

Companies Must Fight The Backlash

By Richard Florida

InformationWeek.com

September 25, 2000

Are dot-coms witnessing a backlash? Are IT professionals abandoning the chaos of the New Economy for the security of the old?

With tumbling technology stocks, grandiose dot-com failures, and recent pullbacks of scheduled initial public offerings, many industry insiders argue that top IT talent is leaving New Economy upstarts to return to large, more-traditional IT companies. This backlash, they say, will essentially bring people "home" with the same vigor and verve that they defected with in the first place.

One thing is certain: For many IT professionals, the dot-com gold rush has lost its appeal.

But there's no silver bullet in the talent wars. If anything, all signals coming from the IT industry indicate that the battle for talent will continue. Industry turnover ranges from 15% to 25%--worse in some industry segments and regions of the country.

These trends have raised the bar for companies seeking to attract new talent and retain their own best and brightest. Nimble New Economy upstarts no longer have unquestioned advantage in attracting top IT talent. In fact, IT professionals say they can be turned off as much by the chaos of a New Economy upstart as by the stodgy procedures of Old Economy behemoths. A new saying has cropped up in the ranks: "I'd probably like it better at Starbucks."

Over the past few months, I've talked to dozens of IT professionals, CEOs, and executive recruiters; participated in roundtables, workshops, and panels; and spent countless hours talking to my students at Carnegie Mellon and other leading university IT programs about these issues. The bottom line is basic: Over the past 12 to 18 months, IT professionals have become a lot savvier. Their expectations have increased with regard to what they want out of their jobs and how their jobs should integrate with their lives. In this respect, their immersion in the pressure-cooker environment of the New Economy has been an invaluable learning experience.

Just a year or two ago, IT professionals were jumping ship to join upstart companies. For many, the lure was the chance to strike it rich. Others saw it as a way to do their own thing. Younger IT workers went gaga over the prospect of making their own hours, wearing casual clothes, playing Ping-Pong and foosball, and trading in a cubicle for "cool space."

So why are people leaving? The ones I talk to indicate that IT workers leave jobs for the same reasons that Dilbert chronicles: It's not salaries or the number of stock options; the fundamental reason is inconsistent, incompetent, or just downright bad management.

There's a perception that management just doesn't "get it," or fails to appreciate employee efforts. Even worse are major changes of direction that cause employees to think that all of

their hard work has been for naught. This forces even the most loyal of employees over the edge and into the waiting arms of another company.

Furthermore, people have gotten a lot smarter about what they want in a job and a company. They're still ready to make a move. But before they do, they want to know exactly what they're getting into--the financials, corporate strategy, and a solid business model. Above all else, people say, they want to work for a company that values its employees, provides a high-quality work environment, and has a management commitment that lets people realize their full potential.

Companies are responding. The past year has seen an incredible convergence among the best IT companies, large and small. As successful New Economy companies grow up, they're abandoning management-by-chaos and striving to establish viable and enduring corporate cultures. Larger, established IT companies are trading stodgy bureaucratic policies in favor of more flexible approaches to attract and retain top talent.

In his new book, *The Fourth Great Awakening*, Nobel Prize-winning economist Robert Fogel argues that we're at the dawn of a new epoch in advanced postindustrial societies where self-actualization, rather than financial necessity, is becoming the dominant reason why many of us work. In the next 50 years, Fogel predicts, our working time will shrink to roughly four hours a day, and much of the work we do will be voluntary. Also, he says, we'll gradually see a blurring of the boundaries between work and leisure.

From where I sit, that shift is already taking place. For some people, work is everything; it's their sole means for self-actualization. Others want more of a balance between work and family. Still others want to engage in outside activities such as physical fitness or working in their communities.

In this world, creating work environments that are financially secure but that allow IT professionals to fulfill themselves across multiple dimensions will be key. The best companies and managers are already out in front of this curve.

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