

Creative

THINKERS:

The Future of Greater Lansing's Creative Economy

2010

Highlights

There are many definitions of the Creative Economy and Creative Class. For Greater Lansing's purposes, the Creative Economy consists of the **Professional, Scientific and Technical Services** (PSTS) sector, including Legal Services, Accounting and Tax Preparation; Bookkeeping and Payroll; Architectural, Engineering and Related Services; Specialized Design Services; Computer Systems Design and Related Services; Management, Scientific and Technical Consulting; Scientific Research and Development Services; Advertising and Related; and more.

During 2008, there were nearly 9,000 jobs in the PSTS sector, representing 6 percent of total private jobs.

The PSTS sector has the key characteristics of the Creative Economy – rapid employment growth, a highly educated and talented workforce and very high pay.

PSTS is the fastest growing private employment sector. It expanded at a rate seven times faster than the rate for total jobs (62% vs. 9%) during the 1990-2008 period, an immensely significant long-term trend.

Employment growth prospects for the PSTS are bright. While total employment is to expand by 6.5 percent between 2006 and 2016, Professional, Scientific, & Technical Services employment will grow by 19.1 percent.

This sector is among the highest-paying, with an average of nearly \$60,000 annually; twice as much as the annual salary across all sectors.

The educational requirement for PSTS jobs on average is a bachelor's degree.

Creative Economy businesses believe we need to groom our own talent better and provide real-world opportunities to foster the development of the "big picture" attitudes and skills such as leadership, innovation and critical thinking.

“Entrepreneurial leaders
must be trained, nurtured and developed.”



“Michigan’s prosperity last century was built primarily on good-paying, low skill jobs. Those jobs are gone forever.”

Lou Glazer
Michigan Future, Inc.

What is the Creative Economy?

Richard Florida defines the Creative Class as professionals working in science, engineering, arts, education, computer programming, research, design and media, as well as healthcare, business and finance, legal and education.

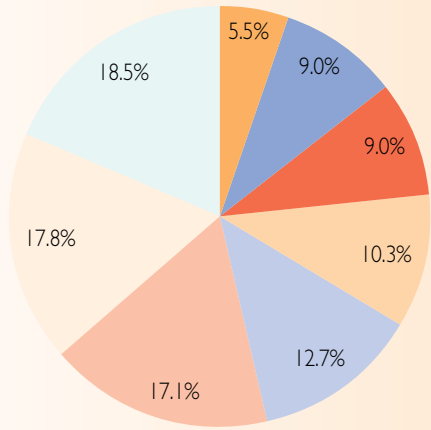
Others define it strictly as those working within creative sectors, while others still define it as anyone whose job requires problem solving and critical thought.

This report focuses on the Creative Economy, a term John Howkins first coined, as it relates to Greater Lansing. For our purposes, the Creative Economy primarily covers jobs that fall into the Professional, Scientific and Technical Services (PSTS) category in the North American Industry Classification System (NAICS).

Professional, Scientific and Technical Services businesses fall into a wide variety of disciplines. The sector is comprised of Legal Services, Accounting and Tax Preparation; Bookkeeping and Payroll; Architectural, Engineering and Related Services; Specialized Design Services; Computer Systems Design and Related Services; Management, Scientific and Technical Consulting; Scientific Research and Development Services; Advertising and Related; and Other Professional, Scientific and Technical Services. The largest sectors are Legal Services, Computer Systems Design, and Architectural and Engineering Services, which account for over half of the total jobs in this industry.

While the type of businesses in the sector vary greatly, one of the unifying factors of the jobs within the sector is the ability to think critically and creatively. These are not goods-producing jobs; rather an individual or company's collective intellect is the primary asset. With a deep wealth of educational resources, major research and development efforts and a strong network of regional partners, Greater Lansing is well-poised for continued success in the Creative Economy.

Computer Systems Design Largest Share of Professional and Scientific Employment in Greater Lansing, 2008

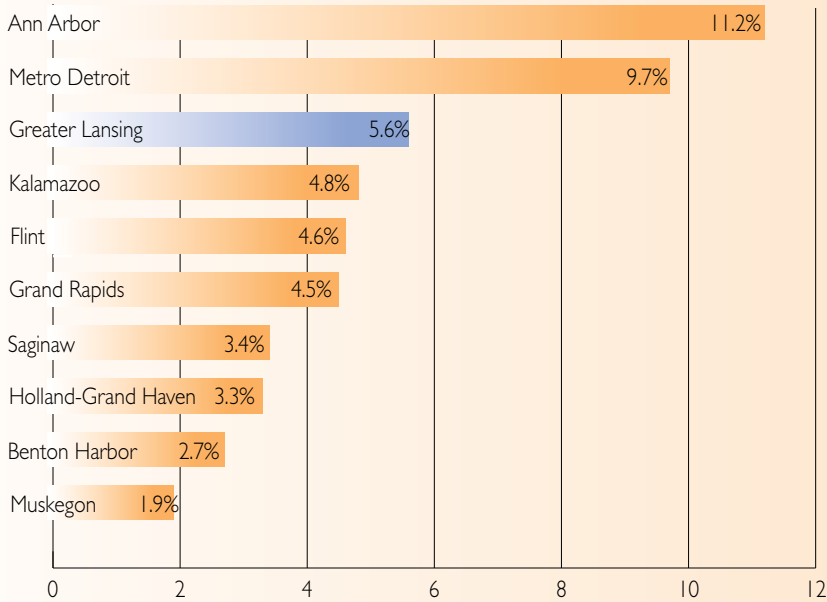


Greater Lansing has high concentration of Creative Economy jobs

PSTS is a significant employment sector for Greater Lansing with employment during 2008 at 8,800 jobs, approximately 6 percent of total jobs. In addition, a comparison to other metro areas in Michigan shows the area with a relatively high concentration of jobs. The local region ranks third in terms of the share of total private jobs, behind only Ann Arbor (11%) and Metro Detroit (10%), and higher than Kalamazoo and Grand Rapids. The share is more comparable to that for the U.S. and Michigan where jobs in the industry account for about seven percent of total employment.

- ▲ 5.5% Scientific Research & Development
- ▲ 9.0% Other Professional and Technical Services
- ▲ 9.0% Management & Technical Consulting
- ▲ 10.3% Advertising & Specialized Design
- ▲ 12.7% Accounting & Bookkeeping
- ▲ 17.1% Architecture & Engineering
- ▲ 17.8% Legal
- ▲ 18.5% Computer Systems Design

Region Ranks Third in Share of Creative Economy Jobs, 2008



“Our address is **Lansing,**
but our marketplace is the world.”

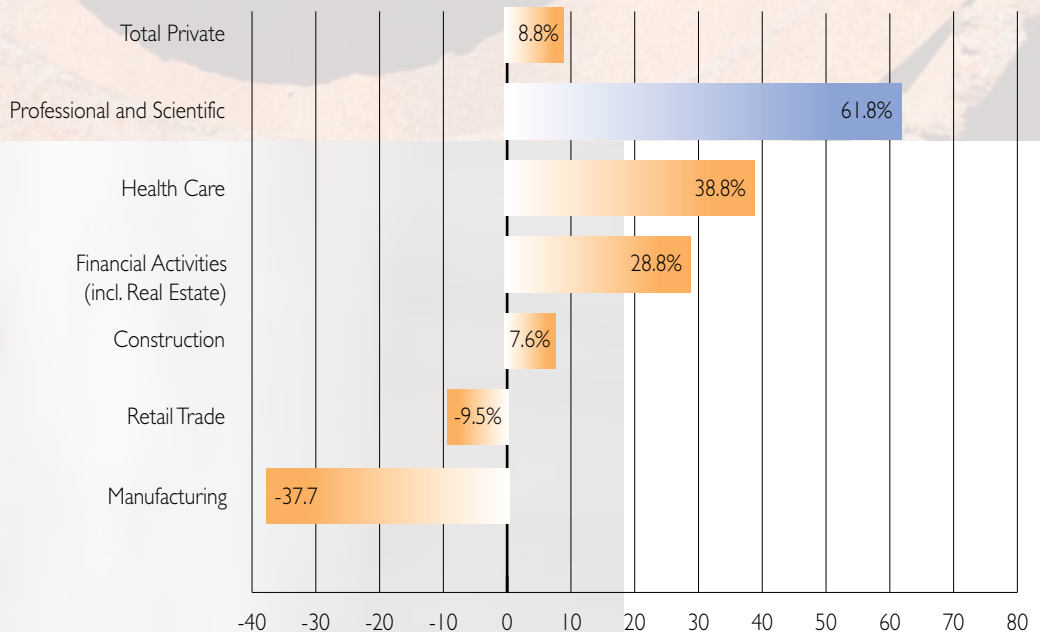
Terry Terry
Message Makers

Creative Economy fastest growing industry in Greater Lansing

Perhaps the most significant aspect of PSTS employment in the region is its very high growth rate. From 1990 to 2008, the industry was the fastest growing industry sector. PSTS jobs increased by 62 percent, about seven times the rate of total jobs (8.8%). This exceeds growth rates in traditionally high job-producing sectors such as health care and finance at 39 and 29 percent, respectively.

Growth trends locally compare very favorably to those statewide: PSTS in Michigan expanded at only 20 percent between 1990 and 2008, a rate well below the 62 percent locally. Jobs grew more vigorously in the U.S., expanding at 72 percent.

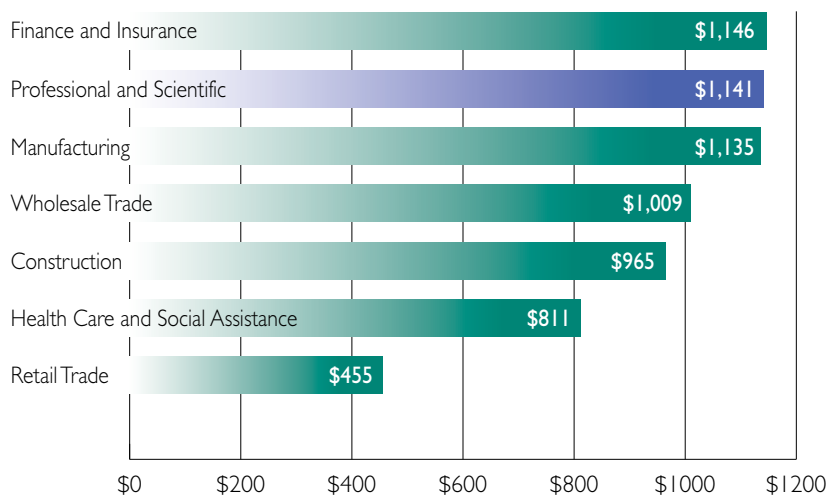
Creative Economy Grows at Astonishing Rate, 1990 to 2008



Creative Economy pays well

PSTS is among the highest-paying industry sectors. It pays twice as much as the overall industry average of \$761 per week, or \$39,572 annually. Compared to some notable categories of industry jobs it is near the top. Finance and Insurance pays on average \$59,592 annually while PSTS averages \$59,332 per year. This tops manufacturing (\$59,020) and Healthcare (\$42,172) in the local region.

Greater Lansing PSTS Weekly Wages are High, 2008



PSTS is a wide-ranging sector with many specialties and nearly 9,000 jobs. Hundreds of occupations exist within this sector. A few of the largest “common” occupations appear in the following table and include computer-related jobs, the physical and life sciences and legal services. There are two key factors about the occupations in this sector:

1. Pay is generally well above average in these common occupations and
2. Occupations tend to be on a much higher growth path than employment in general.

Among predominate occupations within the industry, legal occupations rank highest at nearly \$89,000 annually in 2008. The art and design area pays the lowest at \$45,900, which is still well-above the all industry average. The overall average (total, all occupations) is \$42,700 annually.

The five occupational groups dominant in PSTS are projected to grow faster (or about as fast) than the average, ranging from six to 12 percent. These groups are:

Computer & Mathematical Occupations

Architecture & Engineering Occupations

Life, Physical, & Social Science Occupations

Legal Occupations

Arts/Design/Entertainment/Sports/Media Occupations

Incubating Ideas

The Creative Class values creative problem solving, says Jeff Smith, project manager at the East Lansing Technology Innovation Center (TIC). The TIC was the creative solution to an issue for emerging businesses of finding affordable space to grow and thrive in a synergistic environment.

The East Lansing Technology Innovation Center started in 2008 with a goal of giving new and developing businesses a home and environment to prosper. Besides cubicle space, the tenants have access to internet, phone and meeting space. The small businesses have also been able to collaborate and share other resources. There are currently 15 tenants and one virtual tenant taking advantage of the TIC.

So far, one company, Enliven Software has outgrown the space and Smith anticipates a couple more companies following in Enliven’s footsteps soon.

With the success of the TIC, the City of East Lansing will be opening a similar space for Michigan State University and other student entrepreneurs called The Hatch. By fall 2010, there will be students occupying a designated space near the TIC to take advantage of the resources and connections as the businesses at the TIC do. The goal of the Hatch is infusing talent and creating positive advocates for the region. Even if students plan to leave, they will do so with a positive impression of the area and the opportunities available for entrepreneurs.

Other unique solutions are in the works including a similar incubator space for restaurants and one for Creative Arts, as well as the Center for New Enterprise Opportunities, or NEO Center.

Computer and mathematical occupations are projected to grow by 11.9 percent between 2006 and 2016 and will be growing the fastest. This compares to overall employment growth rate of 6.4 percent. At a more detailed level, two occupations to projected decline: computer programmers and editors.

“To compete and prosper in the new **global** economy, we have to continue to expand and foster creativity in the global economy. This extends beyond the Creative Class...we have to tap into the creative talents of every single human being.”

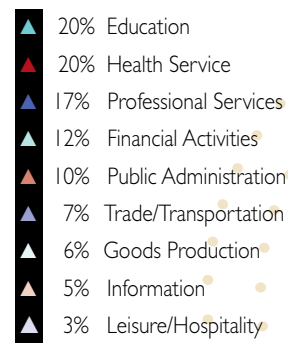
Richard Florida
Forbes
March 2009

Greater Lansing Employment Projections

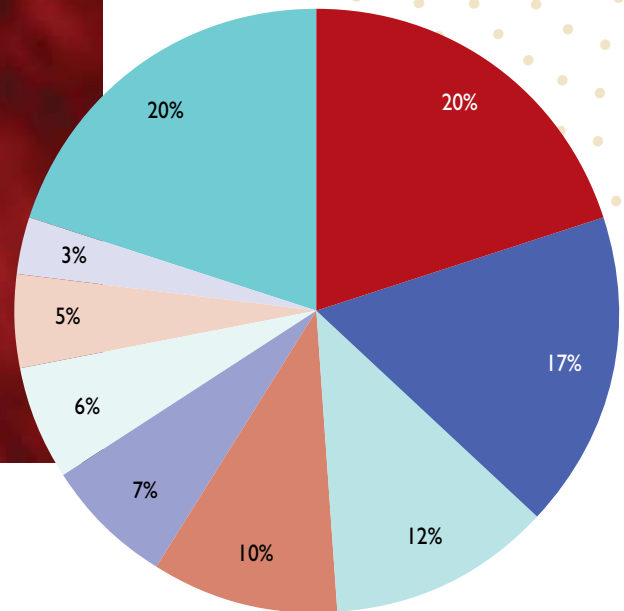
Occupational Title	2006	2016	Change	Percent Change	Annual Pay 2008
Total, All Occupations	244,200	259,890	15,690	6.4	\$42,660
Computer & Mathematical Occupations	6,000	6,720	720	11.9	\$61,440
Computer Programmers	605	560	-45	-8.1	\$64,640
Computer Software Engineers-Applications	1,225	1,460	235	19.3	\$63,930
Computer Systems Analysts	610	745	135	22.0	\$68,990
Architecture & Engineering Occupations	4,325	4,785	460	10.7	\$61,970
Architects, Except Landscape & Naval	250	275	25	9.1	\$64,990
Civil Engineers	560	625	65	11.6	\$69,590
Industrial Engineers	505	615	110	22.5	\$77,240
Mechanical Drafters	195	215	20	9.2	\$57,510
Life, Physical, & Social Science Occupations	2,715	2,865	150	5.6	\$60,360
Medical Scientists	175	200	25	14.8	\$78,510
Environment Scientists/Specialists	420	430	10	3.1	\$65,070
Market Research Analysts	205	220	15	7.4	\$64,570
Environment Science/Technical	210	255	45	21.4	\$39,380
Legal Occupations	2,390	2,585	195	8.3	\$88,890
Lawyers	1,320	1,430	110	8.4	\$102,650
Paralegals and Legal Assistants	345	405	60	17.0	\$47,460
Arts/Design/Entertain/Sports/Media Occupations	5,525	5,870	345	6.3	\$45,860
Commercial & Industrial Designers	305	310	5	2.6	\$61,660
Graphic Designers	450	485	35	8.7	\$43,960
Public Relations Specialists	735	805	70	9.6	\$59,060
Editors	265	260	-5	-2.3	\$50,490

Note: Not exclusively in PSTS sector.

What is the Knowledge economy?



Source: Michigan Future



Typically, when one references the Creative Economy, people think of artists and performing arts. While not a large component of the Creative Economy, they do play a valuable role.

“In our region, nonprofits play a significant role in the Creative Economy by providing community members with access to programs and professional services to incubate ideas, grow opportunities and support jobs,” explains Leslie Donaldson, executive director of the Arts Council of Greater Lansing. The Arts Council of Greater Lansing directly serves 140 arts and cultural nonprofit organizations and hundreds of artists in Greater Lansing.

Another example of the economic impact of the arts is the recently created Greater Lansing Festival Alliance. The Alliance estimates more than 500,000 residents and visitors annually attending 30 member non-profit arts and cultural festivals. Collectively it is estimated festival attendees spend \$13.5 million, which supports nearly 80 direct jobs and more than 400 indirect jobs. In addition, the festivals serve as the region’s “public art” and instill in the community with public pride and an appreciation of arts and culture.

Creative Economy jobs require educated talent

According to Michigan Future, Inc. Professional and Business Services makes up the third largest portion of employment in High Education Industries, or those industries leading to a prosperous Michigan. The high education attainment industries Michigan Future identified in 2007 were 40 percent of national employment and 58 percent of the wages earned by American workers. The average wage in the industries was \$59,000, as compared to just above \$33,000 in all other industries.

Workers in the Greater Lansing Creative Economy require significant amounts of education. The educational requirements for the PSTS sector averages at the bachelor’s degree level. The average for all jobs is in a category called “Experience in Related Occupation” and just above long-term on-the-job-training (OJT). Among the five major occupational groups common to PSTS, none rank below a bachelor’s degree. The legal occupations rank highest in educational requirements.

“Building the **Creative** Economy is not a business by business or employee by employee issue. This is a mindset that needs to be promoted from K-12 institutions to retirees.”

Jeff Smith
City of East Lansing

Powering Big Science

While Michigan State University is most known as a pioneer land grant university, for its excellence in athletics and perhaps even for the recognizable Sparty mascot, MSU will soon be internationally recognized for its nuclear science research facility after being selected to design and establish the Facility for Rare Isotope Beams. Never before has a facility of this magnitude been awarded to a university, making this win ever more sweet for the Spartans.

The Facility for Rare Isotope Beams (FRIB) will bring top scientists and researchers from around the world to conduct nuclear science related experiments. The \$550 million facility will answer questions regarding the structure of matter, the evolution of stars and other nuclear physics issues.

This facility will open up Creative Economy opportunities for 180 scientists, create 220 spinoff jobs and almost 6,000 construction related jobs in the area, according to the Anderson Economic Group. Over a decade, it will result in a \$1 billion economic impact. Construction will begin in 2013.

While the FRIB won't be completed for several more years, upgrades to the current user facility, the MSU National Superconducting Cyclotron Laboratory (NSCL) will take place soon. The impact of the FRIB will allow for the NSCL to continue research and allow for research that could treat some forms of cancer, improve food safety and many other benefits.

Creative Economy businesses struggle with diverse challenges

A panel of industry representatives convened to share their knowledge of the skill needs within the PSTS industry, and stressed a wide range of needs. The current economy has resulted in contradictions in the labor market – businesses have ready access to quantity as it relates to candidates, but still highly value quality. The most valuable asset employers identified is creative thinking. Employers are also concerned about recruiting talent to the region and the role negative public perception plays in building the Creative Class. These challenges have already resulted in shortages for portions of the Creative Economy, such as IT. Further, many sectors are especially concerned with talent infusion, or the ability to attract and develop both young college graduates and experienced talented persons within their own companies. For a specific company, talent attraction often involves finding a job for a spouse of an employee to keep a couple in the region. Surprisingly, this is a significant issue for companies in the region and the slack economy is making matters worse. Many representatives stressed the need to grow and diversify Greater Lansing's economy.

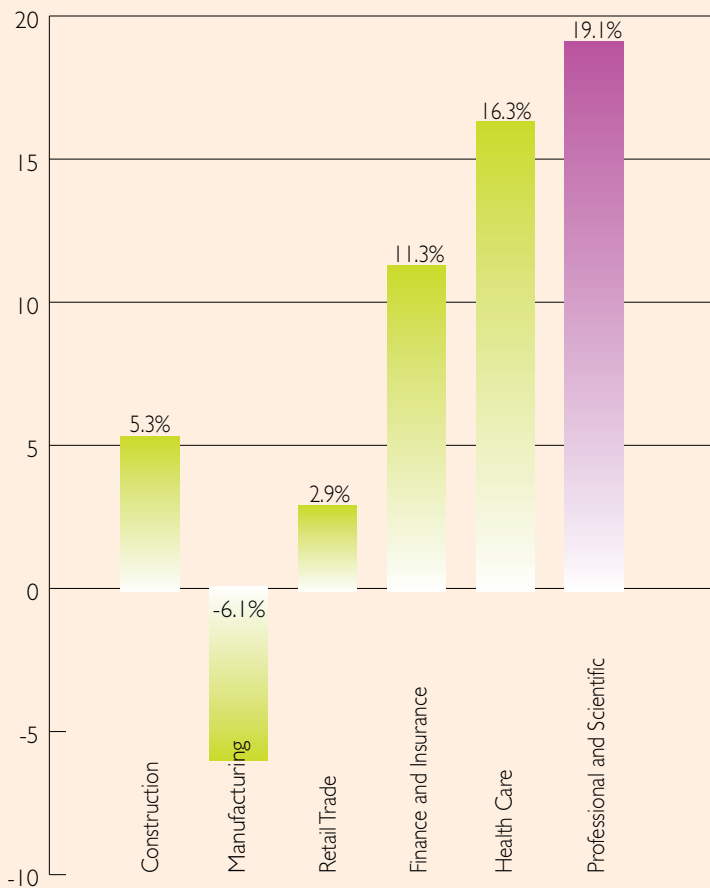
Overwhelmingly, the industry panel stressed the need to develop skills that are not currently a part of traditional classroom teaching. Skills like leadership, self-confidence, resiliency and those others listed below are critical to success in this new creative economy. These skills, attitudes and talents, along with other factors, will help develop an employee base that can significantly boost the economy, culture and quality of life in the region.

Leadership	Adaptability
Entrepreneurship	Ability to learn
Risk-taking	Willingness to learn
Big thinker	Self-confidence
Creative thinker	Resiliency
Innovative	People/social skills
Ethics	Public speaking
Self-Motivation	Media skills

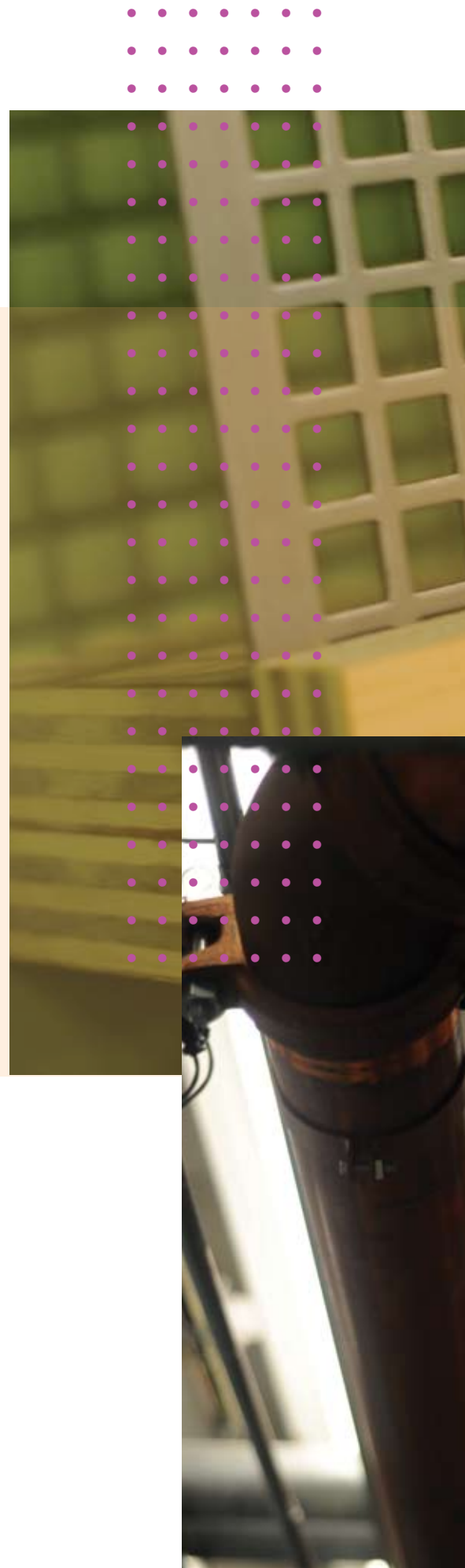
Creative Economy jobs to grow three times as fast as total jobs

Employment growth prospects for the Professional, Scientific, & Technical Services are bright. Official employment projections by the Michigan Department of Energy, Labor and Economic Growth show employment to expand at three times the rate of total jobs. While total, wage and salary employment is to expand by 6.5 percent between 2006 and 2016, Professional, Scientific, & Tech Services employment will grow by 19.1 percent. The forecasts show 1,700 jobs will be added to PSTS during this period.

Creative Economy Job Growth to Outpace Other Sectors Through 2016



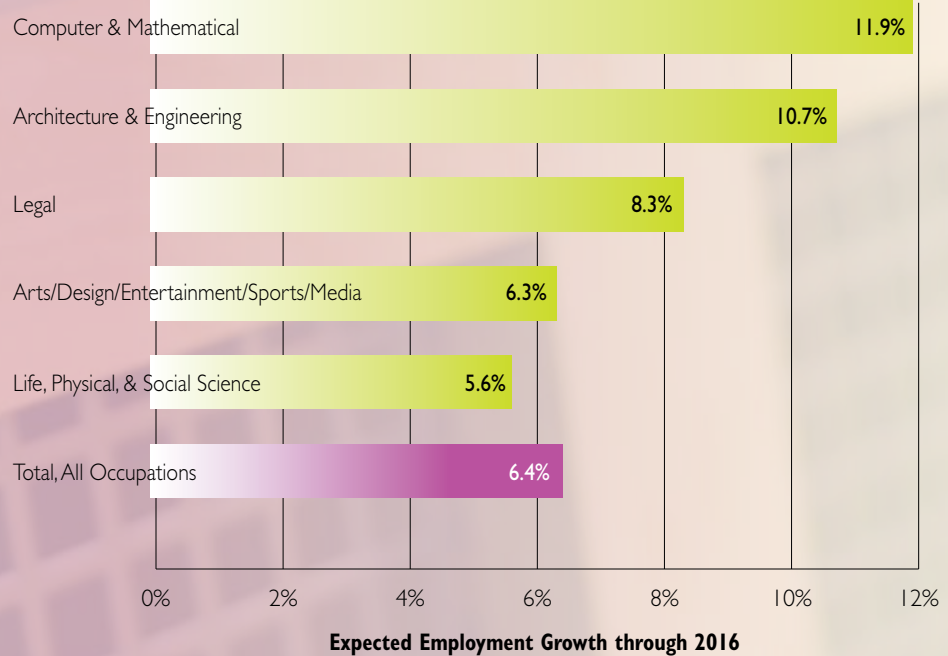
This positive outlook for the industry transfers over to some of the major occupations common to PSTS. The computer-related and engineering-related job categories show above average growth, in the 11 to 12 percent range. Legal occupations (+8%) are projected to grow above the average also. All of these compare favorably to the 6.4 percent projected growth rate for all occupations. The other major occupational groups in PSTS, art & design and life physical sciences are projected to grow close to the average.



“Entrepreneurism is the most creative – and revolutionary – activity in American economy.”

Inc.
September 1984

Major Occupations Groups in the Creative Economy Expect Growth in Region



The advisory panel strongly believes the PSTS sector can contribute significantly to economic growth and diversity of the Greater Lansing economy. A company's address may be Lansing but the world is within reach through telecommunications, information technology and the talent assets businesses already possess and could develop. The region has a scientific, technical, engineering, architectural and creative design, IT and management consulting resource base that has intellectual assets to offer to other regions domestically and internationally. This outreach and diversification is already occurring and helps to explain the rapid growth rate of the sector.



“Everyone can participate in **idea** sharing. There’s not a student that doesn’t have an idea.”

Kelly Steffan
Michigan State University Graduate
May 2010

Igniting the Region

Lansing’s Creative Class is changing the face of the city by bringing innovation and social networking to the forefront through idea sharing events such as Ignite Lansing, Next Bright Idea and TEDx Lansing.

As an idea born out of Seattle, Ignite has quickly picked up momentum in virtually every large metropolis in the world. This growing phenomenon has spread to Lansing where the community involvement, technology and the high energy entertainment put cities like New York City or Paris to shame.

The event is based around idea sharing in a quick and competitive format.

So far, there have been three Ignite events with each one increasing attendance and held at interesting venues throughout the city. The most recent event brought more than 500 people together and thousands of dollars in cash and in-kind donations from various businesses and individuals from the community. Plans for future Ignite Lansing events are in the works.

“It has the potential to spur positive change in the community and start a dialogue about the future of Lansing,” says Nick Kwiatkowski, one of the lead organizers of Ignite Lansing.

The region also played host to TEDx Lansing recently.

“TEDx Lansing is an opportunity to listen to people who are smarter than you, take greater risks than you and tackle experiences you’re either too scared to pursue or too comfortable to imagine,” says Ivy Hughes in the TEDx Lansing blog.

TED events are also a national phenomenon. TED is a small nonprofit devoted to Ideas Worth Spreading. It started out (in 1984) as a conference bringing together people from three worlds: Technology, Entertainment, Design. Along with the annual TED Conference and the TEDGlobal conference, TED includes the award-winning TEDTalks video site, the Open Translation Program, the new TEDx community program, this year’s TEDIndia Conference and the annual TED Prize.

“Ignite sets the stage for networking and entertainment. TEDx Lansing builds a platform for theory,” blogs Hughes.

Idea sharing has also flourished with greater Lansing’s student population. College students created and hosted their own idea sharing events to help them better connect with the business community. The first competition, Eve of Ignition, followed the Ignite format but included a business-plan focus.

Lansing Area Economic Partnership launched the Next Bright Idea competition in 2009, developed to foster innovation, creativity and idea sharing. It specifically reached out to college students in the Greater Lansing region to submit their most creative ideas – traditional business model ideas, non-traditional inspirations, ideas that can help the community, or a non-profit or civic organization.

“We want to show students that Greater Lansing is committed to cultivating a culture and spirit of creativity, innovation and entrepreneurship, and provides vast resources to help them develop their great ideas,” said Pam Jodway, Leap’s vice president of marketing. “At the same time, it is important to show the rest of Michigan, as well as the rest of the world, that smart and innovative ideas are sprouting up all over this region.” The student with the best ideas based on popular vote and feedback from a panel of judges wins a cash prize and business coaching to implement his or her idea.

Greater Lansing is well poised for Creative Economy success

Greater Lansing is bright with hope and opportunity. In its plan for regional prosperity, Greater Lansing Next, Leap, Inc. outlines common threads among successful metropolitan areas including innovation, talent and an attention to place. The Creative Economy undoubtedly plays a critical role in those success factors.

Among the seven Greater Lansing Next action strategies, themes essential to businesses within the Creative Economy's success are present:

- Expand business assistance, acceleration and attraction efforts
- Expand talent attraction and retention efforts
- Expand entrepreneurship and innovation services.

Interestingly, the plan also directly addresses the need to enhance cultural and creative assets. Though a small portion of the Creative Economy's jobs, it is evident the role of art, artists and creative professionals is significant in a region's success, so much so that in conjunction with the Greater Lansing Next strategy, the region has already put into place efforts to address the need to enhance cultural and creative assets.

Art Works: Creative Invention/Reinvention was developed in late 2009 to help greater Lansing become the Midwest's most welcoming and supportive destination for creative innovators and entrepreneurs. It outlines a core strategy to connect existing economic, entrepreneurial and workforce initiatives with the growing ranks of creative entrepreneurs, artists, creative workers and cultural organizations.

The Professional, Scientific and Technical Services sector in Greater Lansing area is a valuable component of the local economy. It possesses the key characteristics of the Creative Economy – rapid employment growth, a highly educated and talented workforce and very high pay. With support from the community, such as efforts to make the region more attractive and a priority on talent attraction and infusion, it will continue to prosper and help the region grow and diversify economically.

If there is a single important message from companies in this sector it is this: we need to groom our own talent better and provide real-world opportunities to foster the development of the “big picture” attitudes and skills such as leadership, innovation and critical thinking. The industry lauded immersive contextual learning models at both the K-12 and post-secondary levels, pointing to Kettering University's co-operative learning focus and DeWitt High School's Creative Business Incubator as mere examples of reinforcing valuable Creative Economy values into traditional education settings. The fact is industry wants newly educated graduates to have developed at least some big-picture skills and attitudes in an applied setting.

Our regional educational institutions have a strong role to play in the Creative Economy. With legal, information technology and engineering among the strongest Creative Economy growth occupations, the region is uniquely poised for success. Home to the nation's largest law school, Thomas M. Cooley Law School, and world-renowned engineering and research programs at Michigan State University, and with more than a dozen non-traditional colleges, universities and training providers as well as Lansing Community College, the region has the ability to satisfy its own needs so long as students can be infused into local businesses and choose to stay in the region after graduation.

Notes

The Creative Economy, John Howkins

The Rise of the Creative Class, Richard Florida

"Michigan's Transition to a Knowledge-Based Economy: Second Annual Progress Report," Michigan Future, Inc., April 2009.

"Art Works: Creative Invention Reinvention, A Collaborative Cultural Economic Development Plan for Greater Lansing's Urban Core," October 2009.

"Greater Lansing Next, A Plan for Regional Prosperity," Leap, Inc., November 2009.

Most employment-related data from the Michigan Department of Energy, Labor and Economic Growth (DELEG), Bureau of Labor Market Information & Strategic Initiatives or the U.S. Department of Labor, Bureau of Labor Statistics (BLS), primarily from the Current Employment Statistics (CES) program. Also from Bureau of Labor Market Information & Strategic Initiatives:

- The average weekly wage data by industry comes from the Quarterly Census of Employment and Wages (QCEW).
- The occupational data (2006 employment and 2008 wages) are from the Occupational Employment Statistics program.
- Employment data for 2016 are from the Employment Projections program at the Bureau

Photography by Andrea Kerbuski

“The time is **now**. We need a sense of urgency in embracing the creative class in the region, fostering their creative energy and innovation and connecting them to the resources they need to bring them to life in Greater Lansing”

Denyse Ferguson
Lansing Economic Area Partnership (Leap, Inc.)



Creative Thinkers Advisory Committee:

Leslie Donaldson
Arts Council of Greater Lansing

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