

GROUNDBREAKING JOB CREATION INITIATIVE REVEALED USING SUMMER INTERNSHIPS

-- Global benchmark summer internship initiative can reduce youth unemployment by 26% in the U.S. and accelerate economic development in Asia --

-- General Electric, Goldman Sachs, and KPMG selected as global benchmark summer internship programs --

Dateline: Washington, D.C. August 11, 2011

Overview:

Leading global performance improvement firm, **J-InterSect**, released the results of a 15-month Project Report that revealed a groundbreaking job creation initiative using summer internships.

A summer internship initiative based on global benchmarks can reduce youth unemployment by 26% in the United States and accelerate economic development in Asia. This has the potential to create 1.14 million jobs in the United States.

J-InterSect's study selected five internship programs out of 75 as having the highest impact on job creation and economic growth. The internship programs at General Electric, Goldman Sachs, and KPMG were among a group of five selected as having the highest value-add best practice programs and as a result the highest return on investment. These three firms all scored highly on 10 key performance indicators (KPIs), including hours of formal training (see table 3). They established a global benchmark for other internship programs to measure against.

Despite global benchmark internship programs' success, many for-profit internships and virtually all nonprofit internship programs fail to use high value-add best practices, and as a result achieve an inadequate return on investment.

Only 5% of the estimated 240,000 internships offered in the United States each year are in programs that meet global benchmark standards. These internships are highly successful. In fact, 84% of new hires at global benchmark companies were previously their interns. At for-profit internships that failed to meet global benchmark standards, only 20% of new hires were previously their interns. For nonprofit internships, this metric is only 10%.

From 2003 to 2008, the number of interns per program increased 40% at global benchmark for-profit internships, compared to 10% for intern programs not meeting global benchmark standards, and 8.4% at nonprofit internships.

The research should motivate for-profit and nonprofit organizations to improve internship training and management. Furthermore, the potential job creation and economic development should encourage the allocation of resources towards improving internship programs. Charles P. Kazarian, the Project Report Team Leader, commented:

“Summer internships are a groundbreaking job creation initiative that can reduce youth unemployment by 26% in the U.S.”

Summer internships with high value-add best practice programs contribute the following top ten benefits to society:

Table 1. Top Ten Society Benefits of Global Benchmark Internship Programs

1) Attract better talent	6) Develop future sector employees/leaders
2) Expand sector's reach	7) Increase contribution to GDP
3) Improve entrepreneurship	8) Increase sector growth
4) Improve professionalism	9) Increase sector funding
5) Improve sector performance/effectiveness	10) Generate innovative & bright ideas

In addition to the benefits to society, interns at programs that meet global benchmark standards were described as learning the “eight-Ps”: persistence, problem-solving, positive-attitude, perseverance, productivity, people skills & networking, planning, and prioritization.

I. Selected Comments:

Washington SyCip, Founder of the Asian Institute of Management and Sycip Gorres Velayo and Company commented:

“To reap the vast benefits of summer internships, programs must improve performance to global benchmarks and adopt high value-add best practices.”

John C. Whitehead, former Chairman and CEO of Goldman Sachs, and former United States Deputy Secretary of State, stated:

"The idea of summer internships in the public sector, the private sector and the non-profit sector is a win-win idea. The young students benefit from the job and the experience and the employer benefits from the extra hands."

Roderick M. Hills, former Chairman of the U.S. Securities and Exchange Commission, and Counsel to the President of the United States (Ford Administration), commented:

“This is a very promising proposal that deserves serious consideration by those shaping job creation policy in the US.”

Dr. Sanjay Sinho, CEO of the American India Foundation, remarked:

“This summer internship initiative could provide our youth with the marketable skills necessary for India to compete more effectively in the global world economy.”

Christina Ahmadjian, Dean of Hitotsubashi University’s Graduate School of International Corporate Strategy, stated:

"The need for, and benefits of, high quality internships based on global benchmarks and high value add best practices, is increasingly recognized as a critical issue in Japan."

Mary W. Darby, China Expert, and Senior Research Scholar at Chazen Institute of Columbia Business School, commented:

"By adopting internship programs meeting global performance standards, China's high growth companies will develop the leaders they need to continue to succeed in tomorrow's increasingly competitive global economy."

Frank Lavin, former U.S. Ambassador to Singapore, added that:

“This bold and innovative summer internship initiative can create 1.14 million jobs in the United States.”

II. Research Methodology:

This 15-month Project Report included over ten J-InterSect professionals and contributions from over 100 sector professionals within J-InterSect’s Global Network. The work included: extensive field research and interviews with leading sector professionals, a confidential 34-question questionnaire, multiple job creation cost-benefit framework models, and critical analysis of historical data and extant sector research. Over 75 highly regarded internship programs were initially evaluated, approximately 25 internship programs managers were interviewed, and five were selected as global benchmark internship programs.

Since 2003, J-InterSect has produced 233 Project Reports, which include 96 Project Reports on economic development, 5 Project Reports covering job creation and internships, and an additional 15 Project Reports on job creation related topics. J-InterSect has discovered over 700 global benchmarks and over 900 high value-add best practices across its ten programs at the nexus of the commercial and social sectors.

On August 3, 2011, at a National Seminar on Youth Skills Development for Marginalized India in New Delhi, J-InterSect, via a Special Address, released results of its latest Project Report on Youth Skills Development: Global Benchmarks and High Value-Add Best Practices. The Special Address complemented a keynote by India’s former president, Dr. A. P. J. Abdul Kalam.

Contributing research partners in the United States include: Ashoka, Boston Consulting Group, General Electric, Goldman Sachs, Grameen Foundation, Institute of International Education, JP Morgan, KPMG, McKinsey & Company, Open Society, and the World Bank.

International contributing research partners include: Asian Institute of Management, Ayala Foundation, Cheung Kong Graduate School of Business, China International Capital Corporation, Lee Kuan Yew School of Public Policy, National School of Development at Peking University, Singapore Economic Development Board, Singapore Management University, Tsinghua University, United Overseas Bank, Washington SyCip Graduate School of Business.

The Project Report sets new standards for studies of its kind by using primary research and – importantly – in person interviews and statistical analysis to verify rigorously the validity of the questionnaire responses. Total interview hours exceed 200 hours, and questionnaire responses were compiled into a database of more than 30 performance models. The historical research includes over 500 documents from a wide-range of sources, spanning the past ten years.

The Project Report’s benchmarking and best practice framework and analytics were based on the leading social sector benchmarking textbook, “New Philanthropy Benchmarking: Wisdom for the Passionate” authored by Kristina Anna Kazarian.

III. Groundbreaking Job Creation Initiative:

Governments and leaders worldwide are struggling to create sustainable high value-add jobs and cultivate a positive environment for job creation at both for-profit and nonprofit organizations. The research indicates that developing global benchmark internship programs can significantly reduce unemployment in the United States. Furthermore, it can cultivate high value-add citizens in many Asian countries that have a growing demand for skilled employees or are facing unacceptably high unemployment levels in recent college graduates. A comparative cost-benefit framework analysis indicates a high social return on investment for global benchmark internship programs at both for-profit and nonprofit organizations.

In the United States, the research found a significant performance gap when comparing for-profit internships that do not meet global benchmark standards and non-profit internships to global benchmark for-profit internships. The project highlights two performance gaps and the resulting gap closing impact:

- * For-profit - The massive gap between for-profit internships that do and do not meet global benchmark standards
- * Nonprofit - the gap between nonprofit internships and global benchmark for-profit internships.

Closing the for-profit gap would produce 852,000 additional internships, lower summer unemployment by 19.5% for workers aged 16 to 24, and add 273 million hours of productivity. Closing the nonprofit gap would produce 284,000 additional internships, lower summer unemployment by 6.5% for workers aged 16 to 24, and add 91 million hours of productivity.

Table 2. Gap Closing Impact

	For-profit	Nonprofit	Total
Increase in # of Interns	852,000	284,000	1,136,000
% Reduction in Summer Unemployment: Ages 16 to 24	19.5%	6.5%	26%
Additional Productivity Hours	273,000,000	91,000,000	364,000,000

Significant performance gaps in key performance indicators include: hours of formal intern training, interns as a percentage of new hires, and percentage intern growth from 2003 to 2008. Global benchmark for-profit internships provide 40 hours of high value-add formal intern training, compared to the complete lack of formal training offered by for-profit internships that fail to meet global benchmark standards and nonprofit internships. Internships meeting the global benchmark standards have a high success rate. In fact, 84% of new hires at global benchmark companies were previously interns, compared to 20% for intern programs that do not meet global benchmark standards, and 10% at nonprofit internships. From 2003 to 2008, the number of interns per program increased 40% at global benchmark for-profit internships, compared to 10% for intern programs not meeting global standards, and 8.4% at nonprofit internships.

Table 3. Internship Field Performance Gap

KPIs	Benchmark For-profit	Non-Benchmark For-profit	Nonprofit
1) % Interns / Professionals	5.1%	1%	0.5%
2) Program Cost Per Intern	US\$18,300	US\$8,400	US\$4,500
3) Hours of Formal Training	40	0	0
4) Training Cost Per Intern	US\$1,200	US\$0	US\$0
5) Training Cost / Compensation	7.9%	0%	0%
6) Intern Cost / Professional Cost	0.25%	0.02%	0%
7) Conversion Rate	60%	15%	5%
8) Interns as % of New Hires	84%	20%	10%
9) '03-'08: % Intern Growth	40%	10%	8.4%
10) '10-'15: % Projected Annual Intern Growth	8.5%	2.8%	2.2%

The Project Report also highlighted five countries in Asia, where there are virtually no internships today, whose economies could greatly benefit from the implementation of benchmark internship programs. In the People's Republic of China (PRC) and India, where a shortage of professionally trained managers acts

as a main hindrance to economic growth, internships could equip large numbers of talent with vital entrepreneurial skills. In Japan, where a “lost generation” has been stuck doing temp-jobs for decades, even as the country faces a stagnant economy and a growing population shortage, internships could facilitate necessary training and experience for these workers to join the permanent workforce at higher performance-levels. Singapore built its economy on identifying best practices from around the world, significantly improving the benchmarks with its trademark key performance indicators, and then sharing its innovation and knowledge with the world. This national passion makes Singapore a natural candidate for implementing new global benchmark internship programs. The Philippines, severely lagging in development compared to its neighbors, could use internships to give a well-needed boost to its for-profit companies and its progressive nonprofit organizations.

Superior initiative comparative analysis was comprehensively vetted with a job creation cost-benefit framework analysis that included not only cost of programs, but probability of meeting targets, time horizon for targets, sustainability of job created, level of value-added of job created, and derivative impact of program.

In modeling other initiatives, a wide-range of programs were considered including: public works programs, tax credit programs of many stripes, financial stimulus packages, matching venture capital funding programs, trade-in product programs, vocation training grants, public employee supplemental payment programs, and even welfare related spending programs. As the research advanced, it became increasingly apparent that almost every conceivable program, especially those with considerable political implications, was being labeled a “job creation” program often solely to obtain favorable public opinion.

IV. Global Benchmarks:

The Project Report has selected five global benchmark internship programs worldwide, based on a rating scale of ten key performance indicators. They are: General Electric, Goldman Sachs, KPMG, Boston Consulting Group, and JP Morgan. The sources of their success have been classified into four high value-add best practices of global benchmark internship programs: customized and high value-add training, developing brand through intern’s experience, benchmarking and best practice collection, and KPI management and program assessment.

Table 4. Four High Value-Add Best Practices of Global Benchmark Internships

1) Customized, High Value-Add Training
<ul style="list-style-type: none"> • Customized, high value-add training (40-50 hours/intern) preparing interns with diverse backgrounds and experience-levels to perform at a high level along-side senior staff • Personal mentoring and consistent feedback enabling interns to learn quickly and grow
2) Developing Brand Through Intern’s Experience
<ul style="list-style-type: none"> • Working on high-impact assignments, sometimes on a rotational basis, providing early exposure to different aspects of the industry • Networking and senior management involvement helping interns understand how they fit in the organizational structure, and encouraging internal circulation of new ideas
3) Benchmarking & Best Practice Collection
<ul style="list-style-type: none"> • Internal and external benchmarks and best practices collected and implemented to ensure the program and company continuously raise the performance bar
4) KPI Management & Program Assessment
<ul style="list-style-type: none"> • KPIs used to measure and improve effectiveness and efficiency of the program • High conversion rates of interns to entry-level hires demonstrating intern satisfaction and maximizing returns on company investments in intern training and mentorship

Only 5% of the estimated 240,000 internships offered in the United States each year are in programs that meet global benchmark standards. Public relations tricks and uncritical studies can lead to the false advertisement of “prestigious” internships, which in reality consist of interns exploited as cheap or unpaid labor, performing clerical and menial tasks with low prospects for personal development. At nonprofit organizations, overwhelming lack of professionalism and accountability can be attributed to “tunnel-vision,” resistance against a performance-based approach using quantifiable performance indicators. These substandard internships can also give their interns negative branding. Future employers, aware of the prevalence of the “Lake Wobegon Effect” at nonprofit organizations, often assume interns from these organizations will be underperformers.

The Project Report results show that if NGOs passionately want to take their ideas to scale, they can produce substantial, sustainable change. NGOs need to develop a mindset where performance is based on the “3-highs”: high value-add, high return on resources, and high impact. Most nonprofit organization’s internships are also unpaid, excluding participation of 90% of the “best-and-brightest.” Kazarian observed:

“It’s clear from the research that nonprofit organizations must utilize key performance indicators and geographically appropriate transparency to significantly raise the bar on performance.”

A few standout organizations are exceptions to the rule: The World Bank, Fulbright Program, Ashoka, and Open Society Institute. These internships/fellowships, though their objectives and formats may differ from for-profit programs, should nevertheless be considered as emerging benchmark programs that have the potential to offer high value-added to interns or fellows and have a high impact on society.

V. Call-for-Action Pilot Program:

The Project Report concludes that entities in both sectors gain substantial benefit, such as attracting better talent, increasing sector growth, and generating innovative ideas (see table 1). To realize the potential large-scale impact of summer internships on job creation will require funding from outside sources.

At for-profit companies, the Project Report outlines a two-way partnership between companies and government. Government entities would provide three to five years of funding support of US\$1.35 billion annually. Companies would provide KPI oversight and matching three to five years of funding.

At nonprofit organizations, the Project Report outlines a three-way collaboration involving NGOs, government, and foundations. A consortium of government entities would provide three to five years of funding support of US\$450 million annually. Foundations would provide KPI oversight and matching three to five years of funding.

In this pilot program, companies and NGOs that undergo competitive selection must commit to adopting key performance indicators and high value-add best practices, including formal training and paying their interns. Executives of large companies and NGOs will agree to participate in internally-led intern training and management programs; and smaller companies and NGOs may outsource their training or combine resources with other organizations.

Current leaders in each sector would oversee macro-level program management, and the pilot program would start with top quartile performing companies and NGOs in order to provide high profile success stories as well as high value-add best practice transparency of information.

VI. Contributing Research Partners:

The research team would like to thank all participating firms, government entities, nonprofit organizations, universities, and professionals who contributed to this Project Report with their time and knowledge. However, J-InterSect accepts all responsibility for the accuracy and content of the Project Report and its findings. In the United States: Ashoka, Boston Consulting Group, General Electric, Goldman Sachs, Grameen Foundation, Institute of International Education, JP Morgan, KPMG, McKinsey & Company, Open Society, World Bank. In the PRC: Central University of Finance & Economics, Cheung Kong Graduate School of Business, China International Capital Corporation, National School of Development at Peking University, Tsinghua University. In Japan: Hitotsubashi University, Japan Research Institute, JETRO, METI. In Singapore: Lee Kuan Yew School of Public Policy, Oversea-Chinese Banking Corporation, Singapore Cooperation Programme within the Ministry of Foreign Affairs, Singapore Economic Development Board, Singapore Management University, United Overseas Bank. In the Philippines: Asian Institute of Management, Ayala Foundation/Philippine Development Foundation, SyCip Gorres Velayo & Co., Washington SyCip Graduate School of Business.

J-InterSect will provide findings from the Project Report to those that participated in the project on a confidential basis and those recommended by contributing research partners.

For additional information contact: Charles P. Kazarian at ckazarian@kazarianfoundation.org or Mark F. Ogan at mogan@jintersect.com. Or call 1.202.449.9600. J-InterSect, 1629 K Street, Suite 300, Washington, D.C. 20006.

About J-InterSect:

J-InterSect (JIS) is a global performance improvement company at the nexus of the commercial and social sectors. JIS is headquartered in Washington, D.C. with offices worldwide. JIS products and services create high value-add, high return on resources, and high impact (the "3-highs").

Project Reports are requested from organizations seeking global knowledge in addition to completed Project Reports currently in the JIS Library. Customized Project Reports are generally completed within 90 days with a total satisfaction guarantee.

Each Project Report is produced by a team of more than ten professionals through a proprietary Knowledge Creation Process. JIS team members include Research Analysts and an extensive global network resource pool of 3,000 professionals. Each Project Report is rigorously rated for high value-add, high return on resources, and high impact (the "3-highs").

JIS top ranked Project Reports each go through a proprietary process with a focus on improving performance through the "3-highs": high value-add, high return on resources, and high impact. The processes include JIS's proprietary ABCs covering approximately 140 countries: (A) identifying 40 potential global benchmarks based on the "3-highs", then short listing to ten, with a final selection of two or three global benchmarks; (B) networking with a minimum of 20 high value-add thought leaders and KPI managers; (C) identifying the ten global benchmark research materials on the topic and providing a compelling analysis as to why the JIS Project Report vastly improves upon these materials.