

VERIFICATION OF THE LEE'S SUMMIT AREA WORKFORCE

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Conducted by:



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EXECUTIVE SUMMARY

PFResources has employed its experience in workforce assessments for corporate site-selection clients and a methodology developed for U.S. Department of Defense projects in assessments of the civilian workforce in locations where military installations were scheduled for closure to produce this evaluation of the Lee's Summit Area workforce. PFResources/The Pathfinders functions primarily as site-selection consultants for many of America's largest corporations. Senior human resources executives from among those clients assisted in refining this methodology and report format. Moreover, companies which have made location decisions based upon these surveys have reported that when staffing actually began, the numbers reported proved to be accurate and highly reliable. The findings contained herein include the following observations:

- In addition to the unemployed in the Lee's Summit Area, a new employer will be able to attract employees from an additional pool of about 63,500 **UNDEREMPLOYED** workers.
- Those workers possess the skills, experience, and education to qualify them for the pay rates at which they would take a new job, ranging from less than \$7.00 to over \$25.00 per hour.
- About 25% of those workers would take a new job for \$11.20 per hour or less. At the upper end, the 25% most qualified and experienced will command more than \$23.85 per hour.
- Roughly 2,200 people, neither employed nor seeking work, might re-enter the workforce for the proper job.

The Lee's Summit Area survey area in Missouri (Cass, Jackson, Johnson, and one-half of Lafayette Counties) has an estimated total civilian labor force of approximately 447,100 people. In addition, the labor shed contains approximately 11,000 unemployed people who are seeking work. An employer could draw a sufficient number of workers from the Missouri side of this labor shed to satisfy the requirements of most operations.

While the unemployed may be considered a potentially good source of employees, the type of quality employer that the Lee's Summit Area is attempting to attract typically does not rely on the unemployed to staff a new operation. As a consequence, PFResources was retained to quantify the extent to which UNDEREMPLOYMENT exists in the area, as well as to document the cost, skills, experience, and education of that hidden workforce.

This report presents data quite different from published government statistics which show wages and employment for the entire workforce, most of whom have no interest in changing jobs. This report includes data only on people in the area who might change jobs and would, therefore, be potential candidate workers for a new employer. As opposed to average wages, this report quantifies the number of those workers available for an employer in various wage ranges.

The results of this assessment determined that in addition to the 11,000 unemployed, approximately 63,500 people can be defined as UNDEREMPLOYED: those individuals who would take a better job if offered by a new or existing employer and who possess the skills, education, and experience to qualify them for a better job. Over 14,900 workers in the Lee's Summit Area would do so for \$9.99 per hour or less, while one-half would take that job for \$15.19 per hour or less. A detailed breakout of desired pay is presented herein.

Over one-quarter of the 63,500 underemployed individuals have some college experience and almost 30% have earned a college degree. As these data relate solely to those UNDEREMPLOYED, they will vary from data representative of the population as a whole.

The reader, however, should consider that while the number of underemployed workers identified in the area is accurate (as are their skills, experience, education, and costs), all of those individuals would not be acceptable candidates for an employer. Their previous work records, stability, integrity, intelligence, appearance, and other factors could not be considered in the report.

Site searches to identify the optimum location for new facilities have been conducted by PFResources for such clients as AT&T, DuPont, Celanese, 3M Corporation, IMC Global, AIG,

Ciba-Geigy, and others of a similar stature. The availability of workers is a critical factor in selecting a location for a new operation, and a workforce analysis has been a key component of the site searches conducted by PFResources for corporate clients. PFResources has applied its site-search experience to this assessment of the Lee's Summit Area workforce. In instances where similar workforce surveys have been conducted for corporate clients in site-selection projects, the accuracy of the findings has been repeatedly verified as those clients located and began staffing new operations.

The information presented herein has been developed independently of the client, and the client has not influenced the findings. It represents PFResources' objective, professional view of the workforce availability, cost, skills, and quality that a new employer can expect in the Lee's Summit Area. Representatives of a prospect company who may read this report should feel free to contact either Joe White or David Brandon in the Dallas office of PFResources (972-418-7588) with any questions.

WORKFORCE REPORT

The current state of the nation's economy is very strong, with production and business activity at near record levels, thus creating an increase in the demand for workers. In most regions of the nation, employers are expressing difficulty in finding workers. Although this difficulty is historically true for skilled workers, recent experience of PFResources indicates that in today's work environment, more employers are expressing the same opinion relative to unskilled workers. The result is an unavoidable upward pressure on wage rates. The Lee's Summit Area shares in that strong economy and, as a consequence, PFResources was retained to quantify the extent to which UNDEREMPLOYMENT exists in the area, as well as to quantify the cost, skills, experience, and education of that hidden workforce.

In this study, PFResources employed a methodology developed for U.S. Department of Defense projects to determine civilian workforce characteristics and availability in communities across the nation where military installations were scheduled for closure. That methodology was then refined by senior site selection and human resources executives from among corporate clients of PFResources to produce the workforce information needed in assessing communities as a location for a new operation.

The details of our viewpoint are presented herein. Those details contain current information about immediately employable workers and their job-upgrade objectives. In addition to the hourly wage desires of underemployed persons, this report provides real-time data on the numbers of underemployed by desired-wage category; their marketable employment skills and work experiences; their age and gender characteristics; their educational attainment; and, their one-way commuting distances. Further, we present similar information about those invisible potential workers who are no longer counted in the civilian labor force and who have confirmed their interest in re-entering the workforce given the opportunity to obtain a good job. All in all, these details portray, with field-proven reliability, a presently available workforce which new and existing companies can tap to satisfy their labor requirements.

In this workforce assessment, PFResources conducted telephone interviews with individuals throughout the survey area. Those individuals were stratified across age (19-49), gender,

household income (up to \$100,000), local telephone exchange areas, and zip codes. The purpose was to ascertain availability for work with a new employer; to determine desired pay rates; and, to collect information on age, education, commuting patterns, experience, and skills. Sufficient surveys were completed with individuals to produce results for that entire population group which vary by no more than plus or minus 5 percentage points. At that level of variance, the 63,500 people identified as underemployed might actually be as many as 66,675 (plus 5%) or as few as 60,325 (minus 5%). If the survey were repeated 100 times, 95 times out of 100 the results would be the same as those resulting from a survey of the entire population.

PFResources also applied a proprietary process to the analysis of the data to correct for invalid responses. This process considers that to be counted as underemployed, the individual must be currently employed and willing to take another job at a pay rate commensurate with personal skills, education, and experience. Moreover, persons with fifteen or more years with their present employers are not considered to be true candidates for new jobs for the purposes of this study. Those indicating that they would take a new job but also indicating the desire for increased pay that is not reasonable are also not counted in the results. Similarly, an individual who may be truly underemployed but is within a very few years of qualifying for retirement benefits with his or her existing employer may state a willingness to change jobs but is not considered likely to do so and is, therefore, not included in these results.

Current pay alone is not the qualifying factor for underemployment status in this study.

Individuals, for example, making \$6.50 per hour, possessing no high school degree or skills, and being in the workforce for less than one year may consider themselves to be underemployed but are not considered to be so in this report. On the other hand, education, skills, and experience may qualify the person making \$22.00 per hour as truly underemployed.

As corporate site-selection consultants, we know that the question which most often drives the search for a new business location is whether the candidate location has the workforce needed. In a poll of our corporate clients, we found that their experience suggests less than 10% of the

new hires for their new operations come from the ranks of the unemployed. Instead, they staff a new operation principally with UNDEREMPLOYED people.

The primary source of good employees is the category of the UNDEREMPLOYED, those individuals who are now working but desire a better job and who possess the skills, education, and experience to qualify them for better jobs. In the Lee's Summit Area, approximately 63,500 people, ages 19-49, fall in that category. About 10% of these individuals would change jobs for under \$8.98 per hour; one-third would do so for less than \$12.32 per hour; and, one-half would change for \$15.19 or less. This group of people has a variety of skills, with over 50% possessing some degree of familiarity with computer operations. (That fact is reflective of the area's adaptation to changing technology in the workplace and in schools.) Additionally, a significant number of individuals within this group exhibit office, call center, communications, medical or sales experience, along with comparatively high proportions of retail, wholesales, customer service and office skills.

Again, the reader is cautioned that, while the number of underemployed workers identified in the region is accurate (as are their skills, experience, education, and costs), all of those individuals may not be acceptable candidates for an employer. Their previous work records, stability, integrity, intelligence, appearance, and other factors are not considered in this report.

UNDEREMPLOYED WORKERS

Lee's Summit Area

Total number of workers available for employers	76,700
Underemployed	63,500
Unemployed, seeking work	11,000
Not working, but contemplating re-entering the workforce	2,200

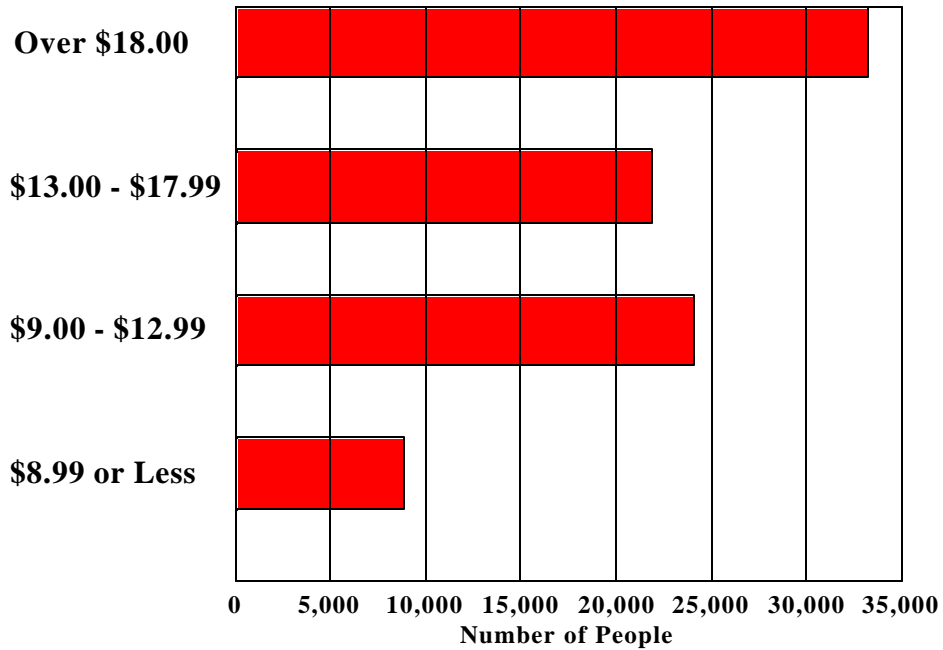
The 63,500 underemployed workers might also be termed upgraders. They desire to move into an upgraded job and appear to possess the skills, education, and experience which enable them to do so. The pay rates they expect to achieve range from under \$7.00 to over \$25.00 per hour.

The following charts represent the desired pay rates of the underemployed in the Lee's Summit Area. Many workers expressed their wage requirements in weekly, monthly, or annual terms, but all figures in this report are presented in hourly rates. Selected conversions may add perspective to the hourly rates.

CONVERSION CHART

Hourly	Weekly	Monthly	Annually
\$ 8.00	\$ 320.00	\$ 1,386.00	\$ 16,640.00
\$ 10.00	\$ 400.00	\$ 1,733.00	\$ 20,800.00
\$ 15.00	\$ 600.00	\$ 2,600.00	\$ 31,200.00
\$ 20.00	\$ 800.00	\$ 3,466.00	\$ 41,600.00
\$ 25.00	\$ 1,000.00	\$ 4,500.00	\$ 52,000.00

DESIRED WAGE RATE
Lee's Summit Area Underemployed



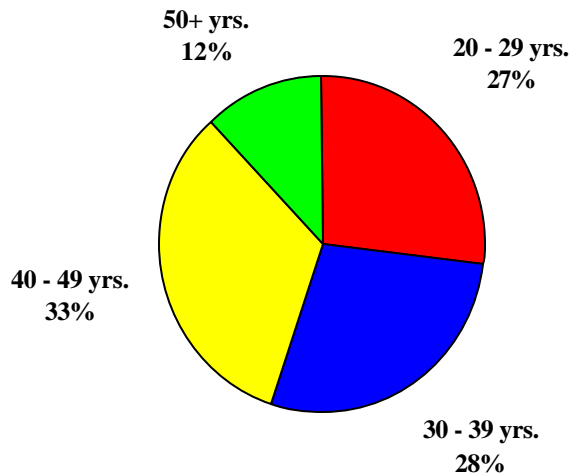
AVAILABLE (ROUNDED) AT SPECIFIC HOURLY PAY RATES

Lee's Summit Area Underemployed

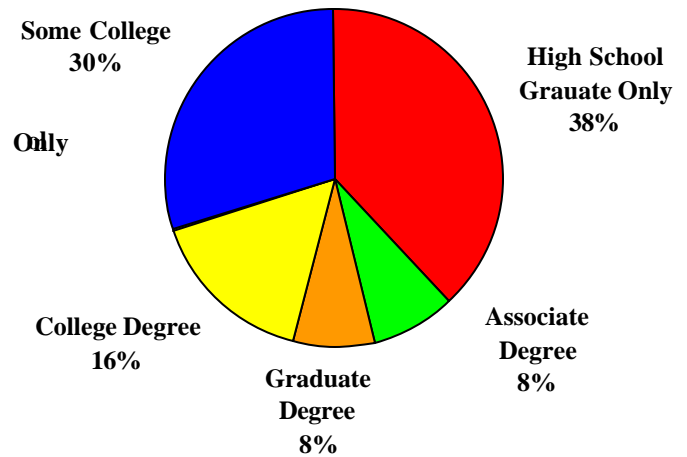
<u>\$ 6.99 or Less</u>	<u>\$ 7.00 - \$ 7.99</u>	<u>\$ 8.00 - \$ 8.99</u>	<u>\$ 9.00 - \$ 9.99</u>
1,400	4,000	3,400	6,900
<u>\$ 10.00 - \$ 10.99</u>	<u>\$ 11.00 - \$ 11.99</u>	<u>\$ 12.00 - \$ 12.99</u>	<u>\$ 13.00 - \$ 13.99</u>
4,800	6,900	5,500	4,800
<u>\$ 14.00 - \$ 14.99</u>	<u>\$ 15.00 - \$ 15.99</u>	<u>\$ 16.00 - \$ 16.99</u>	<u>\$ 17.00 - \$ 17.99</u>
5,500	4,800	2,800	4,000
<u>\$ 18.00 - \$ 18.99</u>	<u>\$ 19.00 - \$ 19.99</u>	<u>\$ 20.00 - \$ 24.99</u>	<u>\$ 25.00 or More</u>
3,400	1,400	8,300	20,100

The following charts provide information on the characteristics of the underemployed workers in the Lee's Summit Area. These characteristics include selected skills, previous experience, education, gender, age, and commuting distances.

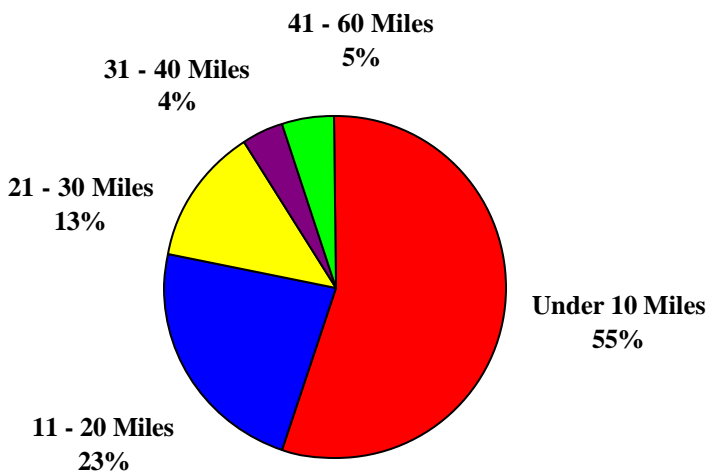
AGE



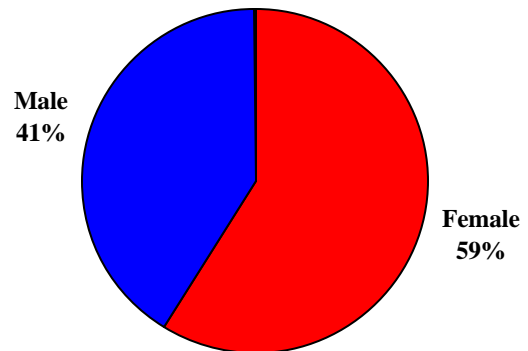
EDUCATION



COMMUTING DISTANCES



GENDER



**EMPLOYMENT SKILLS OF UNDEREMPLOYED WORKERS
LEE'S SUMMIT AREA**

Skill	Number of Persons	Percentage*
Office/Data/Word Processing	42,500	67%
Warehouse/Materials Handling	31,100	49%
Assembly/Fabrication	23,500	37%
Maintenance/Mechanical	20,900	33%
Technician/Quality Assurance	15,800	25%
Industrial/Machine & Welding	19,700	31%
Telecommunications	23,500	37%

**PREVIOUS EXPERIENCE OF UNDEREMPLOYED WORKERS
LEE'S SUMMIT AREA**

Experience	Number of Persons	Percentage*
Manufacturing/Industrial	27,900	44%
Sales	36,800	58%
Office/Call Center	40,000	63%
Distribution	22,800	36%
Government/Processing/Education/Medical	22,800	36%
Customer Service	34,300	54%

* All percentages are rounded to the nearest whole

While unemployment rates indicate that there are some 11,000 unemployed persons in the labor shed, the results of this workforce assessment suggest that an additional 2,200 people, not employed or actively seeking work, would re-enter the workforce and take a good job if offered. About 85% of those additional 2,200 people are female, and the group is two years older on average than the underemployed.

The education of this additional group roughly mirrors that of the underemployed members of the workforce, albeit with a somewhat higher concentration of people having "Some College". The same is true for their skills and experience, except that they possess greater experience in manufacturing, office, call center, and data processing. Similarly, they exhibit competitive measures of assembly, warehouse, materials handling, and maintenance skills.

The pay rate required by this group to re-enter the workforce appears to be in a range between \$7.00 and \$25.00, with \$10.33 per hour as the median. The lower quartile would take \$8.65 or less, and the upper quartile desires \$15.05 per hour or more.

The determinations for this segment of the workforce have a larger statistical variance than that for the underemployed.

EMPLOYERS' VIEWS OF WORKFORCE

In developing a profile of existing workers in the Lee's Summit Area, PFResources considered such factors as labor availability, productivity, unionization, attitudes, costs, and education. The analysis is based upon interviews conducted by PFResources with senior management and human resources professionals from local companies in each of the counties in the survey area. Each of these companies operates in the industrial, commercial, or service sectors. The interview sampling was sufficiently large to make valid workforce judgements.

PFResources asked those employers interviewed to provide a subjective view of their workers, in addition to objective and quantitative measurements of labor productivity, availability, attitudes, and costs. Those employers with operations in other regions of the United States were asked to compare their experiences in those areas with those in the Lee's Summit Area.

The area workforce received high marks for productivity, with 85% of employers considering it to be good or excellent. That is consistent with the fact that many of the companies interviewed stated that their local operation compared favorably with operations in other locations in terms of profitability and production. That is indicative not only of good management but also of a very productive workforce.

Based upon PFResources experience in evaluating the labor force in various locations, a definite correlation between productivity, absentee rates, tardiness rates, and turnover appears to exist. That correlation goes beyond the fact that an absent worker is obviously unproductive. Rather, those factors are indicative of an employee's attitude toward the job. Overwhelmingly, the companies interviewed judged absenteeism and tardiness to be manageable. Turnover rates reported were evenly divided between low, moderate, and high. Most stated that substance abuse incidence is low.

One of the most common employer complaints throughout the nation relates to the basic educational competencies of the workforce. Following are the ratings that Lee’s Summit Area employers give employees in the general labor categories relative to the basic educational competencies of reading, writing, and calculations.

PERCENT OF EMPLOYERS RATING

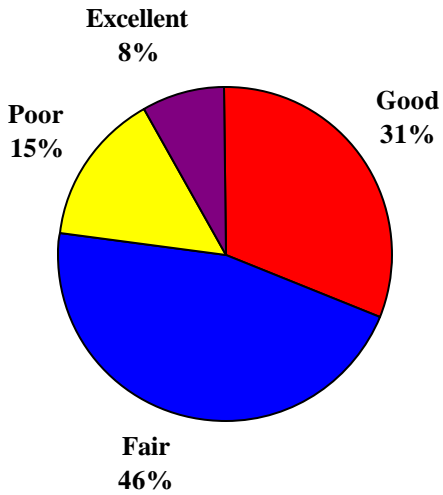
	Excellent	Good	Fair	Poor
Reading/Writing Competency	23%	46%	31%	0%
Calculations Competency	8%	46%	38%	8%

Another common employer complaints relates to the shortage of skilled workers. The availability of skilled workers in the Lee’s Summit Area must be viewed from the perspective of comparative availability when other areas of the state and nation are considered. Skilled workers are in great demand and difficult to find in the vast majority of locations. Of the companies interviewed, 39% considered skilled worker availability to be good or excellent, while almost half considered skilled worker availability in the area to be fair. Over half of the interviewed companies rate the availability of unskilled workers in the Lee’s Summit Area as good to excellent. Viewed together, they provide a composite portrait of employers’ experience with and opinions of the Lee’s Summit Area workers. Taken in context with the data gathered and presented in our workforce survey, they provide a balanced profile of the attributes of underemployed persons available to fill the labor needs of new and expanding firms.

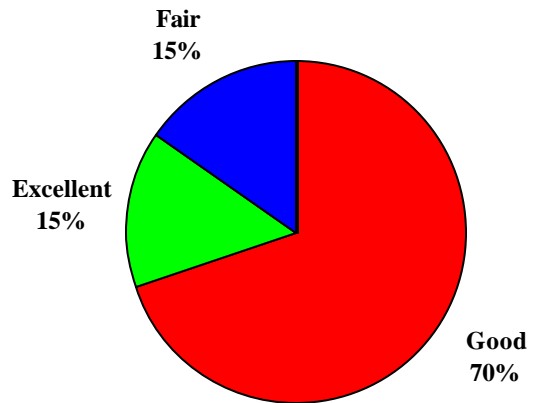
The following charts illustrate additional employer ratings of the workforce in the Lee’s Summit Area.

PERCENT OF EMPLOYERS RATING

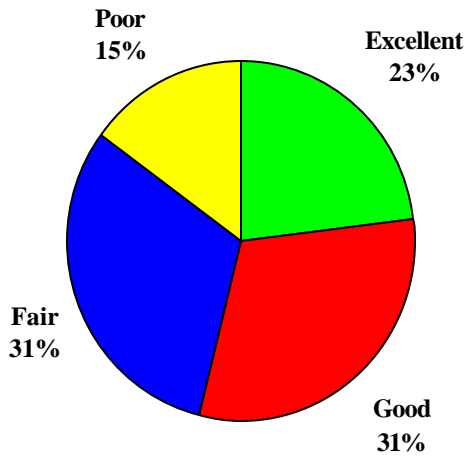
SKILLED AVAILABILITY



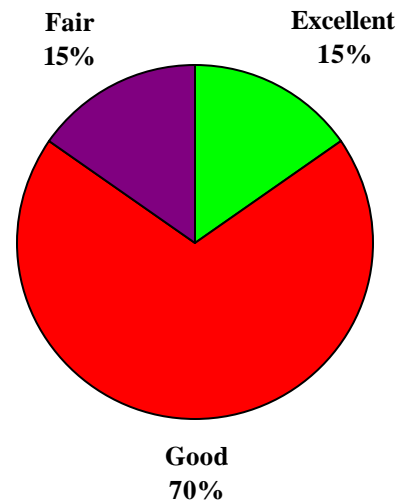
WORKER ATTITUDES



UNSKILLED AVAILABILITY



WORKER PRODUCTIVITY



**COMPARISONS OF EMPLOYER RATINGS
ALL LOCATIONS / LEE'S SUMMIT AREA**

The following charts represent the percent of employers in the survey area who gave excellent, good, fair, or poor ratings for the indicated factors. The median and highest numbers represent all locations previously surveyed. For example, 70% of the employers in the Lee's Summit Area rated worker productivity as "Good", while the median of all locations surveyed has been 55% of the employers rating worker productivity as "Good". Similarly, the highest "Good" rating so far is 82%. The Lee's Summit Area is shown as "Survey Area" in the charts below.

WORKER PRODUCTIVITY

Excellent		Good		Fair		Poor	
Highest	67%	Highest	82%	Highest	79%	Highest	11%
Survey Area	15%	Survey Area	70%	Survey Area	15%	Survey Area	0%
Median	27%	Median	55%	Median	13%	Median	7%

AVAILABILITY OF SKILLED WORKERS

Excellent		Good		Fair		Poor	
Highest	20%	Highest	64%	Highest	75%	Highest	80%
Survey Area	8%	Survey Area	31%	Survey Area	46%	Survey Area	15%
Median	9%	Median	33%	Median	35%	Median	31%

AVAILABILITY OF UNSKILLED WORKERS

Excellent		Good		Fair		Poor	
Highest	58%	Highest	71%	Highest	70%	Highest	30%
Survey Area	23%	Survey Area	31%	Survey Area	31%	Survey Area	15%
Median	25%	Median	46%	Median	26%	Median	12%

READING/WRITING COMPETENCY

Excellent		Good		Fair		Poor	
Highest	23%	Highest	80%	Highest	50%	Highest	20%
Survey Area	23%	Survey Area	46%	Survey Area	31%	Survey Area	0%
Median	12%	Median	53%	Median	36%	Median	9%

CALCULATIONS COMPETENCY

Excellent		Good		Fair		Poor	
Highest	29%	Highest	75%	Highest	50%	Highest	25%
Survey Area	8%	Survey Area	46%	Survey Area	38%	Survey Area	8%
Median	10%	Median	44%	Median	40%	Median	10%

NATIONAL COMPARATIVE OBSERVATIONS

As a matter of course in site-selection projects, PFResources evaluates published government workforce statistics. Those statistics, however, depict the entire workforce while only a minority segment of those workers will be considered for or have an interest in new jobs with a company. The characteristics of the select, underemployed workforce group represented in this report may vary significantly from the workforce as a whole as reported in published government data. Accordingly, the information presented in the workforce report for the Lee's Summit Area covers those members of the workforce who are, by virtue of their underemployment, potential candidates for new jobs. Existing employers, or new employers recruited to the Lee's Summit Area, typically will not depend heavily on the unemployed to staff a new operation or to fill vacancies in existing operations caused by turnover or expansions. Companies look to the ranks of people who are already employed but are seeking to better themselves. Those individuals in that category who possess the education, skills, and experience to merit a better job are classified as UNDEREMPLOYED.

The workforce report issued by PFResources documents the availability of underemployed workers as well as the skills, experience, education, and costs of individuals in that hidden workforce in the Lee's Summit Area. This section of the report provides a comparison of the characteristics of the region's underemployed workforce with the underemployed workforce in other communities surveyed throughout the nation. The database includes over twenty two-million workers in hundreds of communities across the nation for whom PFResources has conducted workforce verification surveys. A prospect company considering the Lee's Summit Area as a location will judge the area's workforce on a comparative basis. This section of the report will allow local economic development professionals to view the region's workforce in relation to others across the nation.

The workforce verification report documented the number of underemployed workers in the Lee's Summit Area who would be available for an employer at various pay rates ranging from \$7

per hour or below to \$25 per hour or above and who have the skills, experience, and education to justify the desired pay rates. The table below shows that 25% of the underemployed workers in the survey area merit and would take a new job for \$11.20 per hour or less. In all locations surveyed to date by PFResources, the lowest pay rate in that lower quartile is \$6.95 or less, the median \$9.18 or less, and the highest pay is \$12.64 or less.

DESIRED PAY – LOWER QUARTILE – UNDEREMPLOYED WORKERS

Desired Pay Rate Survey Area	Lowest Pay Rate All Areas Surveyed	Median Pay Rate All Areas Surveyed	Highest Pay Rate All Areas Surveyed
\$11.20 or Less	\$ 6.95 or Less	\$ 9.18 or Less	\$ 12.64 or Less

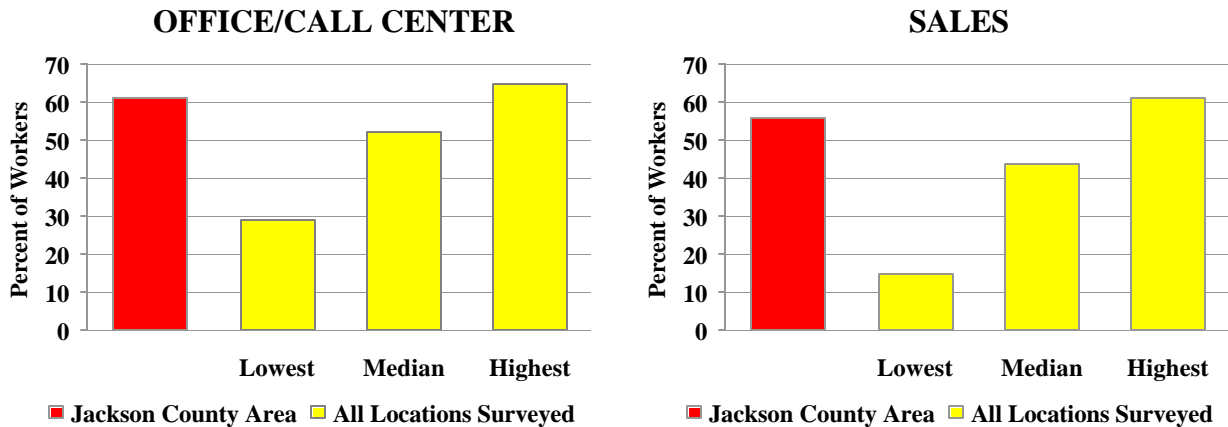
Those in the upper quartile have superior education, greater skills, and more experience. Yet based on current pay rates, they are still underemployed. In the Lee's Summit Area, those individuals in the upper 25% can command \$23.85 per hour or more. That wage is above the median for the upper quartile in all areas surveyed (\$17.27) and is below the highest of all areas surveyed of more than \$25.00 per hour.

DESIRED PAY – UPPER QUARTILE – UNDEREMPLOYED WORKERS

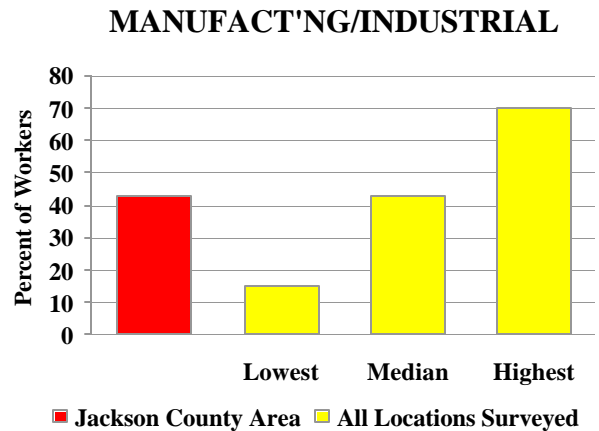
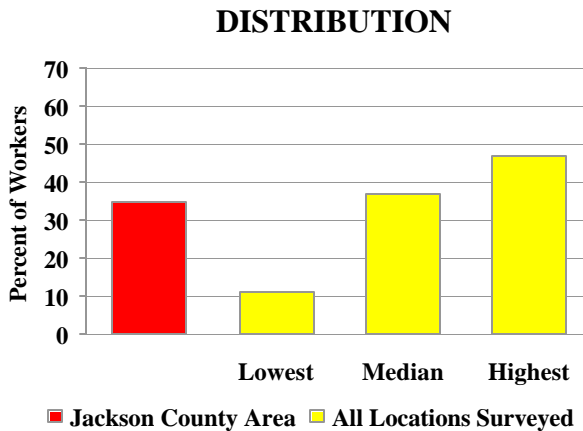
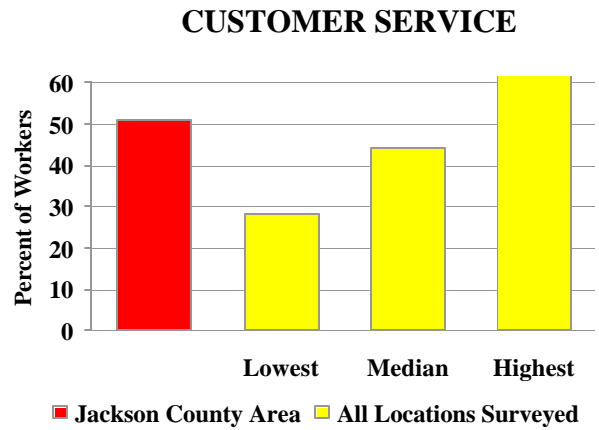
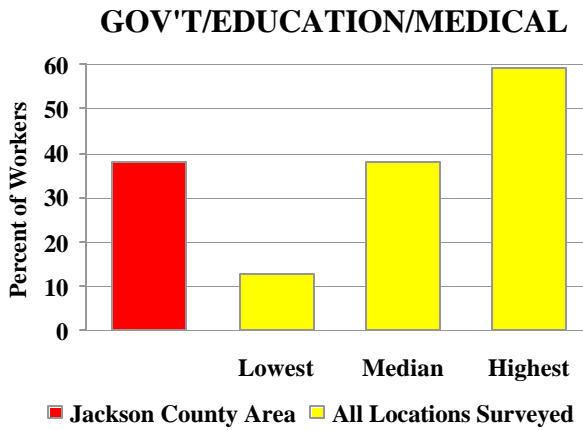
Desired Pay Rate Survey Area	Lowest Pay Rate All Areas Surveyed	Median Pay Rate All Areas Surveyed	Highest Pay Rate All Areas Surveyed
\$23.85 or More	\$12.67 or More	\$17.27 or More	\$25.00 or More

The charts on the following pages compare the percentage of workers in all locations surveyed who have experience in various fields of employment with the percent of workers in the Lee's Summit Area who have the same type of experience. These charts are followed by additional charts which compare the percentage of workers in all locations surveyed who are skilled in various types of employment with the percentage of workers in the Lee's Summit Area who are skilled in the same fields. Again, the Lee's Summit Area is compared to the lowest, median, and highest of all areas surveyed in each experience and skill category.

EXPERIENCE OF WORKERS IN ALL LOCATIONS SURVEYED
(22,887,000 Workers)

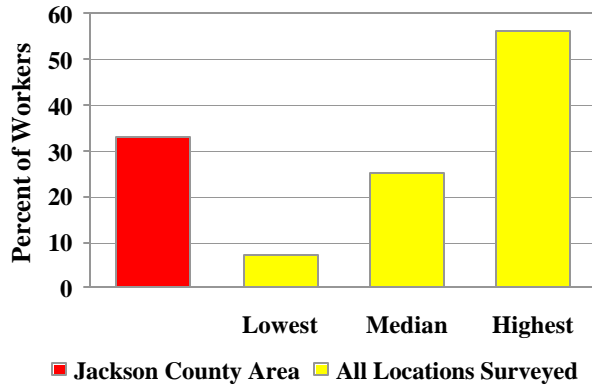


EXPERIENCE OF WORKERS IN ALL LOCATIONS SURVEYED

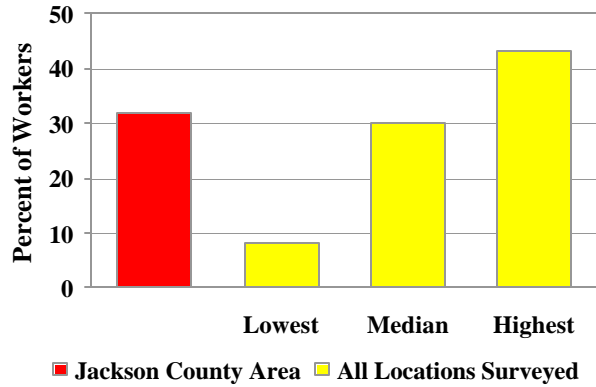


SKILLS OF WORKERS IN ALL LOCATIONS SURVEYED

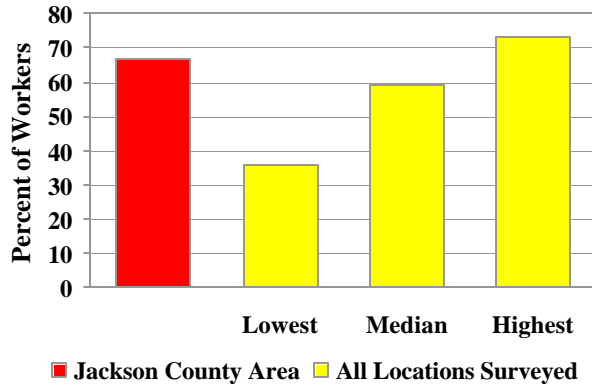
INDUSTRIAL MACHINE



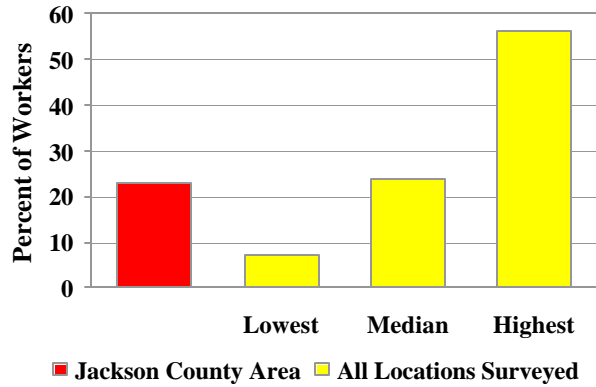
MAINTENANCE



OFFICE-RELATED

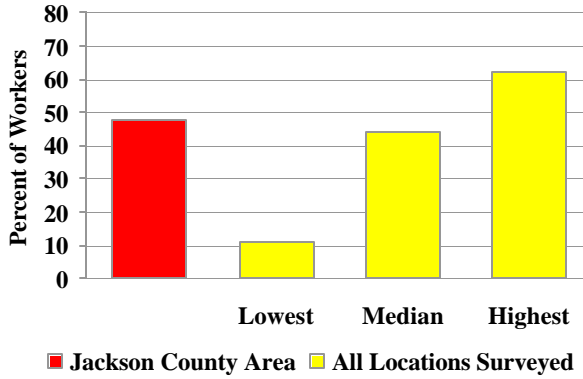


TECHNICIAN

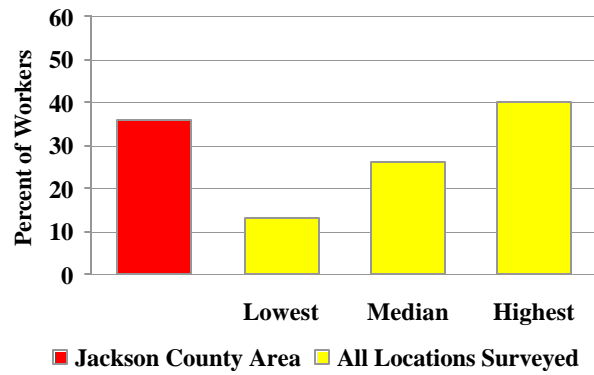


SKILLS OF WORKERS IN ALL LOCATIONS SURVEYED

MATERIALS/WAREHOUSE



TELECOMMUNICATIONS



SIZE OF WORKFORCE

Lee's Summit Area.....	447,100
Largest <u>Previously</u> Surveyed	3,452,000
Median <u>Previously</u> Surveyed	173,000
Smallest <u>Previously</u> Surveyed.....	10,815
Number of Locations Previously Surveyed.....	127
TOTAL WORKERS REPRESENTED IN DATABASE.....	22,887,000

CLOSING REMARKS

The foregoing report represents a workforce assessment of the Lee's Summit Area. It includes a set of important interlocking measurements of the number of underemployed workers, their cost, skills, experience, education, reliability, productivity, and related other factors. The information also allows the economic development professional and the site-selection team to view the Lee's Summit Area as compared to other locations.

Attention should be given to the Employers' Views of Workforce section in this report which compares local employers' views of the characteristics of local workers with employers' views in other locations where the identical questions have been asked in an identical fashion.

Similarly, attention should be given the final section of this report, National Comparative Observations, which compares costs, experience, and skills of local workers with those in other locations where these surveys have been conducted employing an identical methodology.

More than twenty million workers are represented in this database from more than one hundred survey locations. While the number of underemployed workers in the Lee's Summit Area, including their cost, skills, and experience, is the focus of this report, those data should be interpreted in a comparative perspective just as the corporate site selector will in deciding among competing locations.