

Joint Meeting

Regional Council of Mayors & ULI MN Advisory Board

January 12, 2015

PRESENTATIONS

THE TWIN CITIES: A HEADQUARTERS ECONOMY

The number of headquarters and major business units of Fortune 500 companies in the Twin Cities is “disproportionately huge,” said Myles Shaver, professor and Pond Family Chair at the Carlson School of Management, University of Minnesota. The area is home to 19 headquarters, or 5.79 per 1 million people. “There is something unique that’s happening here,” he said—so he set out to explore just what that was.

The Twin Cities have been home to more major business headquarters than would be expected for more than 100 years, and is an outlier among states in the middle of the country. Business headquarters have come and gone—as they have everywhere in the United States: in 1955, there were nine headquarters and in 2011, there were 19 in 2011. The area lost 30 headquarters during that time period and added 40, again, a normal pattern for regions across the country. But, Shaver said, “All but one of those added were homegrown—and that’s unique.”

Shaver attributes the region’s headquarters economy to several factors:

- Historically, there has been a large number of headquarters in the Twin Cities.
- There is a large concentration of talent in the managerial pool.
- Talent—skilled professionals and business leaders—move from company to company within the Twin Cities, often taking best practices with them.
- Talent frequently moves from established companies to new start-ups.

Basically, all these things happen because, once they’ve come to the Twin Cities, skilled professionals tend to stay. “Almost every headhunter tells me the same thing,” Shaver said. “It’s hard to get people here—and harder to get them to leave.”

The Twin Cities has a high number of educated people who can earn a decent living, it’s affordable compared to many other “hot” areas, it’s a good place to raise children and many of the top professionals are at that stage in their lives and, because of the variety of company headquarters and startups, there are a number of career opportunities within the region.

“Quality of life doesn’t attract people to the Twin Cities,” Shaver said. “It keeps them from leaving.”

Shaver’s data, comparing the Twin Cities to 22 of the 25 largest metro areas in the country, bear out his assumptions. He sorted the data several ways, and in all of them, the Twin Cities had among the lowest outflows (people leaving) and higher inflow (people coming—“It’s still hard to get them here.”).

People with greater education, jobs, income of more than \$100,000 and with children in the household are the least likely to leave the Twin Cities—and are more likely to stay in the Twin Cities than those in any other metro area.

“The data tell us what’s happening, but doesn’t necessarily tell us why,” said Shaver. “If we want to guide public policy, we don’t want to know only what’s happening, we want to know why.”

The next stage of his research is to survey managerial and professional employees at 25 of the region’s major employers to better understand why those employees came to and stay in the Twin Cities.

For more information [see PowerPoint](#)

NEW REGIONAL TALENT INITIATIVE

The Twin Cities is strong and growing economically, which is great news, but that brings with it both short-term and long-term challenges, said Peter Frosch, director of strategic partnerships at Greater MSP.

At the area’s current growth rate, he said, it will be about 100,000 skilled workers short of what’s needed by 2020. To address that, he said, we will need:

- More talent development.
- More retention of skilled workers.
- More attraction of skilled workers.

According to a number of consultant reports, he said, attraction and retention are not adequately being addressed right now. “We’re currently doing well,” he said. “But the trends are negative and we’re not doing anything about it.”

The foundation of the area’s workforce is the “human capital pipeline,” Frosch said. For every skilled professional working in the Twin Cities, 3.5 additional jobs are created across the economy, he said, so it makes sense to concentrate on attraction and retention of those professionals.

Greater MSP used social media and focus groups to begin to look at what attracts young professionals to the region and what they want to keep them here. With one exception, he said, the design team for the study were young people who either moved to the Twin Cities from elsewhere or who were from here but moved away for some time and then came back. The New Regional Talent Task Force spent three months looking at the 80 top companies in the region and surveyed 1,100 young professionals and 2,500 professional employees of headquarters companies, and did focus groups of human resources leaders, public sector CIOs, private sector developers and public sector young talent.

The first result of the task force is a new brand: Make it. MSP. The goals are:

- Improve social inclusion. Frosch said the Twin Cities are a hard place to break in—and this is especially true for professionals who are racial or ethnic minority members. It is harder to both attract and retain minority professionals, he said, “unless they have school-age children in the house; then they look like everybody else.” The Twin Cities

- actually does a better job of attracting minority professionals, but they are more likely to leave than white professionals.
- Support innovative talent.
 - Connect talent to the community.
 - Connect talent and employers.
 - Close near-term talent gaps.

Actions could include:

- Connecting companies' minority affiliation groups to create a sense of community.
- Carlson School TechSummit to identify ways to better support innovators.
- Find potential "boomerangs" (those from the region who are currently living and working elsewhere) and invite them to come home.
- Companies collaborating to lower barriers to recruiting foreign-born graduates.
- Companies collaborating to do targeted recruitment of software engineers. "Let's not all work separately to hire 15 software engineers," Frosch said. "Let's work together and get 1,000 software engineers."

Teams of private sector employees, universities and young professionals and the community are now forming to set action agendas. Those teams will come together in the spring to coordinate and identify cross-sector action. Activities will begin in June and July, with a regional talent summit sometime in September.

Although the initiative is about business, Frosch said what attracts and keeps skilled professionals here is in large part quality of life—and that is created by the quality of the communities in the region, something that mayors and city councils directly impact. Parks, schools, arts, affordable homes and activities ... all add to quality of life.

"We have a really strong case to make for people in their 20s and 30s," Frosch said. "There is opportunity here, and affordability."

For more information [see PowerPoint](#)

COMING UP

The next meeting of the Regional Council of Mayors will be Monday, February 9, 11:30am–1:30pm, at Dorsey & Whitney.

ATTENDEES

Mayors

Ardell Brede	City of Rochester
Debbie Goettel	City of Richfield
Kathi Hemken	City of New Hope
Jim Hovland	City of Edina
Marvin Johnson	City of Independence
Stan Karwoski	City of Oakdale
Elizabeth Kautz	City of Burnsville
Peter Lindstrom	City of Falcon Heights
Mike Maguire	City of Eagan
Sandy Martin	City of Shoreview
Gene Maxwell	City of Hopkins
Lili McMillan	City of Orono
Tim McNeil	City of Dayton
Duane Poppe	City of Osseo
Terry Schneider	City of Minnetonka
Nora Slawik	City of Maplewood
Mark Steffenson	City of Maple Grove
Brad Tabke	City of Shakopee
Nancy Tyra-Lukens	City of Eden Prairie
Lisa Whalen	City of Minnetrista
Ken Willcox	City of Wayzata
Gene Winstead	City of Bloomington

ULI MN Advisory Board

Ani Backa	Xcel Energy
Collin Barr	Ryan Companies
John Breitingger	United Properties
Frank Dutke	United Properties
Tom Fisher	University of Minnesota College of Design
Jean Kane	Welsh Colliers
Nick Koch	HGA Architects and Engineers
Jay Lindgren	Dorsey & Whitney
Pat Mascia	Briggs and Morgan, P.A.
Jim McDonough	Ramsey County
Ellen McInnis	Wells Fargo
Max Musicant	The Musicant Group
Diane Norman	RSP Architects
Kevin Ringwald	City of Chaska
Elizabeth Ryan	Family Housing Fund
Merrie Sjogren	The Cornerstone Group
Amy Wimmer	Hines

Guests

John Adams, University of Minnesota; Geralyn Barone, City of Minnetonka; Cristine Weber Carle, HHH Institute; Mark Casey, City of St. Anthony; Kevin Frazell, League of Minnesota Cities; Ryan Garcia, Metropolitan Council; Matt Lewis, Greater MSP; Mike Mornson, City of Hopkins; Burke Murphy, Corporation for a Skilled Workforce; Adam Schiff, Sen. Amy Klobuchar's office.

ULI Staff/Consultants

Aubrey Austin, Cathy Bennett, Caren Dewar, Gordon Hughes, Linda Picone.