

FAST COMPANY

Where Are You on the Talent Map?

What's the secret to power hiring? Location, location, location. If you want to attract the right kind of people, it's not enough to be the right kind of company. Your company needs to be in the right kind of place.

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By Bill Breen

Want to get a quick take on how your city or region is faring in the all-out competition for talent? Start by determining the percentage of gays that are in your population. The "gay index" is the leading predictor of a city's ability to attract and retain knowledge workers, claims Richard Florida, founder and director of the Software Industry Center at Pittsburgh's Carnegie Mellon University and professor of regional economic development. It's not that gay employees themselves are critical for building a tech-savvy base of operations. It's that a gay population is a dependable indicator of the environmental factors -- tolerance, openness to diversity, and lots of urban-oriented amenities -- that are critical for attracting world-class workers.

This is just one of several eye-opening insights from Florida, 43, a pioneering cartographer of talent. Using focus groups, interviews, and an eclectic array of demographic data, Florida is plotting the sociological factors that enable cities to attract human capital. Chief among his findings: In an insecure, temporary, free-agent-dominated world, the crusaders of the new economy increasingly take their professional identities from where they live, rather than from where they work. "Not so long ago you'd meet a guy on a plane, ask him what he does, and he'd tell you that he's a software programmer at Trilogy," says Florida. "Now it's, 'I write code and live in Austin.' "

In the battle for talent, Florida argues that location is supplanting the corporation. "We've shifted from a company-centric economy to a people-driven one," he says. "People are turning to community rather than to corporations to define themselves." When smart, skilled job candidates visit a company, they don't just take in the work space and the culture. Increasingly, they check out the surrounding streets, the parks, and the night spots. They look for aural and visual cues, such

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as active outdoor recreation, a thriving music scene, lots of amenities, and high energy, which signal that this is a place where they can live as well as work.

Florida has a similar message for people who work in high tech and other hyper-growth professions: Place is just as important as salary and career opportunity. In his focus groups and interviews, virtually every person who made a job-based decision to relocate but neglected lifestyle factors such as recreational and cultural amenities said that they moved again shortly thereafter.

Florida's research is starting to yield compelling theories about what will draw talent to certain cities and about how companies that adapt to this change in the workforce will end up being big winners. In an interview, he mapped out the geography of talent -- and the realities that confront cities, companies, and people.

1. Virtual communities just aren't enough -- talent seeks out places with real assets.

Lots of Internet enthusiasts argue that the Web has made geography irrelevant, that people are finding their communities in cyberspace. In fact, in a talent-driven economy, place becomes even more important, because people still need to have lives. One of my students put it this way: "My work is a series of projects. My life is a series of moves. My parents had institutions that they were connected to. What can I connect to? My community."

"Community" can have different meanings. For some people, it's a neighborhood. For others, it's their network. But the bottom line is that people are finding community in the real world: places where the streets feel alive at 2 AM and where a dynamic music scene, all-night cafés, and extreme sports are easily accessible. People want to feel the energy that fuels creativity all around them.

Think about the "Organization Man" of the 1950s. He worked for a company for life, and his social behavior was defined by that vertical organization. If he moved, the company put him in an executive neighborhood. Now we're seeing the rise of plug-and-play communities, places like Austin, the Bay Area, and Boston, where you move in, plug in, and within three weeks you've built a network of friends and colleagues. When talented people think about relocating,

they don't just consider the job offer; they weigh whether the place has a community that they can plug in to.

Geography is as critical for companies as it is for people. The CEO of an ASP who had just merged his company with an incubator in Seattle said it best: "If I'm launching a company, I can get started in Cleveland as easily as I can in Seattle. I just use my network to make my first 25 hires. But as soon as I need to ramp up from 25 to 100 people, or 100 to 200, I can add people much faster in Seattle than I can in Cleveland."

Think about the companies that have relocated to the talent meccas, such as Gateway Inc., which moved its headquarters from Sioux Falls, South Dakota to San Diego. Many of the startups that we incubate at Carnegie Mellon relocate because of the perceived talent shortage in Pittsburgh. The classic example is Lycos, which was a Carnegie Mellon spin-off that was acquired by CMGI Inc. and then moved to the Boston area. Talent-rich places such as Austin and Boston are talent magnets: They attract other talented people.

2. To become talent magnets, cities must have something for everyone.

Cities differ considerably in their ability to attract and retain great human capital, and the companies that those people power. And it turns out that talent hasn't spread evenly across the landscape. It has clustered in such areas as Atlanta, Austin, Boston, Denver, Minneapolis-St. Paul, San Francisco, Seattle, and Washington DC.

Talent is flocking to three types of new-economy hot spots. First, there's the traditional, high-tech industrial complex: Silicon Valley, Research Triangle, and northern Virginia. Then there's what author David Brooks calls the "latte town": high-energy places with easily accessible outdoor amenities, such as Austin and Boulder. Finally, there are new urban technology centers cropping up, such as Pioneer Square in Seattle.

So we're seeing a trend back to urban locations that have high amenities. But that's not the only trend. I would be remiss to say that every high-tech company is going to move into a Greenwich Village or a SoMa. In high tech, more of the hardware companies tend to be located in suburban areas, while the creative-content side is located in

urban areas. In the end, the regions that provide the most options will be the most successful.

3. It's not just about stock options. Talent wants job options.

New-economy workers think of their careers as portfolios of experiences. When they size up a region, the first thing that they look for is a thick labor market -- a wide variety of employment opportunities that will sustain a career in the high-tech field.

These workers say to themselves, I want a place where there are lots of opportunities, because my experience will enable me to take on many different jobs and projects. I might decide to have a long tenure at one company, but my assumption going into the job is that my connection to work is insecure and temporary -- partly because that's the nature of the new economy, and partly because I have watched my family members get laid off, and I know that corporations aren't loyal.

4. Forget the country-club set.

Talent seeks inclusivity. Cities used to think about creating places that had low barriers to entry for firms so that those companies would relocate there. In a talent-driven economy, a place makes itself competitive by creating low barriers to entry for human capital. This is the type of place where talented people -- whether they're Indian, Korean, gay, or alternative -- can plug in and be accepted and not be looked upon as weird. We hear it all the time in our focus groups and in our interviews: Diversity is the surest sign that communities and companies really get it.

That's why there is such a high correlation between cities that are making it in the new economy and those that have a significant gay population. High-tech recruiters tell us that 8 out of 10 job candidates always ask a prospective employer whether the company offers domestic-partner benefits -- not because they need the benefit, but because it shows that the company is a true meritocracy that supports talented people from all walks of life.

The surest sign that a company or city doesn't get it is when you visit, and you're taken to a private club. It's like, "You just told me that this is the kind of place where I don't want to live."

5. In a world where time is the only nonrenewable resource, talent seeks out places that conserve time.

People look for the same things in a city that they look for in a company: energy, amenities, and a sense of fun. They want to see roller bladers and cyclists out on the streets. They want to have a place nearby where they can go rock climbing. Now, when we ask them if they mountain bike or rock climb, many times the answer is no. But they want those activities to be available, because someday they might want to do them.

There's another thing going on here that the data doesn't capture, but that's an important component of a new-economy region: A place that has all of these amenities is very efficient. You save time when you live there. A high-amenity place is one where you can get anything you need instantaneously. If you're pulling an all-nighter, you can get takeout at 2 AM. When your dry cleaning piles up, there's a place down the street that will take care of it. If you need to blow off steam, there's a rock-climbing wall nearby.

6. Cities are building sports stadiums, but talent wants bike paths. Business is not a spectator sport.

While professional sports are seen more and more as a way to achieve "major league" status and attract talent, our data suggests that there is little relationship between these big-ticket venues and high-tech workers. Many successful high-tech regions, notably Austin and Raleigh-Durham, have little or no professional-sports presence. The reason, I think, is that we're seeing the replacement of spectating with participating.

Knowledge workers don't want to devote an entire Sunday to watching football. These people are active. They want to participate. They don't want to stand on the sidelines. A lot of cities believe that they'll make it in the new economy if they get a professional sports team and build a downtown mall. They couldn't be more wrong.

It's almost like taking drugs away from an addict: No more stadiums. No more convention centers. What cities need to do is really simple: Make it fun. Create a music scene. Build bike lanes. Make sure that there are parks where people can play Ultimate Frisbee. Think about the city's historic assets -- the old buildings -- as cool spaces for hot companies.

Austin really gets it. Austin decided that it wanted to create a great place to work and a great place to live. So it leveraged its music scene and its independent-film community, and it launched strategies to preserve open spaces and control growth. Austin's mayor, Kirk Watson, understands that in order for the city to be successful, it has to promote a convergence between technology, Austin's music scene, and its unique, laid-back quality of life -- not one or the other.

Boulder, Colorado is another example. It didn't have a lot of new-economy resources. So it blocked off the downtown area to traffic, built a pedestrian mall, lured in a few cool retail stores, and there were people on the street. Now there's energy. The place is attractive. The small, simple things make a big difference.

Sidebar: On the Outskirts, in the Mix

In the battle for talent, location is critical. But how can your company compete if it's not based in a hot spot? Professor Richard Florida has identified five tactics.

1. Pay up. "People want work that's challenging, but money matters. Even college graduates won't take a differential to live in a cheaper place."
2. Outdo the competition. "Make your space the hippest one around. Your building and your environment show off who you are."
3. Take the guy with the tattoos seriously. " Top talent -- especially young recruits -- revel in their differentness. That new hire with full-on metal in his ears may be the best thing that ever happened to you. He's a visual cue that you've got an open house for talent, no matter what form it comes in."
4. Hire his boyfriend. (Or help him get a job down the street.) "Our research shows that same-sex partner benefits are intrinsically related to your company's success. It's the number-one indicator that your culture is inclusive."
5. Invade the backwaters. "Top talent isn't just found at Berkeley, MIT, and Stanford. There are plenty of great people hidden away in the backwaters."

Bill Breen (bbreen@fastcompany.com) is a senior editor at Fast Company. Richard Florida (florida@cmu.edu) is the author of a recent paper, "Competing in the Age of Talent: Quality of Place in the New Economy." You can find it on his Web site (www.heinz.cmu.edu/~florida).