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The Future of Work and Economic Development

By Charlie Grantham and Jim Ware

We have recently witnessed a growing connection between corporate real estate (CRE) functions and community-based economic development. The basic connection isn't new, since economic development folks have been wooing CRE executives to bring their new facilities to town for decades. However, as we talk with people around the country, and indeed around the world, we see an old, outdated industrial model continuing to rear its ugly head.

So we are going to take a stand. **We believe that economic development in the coming decade cannot be aimed solely at bringing more industrial operations into a community**, nor can it be effective by attracting more "big box" retail stores. As we say over and over, the world of work is changing, and those changes require communities to take a radical new look at how they attract and retain jobs.

The very nature of work is changing. In the future (which, by the way, is already here) there will be less hard work and more head work. In a recent op-ed piece in the ***New York Times*** Michael Cox, Richard Alm, and Nigel Holmes suggested that "Our history is one of constant churning of jobs, with workers always finding the next step forward in the evolution of work..."("Where the Jobs Are", Michael Cox, Richard Alm, Nigel Holmes, *The New York Times*, Editorials Op-Ed, May 13, 2004).

The authors report that we are seeing a tremendous shift from muscle power and manual dexterity-based employment to jobs characterized by imagination, creativity, and people skills. For example, in the period from 1994 to 2004 we in the United States have seen a 20% decrease in farm worker employment and a 23% decrease in tool and die makers, but a 78% increase in financial service sales positions and a 61% increase among actors and directors. The job opportunities are clearly migrating to significantly different sectors.

The workforce is also becoming more flexible and more diverse. In one of our own recent articles ("Demographics and the Changing Nature of Work", *The Corporate Real Estate Leader*, May 2004) we noted:

"Indeed, we believe the most fundamental driver of work force diversity today is the continuing decline in birth rates in virtually all developed countries around the world. The work force is aging, and it is growing at a much slower rate. The result is a much broader range of ages in all professions — *generational* diversity is a new condition that most organizations have never faced before."

And the way in which work gets done is also changing. Organizations are becoming smaller and more diffuse. Small businesses in the US generate 75% of the new jobs. We believe that virtually *all* the future growth in employment will take place in small business (firms under 100 employees).

According to William Dunkelberg, chief economist for the National Federation of Independent Business (which represents 600,000 businesses, the vast majority of which have fewer than 40 employees) small business hiring plans have risen to the highest level in 39 months. “We had a huge surge in the percent of firms planning to increase hiring,” Dunkelberg said. “I think we’ve beaten everything we can out of the existing labor force” (<http://msnbc.msn.com/id/4142727/>).

Finally, *where* people go to get their work done is also changing. And they are moving around far more than they used to, working more and more in multiple locations over the course of a day or a week. Our research indicates that many people (here we are referring to the ubiquitous “knowledge worker,” or creative class) are *currently* spending only about 40% of their work time in central offices, 30% in home offices and the remainder in a variety of “third places” like coffee shops, airplanes, hotel rooms, and so on.

Note also that much of this relatively affluent talent pool of 30-something’s is moving to exurban and rural areas. These workers do not just seek “rentable space.” Rather, they are looking for community-based locations that emphasize the melding of a network – or ecology – of small firms that can help each other and share what we used to call infrastructure. Why should each individual small business develop and fund its own work support systems, both technical and social?

We believe that communities must become magnets for this type of talent. We see this convergence of a different way of working and different places to work combining to pull economic activity towards communities – especially smaller ones outside major cities.

These communities are typically characterized by a high quality of life (i.e., a clean, healthy environment; good educational opportunities; a diversity of cultural and entertainment activities, and political stability), convenient transportation within the area, and a certain “human scale.”

The “new urbanism” movement of community development ties in quite well here. These creative professionals want to be able to walk to commercial centers, sit on their porches, and have close ties with their neighbors.

So what should economic development organizations do to leverage these opportunities? Several things jump out at us.

First and foremost is that economic development professionals and their organizations need to educate community leaders about their possible futures. This means helping leaders across all sectors of the local area identify and explore a range of potential scenarios of the future, going well beyond a simple extrapolation of what’s worked in the past.

The future that we believe in suggests that local success will require managed growth policies, less reliance on industry, tourism, and agriculture, and embracing change as a part of desired growth.

Economic development professionals also need to be catalysts for change. They must actively promote the development of consensus among the many disparate interests and constituencies that inhabit any community.

Our friends in the real estate development world tell us that the lack of consensus and the absence of a common vision are the most prominent causes of failure for large economic development projects. Thus, defining a compelling vision and achieving consensus around

that vision is the most important task facing anyone wanting to re-shape their community to make it an engine of growth.

Lastly, we want to point to three specific issues that must be addressed if a community is going to become a place where the future of work thrives:

1. **Transportation.** Ease of mobility within a community and across communities is critical. We don't have the space here to discuss challenges like environmental impact, fuel efficiencies, and the like, but suffice to say the next generation of workers will not tolerate two-hour one-way commutes between their working and living places. Nor will they continue to pay the ever-increasing costs of transportation systems based solely on automobiles.
2. **Communication.** Technology is evolving with an ever-increasing speed. Telegraphy gave way to telephony and now that is giving way to Internet-based communication systems. The Internet is the absolute lifeblood of today's commerce. Communities *must* be able to offer low-cost broadband communications systems.

With the advent of new technologies like wireless broadband this goal is now a completely reasonable planning objective.

3. **Education.** We see education as the engine of social capital creation. Simply put, our educational systems must produce the raw knowledge and ability to survive that our graduates need for thriving in an increasingly uncertain world. Communities need to put as much money as they can possibly afford (and perhaps more) into public education. And we don't mean traditional education that essentially trains students to be factory automatons; we mean powerful educational systems that emphasize systemic thinking, collaborative work and creativity, and lifelong learning.

So there you have it: our view of how the future of work and economic development are deeply intertwined, and interdependent.

For economic development folks, the solution is not to go after jobs as an end in themselves, but rather to focus on becoming a place where talented professionals want to live. Then, once you are on the way to becoming a "cool community" (to quote our good friend **Rebecca Ryan** – see www.hotjobs-coolcommunities.com), you will find it much easier to attract (or nurture locally) the companies that want to employ all that good talent.

And if you are a real estate or human resources professional, what you need to do is find those cool communities where the talent you want to attract is already choosing to live – or, perhaps even better, work with the communities where you already are to help them transition into talent magnets.

There is a tremendous opportunity for new partnerships here. We hope you'll take advantage of it.

We'll come back to this topic in future issues of the newsletter, with a particular emphasis on the need we see to dramatically overhaul public and private education, and to discuss how education can be the key to success for both corporations and communities.

About the Work Design Collaborative and *Future of Work Agenda*

Future of Work is a global network of resources – practitioners, thought leaders, researchers, and senior consultants – who are committed to building and implementing physical, social, and technology-based work environments that are cost-effective, socially and environmentally responsible, and personally satisfying.

We are focused on defining the future of work and helping our clients achieve new levels of workforce and workplace productivity. *Future of Work* produces and distributes management tools, surveys, benchmark databases, white papers and technical reports, conferences and workshops, newsletters, books and articles, and public presentations on the changing nature of work. The Work Design Collaborative, LLC, provides leadership and infrastructure services for the *Future of Work* community.

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Direct inquiries to either Charles Grantham at +1 928 771 9138, or charlie@thefutureofwork.net, or James Ware at +1 510 558 1434, or jim@thefutureofwork.net