

Pittsburgh, let's wake up and play

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Published Sunday, June 11, 2000

www.post-gazette.com/forum/20000611florida8.asp

The Pittsburgh region stands poised on the verge of a new economy. The region has all of the assets required to compete and win in this new economy -- world-class universities, a burgeoning group of high-tech companies, technology, talent, splendid topography and natural assets, and spectacular industrial-age architecture.

Yet, in Forbes magazine's recently released scorecard of the best places for high-tech business, Pittsburgh ranked 147th out of 200. The question is: Can this region mobilize its resources and assets to become a major player in the new economy?

It goes without saying that our region must continue to nurture, support and enhance its technology assets -- particularly its leading universities that are the crown jewels of the knowledge economy. But for sure, we do not want to become just another Silicon somewhere. Instead, we want to build on Pittsburgh's authenticity and credibility.

The new economy is ushering in a dramatic convergence between technology-based industries and urban living, placing Pittsburgh in an enviable position from which to compete. The past several years have seen a shift in the preferred location of the firms and people that power the new economy. The previous preference for office parks in "techno-burbs" has given way to an emerging preference for denser, urban locations.

The convergence of urbanism and the new economy is motivated by broad and fundamental shifts in the way high technology companies organize themselves. These shifts powerfully enhance Pittsburgh's abundant advantages in technology, talent and urbanism in ways that were simply unimaginable several years ago. Critical to this fusion is the environment that talented young people prefer to live and work in.

In order to understand how Pittsburgh can best navigate the waves of this convergence that is defining the new economy transformation, I led a study on workplace and lifestyle trends (with support of the R.K. Mellon Foundation, Heinz Endowments and Sustainable Pittsburgh). In the course of this study, our team looked at key trends in 35 major regions across the country, conducted detailed statistical research, led focus groups, and interviewed hundreds of people. The participants were primarily young people on the front lines of this transition.

I also visited and conducted case studies of regions such as Seattle and Austin that are strategically positioning themselves to compete in this new economy. And over the past several months I have been fortunate enough to present our key findings to dozens of groups in Pittsburgh and to appear on radio and television and to gain feedback from scores of listeners. I have also had the unique opportunity to be a part of a series of spontaneous gatherings where young people have gotten together to help find the heart of Pittsburgh's energy.

The basic message of all of this work is clear. First and foremost, the region must redouble its efforts to attract, generate and retain talent - - the key factor of production in the new economy. Economic development must shift from attracting firms to attracting people. The outposts of the new economy are built around talent. At a recent meeting of the National Governors Association, Hewlett Packard CEO Carley Fiorina told the governors essentially: Keep your tax incentives and the like, just give us talent. We will go where the highly skilled people are. Pittsburgh's big economic development wins of recent years have virtually all been talent-driven. The Rand Corp. and Seagate, the disk drive maker, both chose Pittsburgh in order to be close to talent at Carnegie Mellon University and other area universities.

To this end, the Pittsburgh region must provide the broad lifestyle and amenities that are intrinsic to the social and cultural shifts in the new economy. Sports stadiums, an exciting Downtown and a vibrant cultural district are a good start, but they are not enough. The new economy demands a new kind of lifestyle which is oriented around the creativity and energy that come from a dynamic street life, vibrant music scene, and extreme outdoor sports.

I met recently with the mayor of Austin, Kirk Watson. He summed it up best: "Austin has benefited from a convergence between technology and our laid-back, progressive, creative, lifestyle and music scene. The key is that we continue to preserve the lifestyle and

diversity, which enables us to lure companies and people from places like Silicon Valley."

The young knowledge workers that fuel high-tech industry want to live, work, and play in the same place -- and they play much differently from most people. There is a preference for extreme sports, rock climbing, mountain biking, rowing, snowboarding and the like.

The region needs to build on its wonderful natural assets and use them to attract and retain talent. I am a cyclist and our natural topography makes for a wonderful cycling center -- if you dodge the cars. Our rivers are a spectacular place for canoeing and kayaking, but there is virtually no place to put a boat in the water. There are few places to play ultimate frisbee in the city. In the words of one area high-tech executive: "My people want a rock climbing wall on Mount Washington." We have a built environment that is ready made for all sorts of climbing walls -- along the sides of old buildings or on bridges and railroad trestles. The region may not have the sun and warmth of the Bay Area and Austin, but, contrary to urban myth, it has no more rain than Seattle and is warmer than Boston.

Diversity is another key element of this new economy lifestyle. Leading centers from Seattle and Austin to San Francisco and Washington provide a place where anyone from any background and of any age can plug in and make a contribution -- straight, gay, Indian, Asian, black, white or whatever. Knowledge workers are a diverse group and they want to work for a company and live in a city that reflects their openness and tolerance.

Our analyses of leading high-tech regions show a high correlation between diversity and the ability to attract talent and generate high-tech companies. In fact, our research finds a strikingly strong correlation between high-technology industry and the gay community. This is not because gay people in and of themselves attract high-technology companies. Rather a place that is a comfortable home to the gay community is a place that is open to all types of people. Being a place that is open and welcoming of diversity is key to attracting talent and to being a vibrant high-tech center.

From its industrial buildings and glorious housing stock to its ethnic neighborhoods, Pittsburgh has an authenticity -- a realness -- that is a tremendous advantage in the new economy. The young talented people I have interacted with over the past year have stressed this time and time again. Instead of uprooting our history and creating the

generica associated with malls throughout the country, we should focus on preserving the legacy of old buildings, such as those in the Strip, Lawrenceville, the South Side and Downtown. The region's historic architecture and building design is perfect for conversion into tech spaces, incubators and lofts.

High-tech places are built around universities that create knowledge, generate new ideas, incubate fledging companies and act as talent magnets. If our region is serious about engaging the new high-tech economy, we need to take our university neighborhood seriously -- and start investing in it. Oakland is home to 35,000 students and the workplace for 100,000-plus knowledge workers. As a technology incubator and talent generator, it may well be the most strategically important area of the entire region.

But Oakland is a tired neighborhood that has been neglected for years. In the words of a young University of Pittsburgh student who was my waitress recently: "I love the university, but Oakland is a hole." After spending four years in Oakland, it is little wonder that students want to leave when they graduate.

A central part of revitalizing Oakland is creating a more connected city. Oakland is isolated. In fact, many of the region's neighborhoods are isolated. Part of this is inherent in our topography. But there once were mechanisms to connect the city -- the extensive system of trolleys and some 16 inclines. Urban renewal has done much to disconnect neighborhoods by putting giant barriers in the form of stadiums, big box stores, circles and parking garages between them.

In all of our focus groups and interviews, the participants expressed that the city and region needed to be more connected. Students, young professionals and seniors expressed a preference for a subway, a light-rail system or a more user-friendly, around-the-clock bus system -- with dedicated routes connecting Oakland to other parts of the city.

With our universities and burgeoning high-tech community, our authenticity, our glorious rivers and topography, and stunning built environment, Pittsburgh is poised for success in the new economy. Instead of dismissing these unique assets in a quest to be more like everywhere else, we must recognize that they are the source of real and long-lasting advantage in the new economy.