

"VA SPQA evaluation and recognition is available to the **business service, manufacturing, health care, government/non-profit and educational sectors.**"



Regional Consortia

Venturing into the Realm of Public-Private Enterprise

--Adapted from "The Creation and Sustaining of Lean\$Green JOBS" by Glenn Marshall, written for the Association for Manufacturing Excellence

In the future, economic survivability will require business and government to mutually engage in advancing lean and green principles and best practices. To that end, public- and private-sector lean and green advocates are coming together to formulate the next generation of values, principles, initiatives, businesses, and jobs.

Industry will need to retool itself to become Lean\$Green. This will require eliminating waste and minimizing consumption of resources (human and natural capital) to maximize creation of value for customers, stakeholders, and communities.

Human capital pertains to business practices relating to labor and the community and region in which corporations conduct business. *Natural capital* refers to sustainable environmental practices whereby companies benefit the natural order ... or at least avoid adverse environmental impact.

To accomplish this transformation, businesses will need the help of government and other organizations to adopt and deploy proven programs like Communities of Practice (CoPs), business excellence groups, and *regional consortia*. A network of industry professionals and consortia already exists within the *Association for Manufacturing Excellence (AME)* and its network of partners. This coalition of businesses and partners focuses on developing resources and on building an infrastructure with the help of government to produce quality products and services to compete globally.

Why Consortia?

To sustain and grow the economy, we must first breathe new life into business. Prosperous companies and regions are successful because they create increasingly higher value products and get higher prices per unit of output. Businesses must move to higher

levels of skills and technology to continuously improve the quality of their products and services. Otherwise, they will always be vulnerable to being beaten by other locations that have lower wages. Regions must continually retool and upgrade themselves to become more productive and thus more sustainable.

Michael Porter, Bishop William Lawrence University Professor at the Harvard Business School, shares his insight on fostering global economic growth and sustainability through the establishment of industry clusters referred to as *consortia*.

"The enduring competitive advantage in the global economy lies increasingly in local things – knowledge, relationships, motivation – that distant rivals cannot match." Porter continues: "Productivity, not exports or natural resources, determines the productivity of any state or nation. Recognizing this, governments should strive to create an environment that supports rising productivity."

Porter outlines the benefits of this approach: "Clusters affect competition in three broad ways: first, by increasing the productivity of companies based in the area; second, by driving the direction and pace of innovation, which underpins future productivity growth; and third, by stimulating the formation of new businesses, which expand and strengthen the cluster itself."

A Regional Consortium Model

A consortium is made up of businesses located in the same geographical region that rely on active relationships among themselves for individual efficiency and competitiveness. These groups can be made up of a diverse team of players including buyers, suppliers, educational institutions, government agencies, and even competitors. They will

participate in resolving problems related to the lack of a trained workforce, regulations, and an infrastructure for growing and/or having access to needed resources.

Consortia will engage their local communities, government agencies, universities, Manufacturing Extension Partnerships, EPA National Center for Environmental Innovation, and others. These partners can help provide access to training, specialized pools of talent, technology, capital, and a critical mass of local suppliers and customers.

Consortium members can use the *Malcolm Baldrige National Quality Award Criteria for Performance Excellence* as an internal management tool for planning, training, implementing, and assessing productivity and quality initiatives. This self-assessment tool will provide insight into gaps to be addressed to reach the next level of performance. Consortia partners will help industry and regions to develop the resources to produce quality products and services.

Consortia have been successfully established in a several states. The Virginia Business Excellence Consortium (VBEC), with help from Virginia's Philpott Manufacturing Extension Partnership (VPMEP), launched a consortium that now has 29 members in southeast Virginia. VBEC's overarching purpose is to increase competitiveness through sharing best practices, networking, leveraging resources, and mutual support in implementing business improvements. As it grows and matures, VBEC will build on lessons learned and best practices to replicate its model in four other regions of the Commonwealth of Virginia under the umbrella of the statewide Virginia Business Excellence Consortium system. ●