

Plugging the Brain Drain

Efforts Abound; State Investment Still Missing

By Tom Schuman

“Brain drain” was a catchy phrase popularized to signify the exodus of Indiana college graduates. It wasn't until the 1999 release of Indiana Chamber-sponsored research that people began to truly understand the depth and significance of the problem.

The study, conducted by the Indiana Fiscal Policy Institute, found that 36% of Indiana residents who graduate from state colleges and universities leave the state to work. For those who come to Indiana from outside the state, nearly 90% go elsewhere for employment.

Job-related reasons were identified as the overwhelming motive for those who decided to move outside the state. Graduates from three different time periods were saying Indiana companies did not provide the type of jobs they were looking for.

Some businesses within the state claimed that colleges and universities were not providing graduates with the proper skills to succeed in their industries. A third argument was that Indiana did have the jobs for these graduates, but was not properly communicating those opportunities.

No matter the reason, the result has been the introduction of a number of information resources for Indiana college students, alumni and state companies. Short-term indicators are encouraging, with the true measurements of achievement to come in the future.

Whether these individual, but related business efforts can produce long-term changes is uncertain. While lauding the programs, some believe an enhanced public sector commitment is not only the state's duty, but also a mandatory element for success.

Too many graduates like these are continuing their walk – out of Indiana.

careersINSite

TechPoint, a merger of the Indiana Technology Partnership and Indiana Information Technology Association, is the home for careersINSite. The effort debuted as a pilot project in December 2000, developed in part due to the Indiana Chamber-backed human capital study.

Jennifer Lewellen, who earlier this year took over the program manager duties, describes the mission as:

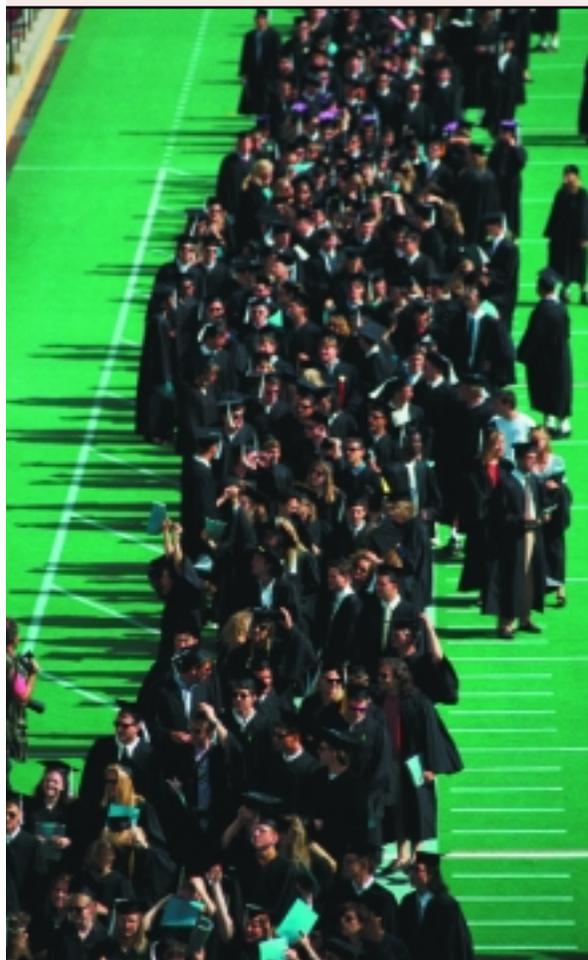
- Keeping as many graduates as possible in information technology, life sciences and advanced manufacturing from leaving the state for other jobs
- Increasing the awareness of technology companies located within the state

Some of the methods include bringing university faculty/staff together with business to help determine what skills companies are looking for in new employees, having company representatives speak at schools, encouraging internships and working with businesses to open their doors for student/university tours.

“A lot of smaller companies in Indiana are not able to get information out to students,” Lewellen explains. “They look to us to fill that gap. With the merger this year, we look to target more statewide and work with some of the smaller schools (beyond original partners Purdue, Indiana, Ball State, Rose-Hulman and IUPUI).”

More than 800 companies are listed on the organization's web site, which received 1.5 million hits in 2002. More than 20,000 students have received the Indiana technology message through various means. Preliminary retention data from schools shows some improvement in students staying within the state, although there remains difficulty in accurately tracking such information.

Lewellen describes careersINSite as “aggregating companies in one place.” One



of her areas of attention this year is to “make it even more high touch. We want to get companies to sit down with select groups of students to allow them to find out what it’s like in the real world, to have some quality time.”

JobsINtech

High-tech career opportunities are the focus here with delivery through an interactive web site and a monthly televised newsmagazine series.

The Central Indiana Corporate Partnership and Indianapolis-based Bell Tech.logix are the primary supporters behind this effort. JobsINtech profiles successful technology professionals and presents relevant career information to students in high school, technical institutes, community colleges and at colleges and universities.

Also stressing the importance of early involvement between companies and prospective employees, it looks to generate increased interest from guidance and career counselors, as well as boost the number of technology-based internships.

Long-term success of the initiative, according to its web site, will be measured by reducing the gap between high-tech job openings and qualified candidates.

Indiana INTERNnet

Stacie Porter-Bilger confirms that the Indiana INTERNnet initiative emerged from existing business/university concerns and the results of the study completed for the Indiana Chamber and Indiana Commission for Higher Education.

The goal was to put together a system to help facilitate the number and quality of student internships.

“Internships are one of many tangible ways to help students get connected with employers,” Porter-Bilger notes. “We help employers set up internship programs. Small and medium size employers have always been the focus.”

Indiana INTERNnet participates in career fairs, conducts its own campus events, holds employer workshops and is striving to bring top interns and business/community officials together through a Leadership Connection program.

What began as a broad initiative is now more focused on the life sciences career tracks that have been identified as critical to the state’s future success. But the initial pilot project in central Indiana is in the process of being expanded with 10 students, chosen on a statewide basis, to participate in the new leadership initiative.

“We did a survey and 71% of interns say they are more likely to stay, while 63% say they were exposed to companies they didn’t know about,” Porter-Bilger summarizes. “We know we need more companies to offer internships. About 43% offered them over the last five years.”

New Indiana

While keeping graduates from leaving the state is the driver in many of these programs, New Indiana was created to bring successful alumni back to the state to grow or expand their businesses. Universities and economic development organizations

in Indianapolis, Bloomington and Lafayette partnered on the project, with funding from the Central Indiana Corporate Partnership.

A web site, direct mail campaign in five markets and recruiting event in Chicago presented success stories of Indiana and Purdue alumni who returned to the state. It asked the question, “Are you IN or OUT?” Suzanne Vertesch, senior vice president of client services for The Indy Partnership, says feedback received was promising.

“Our focus is on bringing business here. As an economic development organization, that’s what we’re equipped to do,” she explains. “The thing we learned is that we were able to make the connection with alumni work. What we’re trying to figure out now is how to move forward.”

Looking to take the alumni connection further, an Indianapolis group has proposed establishing a State of Indiana Alumni Association. The commercial venture would maintain ongoing communication between the state’s non-resident graduates and stakeholders ranging from universities and business to government and community interests.

University approach

On the frontline for student retention and alumni attraction efforts are the colleges and universities themselves.

In addition to other myriad activities, Jeannine Harrold, director of the Ball State University Career Center, says a partnership with careersINsite resulted in Tech Connect. It’s not the typical job fair, but a career education and networking opportunity aimed at students beginning their college careers. The university and Muncie-Delaware County Chamber of Commerce introduced a new event earlier this year titled, “It’s a Beautiful Day in the Neighborhood: Living and Working in Muncie and Delaware County.”

“Not all students are going to stay here, but they will learn how to research a community,” Harrold points out. “With alumni, it’s mostly sharing information. We work with our Alumni Association, and it’s a much more personal, individualized service.”

She adds that the private sector efforts help identify employers and complement what the university is doing. “We never pretend to have all the answers.”

Porter-Bilger believes “it is crucial that all these initiatives work very closely together as part of an overall human capital strategy.”

Lewellen says the organizations work together whenever possible, displaying each other’s brochures and information at various events and directing people to the proper resource.

“We really value our ability to collaborate with other organizations,” she asserts. “We have to realize we are all parts of the same whole. We are all pieces in the big picture.”

State role

John Gibbs is executive vice president of Interactive Intelligence, one of Indiana’s technology success stories. The economic turmoil of the last few years may have slowed the growth for the integrator of business communications, but it is one of two Indiana publicly traded software companies and recently moved into a new world headquarters on the northwest side of Indianapolis.

When he thinks back on his involvement 10 years ago in what was an all-volunteer Indiana Software Association and



compares it to 500 people in black tie at the 2002 Cyberstar Awards, he says, "We've come a long way baby. I'm pretty impressed."

But when the thoughts turn to the possibilities of a deeper technology base, to taking full advantage of the state's research universities, to transforming Indiana into the economy of the future, the outlook changes dramatically. The state, he says, is simply not doing its job.

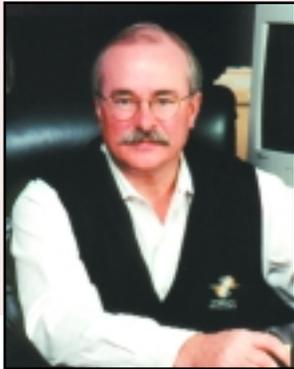
"We've got to have the guts to stand up in tough economic times and still invest in our economic engines. We must invest in our research universities," Gibbs notes. "We have spectacular, world-class schools that generate bright, innovative kids. It's a disgrace to economically underwrite all the kids in public schools and then have them go somewhere else. The state has a vested interest in having that investment stay. But we're getting no return on investment. That's bad business and that's bad economics."

Gibbs says much can be learned from not-so-distant history. He points to how a state investment in forming CID (now CID Equity Partners) in the early 1980s helped spawn Software Artistry. In addition to the other companies that later emerged from that beginning, that \$2.5 million investment eventually allowed Don Brown to form Interactive Intelligence, which generated almost \$50 million in revenue in both 2001 and 2002.

On the other end of the scale, Indiana's conservative approach to state banking laws at approximately the same time resulted in the loss of the majority of local bank headquarters.

"I don't want to see the same thing happen to Indiana in the information age by not investing in technology," Gibbs relates. "Our entire economy and society is now based on technology as a foundation. If the state does not invest, we'll be left behind and bought up like the banks."

"Look at what \$2.5 million did. Imagine what we could do with \$50 million, \$100 million, \$500 million. It's pretty exciting."



John Gibbs fears that, without changes, Indiana's technology companies will be subject to out-of-state control.

Money talks

What makes it so difficult for Indiana companies? Gibbs says it's common practice for the Intels and other major players to come into a Rose-Hulman and offer the top 10 computer science graduates \$10,000 each to go to the West Coast. Nearly all make the jump, not realizing the cost of living, endless commutes and other factors that make that \$10,000 disappear quickly.

"I don't think we've ever given a signing bonus to anybody. We can't compete on dollars," according to Gibbs. "We have to compete in other ways – stock options, great benefits, a corporate culture with no dress code, foosball, ..."

Indiana must take better advantage of the work ethic and loyalty that have fostered past success and helps keep organizations like Interactive Intelligence here today. The company received a higher dollar offer from Michigan to relocate to the north, but decided to remain in Indiana.

Gibbs terms the atmosphere in the Silicon Valley as the deal of the day. The joke on the coast is that if software developers stay with the same company for more than a year they receive a gold watch.

Indiana doesn't have that problem. It does possess a number of positive attributes. But it can't utilize those assets to their fullest without the missing ingredient.

During the Chamber's Summit for Indiana's Future, Gibbs proposed a tax credit for companies that pay signing bonuses to graduates who are in the top 20% of their public university graduating class. In return, the graduates/employees would be obligated to stay in Indiana for a period of time.

"You can have the best engine and the most aerodynamic car, but you also need fuel," he offers in comparison. "You've got to have cash to fuel that engine or you're not going to go anywhere. Being conservative is great, but if you've got a problem you have to fix it. Government needs to step up and act more like a business."

INFORMATION LINK

Resources: Stacie Porter-Bilger, Indiana INTERNnet, at (317) 464-2245 or www.indianaintern.net

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