



EDCC'S DRIVE | LEAD | SUCCEED
Thought Leadership Series

Labor Shortages & Supply Chain Woes





Economic Development Council of Colorado

Thought Leadership Series

OUR HISTORY

Established in 1976, the Economic Development Council of Colorado (EDCC) promotes effective, responsible economic development practices across Colorado. Today we are the state's premier economic development resource, representing the economic development interests of both the private and public sectors throughout the state. We connect our communities, our members and our partners to high-quality educational opportunities and trusted resources, and advocate for sound policies and programs that support a vibrant economy and enhance quality of life for all Coloradans.

EDCC members come from a variety of settings. We are rural and urban, public and private-sector, for profit and not-for-profit, and include individual communities, counties and regional organizations, local and state government, chambers of commerce, universities, and private industry. We are economic development professionals, community volunteers, and business and political leaders.

OUR VISION

To be recognized as Colorado's most trusted resource for economic development stakeholders committed to promoting a vibrant Colorado economy.

OUR MISSION

To promote effective, responsible economic development by connecting Colorado's economic development stakeholders to high-quality educational opportunities and trusted resources and advocating for sound policies and programs that support a vibrant economy and enhance quality of life for all Coloradans.

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Economic Development Council of Colorado

Executive Summary

LABOR SHORTAGES & SUPPLY CHAIN WOES

Employees have regained the upper hand for the first time in over a generation, as the current labor shortage drives [wages up by 5 - 7%](#) across skilled and non-skilled job sectors.

To better understand the impacts that the current wage and benefit trends are having on Colorado businesses, the Economic Development Council of Colorado (EDCC) gathered representatives from Colorado's higher education, private sector and state agencies to discuss labor retention and attraction issues. The April 20, 2022, webinar was the first of two Virtual Series the EDCC plans to sponsor this year; and focused on the employee-centered tactics that two companies have adopted over the past decade or longer, to set themselves apart.

In this Thought Leadership paper, we delve further into this topic to better understand short- and long-term trends, explore the benefit of utilizing outside community partners to inform a company's culture and benefit its hiring strategies, plus seek answers on actions companies can take to support employees' housing needs.

Grappling with the current labor shortage, Erin Young, founder/managing owner, Red Buffalo Coffee & Tea, in Silverthorne, noted, “I can’t afford to pay benefits, so I offer other perks above and beyond; like discounts to area gyms and micro-businesses... Job balance is another benefit. We are intentional in communicating these perks to our new employees, who may not realize the benefits that you offer.”

Young, who refers to herself as the chief executive owner, rather than chief executive officer, says, “If you care about being a good employer, you need to enforce your words. Need to reinforce what makes you a good place to work, and customize your HR approach.”

In addition to offering creative perquisites, Young has also developed a two-tier incentive plan. The first of these options provides career employees with a company ownership plan, reinforced with career training. While, for employees who have other dreams and career goals—Young’s “Rockstars”—she offers flexible schedules, sabbaticals or other accommodations designed to support her employees’ dreams and aspirations.

Young’s system of flex time, ownership shares, and other perks is both prescient and timely, given the findings in a recent [McKinsey and Company](#) report, which states, “Addressing the challenges is not easy, and focusing on recruitment and pay may not be sufficient to resolve the issue.”

According to Karla Nugent, chief revenue officer at Weifield Group Contracting, “We’ve always had a workforce need.” To overcome this restraint on the company’s growth potential, senior management has developed a number of creative programs. “It’s been really fun to try a homegrown type of a program and think out of the box,” Nugent said.

Among the various approaches to overcoming this persistent employee attraction and retention challenge, Weifield looks toward philanthropy and community engagement to work with at-risk individuals, offering them an opportunity to participate in a pre-apprentice program. “We partner with local organizations to cultivate a talent pipeline for these groups, and offer paid training once the right employees are brought on. For example, we have partnered with a local organization that helps those with autism find jobs.”

Despite their creative and philanthropic approach to hiring new employees, Nugent said, “We are seeing a trend that employees no longer are staying with one company their entire career.” This, she said, is not unique to Weifield, and is a challenge faced by organizations, across all industries.

Further adaptive and innovative hiring practices may be needed at Weifield, Nugent said, “If the trend towards shorter stints at employers [becomes] the norm, we need to adjust our training and onboarding accordingly, to ensure the period of time people are with Weifield is beneficial, and prepares them for the next chapter in their career journey.”

To aid employers in understanding the comprehensive list of practices they can use to attract and retain employees, the Pikes Peak Workforce Center (PPWFC) refers employers to the Aspen Institute’s [Job Quality Tools Library](#), a resource guide designed to aid companies with adopting new job quality practices. Traci Marques, the executive director and CEO at PPWFC, notes, “Job quality has a different meaning to everyone, including businesses.” She said the Jobs Quality Tools Library, offers a great resource for navigating these options, to determine which tools are best suited to a company’s culture and financial position.

The Jobs Quality Tools Library is comprised of four, self-guided sections that employers can read, starting with a basic curriculum on “Understanding Job Quality.” Following this module, employers learn how to assess job quality at their company, using a platform of diagnostic and benchmarking tools.

At the conclusion of their education, employers receive precise guidance on how to address specific job quality components, like assembling a comprehensive wage and benefit package, or implementing an equity and inclusion program, or building a supportive work environment.

In today’s economy, housing is one of the first points of concern confronting employers across Colorado, when addressing employee attraction and retention concerns. This shouldn’t be unexpected, according to the data compiled by Elizabeth Garner, state demographer with the Colorado Department of Local Affairs. Based on her research, Colorado saw 126,000 fewer new homes built in the state, between 2010 – 2020, than were built in the prior decade (2000 – 2010). This, despite a 15% increase in the state’s overall population, over the same 10-year period leading up to 2020.

For Nugent, the housing inventory scarcity confronting employees across the state has created “an increasing concern for us because fewer and fewer people are moving to Colorado due to the high cost of living compared to other regions in the U.S.” As a result, Weifield is looking at implementing flexible schedules, along with a four-day work schedule, and increased hourly wages to assist employees.

With respect to wages, she noted “...this is a double-edged sword because, as labor costs rise, so do project costs. As a result some projects have been scaled back or pulled completely, though many are still proceeding due to concerns that wages are not going to slip back.”

Young's penchant for her employees' welfare, community engagement and support for strong, local businesses has led her to serve as a housing champion for her employees. At the community government level, she serves on planning committees, advocating for sensible ordinances that encourage new construction. "When I'm working at the upper level in community government, I'm continually trying to shrink the rungs to homeownership," Young said.

While at a personal level, Young said, "I'm always keeping my eyes open when I hear of new units coming to market." This integration between community engagement and helping employees meet their most basic needs has become a core commitment for Young. "I want people to remember that all of this falls under human resources, and anyone who forgets that we are dealing with humans isn't getting the job done."

The intersection between the current labor shortage and housing could not be any more acute than in the housing trades market. Following a "chance encounter" with Habitat for Humanity's Montrose Director; Dr. Alan Golden, director for the Technical College of the Rockies, is creating a building trade's certificate program to address the skilled labor shortage on the Western Slope, with direct benefits back to the Montrose Habitat for Humanity program. This partnership has stimulated a great deal of interest in Montrose. "We've had numerous community members step up with grants and donations, and I think everybody's just excited about the possibility," Golden said.

Commenting on this real world, relevant education certificate program, Dr. Golden stated, "Everything we do has a pathway... if somebody enters our program and they want to come back for additional training to make their career better, they're able to do so."

This shorter pathway to earning skill-based certificates is key to the success of all three technical colleges in Colorado, according to Golden. "We're the only college system in Colorado that has no student loan debt. So, anybody that goes through our programs does not come out with any student loans. And yet we're really focusing on what... training [we can provide] people to enter the workforce in a high-demand, high-wage field."

The [Bureau of Labor Statistics](#) projects that construction laborer positions will increase another 10.5% by 2028, exacerbating the current shortages in this labor-strained market. Communities and companies that approach this, and other labor market shortages, through innovative programs are likely to minimize the economic impacts.

As the Bureau of Labor Statistics' projections suggest, a pending labor shortage has been on the horizon since before the arrival of COVID-19, caused by shifting demographics, rising and declining demand within specific career markets, as well as pressures from the generational transition that is taking place as more and more Baby Boomers retire.

In response, state demographer Elizabeth Garner reminded, employers “need to get creative in terms of ways to increase that labor force.” Her list of suggested solutions are cost-neutral, and only require the ability to remain open to embracing all qualified candidates: the young and inexperienced high school apprentices, employees over 65, or individuals with justice system involvement.

Making a difference, Karla Nugent said, is “probably where we’ve been unique as a company and we’ve created a lot of programs working with at risk youth and at risk adult community programs, and creating a pre-apprenticeship program, and then bringing different folks into our industry. The more we create a safe and open culture, the more employees are willing to share about their life—and the more we can accommodate and adapt for their own unique life situations.”