

What Else Is There Besides Money?

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High salaries. Bonuses. Money-hungry twentysomethings flocking to hot New Economy companies offering six-figure salaries and lots of stock options. As the talent wars heat up, companies are falling over themselves to lure top recruits.

To some extent, the proof is there. CollegeHire.com Inc., a New Economy recruiter, recently reported a \$250,000 compensation package for a new college grad. The InformationWeek salary survey reports slightly more than 40% of IT staff and 35% of IT managers rank base pay as what matters most to them about their jobs.

But money alone isn't enough. The crusaders of the New Economy, high-tech knowledge workers, have revamped workplace value systems. Perhaps management guru Peter Drucker put it best when he said, "Bribing the knowledge workers on whom these industries depend will simply not work."

It's this revamping of the value system of business and management that promises to be the most enduring change associated with the new economy. Today's knowledge workers expect a different organizational culture from previous generations of IT workers. Indeed, the InformationWeek salary survey indicates the key elements of the New Economy work environment include job challenge and responsibility, a flexible work schedule, and even job stability, all of which outrank base pay and benefits. In addition, stock options rate much lower on the list for IT workers. The salary survey also reports just one in four IT workers has stock options with a median value of a mere \$15,000--hardly enough to make anyone rich. Factors such as job atmosphere, casual attire, the challenge of working with leading-edge technology, and a nurturing culture also rank quite high.

All of this is confirmed in research we've been conducting on the shift in value systems for knowledge workers in the New Economy. Our interviews and focus groups reinforce the notion these knowledge workers want to work for companies that "get it"--an organizational culture that's open, flexible, nurturing, and supports diversity. The days of the faceless bureaucrat and the corporate automaton are

gone. Our research reveals that knowledge workers are looking for an organizational culture that's more like an art studio than a bureaucracy, a graduate seminar instead of a company. They want to be themselves and be around colleagues who have that same freedom to express their lifestyles.

Being a "hot" company isn't enough--knowledge workers want to work for a company in the right location. While it was thought that the rise of the Internet economy would lead to the end of geography, now, more than ever, knowledge workers choose jobs based on location. According to the salary survey, nearly a fifth of IT staffers report geographic location as a key feature of their job, and about the same number ranked job commute as a key factor.

So where are knowledge workers flocking? Cities such as Austin, Texas; Boston; New York; the San Francisco Bay area; Seattle; and Washington are the Mecca locations for IT workers. Our focus-group findings suggest that knowledge workers are more interested in where they live than ever before. While money still plays a crucial role, individuals aren't quite as inclined to accept a job in a less desirable location just for salary benefits. Case in point: Gateway, the PC manufacturer, established an administrative headquarters in San Diego, apart from its traditional location in Sioux City, S.D., in order to attract top employees.

Knowledge workers want to work and live in a city that caters to other facets of their lives besides work. Both our focus groups and statistical research show that knowledge workers want to inhabit cities that offer lots of job opportunities--a "thick" labor market--and where lots of other young people are around. They want to live in places with lots to do, such as "extreme" outdoor activities such as rock climbing, sailing, and kayaking; they also cite a thriving music scene, bustling street life, and an eco-friendly environment as desirable. More than just a laundry list of attributes, however, what makes a city attractive is its energy.

So how do companies and cities prosper and compete in the New Economy? The key lies at the "edge" between hot companies and cool places. The company provides the dynamic organizational culture, while the city provides the lifestyle that knowledge workers want. Knowledge workers--particularly young ones--want their lifestyle to infuse and surround their workplace. They want to feel the energy of street musicians, sidewalk cafes, Rollerbladers, and cyclists. This is even more important in an around-the-clock work environment, where

streets are lively and knowledge workers can go out for espresso or a snack at midnight.

So trade in your tie for a V-neck, play some ultimate Frisbee with your colleagues at noon, put on some techno, some acid jazz, or even Miles Davis, and get in touch with the beat of the New Economy.