

THE
ECONOMIC
CLUB OF
CHICAGO

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On January 15, the Club hosted the Second Forum Luncheon: “Planning for Chicago’s Next Tech Revolution,” at The Standard Club. Panelists included:

- Mike Gamson, SVP Global Solutions of LinkedIn
- Chris Gladwin, Co-Founder & CEO of Ocient
- Penny Pritzker, Founder & Chairman of PSP Partners

The Club’s Second Vice Chair David Snyder moderated the discussion, which centered on the P33 initiative, co-founded by Chris Gladwin and Penny Pritzker.

Below are excerpts of the conversation:

On a basic introduction to P33...

Penny Pritzker: The thesis of P33 started as a conversation that Chris really raised, the issue of Chicago punching below its weight as a tech hub. We’re the third largest city in the country, but on most tech indices, we rank six to 10. That led us to create a vision. We brought together about 150 university and business [leaders], established company leaders, tech leaders, government leaders, to say, “How do we transform Chicago into a tier one global tech hub by 2033?” That’s the vision.

On the guiding principles behind the development of initiatives...

PP: The first [principle] is, we want to position Chicago as a go-to city for tech innovation, and the second is, we want to drive inclusive growth in the tech sector and in our entire economy. The inclusivity is a significant part of what we’re doing. Not the only part, but it’s not adjunct, it’s central. We want to leverage our existing assets and our existing initiatives. We feel fundamentally that the private sector needs to lead this effort, and that our established businesses and our tech companies need to come together.

On the unexpected learnings from research on net promoter scores....

Chris Gladwin: What we found is, asking over 1,000 people across the United States in tech communities, [...] Chicago’s own net promoter score of its community is lower than anyone else’s own net promoter score of its own community. So if we think we’re cheerleaders, we’re not. [...] Everyone else’s net promoter score of us is by far lower. Our brand is by far the weakest. Then if you ask people objective questions like, “What’s the most educated big city in the United States?” and it’s Chicago, their jaw would be on the floor. I think it’s in our mid-western character that we don’t want to over-sell ourselves, but we are so far behind the facts, that we’ve got a long way to go.”

On the separation between the established Chicago business community and tech sector...

PP: That was something that was shocking to me when I returned to Chicago. We had our established companies kind of living in this orbit, meeting in these groups, getting together, and we had our tech companies over here, and they were not there. The Venn diagram overlap was pretty slight, if at all. That's a problem for us to remain a successful city.”

Mike Gamson: There are two or three tables here that have almost all the tech people in them, isolated in their little tech mini-cluster. Make some new friends, this is what we are here to do. And so it's real if you're looking around like, "Am I at one of those tables?" Or, "Is that why they're dressed so poorly?" [Laughs]

There is some entrepreneur here who is hoping that the company that she is building will be worthy of you as a client. So open your mind a little bit to taking that call. Our first reaction as a business leader is to not engage with anyone. Even if you don't buy the product, even if you are uninterested in the potential benefits that could accrue to you through the business transformation that technology provides, just be open to it. Build a bridge, accept a meeting, take a call.

On whether Chicago is losing tech talent...

MG: If you are a graduate in Computer Science from Chicago, the most likely city that you will live in after graduation is [...] Chicago, by a mile. By eight times as much as the next city, which is San Francisco, and 10 times as much as the next city, which is Seattle. [...] The great irony that I am frequently confronted by, as a LinkedIn person, and as a passionate member of our tech community, is that the folks who are looking for talent believe the talent is not here and the talent believe that the jobs are not here. That's a matching problem. That's a solvable problem.

On one of the big issues facing established Chicago companies...

CG: Information technology isn't just something they have to do, it's something they have to lead at if they want to be a leader as a company or in their industry in the next 15 years. One of the reasons you want to do that is [because] a lot of industries will get disrupted by a new technology. The taxi industry had to deal with ride sharing, and the music industry had to deal with digital music, etcetera. If you don't have awareness of that, starting at your board level, you're not in good shape. There are people like me, this is what we do for a living. We look for these opportunities to disrupt industries and companies. We know how to do it, we know what to look for, we would be very helpful in helping companies prepare and become the disruptor as opposed to becoming disrupted.

On established Chicago companies investing in entrepreneurial ventures...

PP: We need to have companies that are producing their technology here. [...] That means we have to have an environment that makes it easy for an entrepreneur to start a company, easy for them to access the talent they want, easy to get the capital. [...] Actually, if you put a dollar into a venture in Chicago, you get the best return on average if you look at the data. However, the sheer volume – and my numbers are going to be wrong precisely, but directionally accurate – we do about \$2 billion or \$3 billion of venture capital investing a year. I think New York and Boston do about five times what we do a year, and then Silicon Valley does about 10 times what we do per year. So we're just also tiny, in terms of that risk spectrum.

On why it's important to build companies in Chicago rather than attracting established companies from elsewhere...

MG: I think there's several drivers. The first is, if we're building for a multi-generational outcome here, where one of the symptoms of that success will be a steady drum beat of multi-billion dollar exits, [...] what are the other flywheel benefits that are generated from that symptom of success? Because when the capital is local, that means that those of you here who are in the investment business, you will have crushed it. General partner, here you come, and you have brought on a whole bunch of other folks. They will have learned how to do that. They will have made some money so that they can take a risk and do that again. They will be more positively predisposed to the next Chicago company that comes in and pitches. And the men and women who work inside of those companies will have learned how to do it correctly.

Building businesses that achieve scale is not magic, but it needs to be de-mystified. It's really hard to figure out all that stuff on your own if you haven't learned from observing great people do it a few levels above you. When we build those companies here, when we educate those women and men about how to do it, we de-risk their next attempt.

On one actionable step an individual can take to advance the mission of P33...

CG: As an established company, even as a small company, you can become more of a leader in adopting technology, because it's not just about where creators of technology are, it's where users of technology are. That's a big part of leadership.

PP: Help us get the word out. We have things that we need to do, but we also need to tell our story around the country, and that's something we're working on. [...] We need to change the perception of Chicago. So some of that is substantive work we have to do, and some of it is PR.

The second is, [...] we've got as much recruiting to do here. Mike is very optimistic because we're keeping the largest percentage. We're still losing a large percentage of people, of talent, and that's talent that may go on to start the next large company. We need to work to reverse that as a trend.”

MG: First, if we can, as I mentioned earlier, open our minds and our doors to a Chicago-based business that has something that may be able to help you stay more competitive. Because, remember, if you're in a traditional industry, there's some tech company out there in some other city who has your name on the prey list. They are coming for you. So you may as well band together with the tech leaders we have here who can help you thrive and help you manage that.

The second is on this idea of inclusion. Find a way to invite someone into your company as an intern, as a front line worker, who may not have had that opportunity before. I greatly believe that talent is distributed equally and opportunity is not, and is beholden upon all of us to take a proactive step in making it easier for someone who may not find their way to your office through the normal channels to get their first job there.