

# BEHIND THE CURTAIN

## THE OBSOLESCENCE OF GOVERNMENT

GEORGE LIGHTBOURN

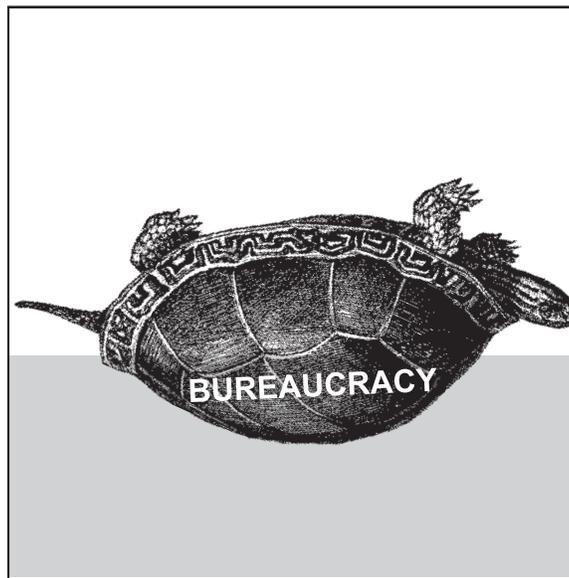
**T**he only thing that saves us from bureaucracy is inefficiency. An efficient bureaucracy is the greatest threat to liberty.— Eugene McCarthy

### Georgia Thompson

Over the past year, newspapers throughout Wisconsin ran story after story about this mid-level bureaucrat who was convicted of skewing the process of selecting state government's travel agent.

Most of the stir around her story was due to the impact it might have on the governor's race. What did Governor Doyle know, and when did he know it?

Yet beyond the headlines, the Thompson story provided a rare view of the inner workings of government. In this case, the focus was on purchasing, one of hundreds of functions that occur behind the brick façade that has been built around government. Frankly, no one relishes those times when we get close enough to government to smell the cologne. We all bring our biases and predilections to shape our view of government. But how does this industry function? What makes it tick? Why is it the way it is?



### German Roots

Students of government know that bureaucracy, widely recognized today as impeding effectiveness, originally came into favor in the 19th century to enhance the efficiency of large organizations like government. Max Weber, the originator of the term described it this way:

The fully developed bureaucratic

mechanism compares with other organizations exactly as does the machine with non-mechanical modes of production. Precision, speed, unambiguity, knowledge of the files, continuity, unity, strict subordination, reduction of friction and of material and personal costs—these are raised to the optimum in the strictly bureaucratic administration.<sup>1</sup>

Bureaucracy fit the times. Early in the twentieth century, during the height of the industrial economy, there was a premium placed on efficiency. As a rule, the most efficient businesses were the most successful. Industry was bureaucratic and so was govern-

---

*George Lightbourn is a Senior Fellow of the Wisconsin Policy Research Institute, and is a former Secretary of Administration for the State of Wisconsin.*

ment. It was a simple management model for a simpler time.

As society increased in its complexity, government's responsibilities grew and became multifarious, for better or worse. Where the poor once looked to the family and the church for assistance, government was asked to play an increasing role. Further, America came to expect government to provide the poor with access to many of the same necessities as the wealthy such as health care, child care, education, housing, transportation, etc. The emerging ills of America including drug abuse, environmental degradation, and unequal treatment came under the purview of government. Huge programs were instituted that transferred money from one level of government down to another level. Tax codes became increasingly Byzantine, professional licensing required more scrutiny, and schools were required to file comprehensive reports on student performance. Government was bigger, more complex, and more expensive. Where the public sector consumed 7 percent of the nation's GDP in 1929, in 2003 it consumed 31 percent.<sup>2</sup>

Through all of the changes that government has gone through, its bureaucratic foundation remains largely intact. That is not to say that government is unchanged. Offices are now choked with computers, all aspects of government are subject to public scrutiny, and nearly every management improvement technique has taken root somewhere in government. Government workers are exposed to a wide array of seminars, training courses, and strategic planning efforts. Yet, through it all, the methods and the psychology of the bureaucracy endure.

The basic bureaucratic elements that once proved innovative in improving efficiency today seem antiquated. Yet they are the lifeblood of most governmental organizations. While it is difficult to find anyone to defend bureaucracy, many people in large organizations actually enjoy the precision and predictability that bureaucracy engenders. There is something about the symmetry and neatness of organization charts and position descrip-

tions, and even purchasing forms with multiple signatures, that puts many people in their comfort zone. Yet that comfort is rendering government incapable of dealing with the complexities and fiscal challenges facing contemporary government. Worse, it is stifling much of the creativity needed to meet the needs of the American public.

The barriers to accomplishment can numb even the most enthusiastic government manager. Energy and eagerness are dulled by elastic project schedules and unclear accountability. Vestiges of old-line bureaucracy are especially pronounced when money is scarce. During tight budget times government has a tendency to turtle, falling back on the safe and secure, hoping that things will eventually return to "normal."

As the public, politicians, and the media have come to expect less from government, the people within government likewise have lowered their expectations of themselves. Successful private sector business leaders scratch their heads in wonder as to how government accomplishes anything. They see the barriers facing the government leader as immensely debilitating.

The frustration expressed by lawmakers and the public is often a manifestation of the clash between the complexity of the task at hand and the machinery of government that uses tools that were built for a simpler time. And, the irony is that, while bureaucracy was originally intended to inject order and efficiency into the workplace, those have now become casualties of bureaucracy.

Outlined below are the six traits that define government. Consider how each of the elements stifles innovation, keeps organizations inwardly focused, and prevents government from arriving at flexible solutions to the complexities of today's problems.

#### **Value system: smooth and steady**

Like the factory floor, bureaucracy thrives on predictability and discourages anything or anyone that makes waves. In spite of frequent remonstrations to think outside the box, gov-

ernment leans heavily on mainstream thinkers. Radical new ideas rarely emerge from within government because it has been drilled out of the government worker over several decades. Government has low tolerance for both risk and inventiveness. How many ranking government leaders, while encouraging their staff to think outside of the box, also point with some pride to the fact that their projects are always on time and on budget.

A veteran sage was heard to say, "If you are always on time and on budget you are probably padding both the schedules and the budget, and, more insidiously, are never taking risks." He was right. Until an organization recognizes that smooth sailing usually belies sluggishness and predictability, it will be hamstrung in addressing the problems of today.

### **Hierarchy**

The chain of command is a hallmark of bureaucracy. Everything of significance is coordinated from at least one level up in the organization. The ubiquitous organization chart with its pyramid-like symmetry exemplifies government.

How does hierarchy shape the organization? It means that someone up the ladder bears responsibility for every action. Low and mid-level workers are rarely assigned ultimate responsibility for even mundane tasks. Only up the food chain can someone implement ideas and authorize changes. Ultimately, there is one person somewhere up the line who must give approval. That is the person who will be held accountable. In this way hierarchy causes organizations to mask individual responsibility and thus stifles innovation. Human nature dictates that we put more effort into endeavors when our name is associated with them, when we have skin in the game. In a hierarchical organization, only the person up the line truly has skin in the game. People at the bottom

have less incentive to take risks and to make a difference.

In hierarchical organizations the information flow is always up. Only at the top is there an ability to look across the organization for innovations and solutions to problems. This is in stark contrast to most successful private-sector organizations today which have shattered the barriers to horizontal communications. But then hierarchical organizations don't see themselves as being in the innovation business. As though mired in the Max Weber age, they are in the production business where a premium is placed on the tried-and-true and on smooth sailing.

Hierarchy can also dull the ability of an organization to generate ideas. Bureaucratic organizations strive for a single solution to problems. A great deal of effort is put into finding that single solution. Along the way, diversity of thought is sacrificed in favor of compromise and modification.

Maybe worst of all, hierarchy dulls ambition. In a hierarchical organization workers understand

that they can only get things done either through their boss or someone even more remote up the organizational ladder. Government workers learn quickly that to make a difference themselves, they must move up the organizational ladder. Yet, a survey of most governmental organizations reveals few young people in positions of leadership. The implicit message to energetic young workers is that they must wait their turn to move into a job of influence. The enthusiasm and naiveté that fuels cutting-edge industries is rarely found among the leaders in government.

### **Specialization**

The roots of specialization lie in manufacturing. On the shop floor different units could

---

*Low and mid-level workers are rarely assigned ultimate responsibility for even mundane tasks.*

---

specialize in one process, thereby maximizing their expertise. The development of expertise and the elimination of duplication resulted in efficient production. Specialization was then transferred to government and, for some functions, yielded positive results. Collecting taxes, issuing car registrations and dispensing fishing licenses have all benefited from specialization.

However, many challenges presented to government today do not benefit from specialization. The complexity faced by government today would stand to benefit from cross-collaboration and competition.

Yet, cross-collaboration remains the exception. There are numerous opportunities for cross-collaboration within agencies, between different agencies, between different levels of government, and with private-sector companies. These collaborations would allow government to gain from a different perspective and different experiences but remain the exception rather than the rule.

For the individual worker, specialization runs the risk of eliminating whatever innovative spirit they might have. The unstated message to workers is that they should become proficient at their specialty and, if successful, will move up the chain of command. This is quite different from the typical career model today where people experience multiple career changes.

Finally, an organization that encourages specialization will discourage competition, usually under the guise of eliminating duplication. While government lacks the competitive motivation of private business, there can be advantages to having two or more units trying to address difficult issues. For example, in the early 1990s Wisconsin was wrestling with what to do about double-digit health care cost increases. The department that specialized in the health care got busy working on a strategy to control costs.

At the same time, up the block in another department, a group of budget analysts took it upon themselves to independently look for an answer to rising health care costs. Their analy-

sis was unencumbered by the literature of the day and their approach was very different from that of the experts. They landed on an approach that used the enormous purchasing power of government to extract lower rates from providers and the insurers. While they were bright analysts, they were hardly experts in health care. But they were enthusiastic and naïve.

Specialization would have suggested that they were out of their league. Yet because of their initiative, the governor had the benefit of two very different ideas of how to address this pervasive problem. By the way, he chose the ideas brought forward by the budget staff. In this case, the competition of ideas was healthy and productive.

### **Uniformity and rules**

Bureaucracy cannot exist without an elaborate set of rigid rules. Rules are the fuel that allows government's engine to run since bureaucracies require uniformity, predictability, and a way for managers up the chain of command to manage by remote control. Rules meet all of these needs.

Schoolchildren learn early that America is a nation of laws. Government at its core operates under laws and rules, a value that exerts a powerful influence over the way government conducts itself. Further, because laws are so important, at any level of government, it is difficult to change laws. This simple concept goes a long way toward explaining the stability of our government. The stability of our laws has served us well as a nation.

However, the fascination with rules and the resulting stability has seeped into the operating side of government as well. What provides stability to the principles of government often renders the operation of government rigid and resistant to change.

While campaigns are filled with talk of change and fresh ideas, the truth is that change is a rare commodity in government. Elected officials and the public find change disquieting. If you doubt the resistance to change, try closing or reducing the hours of a motor vehi-

cle licensing outlet. Laws are difficult to change. Government operations can be even harder.

Looked at differently, the government worker will almost always choose the safe and certain over the innovative and risky. Rules bolster their resistance to change.

For the employee, uniformity and rules removes discretion, innovation, and accountability. Rules tell them how to discharge their duties, providing a safe harbor for the government worker. People who were expected to use their brains in college are told to fly by automatic pilot once they sign on with government. Rules rather than judgment often determine what they should do and how they should do it. While there is certainly a need for some rules of conduct to prevent improprieties, if government is to adopt a new model for management, workers must be expected to maximize their talent, especially discretion, innovation, and accountability.

### **Positions not people**

Bureaucracies thrive especially well in very large organizations. To help manage human capital, large organizations have simplified personnel management by developing job titles. Unlike small businesses that manage with Sally and Henry and Dennis and Martha, large organizations, both government and non-government, use job descriptions. So Martha and Dennis give way to maintenance mechanics and clerical assistants.

Job descriptions and head counts are what managers must use to implement their programs. But what is a job description or job classification? It is a way of categorizing people in a manner that suggests that all people in that classification are alike even though we know that is not the case. People have different tal-

ents, different work ethics, and different personalities. People are different—everywhere except in the bureaucratic organization.

Listen to the farewell speech at any retirement party and you will hear, “the thing I will miss most is the people.” But bureaucracies treat all people in a similar classification as though they are all the same. While this is done under the guise of fairness and professionalism, smart management must begin to recognize the differences between people and to take advantage of those differences.

### **Knowledge a valued commodity**

In a bureaucratic organization, the higher a person is in the organization, the more they know. This is partly the result of the hierarchical nature of bureaucracies where all conflicts are resolved at least one step up the organization. Knowledge is the power base of the bureaucracy.

Sharing knowledge or information is not common in bureaucracies in part because it represents a sharing of power. Communication tends to be one-way with those on the lower rungs con-

stantly straining to learn what the higher-ups already know. In nearly every organization, this leads to complaints about inadequate communication. It also is the wellspring of a very active grape vine.

Non-bureaucratic organizations realize that leaders and workers depend on each other for success. So they have implemented systems of regular, two-way sharing of information. These organizations understand the importance of sharing information and power throughout the organization.

This is a truncated look under the hood of government. Many of the elements will seem familiar to anyone with experience in govern-

---

*If government is to adopt a new model for management, workers must be expected to maximize their talent, especially discretion, innovation, and accountability.*

---

ment. It might seem an overly daunting portrayal, but as any reformer will attest, the culture of the bureaucracy runs deep.

Of course nearly every government organization has made strides to reduce the bureaucracy. However, most improvements have been incremental and only a handful of government organizations have understood the benefits from changing all of the traditional rules of the bureaucracy. Quite a few elected officials and agency heads have lamented that

the bureaucrats always win because they can outlast you. It is the lament of someone who had an incomplete understanding of what they were up against.

#### **Notes**

1. This Max Weber quote is cited frequently. The source here was the Pinchot's book *The Intelligent Organization*.
2. National Income and Product Accounts, Bureau of Economic Analysis.

# AN INSIDER'S VIEW OF THE NEW MILWAUKEE

STEVEN R. PIGEON

**T**hrough the eyes of many lifelong residents, Milwaukee will always be Laverne and Shirley's playground; the cool city that the Fonz hung out in. This image, along with the fortunes of the city, has diminished over the years. The prevailing image/perception of Milwaukee, especially among young professionals, is one of a constant stench of beer; Jeffrey Dahmer; inner-city violence; bad water; abandoned factories; and losing sports franchises. Unfair as it is, this perception to those who have it is reality, and it cannot be overcome without personally experiencing the city. Milwaukee's negative image and its poor rankings in various business publications clearly define the obstacles to recruiting young talent to the Milwaukee area.

## A history lesson

A recent *Milwaukee Journal Sentinel* feature highlighted the resurrection of the Allis-Chalmers factory in West Allis, WI. It told the story of the closing of the historic factory and its rebirth as office space.<sup>1</sup> The story described how the factory is a microcosm of recent changes in Milwaukee's economy and the shift from manufacturing-based to a service/creative-based economy.



One month after moving to Milwaukee to attend graduate school I started working for a small marketing and sales consulting firm and joined the ranks of the 5,500 people that work at the redeveloped factory site.

My phone extension at one time had been assigned to the Allis-Chalmers pension office, and on several occasions, I received phone calls from former Allis-

Chalmers employees with questions about their pension benefits. They told me about how they worked in the factory for 20 to 30 plus years and never thought the factory would close.

These "pension conversations" as I would call them, were truly history lessons. I realize that as a young professional just starting my career, that it is impractical to think—nor should I expect—that I will be part of an economy dependent upon manufacturing; have my employer consider providing me a pension; or be with the same employer anywhere close to 30 years.

As the city's and state's workforce continues to gray, today's young professionals will

*Steven R. Pigeon is a Market Research Analyst and Freelance Writer in Milwaukee.*

play a prominent role in the growth of Milwaukee's and the state's economy. Understanding how the desires and expectations of today's young professionals differ from the union mentality that previously has dominated Milwaukee's workforce and economy will be a decisive factor that determines the future success of Milwaukee.

### Who are young professionals?

The Metropolitan Milwaukee Association of Commerce (MMAC) defines a young professional as an individual between the ages of 21-35, who makes their living in a professional capacity.<sup>2</sup> A recent survey of the members of Milwaukee's young professional organization, Young Professionals of Milwaukee (YPM), of which I am a member, found that 90% of its members hold at least a bachelors degree with 47% graduating from a metro-Milwaukee college or university.<sup>3</sup> I am part of each of these groups, having graduated from Marquette University's graduate school. However, not reflected in the survey is the fact that since women are now receiving more college and university diplomas than men, young professionals are increasingly female.

Young professionals epitomize the statement, "Employee Loyalty is Dead." The new workers have been coined as perpetual free agents. They rotate jobs every 18-36 months.<sup>4</sup> Their fluid access to information may, in part, be driving this rapid turnover rate. Websites like Vault.com and countless career and networking websites allow workers, especially young, tech-savvy workers, to be aware of openings and salaries for comparable positions. The cost of applying for positions is nearly zero because companies prefer electronic applications.

Young professionals also understand that there is no such thing as "Employer Loyalty" and that it is not an employer's responsibility to provide lifetime or guaranteed employment but instead, to ensure their employability. Recently *The Economist* described the results of a survey of employees:

Employees no longer expect companies to offer job security (according to one survey

94% of those questioned thought that it was they, not their employers, who were responsible for that). But they do expect their employers to help them keep their skills up to date.<sup>5</sup>

It is likely that there is some truth that young professionals and recent college graduates have a greater sense of entitlement, and in some cases arrogance, than previous generations. However, with the advances in technology and productivity, greater expectations are placed upon today's young professionals.

In that sense, I typify the new young professional. I am the newest, lowest-ranking member of my department, having started with my employer in March 2006. I enjoy what I am doing and believe that there are advancement and training opportunities for me. These are the reasons why I am content professionally, and I continue to choose my current employer over other opportunities.

Regardless of how "essential" I feel, I do not assume I would survive cutbacks were they to occur; nor should my employer assume that I am willing to make great sacrifices in order to stay with the company for the "greater good." I regularly update my resume and am willing to listen to anybody who whispers job opportunities in my ear. Being prepared and willing to leave is what I and other young professionals do to create a balance between the lack of employer and employee loyalty that exists in today's professional workplace.

There is a growing consensus that workers, specifically young professionals, are making career decisions by looking at and choosing communities first, and that community characteristics increasingly outweigh the actual jobs that are present in the community.

Young professionals, when reviewing the job landscape, look for a wide breadth of industries and companies. This is, in part, because with the high job turnover among young professionals, the ability to change jobs and even industries is very desirable. Having nine Fortune 500 companies headquartered in metro Milwaukee, gives the area a distinct advantage over other cities.

### Why are young professionals important?

Why is it important for metro Milwaukee to attract young professionals? If Milwaukee, and all of Wisconsin, fail to attract sufficient numbers of young professionals, the future impact on the respective economies could be dire. According to a MMAC white paper,<sup>6</sup> the Milwaukee region will experience the following:

- By the year 2006, two workers will leave the workforce for every one entering as those turning 65 outpace those turning 18.
- By the year 2008, there will be a shortage of 10 million workers across all employment categories. Some area employers are reporting they will lose half their workforce in the next five years to retirement.
- By the year 2010, an estimated 70% of the incoming workforce will be women and minorities.
- Ninety-nine major metro-Milwaukee employers anticipate a need for over 25,000 employees in the next three years to meet their performance objectives.<sup>7</sup>

Besides replenishing the workforce, young professionals are a contributing factor in the redevelopment and revitalization of downtown areas in Rustbelt cities. In a study conducted by William Lucy and David Phillips<sup>8</sup> seven of twenty cities they studied had decreasing populations from the year 2000-2004 while simultaneously experiencing increasing per capita incomes.

They believed the cause of the phenomenon is that families continue to leave cities for the suburbs while high-income young professionals and empty-nesters move into the cities. This would indicate that decreases in population, which Milwaukee is experiencing, are not

an absolute indication of a declining city, but possibly of one adjusting to current economic pressures.

Cities in the United States that have seen some of the greatest economic expansion in the last decade, such as Raleigh-Durham and the entire North Carolina research triangle; Atlanta, Georgia; Seattle, Washington; Austin, Texas; and the Washington DC metro area, have seen an influx in workers with college degrees. These cities have adjusted well to an economy increasingly based on technology and human capital.

These cities have also seen an increase in the development of small businesses whose

products are not widgets but rather the development and implementation of knowledge. It is not surprising that these new businesses have their roots in cities that have high quality universities and young professionals at their heart.

The educated workforce from these universities is able to develop and apply technology and methods that have been responsible for the recent increase in worker productivity.

The more educated and productive workforce a city has, the more inclined business will be to locate there and the more likely that new businesses will be born in the area. This is why the recruitment and retention of young professionals to Wisconsin and specifically to Milwaukee is so important. Milwaukee's dependence on manufacturing, and its bygone union entitlement mentality, can be replaced by a mentality that focuses on innovation and its applications to the current business environment.

### The current situation in Milwaukee

Using the simple hypothesis that "like attracts like" the current demographic makeup

---

*It is not surprising than  
that these new  
businesses have their  
roots in cities that have  
high quality universities  
and young professionals  
at their heart.*

---

of Milwaukee is not one that appeals to young professionals.

The four-county Milwaukee area has a net job gain of 10% since 1990, compared with 22% nationwide. Suburban Milwaukee skews old; the median age of 40.2 in Waukesha County, for instance, is four years older than the national median. In the city of Milwaukee a larger part of its population 25 and older are without a high school diploma: more than 21% compared with about 16% nationwide.<sup>9</sup>

Many young professionals could be considered to be members of “The Creative Class” as described by Richard Florida in his book; *The Rise of the Creative Class*. This new class consists of:

People in science and engineering, architecture and design, education, arts, music and entertainment, whose economic function is to create new ideas, new technology, and or new creative content. . . . Creative class also includes a broader group of professionals in business and finance, law, health care, and related fields.<sup>10</sup>

According to Florida, in 1999 Milwaukee had 27.9% of its workforce as being part of the Creative Class, ranking Milwaukee 39th among the 49 largest regions in the United States. Metro areas that have seen noticeable economic expansion—such as Raleigh-Durham, Austin, Minneapolis, and Seattle—all appear in the top 10 of Florida’s ranking. Florida argues that today’s economic expansion is not being driven by manufacturing or service workers but instead this new creative class which includes young professionals.

Other cities in Wisconsin had higher percentages of their workforce as members of this creative class—Madison (32.8%); La Crosse (29.2%); Eau Claire (28.7%). Wisconsin cities with lower creative class percentages than Milwaukee include Green Bay (26.2%); Janesville (26.0%); Wausau (24.6%); and Sheboygan (20.6%).

Previously, the Wisconsin Policy Research Institute (WPRI), approximated that Milwaukee is adding 1,800 college graduates a

year. Milwaukee’s current pace is well below the 5,300 additional graduates needed each year for the next 20 years in order for Milwaukee to become an average American city.<sup>11</sup>

Among the young professionals that are currently in the Milwaukee area YPM found the following insights present in its members.

**How long have you lived in the Milwaukee metro area?**

- 12.8% Newbie-moved here within last two years
- 36% Sticker-moved here more than 2 years ago
- 19.5% Born again-born in the metro area moved away and came back
- 29.4% Lifer-have always lived in the metro area
- 2.3% Other

**How long do you expect to stay in the metro-Milwaukee area?**

- 3% Less than 1 year
- 9.7% 1-2 years
- 13.7% 3-4 years
- 13.4% 5-10 years
- 29.1% Over 10 years
- 31.2% Don’t Know

The greatest opportunity to retain young professionals and talent in general, is to appeal to those, like myself, who don’t know how long they will stay in the Milwaukee area. The breadth of job and lifestyle offerings is what will keep us in the city or drive us away. The more of these individuals stay in Milwaukee the easier it will be to recruit additional young professionals to the area.

**Milwaukee’s image—what others read and think**

In their recruit’ability study, YPM found that 38% of the employers thought that Milwaukee’s image/perception was an impediment to recruiting diverse talent.<sup>12</sup> Employers think that Milwaukee’s image is the city’s number one impediment.

A *Forbes* 2006 rankings of “Best Places for Business and Careers” ranks Milwaukee 124 out of the 200 biggest metro areas. Milwaukee’s nearest geographic competitors all rank higher: Madison, WI (31); Lake County, IL (42); Minneapolis-St. Paul, MN (71); Chicago, IL (100); and Green Bay, WI (106).<sup>13</sup>

Milwaukee does not appear in a *Kiplinger’s* ranking of the “50 Smart Places to Live.” In the same ranking Minneapolis-St. Paul, MN ranks 2nd; with La Crosse, WI (16); Madison, WI (20); and Oshkosh, WI (45) all making the list.<sup>14</sup>

More uplifting is the fact that Wisconsin has two of the top fifty undergraduate business schools in the country in the University of Wisconsin-Madison (27) and Marquette University (46) according to *Business Week* magazine.<sup>15</sup> Brady Corporation of Milwaukee was identified as the State’s only “Hot Growth” company in the state of Wisconsin.<sup>16</sup> Most of the “Hot Growth” companies on the list were located in cities along the east and west coasts of the country.

YPM counters some of these negative rankings by citing that Milwaukee has been considered one of the dozen distinct art destinations,<sup>17</sup> the 5th fittest city<sup>18</sup> as well as America’s number two party city.<sup>19</sup>

Despite the arguments and disputes that inevitably accompany any index or ranking scheme, these numbers do impact the image of the city and the ability of businesses to find talent.

YPM’s recruit’ability study concluded that Milwaukee is at or above the national average in all of the characteristics (Earning, Learning, Vitality, Social Capital, Cost of Lifestyle, After Hours, and Around Town) that young professionals consider when choosing a place to live and work.<sup>20</sup> The challenge to the city, specifi-

cally MMAC, is to broadcast these attributes in a way and in a forum that is able to overcome the negative image that many young professionals have of the area.

### What is Milwaukee doing?

There has been an explosion in the number of young professional organizations across the country. Chambers of commerce typically start these organizations. The chambers, by doing this, are able to simultaneously address 1) talent and labor shortages of their respective area, and 2) contribute to the economic revitalization of downtown areas. However with these common objectives, the methodology and activities of young professional organizations differ; from purely social to enhanced civic engagement.

Milwaukee’s YPM has been recognized as being a national leader in their approach to attract and retain young professionals. The organization will be changing its name to FUELmilwaukee in February 2007, to reflect the organization’s mission of “fueling the regional workforce with employees by attracting and retaining diverse talent.”<sup>21</sup>

YPM’s proactive approach is helping to increase the supply of young professionals to area businesses. They are also sharing their knowledge on how to reach young professionals and the sobering statistics that show Milwaukee has a shortage of workers that will be able to take over for the retiring workforce. Without an influx of young professionals, Milwaukee—its businesses and its economy—will face great hardship in the near future.

Shelly Jurewicz,<sup>22</sup> Executive Director of YPM, believes internships can also play a pivotal role in recruitment of young professionals. She approximates that 80% of interns stay in the community in which they do their intern-

---

*Without an influx of young professionals, Milwaukee — its businesses and its economy — will face great hardship in the near future.*

---

ship. There are over 13,000 full-time college undergraduate students attending the University of Milwaukee alone.<sup>23</sup> Involving undergraduate students, many of whom are not from the Milwaukee area, could go a long way to address the area's labor needs.

Through internships young professionals have seen Milwaukee in a new light. In a recent *Milwaukee Journal Sentinel* article interns conveyed their new impressions of Milwaukee:

Milwaukee's really developed in the last few years, and I've had the opportunity to see some of the places through this internship. So its definitely improved my image of Milwaukee

I was surprised by how many restaurants there are and young people walking around.

I've learned that if I do end up in Milwaukee, its not going to be so bad. It actually might be better with the connections and networks that I've made.

#### **What is the rest of Wisconsin doing?**

Nearly all metro areas of Wisconsin are making efforts to retain and recruit young professionals. Madison, in many ways is the opposite of metro Milwaukee, both in its employment makeup and its public image. The city is recognized as a nearly-ideal mid-size Midwestern city.

Eau Claire has also seen success with their recruitment efforts. Eau Claire also has a young professional's organization that holds various events throughout the year. The city also runs a campaign entitled *Come for College, Stay for a Career*. The campaign "focuses on showing university students the opportunities that exist in Eau Claire and the Chippewa Valley." Mike Schatz, the City of Eau Claire's economic development administrator estimates that the area is able to keep approximately 27% of the students that attend the University of Wisconsin-Eau Claire upon their graduation.<sup>24</sup>

Recently northeast Wisconsin has organized the "New North" an 18-county regional

economic development organization, whose focus, in part, is to recruit young professionals. The larger communities in the "New North" area are comparable to Milwaukee suburbs and appeal to young families. Since young professionals look at communities first, "New North" businesses that have more family-friendly policies will attract and retain young professionals once they become young parents.<sup>25</sup>

#### **What will the future hold?**

Answering the question "What will the future hold" is always speculative. The most common answer is "I don't know." This is true for me. But I expect to behave like most young professionals—continuously evaluating my professional situation every two-to-three years and doing what is in my best interest.

What is in my best interest might be to stay in Milwaukee—for professional advancement either with my current employer or with another employer. On the other hand, my location decision might be more personal, to remain close to a romantic interest. Keep in mind that these may also be reasons to leave Milwaukee. It is the draw of the area that is oftentimes the tiebreaker in these types of decisions. To make it harder to leave or easier to stay in Milwaukee, the area should continue to make conscience efforts to improve the image and characteristics of the city to young professionals.

What is the future of the young professional population of Milwaukee? It is still difficult to envision a scenario in the near future in which Milwaukee is able to directly challenge young professional magnets such as North Carolina's research triangle, Washington DC, Chicago, and even the Twin Cities. Without a clear economic development agenda,<sup>26</sup> I have to wonder how much help the City of Milwaukee will provide in addressing the talent concerns of the city's employers.

However, successes are occurring in Milwaukee, and YPM's efforts to recruit young professionals are considered to be best in class. Milwaukee businesses will need to tap

into the city's existing pool of young professionals. Businesses can help their own cause by increasing the number of internship programs, an approach that would involve students that have already chosen to live in Milwaukee. This early involvement with the Milwaukee business community, and any subsequent activity with YPM, would increase the likelihood of keeping young professionals in the area.

This "get them as young as you can" approach might not occur until businesses and the community feel more of the pain that will be associated with the departure of the graying workforce. But that would be too bad. Milwaukee and the area's business community should combine the lessons of smaller Wisconsin communities with YPM's best-in-class practices in order to accelerate the pace at which Milwaukee is able to attract and retain young professionals. At stake is the survival and growth of Milwaukee and the region as a whole

#### Notes

1. Lank, Avrum. August 19, 2006. "One factory's story is the state's, too" *Milwaukee Journal Sentinel*.
2. [www.mmac.org](http://www.mmac.org)
3. Young Professionals of Milwaukee. 2006. "YPM Annual Membership 2005-2006 Survey."
4. Next Generation Consulting: 2002. "Talent Capitals: The Emerging Battleground in the War for Talent-A White Paper"
5. "Masters of the Universe" October 7-16 2006. *The Economist*.
6. MMAC's Young Professionals of Milwaukee. 2004 "A Brain Gain Best Practice: Young Professionals of Milwaukee Success Story From 0-2600 in 26 Months."
7. Ryan, Rebecca. August 26 2005. "Regional Recruit'ability Index" Presentation.
8. El Nasser, Haya. 2006. "Aging Industrial Cities Get Boost" *USA Today*.
9. Dresang, Joel. September 2, 2006. "Fewer workers, more challenges" *Milwaukee Journal Sentinel*.
10. Florida, Richard. 2002 *The Rise of the Creative Class* Basic Books
11. Lightbourn, George. Fall 2005. "Milwaukee's Generation Gap." *Wisconsin Interest*.
12. Ryan, Rebecca. August 26 2005. "Regional Recruit'ability Index" Presentation.
13. Bandenhausen, Kurt. May 2006. "Moving On Up" *Forbes*.
14. Staff. June 2006. "50 Smart Places to Live." *Kiplinger's Personal Finance*.
15. Altman, Jennifer. May 8 2006. "The Best Undergraduate B-Schools" *Business Week*.
16. Staff. June 5th 2006. "How Growth Companies" in "Hot Growth: 100 Sizzling Companies to Watch" *Business Week*.
17. National Trust for Historic Preservation 2006.
18. *Men's Health Magazine*. 2005.
19. *Maxim Magazine*. 2006.
20. Ryan, Rebecca. August 26 2005. "Regional Recruit'ability Index" Presentation.
21. McCormick-Jennings, Rachel. October 20 2006. "Young Professionals group to rename itself FUELmilwaukee" *The Business Journal*.
22. Phone discussion with Shelly Jurewicz. November 2006.
23. University of Wisconsin System Fact Book 2005-2006.
24. Schatz, Mike. November 2006. Personal E-mail.
25. Phone discussion with Bryon Johnson November 2006
26. Horton, Ryan. November 2006. "Growing up: Analysis of city of Milwaukee economic development efforts" Public Policy Forum.