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Capturing the Creative Class

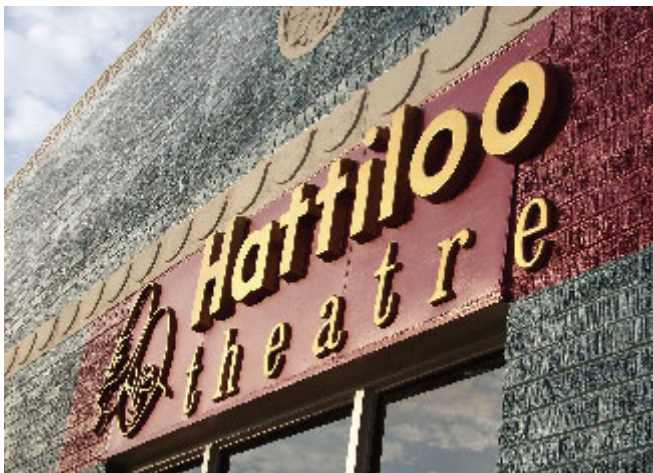
American cities are in the midst of a battle for today's best and brightest workforce.

By Brian Donahue

Memphis, TN had a new kind of blues. Despite its rich history and amenities, and strong economic engines such as the FedEx headquarters, the city was losing annual job earnings, mainly because it could not hold on to young, bright talent. The 2000 census showed that Memphis' population grew by 6,000 since 1995, but its net income had dropped by \$90 million.

City and business leaders knew a change was needed if they were to keep more young professionals in town.

"Memphis was kind of an old network town, where if you were not in the right circle, or if you didn't have the right last name, you didn't have access to anything here," says Christopher M. Allen, executive director of Mpack Memphis, a nonprofit formed in 2001 with the goal of recruiting and retaining young, creative workers.



The Hattiloo Theatre is a new "edgy and trendy" theatre that is committed to deepening multicultural understanding and delivering a high-quality artistic product to the Memphis, TN community. (Photo: MPACT Memphis)

In Memphis, and in cities across the United States, leaders were realizing that their cities' economic futures hinged not so much on luring new companies to town or on economic development strategies of the past, but on their ability to engage the next generation of professionals.

Author, professor, and consultant Richard Florida has given this new generation a name—the creative class. This includes "creative professionals" who work in healthcare, business, and finance, for example, and the "super-creative core," which includes scientists, engineers, and innovators, as well as artists, designers, writers, and musicians. This class, Florida says, is the core force of growth in our future economy, and will add more than 10 million jobs in the next decade.

Though the creative class represents only a third of the workforce, alongside the manufacturing and service classes, it earns \$2.1 trillion, or 50% of all wages and salaries in the U.S., according to Florida. Indeed, today's economy is powered more and more by human creativity on the part of those who work in industries from automotive to fashion, and from food products to information technology.

"In today's economy, creativity is pervasive and ongoing," Florida writes in his book, "The Rise of the Creative Class." "We constantly revise and enhance every product, process, and activity imaginable, and fit them together in new ways. Moreover, technological and economic creativity are nurtured by and interact with artistic and cultural creativity. This kind of interplay is evident in the rise of whole new industries, from computer graphics to digital music and animation."

But creativity requires a social and economic environment that nurtures its many forms, and providing that is the great challenge for the places and organizations that want to land, and hold on to, the best workers, Florida says. Without the right environment, these workers—more transient and less committed to the company than prior generations—will move elsewhere.

Florida, who is currently a professor of "business and creativity" at the University of Toronto's Rotman School of Management, as well as principal of the Creative Class Group, a consulting firm, says creative class workers are drawn to communities like Seattle, Austin, Toronto, and Dublin. These cities have more than technological innovation and high-tech industry; they also offer vibrant cultural scenes and opportunities for different lifestyles.

"Today's professionals see themselves as members of a broad creative force, not as corporate officers or organization men," Florida writes. "Thus they gravitate to stimulating creative environments—to places that offer not only opportunities and amenities, but openness to diversity, where they feel they can express themselves and validate their identities."

Class Origins

Florida's creative class theory came about in 1998, when he met Gary Gates, then a doctoral student at Carnegie Mellon University in Pittsburgh. Florida had been studying the location decisions of high-tech industries and talented people; Gates was studying location patterns for gay people. They realized that the parallels of their lists were striking. A look at bohemian population trends showed that places with high densities of artists, writers, and performers were the same places where economic growth was occurring.

Ultimately, Florida came up with what he dubs the Creativity Index. The index factors in the number of creative class workers in a city; along with innovation, as measured by patents per capita; high-tech industry; and diversity, measured by the number of gay people, which Florida believes to be a reasonable indicator of an area's openness to different kinds of people. These rankings show Austin leading the nation among cities with populations over one million, followed by San Francisco, Seattle, Boston, Raleigh-Durham, Portland, Minneapolis, Washington-Baltimore, Sacramento, and Denver. These are the winners in what Florida calls the Creative Age.

Austin, for example, has a rapidly growing high-tech industrial center, lifestyle centers for cycling and outdoor activities, a vibrant downtown community, the warehouse district, and a thriving music scene. The city, Florida notes, has worked hard to provide a broad creative ecosystem. In the 1980s and '90s, Austin bolstered its technology base and recruited a number of major, high-tech companies; it invested heavily in the University of Texas and drew hundreds of millions in federal research dollars; and it made considerable investments in its lifestyle and music scenes. The city is open and tolerant, with many different types of people living there.

Florida's theories have raised a few eyebrows, particularly because of the connection he's drawn between gay and bohemian populations and economic growth. Despite having to explain his conclusions when accused (falsely) of being gay or advocating the end of Judeo-Christian civilization, Florida's theories have had a tremendous impact on the way cities and organizations look at shaping their economic futures.

In fact, many have called upon Florida's Creative Class Group Inc. to help examine and steer their cities and companies in a way that will attract and retain this new and different workforce, which is beginning to succeed the retiring Baby Boomers. As Florida says, the economic development models of the past no longer apply. The focus can no longer be on companies and jobs as the driving factors in economic growth. People themselves are the key, and today's most economically important factor—the creative workers—are prioritizing where they want to live above where they want to work.

In Phoenix, AZ for example, city leaders are trying to create lifestyle amenities downtown, realizing that a lack of historical structures and neighborhoods is hampering its ability to attract creative talent. Like many other cities, Phoenix has sought to increase density in and around its urban center and develop more downtown housing options.

San Antonio, TX is busy working to enhance its downtown area through the renovation of Main Plaza, where City Hall and the county courthouse are located, as well as River North, a project that is underway to expand the San Antonio River Walk north of downtown. The city, with its strong biomedical community and companies like AT&T, Microsoft, and Rackspace, has the stated goal of creating an intimate, thriving atmosphere downtown that the creative class can enjoy.



Denver Art Museum (Photo: Paul Isakson, flickr.com)

Denver, CO has allocated a good deal of resources in recent years studying and improving its creative community with programs designed to simultaneously boost economic development and the commercial arts sector. The city uses a loan fund for creative enterprises and its administration uses various tools to grow the creative sector, realizing the role it plays in the overall economy and in attracting a high-quality workforce.

"This administration has a deep interest in arts and culture, and one reason for that is because they contribute to the cultural vitality of the city, as well as the economic development of the city," says Ginger White, senior economic development specialist with Denver's Office of Cultural Affairs. Her office established a plan called Create Denver in part to make policy recommendations and build programs to support the commercial arts sector and help bands, artists, dance and film companies, etc.

With loans, business assistance, and even a mayor's task force to help creative organizations find workspace, Denver officials look to help startup companies and individuals function successfully, says White, whose position was created in 2005 partly in response to the findings of economists like Florida. The city, she notes, is using economic development tools to focus on the creative sector much in the same way a city might look at growing its biotechnology or aerotechnology industries.

The hope is that young people will think better of Denver and its growing creative economy, and that it can better match up with other cities known for their culture and diversity. And the city as a whole is on board, passing bond issues for the expansion of the Denver Art Museum and renovation of the Ellie Caulkins Opera House. More arts and culture, White says, give a city a better sense of place, and that in turn benefits tourism, marketing and quality of life in general.

"I think we're doing well," White says of Denver, which moved up to 10th among big cities in the U.S. on Florida's updated Creativity Index. "It depends on who you compare us to. ... We're envious of places like Austin, Portland, and Seattle, but we're fortunate to be in a city where the population has consistently voted to support public and creative entities, like the museum and the opera house and those kinds of institutions. Also, because of its size, our creative community, and the visual arts community in particular, is pretty active and engaged, and that always helps. It makes us a more vibrant place."

Different Paths to Success

There is no blueprint for success in this age, as every city and region is different, says Steven Pedigo, who provides analysis of economic and consumer trends for the Creative Class Group. Leadership is a key both in government and in the business community for cities that are struggling economically in the new age, and the focus has to be on building upon strengths and "rebranding" in ways that will attract creative class workers.

"Everyone wants to be Austin or San Francisco, but you can't use the same formula or approach, because every place is unique," Pedigo says. Detroit, for example, ranks low on the Creativity Index, but has the potential to become an automotive design center. Pittsburgh is trying to rebrand itself and, while becoming a center for technology and biotechnology, is rebuilding community neighborhoods to improve quality of life.

Memphis is looking to make the city more attractive to young people, and stop the trend of young professionals leaving town after getting two or three years of experience at local companies. Mpack Memphis, formed six years ago, fosters increased social, civic, and cultural involvement among young professionals. It also markets the town as much more than Elvis and Beale Street.

"We needed [young professionals] to see that this is a safe, fun, vibrant, funky, edgy town," says Allen, of Mpack Memphis. The group shows off the diversity of the city's music scene and entertainment, and tries to match young professionals with areas where they might want to live and amenities they would enjoy. The nonpolitical group hopes to help the city do battle for the nation's best and brightest.

Florida's research shows that any city that wants to improve its economy and compete in the Creative Age should look at how it stands with the three T's of economic development—technology, talent, and tolerance. In today's world, all are necessary conditions for attracting creative people, generating innovation, and stimulating economic growth, according to Florida.

"The three T's explain why cities like Baltimore, St. Louis, and Pittsburgh fail to grow despite their deep reservoirs of technology and world-class universities," Florida writes. "They have not been sufficiently tolerant and open to attract and retain top creative talent. The interdependence of the three T's also explains why cities like Miami and New Orleans do not make the grade even though they are lifestyle meccas: They lack the required technology base. The most successful places—such as the San Francisco Bay Area, Boston, Washington, DC, Austin, and Seattle—put all three T's together. They are truly creative places."



El Paso, TX (Photo: Lynn Schibeci, flickr.com)

In 2007, the Creative Class Group, in partnership with The Knight Foundation, worked in five communities—Tacoma, WA; El Paso, TX; Tallahassee, FL; Duluth, MN; and Charlotte, NC—some of which have experienced dramatic losses of workers in their twenties and early thirties. In each city, organizers conducted two-day seminars with more than 30 community catalysts to create initiatives aimed at building sustainable regional prosperity in their communities. The seminars and initiatives were based around the three T's, along with a fourth T, for territory assets, namely the built and natural qualities that make a community unique.

Each community devised four or five initiatives, many of which have already come to fruition, according to Pedigo. El Paso, for example, came up with plans to implement free downtown Wi-Fi. Another of its initiatives is an art wall between downtown El Paso and neighboring Juarez, Mexico to demonstrate the bi-national relationship of the two regional economies. Tallahassee devised a plan for an annual International Film Festival, capitalizing on Florida State University's (FSU) top film school, and a focus on green innovation, also a regional strength at FSU. The film festival, to be launched this spring, is designed to showcase the region's film industry professionals and become a world-renowned destination event.

Duluth's "Pathways" program focuses on the region's assets of recreation and biking, and creating non-motorized transportation routes to connect the area's unique urban and natural territorial assets. Another program, "Brain Gain," is aimed at better retaining Duluth's college students after graduation by creating community connections and opportunities for students to engage beyond the university halls.

Every initiative, Pedigo notes, has the underlying principle of marketing and raising awareness of the uniqueness of each community.

"Economic development used to be about going out and attracting the company, and pulling together incentive packages to land the company there, and there is some of that still going on," Pedigo says. "But that's not where economic development is going in the future."

The new face of economic development is based around place, and those places that engender diversity and innovate, Florida says, are the ones that drive economic growth.

Google Culture: The Corporate Model for the Future?

In the lobby of Google's world headquarters in Mountain View, CA, there is a piano, lava lamps, and a live projection of current search queries from around the world. In the hallways are bicycles, large rubber exercise balls, and press clippings from around the world on bulletin boards.

Inside the Googleplex offices, employees work in high-density clusters, with three or four workers sharing spaces with couches and coffee tables. When not at their workspaces, employees may be found in the exercise room, massage room, or even in the game room playing Foosball or ping-pong. When hungry, they can go to the cafe and eat at stations like "Back to Albuquerque," "East Meets West," and "Vegheads," or sit outside.



Scenes from everyday life inside Google (Photo: Google, Inc)

Welcome, as Richard Florida would say, to the no-collar workplace.

"It is not merely the result of business trying to be hip and trendy, but an adaptation to the rise of creative work. Its core principles and practices are spreading because they are efficient, in the sense of being well-suited to mobilizing talent around creative tasks," Florida writes in "The Rise of the Creative Class."

Companies that harness human creativity tend to provide more open workspaces, casual dress codes, and flexible schedules, though not with fewer hours. Many offer more amenities and services such as child care in order to keep the workers present and happy.

"You can't pump creative work out of people, assembly-line style," Florida says in his blog at www.creativeclass.com. "Motivating this kind of mental work requires a new kind of workplace, one that appears to be nurturing, attuned to individuality, and fun."

Florida points to the SAS Institute, based in Cary, NC, as a company that knows how to effectively retain creative talent. Its CEO, James Goodnight, created a campus setting, peppered with public art and landscape sculpture, jogging trails, and even a Montessori school and high school. Stock options and bonuses are not common at SAS. On-site medical care, discounted plots of land for employee housing, and a culture of meritocracy (among many other fringe benefits) seem to more than make up for it.

The New York Times recently described Google's new downtown campus in New York City as "a vision of a workplace utopia conceived by rich, young, single engineers in Silicon Valley, transplanted to Manhattan." Florida stresses, however, that this is not all about frills and perks. Companies have to provide these stimulating environments in order to attract the best workers.

The Googleplex and many of Google's satellite offices around the world are good examples of a successful corporation integrating workplace elements more commonly associated with an artist's studio or a science lab than a traditional business office.

"Google strives to foster a culture that promotes innovation and creativity by providing opportunities for collaboration in a fun environment," according to a company spokesman. "To that end, we try to provide employees with a unique work experience, putting Googlers first in the same way that we put users first."