

Business, Technical & Financial Services

Industry Cluster Profile | Metropolitan Chicago Region

Overview

This report¹ provides key data for the Business, Technical and Financial Services cluster which is significant to the metropolitan Chicago region's economy.² The Business, Technical and Financial Services cluster represents similar industries that are closely connected through supply chains and shared labor pools within the region and is primarily comprised of organizations whose services are in some way related to banking, investing, and lending; insurance and related services, and technical services that include, but are not limited to, legal, accounting, engineering, and technology/computer system services. A detailed listing of the industries included in the cluster, as defined at the 6-digit NAICS level, are provided as an addendum to this report.

This report was developed through a partnership between The Workforce Boards of Metropolitan Chicago (WBMC) and the Metro Economic Growth Alliance (MEGA) of Chicago. The WBMC is a regional consortium of six Workforce Boards that have collaborated for the past nine years on initiatives that address workforce and economic development issues. The Workforce Boards oversee development of a workforce system that provides individuals with education and training required for career opportunities in high demand occupations and provides employers with access to a skilled, competitive workforce. The MEGA is a partnership of lead economic organizations from throughout the metropolitan Chicago region that are committed to growing the regional economy through coordinated, effective business development. The metropolitan Chicago region includes the following counties: Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry, and Will.

Significance of Cluster to Region

The Business, Technical and Financial Services cluster encompasses 53,918 establishments and employs 849,721 (2012) people in the metropolitan Chicago region. During the period of 2011 to 2021, this industry cluster's jobs are expected to grow by 23.7% as compared to national growth for this cluster of 25.5%. The region's average annual wages/salaries for these jobs are \$73,077 (2012), for total regional wages/salaries in excess of \$62 billion. With a 1.23 location quotient, this cluster has a higher than average concentration of economic activity in the region when compared to the nation's economic activity in this cluster overall.

A location quotient (LQ) measures how concentrated an industry cluster is in a given region as compared to the nation. An LQ greater than 1.0 means the cluster is an export industry. Industries with a high LQ are typically, but not always, export-oriented industries bringing money into the region rather than simply circulating money that is already in the region. An LQ of <1.0 means it typically has to import from outside to satisfy local demand.



¹ Industry cluster reports produced by the Fond du Lac County Economic Development Corporation served as a model for the reports developed by The Workforce Boards of Metropolitan Chicago (<http://www.fcfdc.com/targetedindustries.html>). The Workforce Boards used these reports to guide both content and format for presenting information relative to the metropolitan Chicago region.

² The source of data utilized for this report was the Economic Modeling Specialists, Inc.'s (EMSI) 2012 2nd quarter complete employment data set. EMSI estimates are based on a methodology that combines employment information from the Illinois Department of Employment Security (IDES) with self-employment numbers and EMSI-derived estimates for unsuppressed data. More information related to EMSI data sources and methodologies for compiling projections can be found at http://www.workforceboardsmetrochicago.org/Portals/0/Uploads/Data_Sources_and_Calculations.pdf.



Cluster Definition

“An industry cluster is a group of interdependent firms and related institutions that draw a productive advantage from their geographic concentration and connections. Firms in a cluster share common resources and technologies, rely on a similar labor pool and institutions, and are linked through strong relationships and transactions in addition to co-location.”³

Based on employment and economic activity generated by each industry, the core strength of the Business, Technical and Financial Services industry cluster comes from offices of lawyers; commercial banking; administrative management and general management consulting services; portfolio management; investment advice; insurance agencies and brokerages; computer system design services; and custom computer programming services. These core industries not only have high employment numbers, representing 40.5% of the total cluster employment, but also drive employment and inputs from other industries supporting them.

Other significant industries in this cluster, based on both employment and in-region economic activity, include, engineering services, offices of certified public accountants, securities brokerage, and marketing consulting services.



Key Strengths

- Average annual wages/salaries of \$73,077 (2012) for this industry cluster are considerably higher than the national average of \$61,032 and state average of \$65,574 for this cluster.
- The projected growth rate for this industry cluster through 2021 is 23.7%.
- This cluster represents 16.6% of the region's total employment.

Value Chain

An essential component for an industry cluster is the local supply chain. Although not all inputs (goods or services) that an industry cluster needs can be produced in the local economy, it is desirable to meet as many of the cluster's needs locally as possible. Total requirements, meaning how much this cluster purchases from in- and out-of-region industries, are \$68.5 billion. Of these purchases, \$58 billion are in-region.

The economic activity associated with the Business, Technical and Financial Services industry cluster supports 7,222,628 jobs. 849,721 of those jobs are in cluster industries and in-region. With a job multiplier of 7.5, the cluster generates 6,372,907 jobs in the larger economy.

The job multiplier provides some indication of the total number of jobs (direct and indirect) supported by economic activity of the cluster. To determine the cluster's impact on jobs, total jobs in the cluster are multiplied by the job multiplier. Direct jobs are in industries comprising the cluster within a specified area; indirect jobs are in industries outside of the cluster and in the larger economy.

³ Metropolitan Chicago's Freight Cluster: A Drill-Down Report on Infrastructure, Innovation, and Workforce, Chicago Metropolitan Agency for Planning, Summary Report, June 2012, page 8.



Core and Support Industries

Within each cluster, there are certain industries that contribute more to the economy of the region than others. These industries not only have high employment numbers, but also impact employment and inputs from other industries supporting them. The chart below provides relevant information for the core and support industries in the Business, Technical & Financial Services industry cluster.



BUSINESS, TECHNICAL & FINANCIAL SERVICES CLUSTER

NAICS Code	Description	2011 Jobs	2021 Jobs	Change	% Change	2012 Wages/Salaries	2011 Establishments
541110	Offices of Lawyers	56,474	66,323	9,849	17%	\$103,192	6,428
522110	Commercial Banking	52,336	67,899	15,563	30%	\$76,980	1,984
541611	Administrative Management and General Management Consulting Services	45,129	61,818	16,689	37%	\$100,419	4,341
523920	Portfolio Management	44,102	73,106	29,004	66%	\$78,307	679
523930	Investment Advice	43,856	61,291	17,435	40%	\$44,982	1,201
524210	Insurance Agencies and Brokerages	38,396	45,784	7,388	19%	\$64,999	4,256
541512	Computer Systems Design Services	26,837	34,190	7,353	27%	\$88,254	3,359
541511	Custom Computer Programming Services	25,883	32,339	6,456	25%	\$84,797	2,731
541330	Engineering Services	19,954	25,264	5,310	27%	\$81,251	1,488
541211	Offices of Certified Public Accountants	19,920	24,881	4,961	25%	\$86,985	1,926
523120	Securities Brokerage	17,731	21,149	3,418	19%	\$127,995	536
541613	Marketing Consulting Services	16,578	24,933	8,355	50%	\$67,155	1,865



Market Opportunities

Uncovering Gaps

A gap analysis shows how much an entire industry cluster purchases from various other industries (its “requirements”), along with how much is satisfied by those industries inside and outside the region. A gap occurs when industries that produce inputs (goods or services) needed by the cluster’s core industries are not available locally or are underdeveloped. Although not all inputs that an industry cluster needs can be produced in the local economy, identifying and closing gaps benefits the region and the competitiveness of the cluster overall. Development or expansion of businesses that can fulfill the cluster’s needs for goods and services will create jobs and keep more money in the region.

Gap=Market Opportunity

Total in-region requirements, meaning how much the Business, Technical & Financial Services cluster purchases locally, are \$58 billion. It should be noted that this cluster’s in-region purchases, at 85%, are considerably higher than other targeted industry clusters in the region.

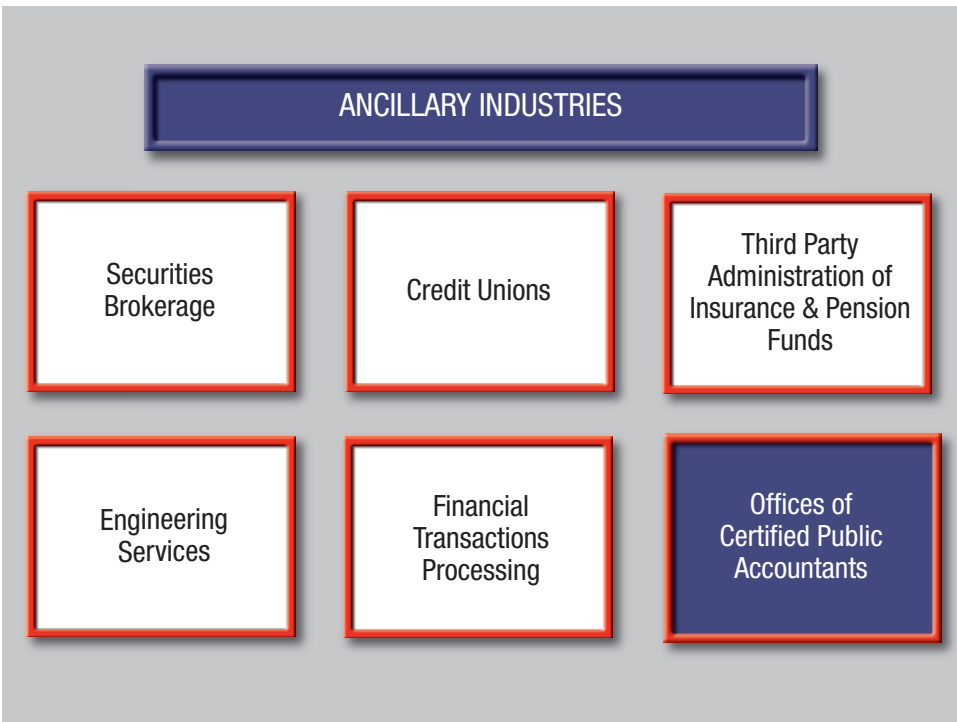
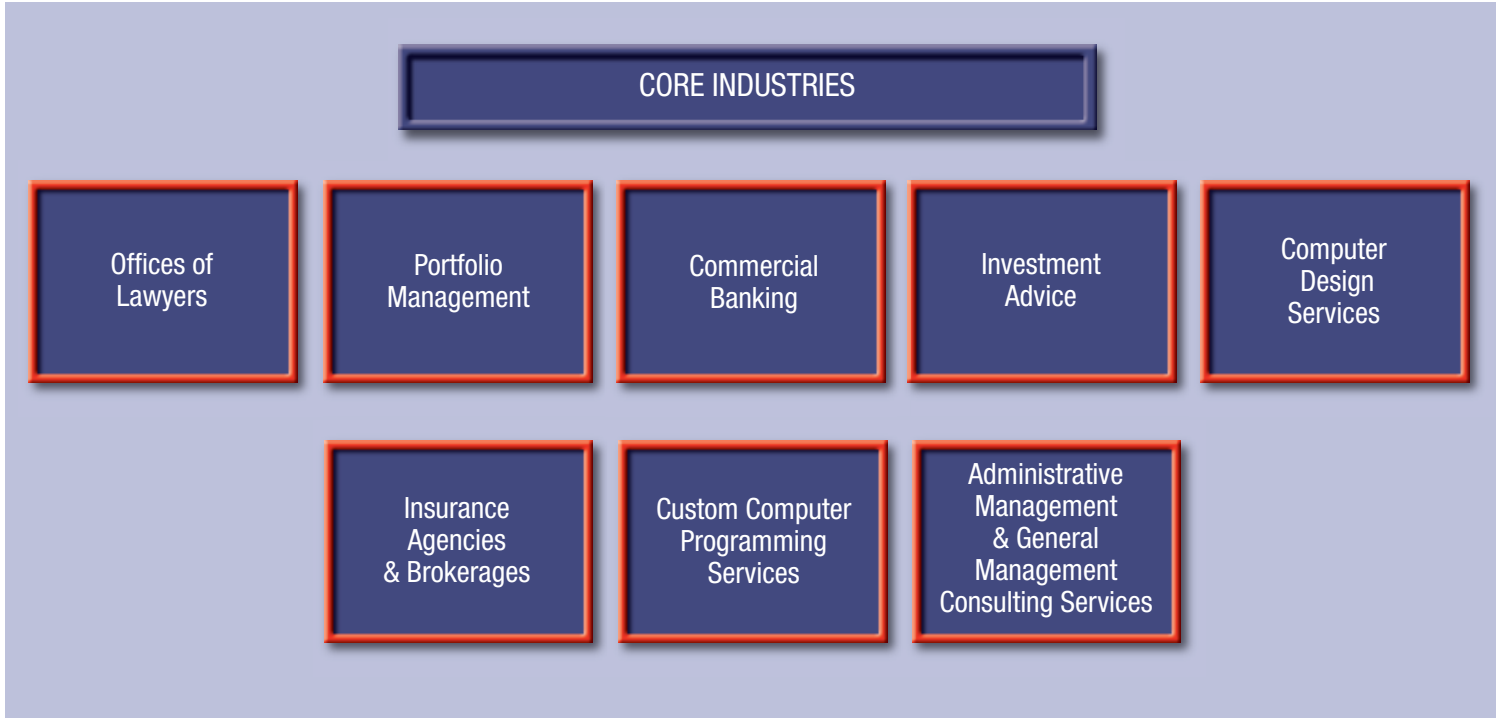
However, further analysis indicates that the cluster purchases \$10.5 billion outside of the region. Based on a review of these out-of-region purchases, potential market opportunities associated with the Business, Technical and Financial Services cluster have been identified and are reflected on the chart below. Gaps identified, not all inclusive, provide opportunities in the specific cluster but also across all industries in the region. This gap provides an opportunity to assist current employers in expanding or attracting new employers to fill the unmet need.

MARKET OPPORTUNITIES			
Industry/Gap	Unmet Need in Cluster	2012 Annual Average Wage/Salary	# of Establishments (2011) # of Employees in Cluster (2011) ⁵
Securities Brokerage	\$833,873,444	\$127,995	536 establishments 17,731 employees
Credit Unions	\$259,580,077	\$45,153	181 establishments 3,102 employees
Third Party Administration of Insurance and Pension Funds	\$223,683,887	\$57,749	148 establishments 4,386 employees
Engineering Services	\$173,763,838	\$81,251	1,488 establishments 19,954 employees
Telemarketing Bureaus and Other Contact Centers	\$168,481,767	\$34,588	134 establishments 3,524 employees
Financial Transactions Processing, Reserve, and Clearinghouse Activities	\$118,940,004	\$48,178	189 establishments 2,978 employees

⁵ Number of establishments and employees are specific to cluster unless industry/gap is not in the cluster, in which case number of industry establishments and employees in region.

INDUSTRY CLUSTER MAP

The following cluster map illustrates the primary or core industries as well as ancillary industries of this cluster. Industries represented in rectangles with no shading/fill reveal substantial unmet needs or gaps in the region. Boxes in red signify jobs within direct/defined cluster.



Conclusion

This report provides key data about the Business, Technical and Financial industry cluster, one of the primary clusters in the metropolitan Chicago region's economy. The workforce development community can use this report to support decisions related to the investment of resources in addressing future workforce needs in the region. Entities responsible for economic development in the region can utilize the industry level data and market opportunity analysis to inform their efforts in working with employers interested in locating to or expanding in the region.

For additional data related to the Business, Technical and Financial cluster or assistance with other labor market information needs, visit www.workforceboardsmetrochicago.com for information on contacting the Workforce Investment Board in your area.

BUSINESS, TECHNICAL AND FINANCIAL SERVICES CLUSTER⁶

NAICS Codes	Description
323115	Digital Printing
323116	Manifold Business Forms Printing
518210	Data Processing, Hosting, and Related Services
521110	Monetary Authorities-Central Bank
522110	Commercial Banking
522120	Savings Institutions
522130	Credit Unions
522190	Other Depository Credit Intermediation
522210	Credit Card Issuing
522220	Sales Financing
522291	Consumer Lending
522292	Real Estate Credit
522293	International Trade Financing
522294	Secondary Market Financing
522298	All Other Non-depository Credit Intermediation
522310	Mortgage and Nonmortgage Loan Brokers
522320	Financial Transactions Processing, Reserve, and Clearinghouse Activities
522390	Other Activities Related to Credit Intermediation
523110	Investment Banking and Securities Dealing
523120	Securities Brokerage
523130	Commodity Contracts Dealing
523140	Commodity Contracts Brokerage
523210	Securities and Commodity Exchanges
523910	Miscellaneous Intermediation
523920	Portfolio Management
523930	Investment Advice

⁶ The Business and Financial Services cluster, as defined by the Purdue Center for Regional Development, the Indiana Business Research Center at Indiana University's Kelly School of Business and the Strategic Development Group has been customized for the metropolitan Chicago region. Specifically, NAICS codes 521110, 522110, 522120, 522130, and 522190 were added.

BUSINESS, TECHNICAL AND FINANCIAL SERVICES CLUSTER

NAICS Codes	Description
523991	Trust, Fiduciary, and Custody Activities
523999	Miscellaneous Financial Investment Activities
524113	Direct Life Insurance Carriers
524114	Direct Health and Medical Insurance Carriers
524126	Direct Property and Casualty Insurance Carriers
524127	Direct Title Insurance Carriers
524128	Other Direct Insurance (except Life, Health, and Medical) Carriers
524130	Reinsurance Carriers
524210	Insurance Agencies and Brokerages
524291	Claims Adjusting
524292	Third Party Administration of Insurance and Pension Funds
524298	All Other Insurance Related Activities
525110	Pension Funds
525120	Health and Welfare Funds
525190	Other Insurance Funds
525910	Open-End Investment Funds
525920	Trusts, Estates, and Agency Accounts
525990	Other Financial Vehicles
531120	Lessors of Nonresidential Buildings (except Mini-warehouses)
531130	Lessors of Mini-warehouses and Self-Storage Units
531190	Lessors of Other Real Estate Property
531311	Residential Property Managers
531312	Nonresidential Property Managers
531390	Other Activities Related to Real Estate
533110	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)
541110	Offices of Lawyers

BUSINESS, TECHNICAL AND FINANCIAL SERVICES CLUSTER

NAICS Codes	Description
541191	Title Abstract and Settlement Offices
541199	All Other Legal Services
541211	Offices of Certified Public Accountants
541213	Tax Preparation Services
541214	Payroll Services
541219	Other Accounting Services
541310	Architectural Services
541320	Landscape Architectural Services
541330	Engineering Services
541340	Drafting Services
541350	Building Inspection Services
541360	Geophysical Surveying and Mapping Services
541370	Surveying and Mapping (except Geophysical) Services
541380	Testing Laboratories
541410	Interior Design Services
541420	Industrial Design Services
541430	Graphic Design Services
541490	Other Specialized Design Services
541511	Custom Computer Programming Services
541512	Computer Systems Design Services
541513	Computer Facilities Management Services
541519	Other Computer Related Services
541611	Administrative Management and General Management Consulting Services
541612	Human Resources Consulting Services
541613	Marketing Consulting Services
541614	Process, Physical Distribution, and Logistics Consulting Services

BUSINESS, TECHNICAL AND FINANCIAL SERVICES CLUSTER

NAICS Codes	Description
541618	Other Management Consulting Services
541620	Environmental Consulting Services
541690	Other Scientific and Technical Consulting Services
541810	Advertising Agencies
541820	Public Relations Agencies
541830	Media Buying Agencies
541840	Media Representatives
541850	Display Advertising
541860	Direct Mail Advertising
541870	Advertising Material Distribution Services
541910	Marketing Research and Public Opinion Polling
541922	Commercial Photography

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) DEFINITIONS⁷

CORE INDUSTRIES

522110 Commercial Banking

This industry comprises establishments primarily engaged in accepting demand and other deposits and making commercial, industrial, and consumer loans. Commercial banks and branches of foreign banks are included in this industry.

523920 Portfolio Management

This industry comprises establishments primarily engaged in managing the portfolio assets (i.e., funds) of others on a fee or commission basis. Establishments in this industry have the authority to make investment decisions, and they derive fees based on the size and/or overall performance of the portfolio

523930 Investment Advice

This industry comprises establishments primarily engaged in providing customized investment advice to clients on a fee basis, but do not have the authority to execute trades. Primary activities performed by establishments in this industry are providing financial planning advice and investment counseling to meet the goals and needs of specific clients

524210 Insurance Agencies and Brokerages

This industry comprises establishments primarily engaged in acting as agents (i.e., brokers) in selling annuities and insurance policies.

541110 Offices of Lawyers

This industry comprises offices of legal practitioners known as lawyers or attorneys (i.e., counselors-at-law) primarily engaged in the practice of law. Establishments in this industry may provide expertise in a range or in specific areas of law, such as criminal law, corporate law, family and estate law, patent law, real estate law, or tax law.

541511 Custom Computer Programming Services

This U.S. industry comprises establishments primarily engaged in writing, modifying, testing, and supporting software to meet the needs of a particular customer.

541512 Computer Systems Design

This U.S. industry comprises establishments primarily engaged in planning and designing computer systems that integrate computer hardware, software, and communication technologies. The hardware and software components of the system may be provided by this establishment or company as part of integrated services or may be provided by third parties or vendors. These establishments often install the system and train and support users of the system.

541611 Administrative Management and General Management Consulting Services

This U.S. industry comprises establishments primarily engaged in providing operating advice and assistance to businesses and other organizations on administrative management issues, such as financial planning and budgeting, equity and asset management, records management, office planning, strategic and organizational planning, site selection, new business startup, and business process improvement. This industry also includes establishments of general management consultants that provide a full range of administrative; human resource; marketing; process, physical distribution, and logistics; or other management consulting services to clients.

⁷ 2007 NAICS definitions found at <http://www.census.gov/eos/www/naics/>.

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) DEFINITIONS

ANCILLARY AND SPECIALTY INDUSTRIES

522130 Credit Unions

This industry comprises establishments primarily engaged in accepting members share deposits in cooperatives that are organized to offer consumer loans to their members.

522320 Financial Transactions Processing, Reserve, and Clearinghouse Activities

This industry comprises establishments primarily engaged in providing one or more of the following: (1) financial transaction processing (except central bank); (2) reserve and liquidity services (except central bank); and/or (3) check or other financial instrument clearinghouse services (except central bank).

523120 Securities Brokerage

This industry comprises establishments primarily engaged in acting as agents (i.e., brokers) between buyers and sellers in buying or selling securities on a commission or transaction fee basis .

524292 Third Party Administration of Insurance and Pension Funds

This U.S. industry comprises establishments primarily engaged in providing third party administration services of insurance and pension funds, such as claims processing and other administrative services to insurance carriers, employee-benefit plans, and self-insurance funds.

541211 Offices of Certified Public Accountants

This U.S. industry comprises establishments of accountants that are certified to audit the accounting records of public and private organizations and to attest to compliance with generally accepted accounting practices. Offices of certified public accountants (CPAs) may provide one or more of the following accounting services: (1) auditing financial statements; (2) designing accounting systems; (3) preparing financial statements; (4) developing budgets; and (5) providing advice on matters related to accounting. These establishments may also provide related services, such as bookkeeping, tax return preparation, and payroll processing.

541330 Engineering Services

This industry comprises establishments primarily engaged in applying physical laws and principles of engineering in the design, development, and utilization of machines, materials, instruments, structures, processes, and systems. The assignments undertaken by these establishments may involve any of the following activities: provision of advice, preparation of feasibility studies, preparation of preliminary and final plans and designs, provision of technical services during the construction or installation phase, inspection and evaluation of engineering projects, and related services..

541613 Marketing Consulting Services

This U.S. industry comprises establishments primarily engaged in providing operating advice and assistance to businesses and other organizations on marketing issues, such as developing marketing objectives and policies, sales forecasting, new product developing and pricing, licensing and franchise planning, and marketing planning and strategy.

561422 Telemarketing Bureaus and Other Contact Centers

This U.S. industry comprises establishments primarily engaged in operating call centers that initiate or receive communications for others-via telephone, facsimile, email, or other communication modes-for purposes such as (1) promoting client products or services, (2) taking orders for clients, (3) soliciting contributions for a client; and (4) providing information or assistance regarding a client's products or services. These establishments do not own the product or provide the services they are representing on behalf of clients.