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Talent Capitals: The Emerging Battleground in the War for Talent

A White Paper

T.O.O.

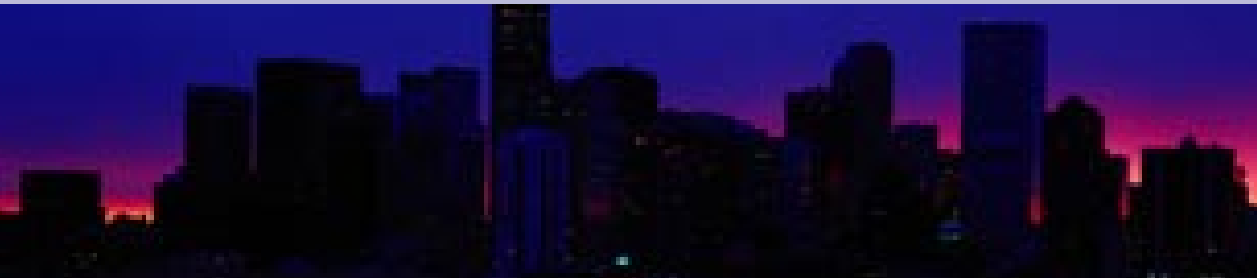
The Conversations are Changing

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The Conversations are Changing

Once upon a time there was a new generation of talent who placed as much value on where they lived as where they worked. Asked to choose between 35 years of workaholicism in return for predictable promotions, a nice parking spot and a corner office OR living in a diverse, progressive community with oodles of occupational options and a solid scene, today's young talent pick "B," thank you very much.

Hot Jobs - Cool Communities is a report card of the hippest places to live and work based on the metrics that matter to a new generation of talent. Hot Jobs – Cool Communities fuels the fire already bubbling under the conversations between talent, their employers and their communities of choice.

The conversations are bubbling because the talent pool is changing in three fundamental ways:

- (1) The next generation of talent (b. 1961-1981) is smaller in size than their Baby Boomer (b. 1942-1960) predecessors resulting in a talent shortage;
- (2) The next generation of talent is the first to have deep, imbedded skill sets in technology which makes them hot properties in the labor market; and
- (3) The next generation of talent is the first to identify more strongly with their communities than their employers.

Talent Capitals¹ are the new battleground in the war for talent. Talent Capitals are communities that are perceived as "cool" to young talent. Talent Capitals are the pre-eminent predictor of a local economy's ability to attract and keep talent.

This is a seismic shift in how we think about economic development, corporate recruiting and community planning. It's based on over 4000 interviews and enough data to wallpaper your office. Please join us in the new conversations already brewing between talent, employers, and Talent Capitals.



Demographics: Power to the People

After the September 11 terrorist attacks, police and fire departments in New York City held an event to replace their fallen chiefs, lieutenants and commanders, most of whom were Baby Boomers. In one sweeping ceremony, the next generation of leaders was promoted, leaving their battalions severely understaffed. As one new officer remarked, "There just aren't enough of us to take up the slack."

There aren't enough Gen X'ers anywhere to back-fill Baby Boomers' shoes.

From the late 1960's to about 1980 America's workforce grew rapidly as Baby Boomers (b. 1943-1960) quickly filled jobs and women entered the workforce in record numbers.² Then came The Pill, Roe v Wade and a decidedly DINK³ mentality. Birth rates slumped. A small generation of kids has grown up and become a small generation of employees.

The future of the Generation X talent shortage is foreboding:

- By 2006, two workers will exit the workforce for every one entering⁴;
- The 25-44 year old age group will decline by 15% over the next 15 years;⁵
- By 2008, there will be a shortage of 10 million workers across all employment categories by 2008.⁶
- Demand for skilled talent will grow each year from now until 2020;⁷

History teaches us that when the labor supply shrinks, wages increase. Mo' money lures mo' people. Soon everything is back in balance. That may work for isolated industries, but what happens when the entire labor pool shrinks and every industry is short-staffed?

Fewer people to employ + More jobs to fill = Power to the People

Today's economic reality is that young, tech-savvy talent can virtually name their price in a wide open market. Jobs are plentiful. And Gen X'ers attitudes towards work have changed. Drastically.



Employee Loyalty is Dead

Riding tandem to the grim labor shortage is a massive attitudinal shift among young talent. If it were a headline it would be “Employee Loyalty is Dead.” Today’s young talent rotate jobs every 18-36 months. Jobs are transient. Community is critical. The conversation has shifted.

In 1960 – before the first Gen X’er was born - if someone said he worked for IBM, he was understood. IBM had meaning. Your corporation, your title, your position...all were hooks on which to hang self-identity. This was the golden age of Corporate Men and Women. Navy suits. Shiny shoes. Hierarchy.

Forty years later, loyalty is dead. Corporations killed it. By 1984 as the oldest X’ers were leaving college to start their careers, America’s most respected corporations laid off 3.4 million people. Gen X’ers were the first to go. The harsh reality for a new generation of talent is that college degrees don’t guarantee jobs. Employers don’t, either.

Forced to choose whether to rely on corporations or themselves for job security, America’s first generation of latchkey kids chose The Man in the Mirror⁸. “Free Agent Nation”⁹ describes a generation that relies on itself – not corporations – for job security. Free Agents do what it takes to build a portfolio of cool projects and a PDA of hot contacts.

By the time they’re 32, today’s young talent have had an average of nine jobs and have thought about or gone back to school and thought about or started their own business. Four out of five new businesses are started by Gen X’ers.¹⁰ The next generation of talent don’t work for employer. They work for themselves.

Today, communities define, not jobs.

Talent Capitals: Where the War for Talent Will Be Won



A 28-year-old scientist applies for a job at the Applied Physics Lab at Notable University. She's seeking a new professional challenge. After her third and final round of interviews, she turns to the HR director and asks, "If I come to work here, what's there to do on weekends?" Baffled, the HR director shifts in her chair and steers the conversation back to the job and the University. One week later, the candidate notifies NU that she's taken a lesser job in Denver because, "I like the idea of living near the mountains."

There's more to life than work for young talent. Faced with more job options and greater mobility than previous generations, young talent identify more strongly with their communities than their companies. The Wall Street Journal reported this emerging migration to Talent Capitals: "Pick a Place to Live, Then Find a Job."¹¹

A February 2002 focus group confirms this mind-shift. Of participants who had graduated from college within the last 6 years and were in the process of relocating, all reported placing greater value on the quality of the community than the quality of the job. In the words of one 24 year old, "I can get a job anywhere. It's more important to me to find a place where I fit in."

Is your community a Talent Capital? Talent Capitals are defined by 43 metrics that matter to young talent. These metrics include commute times and public transportation, recycling rates, diversity, farmer's markets, vegetarian restaurants and access to public parks, trails and recreation areas. (See what defines a Talent Capital for the full list.)

Talent Capitals are cropping up in unlikely places like Nashville, TN and Milwaukee, WI. According to economic development experts, the Midwest may especially benefit after September 11. Shelley Jurewicz, Executive Director of Young Professionals of Milwaukee (YPM) reports, "Young employees seem to be thinking more about quality of life than the hustle and hassle of the bigger metros." YPM has experienced a 200 percent membership increase since August, 2001.

Talent Capitals will redefine our corporate landscape. Communities want companies. Companies need talent. Talent demands a great community. It's a virtuous balancing act that America's most progressive communities are pursuing with vigor. Are you a talent capital?

Please join us in the new conversations between talent, their employers and Talent Capitals at www.hotjobs-coolcommunities.com.

Talent Capitals (Continued)

What defines a Talent Capital

To find the coolest communities for young talent, we started with 221 U.S. cities whose percentage of under-40 folks matched or exceeded the national average. Next, we solicited Gen X'ers (b. 1961-1981) for their ideas on what makes a community cool. [Result: 171 brilliant ideas.] We narrowed it to 43 variables in three categories: diversity; amenities; and health & environmental factors. Finally - after extensive calculations (Who said you never use Algebra?) - 15 cities made the final cut.

Following are the metrics that matter to a new generation of talent:

- Air and Water Quality
- Recycling Rates
- Car Pools, Commute Times
- Traffic
- Public Parks, Trails, and Recreation Areas
- Sunny Days
- Farmers Markets
- Natural Foods Stores
- Fitness Centers
- Vegetarian Restaurants
- Rates of Crime
- Rates of Cancer
- Heart Disease
- Obesity
- Smoking
- Life Expectancy
- Fruit and Vegetable Consumption
- Work Sick Days
- Rates of Depression
- High Blood Pressure
- Unemployment
- Charitable Donations
- Cost of living
- Poverty
- Concentration of Designers
- Artists
- Authors
- Musicians
- Actors and similar Professions
- Percentage of Community Under 40 population
- Diversity (ethnic, religious, sexual orientation)
- Number of Bars
- Nightclubs and similar per capita
- Number of Art Galleries, Museums, and similar per capita



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Talent Capitals (Continued)

Where are America's Talent Capitals?

1. **San Francisco, CA**
2. **Minneapolis, MN**
3. **Seattle, WA**
4. **Boston, MA**
5. **Denver, CO**
6. **Portland, OR**
7. **Washington, DC**
8. **Austin, TX**
9. **Chicago, IL**
10. **Milwaukee, WI**
11. **New York, NY**
12. **Nashville, TN**
13. **Pittsburgh, PA**
14. **Los Angeles, CA**
15. **Atlanta, GA**



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End Notes

- ¹ "Talent Capitals" is a term we use to describe the Cool Communities in this report
- ² Hudson Institute as reported by BrassRing, "Talent Relationship Management," 2001
- ³ DINK: Reaganese for Dual Income No Kids
- ⁴ Bureau of Labor Statistics
- ⁵ Bureau of Labor Statistics
- ⁶ Bureau of Labor Statistics
- ⁷ Bureau of Labor Statistics
- ⁸ Michael Jackson's song by this name was a Top 40 hit as Gen X'ers grew up.
- ⁹ Seth Godin originally coined this term. Catchy, huh?
- ¹⁰ Time Magazine, "Gen X'ers aren't Slackers After All," April 8, 2002
- ¹¹ Wall Street Journal, January 27, 2002

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Next Generation Consulting is the proud parent of the groundbreaking report, "Hot Jobs - Cool Communities."

Next Generation Consulting helps communities attract the next generation of talent by becoming Talent Capitals.

You'll find this White Paper, a complimentary e'zine and more opportunities to join the Hot Jobs - Cool Communities

conversations at www.hotjobs-coolcommunities.com.

