth, aged 14-18. The following short video is a good summary: <https://www.youtube.com/watch?v=NCxqKLpm6js>
- The Young Manufacturers Association for young adults ages 18 to 29 who are working in manufacturing or aspire to work in manufacturing. This program provides technical training, peer and individualized support for young people to not only get the job but keep the job as they work to overcome a variety of social and economic barriers.
- The Instructor's Apprenticeship for Advanced Manufacturing—a joint program with the Chicago Teachers Union Foundation and the National Institute for Metalworking Skills and piloted at the Richard J. Daley City College of Chicago. This program is focused on developing teachers that are technically, culturally, and pedagogically competent. Training teachers to implement the kind of educational and training programming that expands career pathway programming for low-income youth in support community development, is a pre-requisite of going to scale in our work in the education system. Following is a short video: <https://vimeo.com/481716350>
- **Pre-School Program:** At only a conceptual stage—the Smart Love pre-school program for advanced manufacturing. At the request of a local pre-school, we are developing a program that will give 3-6-year-old children the opportunity to manufacture a game and be introduced to technology, teamwork, and production. Our approach to education has to engage the entire system—from pre-school to graduate school and beyond.
- **Training, education, and employment of returning citizens:** In 2013, we—in partnership with the Safer Foundation ([www.saferfoundation.org](http://www.saferfoundation.org)) --designed a program for education, training, and placing men and women in manufacturing jobs who were returning to their communities from prison. This pilot project with 15 participants was extraordinarily successful. The Safer Foundation has continued the program and placed over 1,000 men and women in manufacturing jobs and had a recidivism rate of 10%.  
<https://www.metroplanning.org/news/9992/A-stable-job-for-those-exiting-the-criminal-justice-system>

Transforming our education and workforce development systems and aligning with the values and requirements of the new paradigm is fundamental for success in expanding our manufacturing sector and restoring industrial communities.



## Towards a New Prototype in Industrial Retention

During our early days as a “plant closing” organization and through our experience with specific companies, we recognized that thousands of companies and jobs were at risk of becoming victims to investors and owners with short-term strategies who sought the greatest possible financial return in the shortest period of time. Large publicly traded companies in Chicago were being churned by Wall Street. We came to recognize this as a huge threat to our manufacturing sector and reflected the increasing failures of the existing paradigm. Many small manufacturing companies were at risk of closing because an aging, typically white, owner needed to retire from the company but had no apparent successor to take over the business.

Historically, ownership succession was successfully managed by families. The children would take over the business. In the 1980s, we found that many aging owners had children who didn’t want to go into the inner city to run a small manufacturing company. If they wanted to go into business, they went into finance. In some cases, they simply didn’t have the skill, curiosity, or motivation to enter what was becoming a more demanding field—advanced manufacturing. These are small companies that are hidden in plain sight. They are the supply chain for the larger companies. Unlike the large, publicly traded companies that have a high profile, local governments typically are unaware of the small companies although in their aggregate they represent the lifeblood of the manufacturing sector.

In 1989, MR completed a study for the City of Chicago on 800 small companies with less than 250 employees and an owner that was 55 years or older.<sup>23</sup> We found that 40% of these companies were at risk of closing. We also came to understand the reality that Black and Latinx entrepreneurs have been excluded from this market for a variety of reasons. Employee ownership was barely understood as an option by employers as well as employees. Today, 99% of Illinois manufacturing companies are owned by whites<sup>24</sup>. We immediately recognized the potential of this crisis to become an opportunity to demonstrate the power of a new paradigm in the context of saving companies and jobs—both critical for the development of communities.

We formed Chicago Focus, a for-profit subsidiary of MR, that would assist companies facing a succession challenge in being acquired by employees as well as Black and Latinx entrepreneurs and would immediately save jobs and retain companies as well as begin to diversify the ownership structures in the manufacturing sector in a way that could potentially give greater community control of the assets of the community.<sup>25</sup> We arranged a handful of acquisitions yet closed Chicago Focus in 1995 as we didn’t yet have the capital or experience to successfully manage the new company—a common phenomenon in the effort to create prototypes. Despite the challenges and the setbacks, we knew we had correctly identified what could be a prototype that could both demonstrate and build support for a new paradigm of development. As we have found, there are typically several chapters to the creation of a prototype.

In 2017, we again focused our attention on what had become an even greater challenge for the manufacturing sector and even a more compelling opportunity to demonstrate the strength of a prototype that addressed a failure of the traditional paradigm: the increasing loss of manufacturing

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<sup>23</sup> Aging Owner Report for City of Chicago, 1989.

<sup>24</sup> <https://www.mbda.gov/sites/default/files/migrated/files-attachments/ManufacturingFactSheet2014.pdf>

<sup>25</sup> Summary of Chicago Focus



companies and jobs due to ownership succession challenges. This time, we created Re/Cast: Advisors in Manufacturing Ownership Succession.

The mission of Re/Cast is to contribute to retaining our industrial base in the Chicago region as well as to diversify the ownership that can again tie the development of manufacturing to the needs of our communities. We commissioned a study of the issue utilizing the same format as our study in 1989. The problem is getting worse, and the opportunities have increased. Now 60% of the companies are at risk of closing rather than 40%.<sup>26</sup> The pressure of baby boomer retirement is now a major contributing factor that is demonstrating the inability of the traditional paradigm to adequately respond. This demographic feature also creates greater urgency. In 5 to 10 years, absent a program of scale that addresses the succession challenge, companies will simply and quietly close—further exacerbating the impact of industrial job loss on communities, and dramatically reducing the opportunities for employees and entrepreneurs of color to participate in the ownership of companies. Central to the business plan of Re/Cast are two elements that make the project effective as well as demonstrative of the potential and power of a new paradigm: 1) Creating an Early Warning Network, and 2) Diversifying Ownership.

**Creating an Early Warning Network:** The traditional approach to addressing the challenges of small companies was to leave the transition in the hands of the family, or to wait for the company to reach out to a service provider of sorts like a local development corporation or local government. Organizations like MR or the Steel Valley Authority<sup>27</sup> in Pittsburgh recognized that the challenges manufacturing companies face like succession or other issues related to management, marketing, and production can be successfully addressed if identified in a timely matter. In these companies, it's not only the family that is affected or that has the ability to solve the problem, but also other stakeholders such as their employees, the sector, a union, local government, or other service providers.

Early warning systems are established to gather public information on companies as well as information that can be provided by their employees or service providers. This information has to be gathered and used with a commitment to confidentiality. In the long run, early warning systems are an essential part of maintaining and expanding our industrial base, keeping critical components of our tax base and strategic partners in our workforce development, education and economic development systems while providing opportunities for local wealth creation.

An inspiring example of this concept is Reempresa,<sup>28</sup> a government-supported company based in Barcelona Spain, this is the kind of program that reflects an entrepreneurial government that is aggressive in protecting the assets of its economy. Reempresa arranged 600 acquisitions of companies facing a succession challenge last year alone. With the support of the Cook County Bureau of Economic Development, we have created the **Cook County Early Warning Network** in the early stages of its development but that within the first 3 months of operation outreached to over 700 companies and provided layoff aversion services to 6 companies saving over 300 jobs. Our Early Warning Network approach recognizes the role and interests of all of the stakeholders in a company—not just the

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<sup>26</sup> Intervening with Aging Owners to Save Industrial Jobs: A Study Update, Great Cities Institute, University of Illinois, 2017.

<sup>27</sup> The Steel Valley Authority ([www.steelvalley.org](http://www.steelvalley.org)) runs the Strategic Early Warning Network that has assisted hundreds of companies and saved thousands of jobs.

<sup>28</sup> [www.reempresa.org](http://www.reempresa.org)



interests of the owner or family. With that in mind, we identify problems that can be solved before they become a crisis. We use two approaches in gathering data on specific companies.

1. **Early Identification through Data Sources:** MR utilizes various purchased data resources (i.e., IBISWorld, D&B Hoovers, DnBi, IDES) that provide labor market and economic research (on a macro basis) of what industries may be or are identified as being at-risk or in need of restructuring to provide stability. This information then provides a basis for following the supply chains down to the company level. Our Early Warning Network (EWN) utilizes Illinois labor market information to examine layoff trends by manufacturing subsector which enable targeted outreach.
2. **Early Identification through Community Networks:** Most important is early identification through organizations that have access to workers in companies or are service providers to companies such as unions, churches, community organizations, financial advisors, accountants, and others. Not only do we secure information on the company, but we also have access—a warm introduction—to the owner and we have the engagement of the employees and their affiliations in determining the future of the company.

With this information, we contact companies that may have challenges that put the company at risk. Most EWN engagements are multi-disciplinary, involve a holistic approach, and often provide more than one core service over time. During the initial assessment and with the company's permission, EWN staff meet with various stakeholders to identify critical issues and utilize accepted turnaround strategies to stabilize the company, and where warranted, connect the stable company with other resources and partners in a timely fashion to maintain positive momentum through long-term growth strategies including a transition to a new owner. Forms of assistance include:

- **Financial Restructuring:** Small and Medium Enterprise's (SMEs) experiencing a financial crisis may require immediate restructuring to maintain the company's viability and enable them to meet their current financial obligations and working capital needs. Most situations are often symptomatic of deeper, underlying problems that are market or operational in nature. EWN stabilizes these threatening business conditions by working with creditors to allow adequate time needed to resolve the issues, producing a more positive long-term outcome for the company.
- **New Market/Diversification Assistance:** EWN works with firms in evaluating their current position in the marketplace. Each engagement is different in both the company circumstances and the tools utilized. EWN supports with diversification assistance including partnerships with the minority supplier network.
- **Operational Restructuring and Cost Management:** EWN may help businesses to reduce their cost of goods sold to improve bottom line profits and cash flow, securing new markets for their services, and improving the quality of their products in order to return them to competitiveness.
- **High Performance Workplace Training:** EWN works with clients to include the workforce in finding solutions to difficult operational issues. Such initiatives can include manufacturing



alliances, apprenticeship programs, employee recruitment, incumbent-worker training programs, industry sector partnerships, and state or federal program resources. This creates the opportunity to recruit from our pool of trainees.

- **Ownership Transition:** EWN provides advisory support to business owners seeking to transfer ownership to the next generation of entrepreneurs utilizing Re/Cast. Re/Cast also supports the next generation of entrepreneurs providing them advisory and mentorship through the acquisition process of a business. With this option, we can arrange the acquisition of companies by their employees, by Black, Latinx, and Native American men and women. Again, our role is to retain the company, retain jobs, and diversify the ownership in the manufacturing sector.

**Diversifying Ownership:** The character of the old paradigm couldn't be more fully acknowledged than in the ownership demographics of the manufacturing sector. In Illinois, 99% of manufacturing companies are owned by whites. Central to Re/Cast is the commitment to see employees as well as Black and Latinx men and women entrepreneurs as owners of manufacturing companies. These are entrepreneurs who haven't been recognized or encouraged to buy manufacturing companies under the traditional paradigm—denying an enormous pool of entrepreneurial talent and drive that are essential for the re-building of communities. With ownership comes the ability to shape production, culture and hiring around the values of the owner.

## Toward a New Prototype in Land Use and Community Development

*Note: This a summary of three initiatives over a 10-year period to create an industrial park on Chicago's West Side as an alternative to gentrification that will lead to resident displacement as well as the creation of warehouses and distribution centers—projects with low job density. We have yet to create a park yet are getting closer, learning from each experience and gaining key partners. Such is the work of creating prototypes reflecting a paradigm shift.*

A by-product of disinvestment and deindustrialization in inner cities has been the expansion of industrial land available as factories have closed. These sites still have the benefit of basic infrastructure, access to talent, and access to companies that could be part of a supply chain for new companies. Under the current paradigm, re-building manufacturing as a path to development has been abandoned. For example, Brach Candy Company on Chicago's West Side used to be the worksite for 3,700 residents who largely lived in the immediate community, made great wages that could support a family and had key benefits like health insurance. The site—owned by Union Pacific Railroad—is now a parking lot for containers that might employ a handful of people as security guards—an insult to the economic and cultural legacy of Chicago's West Side.

Other large vacant parcels of land became sites for warehouses and distribution centers, commonly referred to as the more appealing, euphemistic label of "E-Commerce." The companies benefit, the community does not. The community, in fact, becomes more degraded because of these unattractive developments that replace high quality jobs with fewer low-quality jobs.





An additional reason for disinvestment in manufacturing was the opportunity for developers to promote the use of land for commercial real estate and housing and the ability to generate enormous short-term returns through strategies for gentrification—strategies that overly prioritize commercial and retail development projects which typically lead to the displacement of current residents who have lost their jobs, and now face increasing rents. You can see the stage being set for Oak Park—a mostly white middle class suburban community to move east into Austin as the default development strategy that has dominated Chicago for the last 30 years and gentrification of Pilsen—a Mexican working-class community—is under way.

**An Example of Old Paradigm Land Use and Development:** Manufacturing Renaissance (MR) became aware of the impact of real estate developers on our industrial base in the 1980s. The Clybourn Industrial Corridor was decimated by real estate developers offering owners of company's incredible prices for their land with the purpose of converting what were industrial properties into retail and condo development projects. MR worked on behalf of the United Electrical Workers Union that represented the employees at Stewart Warner—formerly located at the northern end of Clybourn—in a last-ditch effort to prevent its purchase by a British conglomerate—BTR—that was a pioneer in flipping industrial properties into high-end commercial real estate projects. We pursued the option of the employees and union partnering with a prominent Black entrepreneur and former head of Chicago's Department of Planning and Development—Tim Wright. We also engaged City Council with 24 out of 50 Alderpersons supporting an ordinance to use eminent domain to force the sale to the employees—inspired by the example set at Morse Cutting Took mentioned earlier in the paper. Once BTR purchased Stewart Warner, they moved production to Mexico and built condos on the property. Sixteen hundred workers lost their jobs. MR began looking for alternatives that could compete as a development strategy with the developers that were cannibalizing our robust manufacturing base, displacing residents, and replacing family-supporting manufacturing wages with minimum wage jobs in the retail and service sectors.

**An Example of New Paradigm Land Use and Development:** In 2000, MR was introduced to an exciting development in Dortmund, Germany. Dortmund had been a center for the production of steel, mining, and brewing in the Ruhr Valley. In the 1970s and 1980s, Dortmund lost virtually all its manufacturing base. The city government of Dortmund realized that there was no future in trying to reclaim their past strengths in 20th Century manufacturing; they understood the critical importance of reviving and modernizing their industrial base—becoming a center for 21st Century manufacturing. They looked to the future of manufacturing 20-30 years out that anticipated the commercial use of technologies such as nanotechnology and micro-machining and sectors that we would now refer to as "Industry 4.0" that would use these kinds of technologies. They created the Dortmund Technology Park in 2000 and attracted companies, university and research centers, training centers and other stakeholders focused on these sectors. This was entrepreneurial government at its best. By 2010, they created over 8,500 jobs and created 280 companies at the Technology Park embracing the future of advanced manufacturing as the vehicle for economic development rather than abandoning manufacturing.<sup>29</sup>

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<sup>29</sup> Dortmund's Economic Structure the role of the City of Dortmund Economic Development Agency, 2010, p. 13.



In Chicago, MR began to explore a similar path inspired by the Dortmund experience. As our effort to save Brach Candy Company came to an end, our question was what would happen with the 33-acre site with a rail spur? We immediately thought of the Dortmund approach and initiated three different efforts over the last 10 years to develop the site as a job-dense center for advanced manufacturing. Our first effort was to create an industrial park focused on the wind industry. We were informed by an excellent effort initiated by John Colm of Wire-Net<sup>30</sup> in Cleveland. A wind turbine has over 8,000 components that can operate for decades without maintenance. These components could be made in an industrial park relying on the skills of Chicago workers experienced in cutting metal. We created the Austin Renewable Energy Innovation Park Project in partnership with several other organizations. After our initial investigations, the market in the wind sector changed denying a “quick success” in our efforts to secure additional partners and capital, so we brought the project to an end, wiser because of the experience.

In 2014, we attracted the support for our concept by Austin Coming Together, JP Morgan Chase Foundation, World Business Chicago, and other organizations. We focused this effort at the medical instrument and device sector anticipating a partnership with the Illinois Medical District and the ability to develop customers out of the many hospitals in the Chicago area. Our primary focus was the revitalization of the Brach Candy Company site. We were successful in signing MOUs with 11 international companies that had interest in the American market for medical devices and further deepened our understanding of what such a development project would require. But again, we did not have the level of investment we needed to sustain the project and called off the effort in 2015—again wiser because of the experience.

In 2017, informed by our previous experiences, we joined forces with West Side Forward and the Safer Foundation and resumed discussions on how we could best develop the Brach Candy Company site in a way that would benefit the community. We created the West Side Advanced Manufacturing Park (WS-AMP) Project. The WS AMP reflected a \$225 million proposal. We assembled a team with strong community representation, an award-winning architect—Juan Moreno—the architect for the manufacturing center at Daley College, as well as developers who have the track record of success in projects of a similar scale including Chicago Neighborhood Initiatives and Chicago Impact Company. We secured the support of the new Chicago Community Desk which linked us with the services of Boston Consulting Group who completed an Economic Impact Study based on the location of a Park on a 20-acre site in North Lawndale. The BCG study projected the potential to generate 750 manufacturing jobs leading to an additional 600 jobs due to the job multiplier.

Our proposed park would be governed by a not-for-profit corporation reflecting the community. Its tagline/mission is “...development that is economically, socially, and environmentally sustainable and restorative” rather than a maximum return to shareholders with a few collateral benefits for the stakeholders. The proposed Park had key features as a prototype for a new paradigm of development.

- The Park would be controlled by those who represent community interests and the current residents. It will be governed by a not-for-profit corporation, not a private development company.

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<sup>30</sup> Wire Net—now called Manufacturing Works: [www.mfgworkscl.org](http://www.mfgworkscl.org)



- The Park would have a sector focus on an advanced manufacturing.
- Companies that participate in the Park would be highly profitable as they benefit from a ready workforce, close relationships with the substantial local market, and local government support. The community will benefit because of the quality of jobs and the city will benefit because of a growing tax base and an expanding middle class because of good wages and benefits.
- The development model would disrupt current business models that further degrade the community and displace current residents such as through gentrification or low-employment density projects like warehouses and distribution centers.
- The Park would have a model agreement with the building trades unions and community-based organizations regarding the social contract governing the construction of the site to ensure that Black residents of the West Side will have an appropriately significant number of jobs and apprenticeships.
- The Park would seek a level of commitment from Chicago Public Schools and City Colleges of Chicago to increase the education programs linked to manufacturing for West Side youth and residents to ensure that as we recruit companies, the jobs will be filled by qualified residents from the West Side.
- There would be educational opportunities and training programs for employees within the Park as well as for residents from outside the Park.

## Conclusion

The failings of our economic, political, and social system are increasingly apparent. It is a moment of paradigm shift where new assumptions and values must guide how our society recovers from the growing number of crises. Central to this transition is the recognition that the need for fundamental change is absolute and in the interests of the overwhelming majority of people in our society nationally and globally. It certainly is important to hold the leaders of the current paradigm accountable, to be civically engaged and seek to work constructively with those across the political and social spectrum but we must find ways to articulate in word and action the features of a new paradigm that will meet immediate challenges while working towards a sustainable future and the building of our communities, our society, and our environment. This takes disciplined work, the engagement of complex issues, the creation of partnerships that previously seemed impossible, and determination.

We need to embrace the dual nature of programmatic prototypes that can both demonstrate an entrepreneurial responsiveness to immediate needs while learning and engaging a broader audience to win over a growing number of adherents that are committed to this project. The proven quality of this work will lead to a paradigm shift that reflects Kuhn's thinking and is applied by a growing number of practitioners and policy makers engaged in creating a more hopeful and inclusive future.



If this is the beginning of a transition to a new paradigm that could take 20 or 30 years, what should those of us who embrace this strategic vision do for the next 5?

**Learn:** Continue to expand and refine the analysis through shared debate and critical reflection. This paper has just scratched the surface of a number of complex propositions. Common intellectual work is an absolute requirement of those who lead, particularly at this early stage. Of course, this intellectual work must be reflected in our daily practical work as workers, union leaders, businesspeople, community organizers, and elected officials.

**Build the Coalition:** Join with others in the coalition of labor, community, and business locally, regionally, and nationally. If you don't have a group to discuss and work around these concepts--organize one. If you know of an organization that embraces at least most of these concepts, you really have an obligation to join, or to get involved in one way or another. And all of us should become active in national organizations and international associations who share the objective of sustainable development. We must pool our resources. We need to find every opportunity to combine organizations and capacity rather than continue to fragment. We need to financially support and privilege the businesses, entrepreneurs, and organizations that embrace this vision.

**Persist:** We need the right mind-set for the beginning of a long process. This stage requires the right mix of intolerance as well as tolerance, a determination to find what is positive in an experience--no matter how small the percentage--and to build on that to overcome the negative. We need a good sense of humor and humility, patience with setbacks knowing that we are in it for the long haul, and an absolute impatience with the paralysis and passivity that cedes power to the Low Road.

**Contend:** We need to contend. Good ideas on paper are just that. We need to seek to apply good ideas in the messiness of reality and the human condition. We must practice continuous improvement, disruption, cooperation, coalition building, leveraging power with limited resources for any paradigm to be shifted.