

**JEVS Talking Points on Retaining College Graduates in the
Philadelphia Area for M. Moshe Porat, Dean, The Fox
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Introduction: The Issues Involved in Retaining Graduates

- In the new, rapidly changing global economy, our greatest resource, the engine of our economy, is talented and trained staff. But keeping talented and educated youth in the Philadelphia has always been, and continues to be our challenge.
- In 2000, The Pennsylvania Economic League first brought this issue of retaining young college graduates in the Delaware Valley to the attention of the Philadelphia business community. Their report concluded “Success in the new economy will be increasingly concentrated in those regions with the right combination of smart people and good ideas,” The League pointed out that Philadelphia had much work to do if it wants to attract and keep smart young talent.
- Why all this emphasis on youth? Because of their important contribution to the labor force, fairly recent college grads, particularly 25 to 34-year olds are increasingly considered a spur to economic growth. Young workers are “the most likely to start new companies, and small companies create 60 to 70 percent of new jobs.”

- It's the Philadelphia region's 83 colleges and 300,000 enrolled students that have the important role of attracting and training youth in our area. With so many colleges and universities, Philadelphia has a potential talent pool that outclasses any other major metropolitan area.
- Yet nurturing and retaining that talent remains a major challenge. We want our college students to unpack their bags only once when they come to school. After that we want them to stay.
- Before I talk to you about the work we're doing at Fox School to make this vision a reality and the work that Philadelphia and its business community are doing and need to do, I'd like to share with you the results of the Pennsylvania Economy League's June 2004 study. Though there is still much work to do, according to the latest data, Philadelphia is a strong contender in today's knowledge economy.
- Results of Knowledge Industry Partnership's 2004 web-based survey are based on 2,550 graduates who attended college in the Greater Philadelphia area and graduated in the spring or summer of 2003.

- First, the good news--64% of all graduates remain in the region after college (53% who were originally from this region and 11% who weren't from here, but remained).
- But the bottom line is Philadelphia must retain more non-native graduates or it will continue to lose knowledge workers. And the competition is tough. Many other cities are launching initiatives to lure our graduates.
- In particular, the figure for business majors staying in this area needs to be turned around—only 28% of business majors are staying here. This result is especially depressing when you consider that business was the most popular area of study among survey respondents.

What we're doing at the Fox School

- At the Fox School of Business at Temple, we're working to reverse the small number of business majors staying in the Philadelphia area. First, we're bringing a **higher level of talent** to Philadelphia. In 2004-05, we had our best-prepared class with the highest SAT average and high school GPA of any incoming class in our history. And this year also saw a dramatic increase in GMAT scores for incoming MBA students from 635 in 2003 to 655 in 2004, again the highest ever in Fox history.

- And **we're adding new top-notch faculty** to an already very strong faculty. As part of Temple University's 170-professor hiring initiative aimed at improving research and teaching, this year The Fox School hired seven new professors—all in subjects relevant to the new economy—MIS, entrepreneurial finance and corporate ethics and many we're hiring from prestigious universities like University of Pennsylvania and MIT.
- And consulting with current students, alumni, faculty, and staff, **we're redesigning the curriculum of our already nationally ranked Fox MBA** around “learning in action,” in which classroom theory joins real-life experience.
- Key to the redesigned MBA, students will participate in **summer internships** that will prepare them for the second year of the Fox MBA centered around Fox's award-winning **Consulting Practicum** in which students work with real companies to solve real business problems.
- Another key component of encouraging young talent at Fox is our emphasis on **student professional development**. All our students are involved in **Student professional Organizations**, interest groups that focus on specific industries that connect them to the business community.

- Another important element is our **Center for Student Professional Development**, our career center for undergraduates.
- For our MBA students, The Fox School's **Graduate Career Management Center works closely with corporations**,
- We're doing everything we can to build connections between students and local companies. We're **teaching companies that normally wouldn't employ MBA students best recruiting strategies for MBA's**.
- And more companies move away from on-campus recruiting, **through treks, onsite visits and events, Fox has been bringing its students to companies**.
- And we've even been **involving faculty in outreach to local corporations**. This relationship between faculty and key corporations has enabled a high percentage of students to get jobs.
- We also **involve companies in as many Fox School activities as possible**, getting local companies involved with our centers and events.
- And to encourage entrepreneurship, our Innovation and Entrepreneurship Institute sponsors a yearly **business plan competition**, which spurs real businesses in Philadelphia like

the dance academy started this year by 2004 Fox business plan winner and Fox graduate, Rebecca Davis.

- Another center key to Fox's stimulation of entrepreneurship is our **Small Business Development Center**, which helps launch local businesses. And to reach students at a young age, we teach gifted high school seniors who participate in our **Business Leadership Academy** how to create a new business from concept to launch.
- Fox's impact extends beyond its students. Two thirds of our 45,000 alumni live and work in the Philadelphia area.
- That's what we're doing in our sphere of influence--at Fox. Other yet bigger players in increasing the brain gain are the Philadelphia and its corporate community.

What Philadelphia needs to do and is doing

Philadelphia is on its way to keeping college graduates in this region. In 2000 I chaired John Street's New Economy committee. Philadelphia assets we cited were:

- Cultural diversity
- Intellectual capital, which means higher education.
- Regional strength in B2B e-commerce and other software businesses.
- Philadelphia's richness in history, crafts, the arts and in culture and entertainment.

- Philadelphia's low cost of living, a high quality of life and low office rents.
- And both its large and densely packed consumer base and its diverse workforce.
- Its central location in the Northeast corridor
- And its infrastructures—subways, fiber optics, and buildings.
- Lastly, start-ups can find all the legal, financial and consulting support they need here, as well as venture capital.
- But Philadelphia also has **liabilities** and those liabilities continue to drive businesses away. Those liabilities include:
 - A heavy tax load.
 - A poor education system that spans grades K-12.
Luckily, the 2004 winner of The Fox School's Musser Award for Leadership—James Nevels, Chairman of the School Board Reform Commission, is working to reverse this failure and already he has shown much success.
 - Safety issues.
 - Problems, which includes parochial thinking, bureaucracy and lack of regionalism.

- A variety of land issues--blight, site assembly challenges and brown fields, a situation that is improving.
- Back in 2000 when these liabilities were identified we had a dramatic brain drain that we're slowly reversing.
- And yet another liability, Philadelphia has a large pool of unskilled workers.

Addressing these liabilities can help Philadelphia retain more of our college graduates.

- Learning from the success of Boston and other cities that have done it right, these cities use strong leadership to build on existing assets, streamline business operations, simplify municipal procedures—often with-government initiatives—and encourage business clusters like Cambridge's Silicon Alley.
- In Philadelphia, thanks to the efforts of the Knowledge Industry Partnership we're starting to do the same and we can do even more. We have the resources, the sense of urgency and the civic pride to emerge as one of the country's most prosperous and livable cities.
- Technology—the Internet, biotechnology and the genome project—are creating new business opportunities. We must seize those opportunities.

- Philadelphia needs to foster the development of state-of-the-art business and enhance entrepreneurial opportunities that attract and hold our talented young people.
- An economic development model that links incubators and business clusters to universities can start a host of new firms, some of which will become the Microsoft's and Dell's of the future.
- Once these companies start growing, to retain them, the city must reduce the cost of doing business there. This means improving services and cutting taxes.

What the Philadelphia Business Community Needs to Do

- The city is just one piece of the pie. Its efforts must be tied into the local corporate community.
- Knowledge Industry Partnership study found that students not originally from Philadelphia who **intern in** this area are twice as likely to stay in Philadelphia.
- What to do is obvious—corporations need to create more internships and those internships must be top notch.
- By 2006, Philadelphia, with the help of its business community, intends to add 5,000 new internships locally, and also increase the number of companies offering internships.
- To make internships more attractive to interns, this past summer the city also tested a program that aims to round out

- the Philadelphia experience for interns, taking them on tubing trips on the Delaware and giving them discounts to museums.
- And since very small companies don't always have the resources to oversee internships, Innovation Philadelphia, has created a CD-ROM, "Internship in a Box" to help these companies do it.
 - Another thing that corporations can do to ensure that Philadelphia retains local talent is fund university scholarships.

Conclusion

- Scholarships, internships and curricula responsive to industry—these are the types of initiatives that we, at Temple and at other universities together with the City and the local corporate community, need to work on.
- Together we can retain more of Philadelphia's talented graduates and benefit all involved--employers, the city, universities and the graduates themselves.
- It's been four years since I chaired Mayor Street's task force on the New Economy and we've made a lot of progress.
- In fact, rumor has it that Philadelphia's initiative to increase its retention of college grads, has caught the attention of the very city it's striving to emulate—Boston.

- So we can't look back—we need to keep working and look ahead or Boston won't be trying to emulate us—they'll be looking back at us. Youth are the economic engine of the new economy. We have to keep running to keep that engine here in Philadelphia.