

Talent trumps all in building knowledge economy

by Mark Sanchez and Olivia Pulsinelli | Business Review Western Michigan

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Photo by Mark Sanchez.
Lou Glazer, president of Michigan Future Inc.
It's all about the talent.

Land the talent, Lou Glazer reasons, and a better tomorrow should follow.

"The places with the highest concentration of talent on the planet win," says Glazer, president of the Ann Arbor-based think tank [Michigan Future Inc.](#), who advocates a march toward a

knowledge-based economy as the only savior for auto-dependent Michigan and its withering economy.

In presenting his annual update last week across the state on how well Michigan is doing to transition to a knowledge economy, Glazer emphasized the effort must give top priority to preparing, attracting and retaining a well-educated work force that becomes a magnet for business investment.

"Talent concentration trumps everything," he said. "If everything else we're doing at the state and regional level that we call economic growth or economic development works fabulously well, and we do not increase talent concentrations, we will get poorer."

But how does a state with its main industry in a free fall and with the nation's worst unemployment, currently 12.6 percent, lure good talent?

Surely creating new economic opportunity is key. But Glazer and others say quality of life is becoming increasingly important to knowledge workers, particularly young talent.

"One thing this generation values maybe more than older generations is a work-life balance," said Kelly Bishop, executive director of career services at [Michigan State University](#). "Work is just one facet of their lives. It's not just 'Where do I live?' but 'How can I live there?'"

Recent reports say approximately half of Michigan-native grads from Michigan State University and the [University of Michigan](#) left the state in 2008.

The top 10 places to which Michigan is losing young people are Illinois, California, New York, Ohio, Texas, Wisconsin, Washington, D.C., Washington state, Minnesota and Virginia, said David Waymire of Martin Waymire Advocacy Communications in Lansing. Waymire works closely with Michigan Future and the [Presidents Council State Universities of Michigan](#) in Lansing.

Glazer points out that it's not necessarily warmer weather drawing them away. Young talent particularly is looking for metro areas "that work" and have a vibrant central city, he said.

Michigan needs to "create places where talent -- particularly young talent -- wants to live," better support higher education, and develop public and private-sector leaders who have "moved beyond a desire to recreate the old economy as well as the old fights.

"We need to spend more time on creating a quality of place -- places that talent wants to live," Glazer said. "Talent is increasingly looking for quality of place as well as employment opportunity."

[The Right Place Inc.](#) CEO Birgit Klohs believes Grand Rapids, Kalamazoo and Ann Arbor are making progress in becoming more attractive places to live as they strive to build new economic sectors and create opportunity.

"There are pockets around the state that are clearly repositioning themselves," said Klohs, adding that such economic transitions occur over several years.

"It's a journey," she said. "I think we're on a pretty decent track, and you would find others."

Michigan Future defines a knowledge-based economy as one with industries in which at least 30 percent of employees have a bachelor's degree.

Glazer's report last week shows that 24.61 percent of the population in the Grand Rapids-Holland-Muskegon area had at least a four-year college degree as of 2007, which compares to an average of 27.46 percent nationally.

Kalamazoo has a 30.63 percent college-attainment rate. When compared to other small metro areas in the state, Kalamazoo "is doing better than the rest, but is still below the national average on all the metrics (including per-capita income), except college attainment," Michigan Future's report states.

Michigan Future's agenda that seeks to push Michigan toward a knowledge-based economy is predicated on the premise that the only way to return Michigan -- where the per-capita income now rates at 11 percent below the national average -- to the prosperity it enjoyed in the past is through increasing the number of college graduates.

Glazer cites data showing that metropolitan areas with a higher percentage of people with a four-year degree have higher prosperity because of the corresponding higher per-capita income.

A Michigan State University Land Policy Institute study released last week reinforces the concept that a high concentration of 25- to 34-year-olds will make an urban area more competitive in attracting jobs for the "new economy."

Getting there requires a framework of "building a culture aligned with (rather than resisting) the realities of a flattening world. We need to far more highly value learning, an entrepreneurial spirit and being welcoming to all," states the Michigan Future Inc.'s "New Agenda" report.

[Grand Valley State University](#) President Thomas Haas sees Michigan at a tipping point because of the erosion of state support for public institutions.

Disinvestment from state government means schools have to raise tuition, and it affects access for students because schools have to turn away qualified applicants.

But GVSU is making progress, Haas said.

In 10 years, the number of people graduating from GVSU doubled, Haas said, growing from 2,200 to 4,500. Its most-recent data indicates 74 percent of its graduates are working, and 24 percent are attending grad school. Of those that are working, 88 percent are working in Michigan.

"In a way, we're countering the brain drain with a brain gain," Haas said.

But plenty of other graduates are still moving out of the state.

MSU's Bishop said the destination survey for the class of 2007 showed 51 percent of those reporting employment stay in Michigan. He expects the upcoming survey results to be a little lower.

A big reason MSU students leave is because companies recruit them. Many major corporations have MSU on their "target schools" lists for recruitment, he said.

Bishop believes more Michigan companies need to start internship programs and recruit students early in their college career. Whether or not interns return to companies as full-time employees, those with a great experience will stay positively inclined toward the company in the future, he said.

"You're not just recruiting that student," Bishop said. "The strongest suggestion is from other students."

Asked what he would do immediately to make Michigan more attractive to knowledge workers, Glazer suggests investing in transit systems for urban areas and making higher education a top priority.

"We spent a century building the best higher education system in the country, and when it matters most this decade, we're systematically disinvesting in it. This is stupid. What else can you say? At the point we need it most, we decided we want to invest in it the least," Glazer said.

Michigan is one of two states that spends more on corrections than higher education, he said. Vermont is the other.

"This should really shame us. Why we've allowed that to happen, God only knows," Glazer said.