

Global Pain, Ottawa's Gain

SLIDE 1

Do any of you remember Woody Allen's "Speech to the Graduates"? It opens like this:

"More than any other time in history, mankind faces a crossroads. One path leads to despair and utter hopelessness. The other, to total extinction. Let us pray we have the wisdom to choose correctly."

I don't think it's quite that bleak, but we do live in interesting times. It's interesting, because in Ottawa we are being challenged by the *threat* of global prosperity.

The threat of prosperity.

Here's what I mean:

The world is enjoying a huge rise in prosperity, powered by the "new economy" or the "knowledge economy". This economy is fueled by brainpower -- the consenting, enthusiastic contributions of high-tech workers. And the more their efforts succeed, the greater the demand for their services.

There just aren't enough workers to go around. And that's our dilemma. Ottawa has to succeed in drawing from this ever-tightening talent-pool, or we will hit a wall. In a knowledge economy, when you stop growing, you start shrinking. You pass the torch to other cities -- ones that do have a critical mass of employable talent.

The flip side, is that if we can organize ourselves to attract workers, we will become one of those "magnet cities. And that's what I want to describe today:

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How we can use the recruiting of high-tech talent as Ottawa's secret weapon in the race between high-tech cities.

SLIDE 2

Let me assure you, first off, that there is a race between cities. Let's look at the talent fight that has spread across the continent:

- This year, US economy alone will create demand for 1.6-million more IT workers -- and half those positions will go unfilled.
- In some cities, the demand for workers has sucked the well dry. In San Francisco, the IT unemployment rate has hit 1.9% -- as close to "zero" as you can get.
- In order to fill positions, my colleagues in San Francisco are now offering to let candidates stay in the city of their choice. Relocation is optional.
- This transfers the pain felt in San Francisco, to every city in North America. The drought is being felt all over.

The *really* bad news is that this situation will get worse.

- The number of unfilled IT positions is going up by 25% a year. In the next three years, more than 1.3-million additional computer workers will be needed. Europe will need another million at the same time. Not to be left out, Canada faces job shortages of between 20- 40,000 workers.
- Prices for IT workers are being driven high. Tech jobs pay an average of 82% above other wages. This reflects a desperate attempt to avoid the cost of replacing a worker. In cities like New York, Boston, and Silicon Valley, turnover ranges from 25- to 30%. Imagine replacing your whole company every three years.

SLIDE 3

In this kind of competition, Canadians have to admit that we have a few problems to deal with. Our skills shortage is widening, because we have made-at-home issues to resolve:

- Taxes are way too high
- International rivalry snaps up Canadians with offers they can't refuse

We can fix the tax situation, and we can counter the payment pull -- *if* we can show that in Ottawa, our *we have a special appeal to high-tech workers!*

The key, to me, is the knowledge that the kinds of benefits that knowledge workers want, are ours to give:

- Exit interviews confirm that employees are increasingly seeking *Lifestyle* changes, rather than an exclusive focus on salary. In Lifestyle, Canada leads the world.
- Time after time, in U.N. surveys, Canada has come out on top of all countries as the best place to live.

In fact it may be ironic that our friends in the Unexplored Southern Area --- the USA -- may be persuaded to value Canada as the place where they can best experience the American dream. In a recent Roper-Starch survey, the top three ideals for the American Dream among young people this year, are:

- the freedom to choose how to live your life;**
- having a good family life; and**
- giving one's children a better life than one's own.**

Significantly, three out of five would trade less money for more leisure and family time, showing that lifestyle is a powerful advantage for a city to have.

In Ottawa, if we can demonstrate that our lifestyle advantage reduces worker turn-over, we are offering a very powerful inducement for a company to locate here. The cost of replacing an IT worker -- the most highly-paid workers in the economy -- is about two times annual salary!

- Can this be done? Can Ottawa be portrayed to high-tech workers as a preferred place to live and work?
- Personal experience tells me that this can succeed. I've just come back from Baltimore, where I went to recruit an American CEO to come to Ottawa to work. Believe me, we can offer an attractive alternative for the best, the most talented people in the world.

But we have to get our act together. What we have now, are sporadic drives by various Ottawa-based companies, to send buses and trains and planes to tour US high-tech campuses and try to lure workers away one-by-one. The drives only succeed to a limited degree, because no advanced set-up or expectation creation has been done. The recruiting companies have to sell themselves, the job, and then the location. And no single company is going to do a generic “Ottawa Lifestyle” campaign.

Now, imagine what would happen if we packaged up all those benefits and engineered a sustained effort by all Ottawa-based companies to carry out ongoing campaigns in a few key American cities. Market Ottawa on our known advantage -- *lifestyle*. Just a suggestion, but we could call it something like “**Ottawa – Where Technology Lives**”

We have the power. Imagine a permanent lifestyle recruiting drive put on by the Ottawa all-star team: Cognos, Nortel, Alcatel, JDS, and so on. We could make it multi-textured; different in each target American city.

Here is what we could boast about Ottawa:

- ◆ It's the best-sited city in North America: it has mountains, three rivers, a canal, an artificial lagoon, and it's surrounded by forests and lakes.
- ◆ It offers every variety of recreation -- hiking, swimming, skiing -- to suit every seasonal interest.
- ◆ Speaking of seasons, I would much rather have our variety than, say, Houston's ever-present dry season. I think Houston has gone 75 days so far without rain. Few people realize it, but with its hurricanes, tornadoes and flash floods, America actually has the world's most dangerous weather. (Gives a new meaning to "Ottawa – where technology *Lives*")
- ◆ Our "human climate" is superb: affordable housing, universities and educational facilities, a skilled work force, and state-of-tomorrow's technology.
- ◆ Ottawa is even the envy of our fellow Canadians. A national survey done recently ranked Ottawa "the best place to live and work".

In order to really open the floodgates, we have to stress that Ottawa is the *prestigious* place to go and work. Only the best get The Calling.

So, let's take push these lifestyle strong-points. In various American cities, let's push the edgy things that would appeal to young high-tech stars:

In Boston, where it takes three hours to get to work, have a giant poster of a canoe alone on a lake in Algonquin Park, with a sign:

OTTAWA GRIDLOCK.

Call 1-800-I-want-a-life.

Is Bill Gates grabbing all the recruits from Waterloo? How about putting up a Times-Square sized billboard in downtown Portland, with Ottawa recruiting and life-style information pumping across it? Handy toll-free phone lines right below the flashing lights.

In Silicon Valley, how about an Ottawa High-Tech Lifestyle Challenge, with all of our top local companies flying in their employee sports teams to take on the best in the Valley? Month after month, infiltrate them, seduce them, then grab them!

We only need a few cities, and a few edgy ideas, to drive home the point: Ottawa: Where Technology *Lives*.

A coordinated program like this will draw in the workers we need, and keep the ones we have.

It will help Ottawa companies, in two ways:

It will eliminate the main friction we have to growth -- a shortage of labor.

It will draw even more companies into Ottawa's cauldron, looking to participate in our giant labor pool.

So in conclusion, there are two thoughts I'd like to leave with you today:

1. High-tech employment is tight everywhere, and the pull could dry Ottawa up
 - the good news is: every city is feeling the pain
2. If we organize and unify, we can prosper like nothing before.
 - We can live together, or die apart.

Let me finish by admitting to you that it's trips into the US that make me proud to be Canadian, and to come back to Ottawa. There's no city like ours in the world. And it's time we *told* the world!