

Our Talented City: Understanding the Talent Pipeline in Memphis

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Introduction

Memphis is a city known for its talent. This is primarily true through the city's historic contribution to music (Wharton, 2014). Ideally, Memphis should be known for other types of talent given its geographical location in the U.S., its reputation as a distribution hub in the global economy, and that one of the two major flagship universities in the state is located in Memphis. This paper will address the Memphis talent pipeline by revealing how Memphis **develops**, **attracts** and **sustains** talent. For the purpose of this paper, talent is defined as an **educated** and **employable** workforce.

In the first section of the paper, essential concepts to understanding the talent pipeline in Memphis will be introduced and defined. These definitions stem from theories in economics and business administration. Section II addresses the nature of successful cities. This section is largely theoretical and establishes a foundation for better conceptualizing the talent pipeline in Memphis. After characterizing a successful city through an economic lens, a discussion of how human capital, talent specifically, contributes to successful cities will be provided. In Section III, the paper further explores the concept of employability. The section will define and link often-overlapping terms concerning the basic knowledge and applied skills of a talented workforce. Subsequent sections of the paper focus on the talent pipeline in Memphis. An overview of the

city's current economic state will be provided along with employment and talent data. In addition, data collected in interviews from some of Memphis' most promising youth, local valedictorians and salutatorians, will be included to offer an individual perspective on education and career opportunities in the city. Another perspective of the labor market regarding local talent will be offered in the following section, utilizing data from large and small entrepreneurial businesses in Memphis. The paper then moves to a discussion of the talent organizations in Memphis, namely how particular institutions, companies, and local non-profits are working to develop, attract, and retain talented individuals in Memphis. Section VII concludes and stresses the principal point of this paper. The talent pipeline in Memphis is essential to an economically successful city. A better functioning talent pipeline in Memphis must consider clearly defined concepts of talent and focus on local talent.

I. Defining Key Concepts Related to the Talent Pipeline

The talent pipeline is a structured way to consider the importance of human capital and labor markets in cities. The ways in which a city connects individuals and employers through developing, attracting and sustaining talent in a labor market allows for a better understanding of economic successes. Using the term talent implies the success of a city does not only rely on having a supply of human capital, but that the human capital must be organized and altered through the develop, attract and sustain sections of the talent pipeline. Using the term sections does not suggest the talent pipeline never overlaps. Rather, the talent pipeline allows for talent to undergo multiple stages of the pipeline at the same time. The ultimate goal of the talent pipeline is to produce and obtain the most talented individuals it can, while also connecting these individuals with satisfactory jobs to use their talent in. Achieving the ultimate goal of the talent pipeline ensures the success of a city. Understanding human capital is central to comprehending the talent pipeline.

In the economics sense, capital is something used to create goods or services, known as output. Outcome is measured as gross domestic product or income. Human capital is defined as education and employability embodied in humans, having the ability to create output (Abel & Gabe, 2008). Talent is the organization of human capital allowing it to create output. Talent development is the strategic improvement and organization of human capital as it applies to economic growth of community (Wurtzel & Curtis, 2008). Although talent has been defined in various ways in particular disciplines (e.g., education, psychology, the arts), for the purposes of this paper, the concept of talent does not refer to an individual's talent per se, but rather, talent is conceptualized more as an educated and employable workforce that is the product of organized human capital. The following ideas present a general overview of opportunities for human capital growth. The following brief discussion of opportunities provides readers with an introduction to human capital. Specific cases of development will be encountered during the case study of Memphis.

The organization of human capital can take on many different forms. Academic achievement is often a prospect for developing, or strategically improving, human capital. Educational attainment is cited as the best gage of human capital in an area (Ederer, 2006). While human capital also develops outside the classroom, recognizing and fostering talented individuals is another method for development (Wurtzel & Curtis, 2008). Cultivation should also be inclusive, allowing for the greatest creation of talent possible (Hofheinz, 2009). Human capital development is a social activity, requiring the interaction of individuals and thoughts (Laroche, Mérette, Ruggeri, 1999). Parents are often instrumental in human capital development (Glaeser 2011). Leaders and mentors can also develop human capital (Wurtzel & Curtis 2008). The development of human capital does not end as formal education does. It is a lifelong

experience (Laroche, Mérette, Ruggeri 1999). If quality cultivation fails or additional talent is demanded by a city, the focus of the city shifts to talent attraction.

Talent attraction is required to fill gaps in the labor market. It is also a way to spur innovation through the exposure of the existing labor force to new ideas. Cities should act as magnets, attracting high levels of talent (Cortright, 2006; Hofheinz, 2009; Glaeser, 2011), and cities benefit as talent is more mobile than ever (Glaeser, 2011). Young and educated individuals are some of the most transient in the United States, allowing for smoother talent attraction (Cortright, 2006). Cities become attractive through the creation of excellent educational institutions and providing quality and varied employment opportunities (Hofheinz, 2009). Attraction relies on the promotion of a vibrant city because a distinctive city with a rich culture sets itself apart, making it easier to acquire and keep talent, hopefully resulting in a more varied workforce (Wurtzel & Curtis, 2008; Cortright, 2006). The primary challenge for cities is to attract educated and employable individuals with a variety of skills and expertise, making innovation more likely. A risk-taking environment including various talented individuals is the playground for innovation (Cortright, 2006). Here individuals and businesses flourish in a culture where it is easy to start a new business, and business failures are not viewed only as disasters, but also as methods of creating new ideas and developing talent (Cortright, 2006). Of course, it is not enough for a city to simply develop and attract talent; cities must also actively work to sustain their talent.

Sustaining talent means strengthening and supporting existing talent. In order to strengthen and support talent in a city, the talent must remain in the city, making retaining talent an essential. The key to sustaining talent is delivering an outlet for talent, which translates to sought-after, well-paying jobs in or near a city (Hofheinz, 2009). Sustaining talent also requires a collaborative environment (Glaeser, 2011). Individuals require a market for their talent and

opportunities to further develop in their areas of expertise. Sustaining talent necessitates the talented apply their talent. High unemployment or underemployment can easily threaten the talent cohesion, or interconnectedness, in a city (Hofheinz, 2009). Keeping talent connected through quality employment is active because it requires constant investment in talent development (New Memphis Institute, 2014). Effective investment must be considered, rather than simply funding any type of talent intervention (Ederer, 2006). Often, financial investment is a panacea for actual strengthening and support of talent (Easterly, 2001). The way a city develops, attracts and sustains talent is central to explaining a city's success.

II. Successful Cities and Human Capital

Over half the world lives in urban areas (Cortright, 2006; Glaeser, 2011). As patterns of urbanization continue, successful cities are even more important. Cities “survived the tumultuous end of the industrial age” and are now lunging forward, fueled by a knowledge-based economy (Glaeser, 2011). They are the centers for innovation and talent, but also for poverty (Glaeser, 2011). As the world becomes more urban, cities will either flourish or struggle. There is certainly no perfect template for the creating a successful city. Rather, a city becomes successful through distinctive assets, meaning a different talent pipeline in every city (Cortright, 2006; Glaeser 2011). This following discussion addresses the nature of urban success and specifically focuses on talent, again meaning organized human capital, as the single most important component of a successful city.

Both economists and business scholars have discussed the economic importance of human capital extensively. Adam Smith was the first to use human capital when describing capital in general (Ruggeri, 1999). Human capital is simply a means of production, or a resource for creating goods and services. It is a variable that adds value to an economy through its ability to create goods and services (Kwon, 1999). It can be used in collaboration with other inputs,

resources, such as machinery or other types of capital (Kwon, 1999). Any economy works to turn inputs, everything put in to the economy to help produce an economic output, into profitable goods or services. It can also be improved through investment, training, and education (Kwon, 1999) Until the 1960s, the concept of human capital was not addressed in academic literature. The works of Becker and Mincer defined the link between human capital and economic growth by studying varying levels of wealth (Laroche, Mérette, Ruggeri, 1999). The stock of human capital can increase wealth for society, but also for individuals (Laroche, Mérette, Ruggeri, 1999).

Becker's ideas launched the foundation for modern economic human capital thought. According to Becker, human capital is an investment in training and education. Similar to physical capital, it serves as a source of value and output (Abel & Gabe, 2008). Higher levels of human capital are linked with population growth and increased employment (Abel & Gabe, 2008). Human capital growth can be responsible for the growth of individual earning, and by extension, the national economy (Abel & Gabe, 2008). It is also linked to increased competitive advantage for companies (Lepak & Snell, 1999). Lepak and Snell find the distinctiveness of an employee's skills and competencies is essential for earning a competitive advantage over other companies (Lepak & Snell, 1999). Comparative advantage means a company can execute a particular economic activity more efficiently than another. Empirical research on human capital supports Becker's idea of human capital. Increases in human capital lead to increased idea creation and economic productivity for an individual (Abel & Gabe, 2008). Nearly every economic growth model since Becker indicates human capital as a mechanism for growth (Ruggeri, 1999). The importance of human capital on a macro scale is evident. Its role in an urban setting is even more crucial. Human capital, far beyond physical capital, is the crux of

economic growth. Talent, or the organization of human capital, further harnesses the power of economic growth.

Growth, or development, is often measured by increases in gross domestic product per capita. GDP per capita measures the market value of all final goods and services, produced within a certain geographic area at a particular time, divided by the area's population (Abel & Gabe, 2008). The cities with the greatest GDP per capita and growth in GDP per capita are successful ones. Although these numbers may be intuitive, they present an impersonal view of economic growth. Beyond contributing to the overall wealth of a region, economic growth is directly related to poverty levels, educational opportunities, access to healthcare, and overall quality of life indices for a city's citizens (Easterly, 2001). Organized human capital, talent, also molds socially cohesive and sustainable cities (Ederer, 2006). Economic growth through talent is powerful and personal.

Human capital externalities describe when the impact of an increase in human capital creates a benefit for the entire city, even though the entire city did not cause or invest in the increase. Human capital's externalities make it even more impactful and they reflect the additional influence individuals can have on the productivity of others (Ruggeri, 1999). The externalities of human capital are particularly relevant to cities. Cities represent the epitome of proximity and therefore require and demand connections (Glaeser, 2011). As centers for the concentration of human capital, the impact of externalities is even greater in cities (Ruggeri, 1999). Just as economic growth is personal, so is human capital. Increasing human capital is an extremely communal activity (Ruggeri 1999). Economic growth and human capital breed more growth because of increased interactions and collaboration inherent to a city. Harnessing the power of externalities unleashes a greater opportunity for economic growth through collaborative brilliance (Glaeser, 2011). Human capital's power in part explains the clout of talent.

Human capital and talent are often used in similar fashions. The distinction between human capital and talent is essential to understanding the concept of the talent pipeline. Human capital is a much more researched and developed term. Although human capital is useful in describing the success of cities, talent is better term for understanding how human capital contributes to a successful city. Human capital is typically referred to as the education and employability embodied in humans, having the ability to create output (Abel & Gabe, 2008). Talent, however, is the organization of human capital, illustrating how cities cannot simply have human capital and prosper. Rather, cities must organize and harness their human capital for success. Talent separates human capital into two categories. Human capital can be gaged through education and employability.

A talented individual is both educated and employable. For the purpose of this paper the term educated refers to traditional measures educational attainment and implies that educated individuals possess a certain degree of shared “basic knowledge” (Casner-Lotto & Barrington, 2006). Basic knowledge describes skills in subjects such as writing, mathematics, science, literature, and history (Casner-Lotto & Barrington, 2006). Graduation rates and test scores are general measures of educational attainment and achievement and are the primary metrics of determining the education level of a community’s workforce. Obviously these metrics do not reflect every aspect of what it means to be an educated individual; however, they are widely accepted because they are relatively easy to track.

The employable feature of talent encompasses the most intangible aspects of talent. Applied skills such as critical thinking, teamwork, leadership and professionalism describe an employable individual (Casner-Lotto & Barrington, 2006). It is not simply enough to have a degree. Rather, work ethic, interpersonal skills and innovation are the key components of employable individuals. Employability encompasses the idea that knowledge alone cannot

guarantee success in the labor market. Employers value applied skills as well as basic knowledge. Both aspects of talent, education and employability, must be considered throughout the talent pipeline.

III. Understanding Employability

Language surrounding the talent pipeline is often vague or confusing. With no consensus for talent measurement, many terms have been used to describe talent. Beyond employability, other terms such as career readiness, college readiness, and innovation have also been used to define the talent pipeline. These concepts are explained below.

First, is there a distinction between career readiness and college readiness?. Both terms encompass the educated and employable aspects of talent. The educated component of career readiness and college readiness focuses on the interpretation of standardized test scores. Career readiness is sometimes interpreted as a level of educational attainment below that of college readiness (Eight Components, 2014). However, the popular academic belief is that the knowledge and skills required for success in college are the same as qualities required for a career, so research often combines career readiness and college readiness. (Reading Between the Lines, 2006). There is no one term for the idea that career readiness and college readiness require the same skills and knowledge. According to ACT, American College Testing, standards, college readiness is a level of preparation necessary for individuals to “enroll and succeed” in college without any remedial coursework, interpreted by meeting all four benchmarks on the ACT, reading, writing, mathematics and science (Reading Between the Lines, 2006). It is also the same thing as college and workforce readiness, but often workforce readiness is not included (Reading Between the Lines, 2006). By haphazardly leaving off workforce readiness, workforce readiness may be interpreted as less important than college readiness or not the same at all. The College Board uses the term college and career readiness to encompass the idea that college readiness

and career readiness are the same (SAT Report on College & Career Readiness, 2013). No matter how they are used college readiness and career readiness suffer nationally.

According to the College Board a score of 1550 on the SAT marks college and career readiness (SAT College and Career Readiness Guidelines, 2014). Nationwide only 43% of test takers met the SAT score for college and career readiness and 26% of test takers met ACT requirement for college readiness in 2013 (The SAT College and Career Readiness Benchmark, 2013;The Condition of College Readiness, 2013). In 2011, the average score for Shelby County Schools was 20.7 on the ACT, below the average for college readiness (ACT scores dip in Tennessee, 2011). The same year the average score in Memphis City Schools was 16.2, also below the score for college readiness (ACT scores dip in Tennessee, 2011). In 2013 only 5.8 % of all SCS 11th graders met all four benchmarks on the ACT (Goal 2025, 2014). The SAT and ACT scores of the Shelby County Schools indicate the vast majority of students are not college ready or career ready. Using standardized test scores to define college readiness and career readiness is also problematic, because they are better at tracking the educated aspects of talent, rather than the employable ones. For example, it is difficult to gage a student's work ethic or professionalism given their SAT or ACT score. The true meaning of college readiness and career readiness encompasses employable aspects, or applied skills, that test scores cannot fully measure. Some definitions of college readiness and career readiness strive to include employability.

The National Office for School Counselor Advocacy also presents "Eight Components of College and Career Readiness." Although components of the list are applicable to college readiness and career readiness there are additional requirements for college readiness. The terms college readiness and career readiness are problematic because they imply that college is more desirable and more difficult to attain. Portraying career readiness as inferior is problematic,

implying that earning a career requires less basic and applied skills than going to college. The National Office for School Counselor Advocacy includes other attributes beyond educational attainment in their definitions of college and career readiness. They include employability attributes such as “engagement” and “leadership” when defining college and career readiness (Eight Components, 2014). Emphasis on college enrollment in Shelby County’s Goal 2025 also indicates an increased importance on college readiness rather than career readiness (Goal 2025, 2014). When discussing college readiness and career readiness in this paper, the terms will consider both the educated and employable aspects of college and career readiness. The differences in college readiness and career readiness will be addressed according to the individual beliefs of the organizations and individuals considered. Developing talent according to standards of college readiness and career readiness that paint career readiness as inferior or do not include employable aspects could lead to an incomplete develop section of the talent line, making it more difficult for talent to connect with employers. An incomplete develop section of the talent pipeline will be addressed by high school graduates in the next section.

Innovation is also an integral portion of employability. It is the ability to create new ideas and turn those ideas into reality (Cortright, 2006). The origin of innovation is traced to connecting smart individuals to other smart individuals (Glaeser, 2011). Innovation can be the product of an individual, but it can also spread from one person to another, creating a community of innovation (Glaeser, 2011). The term innovation is often linked with great examples of change. Innovation gives individuals and communities the ability to improve on their own (Glaeser, 2011). Individual innovation leads to the creation of individually creative businesses. The accumulation of diverse creative businesses leads to innovative cities. Innovation is often described as a chain effect (Glaeser, 2011). Once it starts, the spillovers are impossible to contain because innovation in a city will engender even more innovation (Glaeser, 2011).

Innovation, like the other aspects of employability, is difficult to measure because it is impossible to quantify the number of new ideas in a city. Cities can attempt to measure innovation through the number of startups in a city and the environment for entrepreneurialism (City Vitals, 2006). Entrepreneurialism can be fostered by many attributes, but the willingness for a city to take risks, and low start up costs are very encouraging for entrepreneurialism (City Vitals, 2006). An established pattern of innovation and entrepreneurialism in a city also encourages the creation of more similar businesses (Greater Memphis Chamber, 2014). Failure to establish innovation in the talent pipeline threatens to hinder the quality development, attraction and sustenance of talent. High school graduates, large and small entrepreneurial businesses will address the consequences of lackluster innovation in the coming sections.

IV. Economic Momentum, Human Capital and the Talent Pipeline in Memphis

Understanding how Memphis develops, attracts and sustains a talented workforce requires an explanation of the economic climate in Memphis. As previously established, talent, or the organization of human capital, is integral to a successful city. Given the importance of talent, human capital is also vital to understanding the economic climate in a city. Indicators of economic vitality, GDP and job growth, plus current unemployment, along with indicators of demographic strength, gaged through population growth and birthrate, relate to human capital (Kotkin, 2013). The economic climate of a city determines the city ability to fully benefit from its talent pipeline. A healthy economic climate ensures a city has the ability to develop, attract and sustain talent to the best of its ability.

The indicators of economic vitality designate a city with the economic potential to increase its success. Memphis' indicators of economic vitality are compared with Austin's, the city with the most positive economic momentum in the country, to reveal economic challenges and strengths in Memphis (Kotkin, 2013). GDP growth indicates a healthy economy and Austin

supports this with a 17.6% growth in GDP from 2009 -2012 (Bureau of Economic Analysis, 2014). This growth becomes even more impressive given 7% national growth over the same time period and a 4% growth for Memphis (World DataBank, 2014; Bureau of Economic Analysis, 2014). Since human capital accumulation can determine a countries growth rate, growth in GDP indicates an increase in human capital (García-Peñalós, 1999). The growth of human capital often leads to local employment growth, Austin's high job growth, 4.6%, is likely the result of its GDP growth (Best Places, 2014). Even compared to a national job growth of 1.4%, Memphis' job creation is still low at 0.6% in 2013 (Best Places, 2014). Given high GDP growth and job growth, Austin's low unemployment rate of 5.4% does not surprise (Kotkin, 2013). Although Memphis' unemployment rate is higher than Austin's, it remains barely below the national average of 8.7%, at 8.6% (World DataBank, 2014; Bureau of Labor Statistic, 2014). Memphis' pattern of decreasing unemployment since the nationwide recession in 2008 is positive though. Unemployment can be dangerous because in the long run because it can deteriorate human capital, given basic knowledge or applied skills may diminish if they are not used (Nichols et al., 2013). This means any investments in developing talent in a city become useless if individuals benefiting from talent development do not put their talent to use in a job. Unemployment is also negative for the attractive nature of a city. Individuals do not want to move to an urban area where they think they cannot get a job. Talent, or the organization of capital, is created and put to use, developed, in labor markets (Pissarides, 2000). The structure of the labor market in cities determines what type of talent will be already in use and what type is demanded in the talent pipeline. The further discussion of the Memphis population is central to the labor market's role in the talent pipeline.

While the nation's population grew 6% from 2007-2012, Memphis and Austin saw a population increase of 16.3% and 6%, respectively. While Austin's growth is exceptional,

Memphis' is disturbingly low. Memphis only added about 1,000 people to their population of 1.342 million in 2013 and earns the worst growth rate for metro areas in the United States (Charlier, 2014). Population growth reflects a growth in human capital and the potential to develop talent. Low population growth indicates a lack of human capital and could also hinder innovation (Abel & Gabe, 2008; Glaeser, 2011). Innovation relies on numerous interactions with a diverse population. A city experiencing low population growth cannot offer an environment for more interactions with different people. The source of the minute population growth in Memphis is births (Charlier, 2014). Growth from birth and not immigration decreases the likelihood of increased city diversity. Memphis has the highest birth rate of urban areas in the nation (Kurtzleben, 2011). In 2011 this translated to 77 births per 1,000 women. This number is higher than the nationwide rate of 55 births and substantially higher than Austin's statistic of 14 (Memphis Business Journal, 2012; Kotkin, 2014). Although high birth rates may seem like a good thing, they are linked to low wages, unemployment, poverty and slow growth (Bongaarts, 2009). High birth rates also indicate lower levels of human capital because when families have fewer children they have a greater ability to invest in education and other factors that increase human capital (Fullerton, 2013). Increasing human capital and the possibility for talent is particularly necessary when an urban area faces a large number of low skilled laborers.

Low levels of human capital, measured by low academic attainment, define low skilled labor. In Memphis, as nationwide, the low skilled are disproportionately represented among the unemployed (Loprest). For Memphis this makes the improvement of human capital and even larger task when attempting to improve the unemployment rate. Businesses are more willing to hire higher skill workers. The workforce in Memphis also contributes to the perception of social cohesion in the city. Social cohesion, or a bond between individuals, is linked to high levels of human capital. Memphis may suffer from low levels of social cohesion. Income disparities and

racial segregation do not support an environment of social cohesion. Income inequality, or the gap between the income of the poorest and the wealthiest, remains high in Memphis (Smith & Thomas, 2014). According to Smith and Thomas (2014), Memphis is the poorest metro area in the nation. In addition, Memphis is also one of the most racially segregated cities in the nation, ranking 19th among U.S. cities (Baird-Rembda & Lubin, 2013). Low social cohesion and GDP growth, a stagnant population, high unemployment and high birth rates all indicate low human capital and do not foster an economic environment amendable to the growth of human capital and the possibility of talent. Without a strong foundation to develop talent in Memphis it is unlikely the city attracts talent. This makes it even more important that Memphis has a quality talent pipeline that can develop, attract and sustain organized human capital.

Memphis also boasts successes in growth and talent. Human capital is also linked to comparative advantage. Memphis earns a comparative advantage with its quality transportation infrastructure for businesses and its business environment. As the largest city in Tennessee and the 20th largest city in the nation, located at the junction of three states, Memphis is a hub for transportation (Greater Memphis Chamber, 2014). Its quality airport, road and port make it a wonderful place to start a business (Greater Memphis Chamber, 2014). Memphis also boasts a “top-rated” business climate due to its low cost of living, three Fortune 500 companies and quality living environment for college graduates (Greater Memphis Chamber, 2014). Memphis also serves as an emerging medical hub, due to the success of St. Jude’s Research Hospital, Baptist Memorial Hospital, the Church Health Center and many other healthcare organizations (Greater Memphis Chamber, 2014). All these successes set Memphis apart from other cities. Having a comparative advantage does engender growth in human capital (Abel & Gabe, 2008). Human capital tends to places where unique success is occurring (Glaeser, 2011). Another

potential for comparative advantage in Memphis comes from education. The education system in Memphis is a vital outlet to develop, attract and sustain talent.

V. High School Education

Education is fundamental to the talent pipeline. This section addresses the current state of public education in Memphis. Public education in Memphis is the job of Shelby County Schools. SCS is the 22nd largest school district in the nation and the largest in Tennessee since its merger with Memphis City Schools in 2013 (Greater Memphis Chamber, 2014). The district serves over 140,000 students (Greater Memphis Chamber, 2014). In May 2014, The Shelby County School Board released Goal 2025: A Strategic Plan to Improve Student Outcomes. The report exposes pressing challenges for Memphis public education.

The presentation reveals challenges at all levels of public education. As early as kindergarten, students are underperforming. Seventy-five percent of SCS students entering kindergarten are not kindergarten ready (Goal 2025, 2014). This means Memphis kindergarteners are unable to pass pre-reading benchmarks and often have little familiarity with number and letters (Urban Child Institute, 2011). Already, from the start, Shelby County Schools are hoping to catch up. Students that arrive in kindergarten not ready are more likely to fall behind and struggle later in their middle school and high school education (Urban Child Institute, 2011). Nearly seventy percent of middle school and high school students are not proficient in math and reading. These educational shortcomings make the development of talent more difficult as schools struggle to simply keep their students on track with their level of education.

SCS is responding to these dismal statistics by setting goals to alter the “trajectory” of student preparedness (Goal 2025, 2014). The cornerstone of the goals is to have 80% of seniors college and career ready (Goal 2025, 2014). This is a large leap given only 5.8% were ready, according to ACT benchmarks in 2014 (Goal 2025, 2014). They deem college and career ready

to mean the achievement of all the ACT benchmarks of college and career readiness already mentioned. The report relies on the economic connections to incentivize the improvement of human capital through advances in education attainment by students. The report provides statistics linking other aspects of a successful city, employment and earnings to the development of human capital. Goal 2025 reports a correlation between low unemployment, high earnings and high levels of education. For example, individuals with a professional degree make \$1,264 more in a week and are 10.3% less unemployed (Goal 2025, 2014). They also present data on poverty to encourage the importance of education and college and career readiness. High school graduates have less than an 11% chance of living in poverty, while dropouts face a 58.3% chance of poverty (Goal 2025, 2014). These numbers indicate the individual impact of failing to obtain a complete, quality education.

The shortcomings of the SCS also impact the city as a whole. 5.39 billion dollars were spent on poverty in Shelby County in 2010, suggesting improving the education system could alleviate economic stress on the city as well. If the aims of Goal 2025 are met, by having 80% of seniors college and career ready, 90% of seniors graduate on time and 100% of seniors enroll in a postsecondary activity, the county could be able to generate 23 billion more dollars. These statistics give concrete repercussions of a failure to develop talent in Memphis. Fixing the develop portion of the talent pipeline could also create a more attractive education system, drawing more talent to Memphis. Examining the nature of talent development and attraction by SCS is addressed through insights from high school graduates next.

Talented High School Students: Perspectives of Local Valedictorians and Salutatorians

To better understand how local talented high school students perceive their college and future careers, 11 recent graduates from local public high schools were interviewed. All of the participants were either valedictorians or salutatorians from their respective high schools and all

graduated in either 2013 or 2014. By academic standards, these students are the most successful the SCS yields. Their valedictorian or salutatorian status should make them attractive to universities and potential employers. As educated students, they represent human capital. The ways in which this human capital is organized through development, by schools, extracurriculars and businesses, and sustained, by perceptions of Memphis and types of job opportunities, explains how the graduates interact with the talent pipeline.

High school graduates first interact with the develop component of the talent pipeline. As previously stated talent encompasses the idea that an individual is both educated and employable. Numerical data proves the educated nature of the high school valedictorians and salutatorians. Of those who report ACT scores, 8 of the 11 responding, were members of the 5.8% of SCS students who are deemed college ready by their ACT scores. Their basic knowledge is sufficient for the college or career world. Even though SCS test scores do not indicate most students are career ready and college ready, these students were able to acquire the basic knowledge required for career readiness and college readiness. They were able to develop the educated portion of their talent through their relationship with SCS. None of the students mentioned their basic skills were outright inadequate for their college careers (Graduates A-K, private communication, July 2014). When the high school students addressed their employable aspects of talent, they claimed some of the development of this portion of talent occurred outside of the classroom.

Further discussion of the valedictorians and salutatorians will focus on the development of their employability through their high school experience. The applied skills of *work ethic*, *interpersonal skills* are central to their development of talent, or successes. All the graduates cite it was not enough to be simply educated, or obtain basic skills (Graduates A- K, private communication, July 2014). All the graduates communicate the importance of developing a strong *work ethic*. Some took advantage of all opportunities to take advanced courses (Graduate

A, private communication, July, 10 2014). The pattern of participating in more rigorous academic programs, such as Advanced Placement and International Baccalaureate illustrates an internal drive to work harder and take full advantage of academic opportunities. Graduates describe these classes as “harder” (Graduate B, private communication, July, 2014) Emphasis on taking quality courses illustrates the graduates’ ability to discern quality and go beyond the bare minimum required for graduation. The graduates used terms like “excel” and “strive” to describe how they attained their goals. It was apparent that all committed to doing more than the bare minimum. Just as they describe the development of work ethic as central to their talent, graduates value interpersonal skills.

Graduates develop interpersonal skills through the teamwork and social aspects of their AP and IB classes. They report students in upper level classes often socialize with students they attended class with (Graduates A, B, E, J, K, L, private communication, July 2014). Graduates categorize their social groups as “segregated” (Graduate B, private communication, July, 2014). “We were our own group,” claims Graduate B (Graduate B, private communication, July, 15, 2014). Graduates explain their groups were separate from the rest of their school because of the groups’ academic ability, work ethic and genuine interest in school (Graduates A, B, E, K, L, private communication, July 2014). They did not mention race as a segregating factor. In fact, graduates often cite the diversity of their schools in general as a positive. Graduates attribute the overwhelming majority of positive academic experiences to their harder, or more likely to be separate, classes (Graduates A-K, private communication, July 14, 2014). They offered a structure for academic success that benefits from a small network of interpersonal connections. The group was more likely to focus on academic gains and typically tended to be the academic and club leaders at the school. Since their group was small they tended to mostly interact with other academically inclined student who challenged them. Their small more strenuous academic

environment only encouraged academics and work ethic father, additionally separating them from their schools' general populations. Aspects of a SCS education also contributed to additional employable aspects, or applied skills.

All graduates attribute a portion of their employable aspects to vibrant teachers or parents. Graduates A, B, D, E, G-K, cite particular teachers or groups of teachers who aided in their personal development, beyond the traditional roles of a high school teacher. The graduates acknowledge the importance of a mentor figure that helped them develop leadership skills. Graduates tend to describe the quality of their favorite teachers using the terms “good”, “very good” and “excellent”. Graduates characterize their teacher-mentors as genuine. These teachers made classes more enjoyable and meaningful, but also encouraged activities outside of the classroom. Some sponsored clubs, while others let students babysit for their children (Graduates A, E, private communication, July 2014). Promoting education and involvement outside the classroom fosters the idea that education is not just something that takes place in a traditional classroom. Rather, it can, and should, extend beyond the school. Mentor teachers “go out of their way” to promote exciting education and extracurricular activities for their students (Graduate B, private communication, July 15, 2014). Mentors are leaders to students because they made education exciting and encouraged the creation of employable skills outside the classroom.

Every graduate mentioned extracurricular activities as a part of their high school experience. They attribute certain applied skills to their involvement in activities outside of the traditional classroom. The graduates' participation in a wide variety of extracurricular activities reveals their desires to be well-rounded individuals. It also provides graduates with the opportunity to interact with a variety of different people. The sheer number of clubs listed by most of the graduates indicates the busy nature of most high achieving students. It is apparent they value applied skills like leadership and interacting with other people, rather than the basic

skills individuals could develop better by sticking with one or two extracurriculars. The graduates primarily develop the employable aspects of their talent outside of the classroom. Although graduates value the educated and employable aspects of their talent, they associate a greater importance with the employable aspects they developed after leaving high school.

Graduates comment on how prepared they felt for college and a career based on their educated and employable aspects of talent. Only two graduates claim their high school did not provide them with the basic knowledge and applied skills to be successful after high school. When describing the factors that led to flourishing after high school they primarily mention employable aspects of their talent, expressed as applied skills. The work ethic and interpersonal skills graduates primarily develop through extracurriculars and mentors were the foundation of their success. Work ethic is expressed through experiences when students cite being able to “adapt” and apply their “steady work ethic” and “study skills” to their college experiences (Graduates A, E, F, private communication, July, 2014). Students also mention the use of their interpersonal skills. “Professionalism” was the most common application of these skills (Graduates E, H,I). They were able to prepare for classes, make presentations and perform in interview for potential positions because of their professionalism gained through the interpersonal skills they developed outside the classroom.

SCS has the ability to create students who are talented through their education and employability. Although SCS does not have a particular structure, namely classes or programs devoted to developing employable applied skills, high achieving students are able to garner the skills on their own. SCS’s primary focus remains on the educated aspect of talent. The aspect of talent graduates value the most post-graduation though, is the employable aspect. If SCS’s focus is on college readiness and career readiness, which they claim it is, increasing focus on employable aspects of talent would reflect the values of high school graduates. This would result

in a healthier develop portion of the talent pipeline by better preparing students with the skills and knowledge most valued by graduates in college and, one day, a career.

While high school graduates primarily represent the development portion of the talent pipeline, their experience is also applicable to the sustain portion of the pipeline. Using the educated and employable aspects of their talent high school graduates all earned acceptances to quality colleges and left Memphis to continue the development of their talent (Graduates A-K, private communication, July 2014). If talented graduates return to Memphis their talent will be more developed after college. Graduates will then be better prepared to interact with businesses and acquire a career in Memphis. Returning to Memphis will increase the talent of the city, implying an increase in human capital. An increase in human capital, as earlier established is good for the success of a city.

Unfortunately only two graduates are considering returning to Memphis. Graduate J mentions her parents as the primary reason for returning to Memphis. She plans to use her personal connections and college diploma to secure a job in Memphis (Graduate J, private communication, July 14, 2014). She also indicates she is one of the few out of her International Baccalaureate friend group considering returning to Memphis (Graduate J, private communication, July 14, 2014). She claims her peers believe “the job opportunities are not here” (Graduate J, private communication, July 14, 2014), Additionally if it were not for her personal connections, Graduate J did not believe she could find an enjoyable job that fully employed her talent in Memphis. (Graduate J, private communication, July 14, 2013 (Graduate J, private communication, July 14, 2014). She was not the only one to express disappointment in the job opportunities in Memphis. Graduates C, E and F all made direct references to the lack of career opportunities in Memphis (private communication, July 2014). The question remains, are there really not quality jobs here in Memphis or are the graduates perceptions of Memphis and the

sustain portion of the talent pipeline misguided? Even more, is the perceived lack of jobs what is really keeping talented graduates away from the city?

None of the graduates viewed Memphis quite like Graduate E. For her Memphis was much more than the possible jobs the city presented. Memphis is a successful city that attracts her back to sustain her talent because it is a city that is “undeniable and unabashedly itself” (Graduate E, private communication, July 19, 2014). She says she feels “drawn to this city” and “compelled” to return (Graduate E, private communication, July 19, 2014). For Graduate E, Memphis does attract her talent. It is also an attractive place where she can sustain her talent into the future. Graduate E does feel there are job opportunities here, but the attractive nature of the city also brings her in. The next section addresses the demand side of the talent pipeline, that is, the insights of Memphis employers regarding career opportunities and perception of the talent pipeline.

V. Business Perspective

The consideration of high school valedictorians and salutatorians illustrates the supply aspect of the talent pipeline. Its other primary component is the demand for a talented workforce. Businesses play an active role in defining educated and employable talent. The research component of large businesses consists of four interviews of human resource managers and employees with hiring power. The company types interviewed included paper product manufacturers, consumer goods and healthcare providers. The topic of the interview centered on the methods which companies use to develop, attract and sustain talent in Memphis. Discussion on the difference between educated and employable also occurred.

The large businesses in this section represent companies from the largest Memphis area employers (Memphis Business Journal). All the businesses employ more than 500 employees in the Memphis area. As mentioned earlier, Memphis serves as the corporate headquarters for three

Fortune 500 companies which employ nearly 12,4000 employees and 240 other headquartered companies, which employ over 91,000 individuals in the Memphis area (Greater Memphis Chamber, 2014). As the home of large, successful companies like FedEx and AutoZone, Memphis has the ability to create and sustain large businesses and the talent they employ. The data collected from interviews reveals how large businesses gain success through their interactions with talent. Their definitions of educated and employable talent, talent attraction methods, how they sustain and further develop talent constructs the large business portion of the talent pipeline.

Due to the absolute hiring power of large companies in Memphis, their impact on defining employability is substantial. Although each large business interview presents slightly different definitions of talent, similarities among the large businesses emerge. A common definition of the talent among large businesses could be helpful for those developing their talent for hire. Employers exhibit an extreme emphasis on obtaining employable talent, by constantly indicating the importance of applied skills. Little to no mention is given the importance of education, presented in the form of basic knowledge. This does not, however, discount the importance of an educated hire. Rather, the lack of focus on basic skills implies they are a given requirement for new hires.

Employers speak about entry-level hiring. Entry-level positions are positions that do not require more than a year of experience or a college degree. Employers also stated the majority of their entry level hires came from Memphis. Although differences persist between the education and employability of high school graduates and college graduates, Memphis employers value similar characteristics in any entry-level hire. They demand the same aspects of talent whether the applicants had a college diploma or not. National thinking and research support the idea that level of education obtained by aspiring hires does not alter the employer's definition of talent

(Casner-Lotto & Barrington, 2006). The definition of talent by Memphis businesses can therefore be applied to all entry-level hires.

Employers found education to be a given for new hires. Since it was an obvious requirement for employers, Employers found it did not warrant in-depth discussion. Employer B claims the education aspect, or basic skills, of talent are only useful for “getting your foot in the door” (Employer B, July 14, 2014). It is a necessity, but not a point of contention. Employer A mentions she easily threw out applications because individuals did not mention the education required by an entry-level position (Employer A, private communication July 14, 2014). Education is an easy way to filter potential hires. For one specific entry-level position, if a potential hire did not possess one year of work experience and bilingual language ability their application was immediately removed from the hiring pool (Employer A, private communication, July 14, 2014). Grades are also used to filter hires (Employer D, private communication, July, 14, 2014). Employer B even went so far as to claim applicants possessing basic knowledge alone “scares” him. Employers A, C, D cite using websites to gather applications (Employers A,C,D, private communication, July 2014). Online recruiting leads to a large number of applications for all employers. Employer B claims each entry level position receives roughly 500 applications. After filtering for education requirements, only 20 applications remain. The other employers did not have specific figures on application numbers, but they describe the amount of their applications for entry-level positions using terms like “flood “(Employer C, private communication, July 14, 2014). Education requirements allow employers to decrease their number of applicants in a simple manner. It cannot, however, provide all the information required by large businesses to determine the talent they want to employ. Employer B claims he would “never” hire on education alone (Employer B, private communication, July 14, 2014). Instead he looks for education and employability. Employability

is more difficult to measure for employers, just as it was difficult to describe for graduates.

Employers' requirement of work ethic and interpersonal skills does reflect similarities between the large businesses' definitions of talent.

Clarifying how large businesses define talent is important because the development of talent relies on the definition of talent. How can educational facilities or businesses develop talent if they do not know what talent is? As mentioned before, the education aspect of talent is easy to describe. Businesses can require hires obtain certain basic skills. These requirements are fairly easy to communicate. Employability, or applied skills, is complicated to describe. They are often where potential hires fall short. Correcting the definition of employability could allow hires to better prepare for applying to new positions. Work ethic and interpersonal skills are the most valuable characteristics of employability to large businesses.

Employer A states employees "must" have a "good work ethic" (Employer A, private communication, July 14, 2014). Employer A describes work ethic by explaining that entry-level positions are difficult jobs, requiring the ability to do lots of work while also dealing with customers (Employer A, private communication, July 14, 2014). Her description implies work ethic involves time management and a yearning to tackle a difficult task. Employer B defines work ethic by describing candidates who are "involved and engaged," who possess "drive and desire" (Employer B, July 14, 2014). This candidate would also have to have the time management and yearning suggested by Employer A. Employer C defines a "good work ethic" by describing someone who does not complain and wants to work things out on their own (Employer C, private communication, July 14, 2014). This implies a personal work ethic, demanding the desire to complete successful work independently. Work ethic allows individuals to set themselves apart from other applicants. "I look for hunger," claims Employer C (Employer C, private communication, July, 14, 2014). She goes on to indicate the hunger is a degree of

work ethic surpassing other applicants (Employer C, private communication, July 14, 2014).

Hires who display quality levels of work ethic will be further discussed in relation to upward mobility later. Employers also address hires with subpar work ethic.

Employer B offered a critique of the work ethic aspiring hires mention (Employer B, July 14, 2014). He claims, “the qualities of working hard are great” but “what is the definition of hard work?” (Employer B, private communication, July 14th, 2014). Employer B claim entry-level applicants, although they value work ethic, do not value it enough (Employer B, private communication, July 14, 2014). Employer C also cites a difference in the degree of work ethic required in entry-level hires. She states the entry level jobs are “not what [hires] thought they would be” because they require “more work” than new hires predicted (Employer B, private communication, July 14, 2014). Employer B also found hires did not want to develop their work ethic (Employer B, private communication, July 14, 2014). Work ethic and the degree of work ethic are essential in defining and developing talent. Interpersonal skills are also required for employability.

Large companies require interaction with many of employees or customers (Employers A, B,C, private communication, July 14, 2014). All employers cite professionalism, or the ability to communicate effectively and appropriately as an important interpersonal skill. Employer A uses the term “professional” three times in her interview. She explains the root of professionalism as the ability to “get along well” with others (Employer A, private communication, July 14, 2014). This requires hires are “personable” (Employer A, private communication, July 14, 2014). For Employer C professionalism also requires “enthusiasm” (Employer C, private communication, July 14, 2014). She desires hires that do not simply complete work assigned, but also have the ability to ask for more work (Employer C, private communication, July 14, 2014). Employer B also finds asking for more work to be an illustration

of professionalism (Employer B, private communication, July 14, 2014). Asking for more work is a form of quality communication. Employer D cites the necessity of “excellent communication” when describing professional hires (Employer D, private communication, July 14, 2014).

Employers also value the ability of hires that can work quickly and efficiently. New hires who can “think on their feet” and “think for themselves” are important (Employer B, private communication, July 14, 2014). Employer B craved hires that did not simply “tell me what I want to hear, ” but rather had the communication skills to explain any problem they encountered (Employer B, private communication, July, 14, 2014). Employer D also suggests the importance of problem solving. She looks for hires that have “experience” dealing with problems (Employer D, private communication, July 14, 2014). All employers indicate the majority of their applicants have some problem with work ethic and interpersonal skills. This does not mean employers found all no talent in Memphis, or that they were forced to look outside Memphis for talent.

In reality, large businesses primarily recruit talent for entry level and upper management positions from Memphis. Employer C relays that entry-level hires at her company are from Memphis (Employer C, private communication, July 14, 2014). She also discusses hiring for more upper-level positions. Even then she claims “very seldom” do they hire from outside Memphis (Employer C, private communication, July 14, 2014). This is because the majority of positions above entry-level are filled from within. Entry-level employees, generally from Memphis, earn promotions and move into high-level positions. Employers A, C and D echo the prevalence of hiring Memphians. Although they did not claim all entry-level hires are from Memphis, they say a majority are Memphians (Employers A, C, D, private communication, July 14, 2014). Employer D was the only one to cite the importance of talent mobility. She claims her business sometimes looks for talent outside of Memphis (Employer D, private communication,

July, 18, 2014). Employer D claims, “there is talent in Memphis” the only issue is that there are too many businesses hiring (Employer D, private communication, July 14, 2014). Employer D decided to look outside of Memphis for more talent (Employer D, private communication, July 14, 2014). Employer B suggests there is untapped talent in Memphis. Although, as previously stated, her company acquires all entry-level hires from Memphis; she does claim the search for talent is becoming more proactive. Her company is soon planning on introducing new methods of recruiting by creating an extensive presence in middle schools, high schools and colleges. Employer B says the company aims to attend more job fairs, instead of relying just on their website (Employer B, private communication, July 14, 2014). The large businesses’ methods of recruitment reveal they do not primarily focus on attracting outside talent into Memphis. Instead they rely on a supply of talent in high demand. Although businesses do not cite major problems finding talented hires they do sort through a large amount of applicant who do not meet their talent requirements and they are beginning more proactive hiring practices.

They also describe the upward movement of Memphians as the primary source for filling vacant higher-level positions (Employer A, C, D, private communication, July 14, 2014). Given the possibility of upward mobility, employers hire with the aim to develop talent within their business. Employer C mentions specific classes set up for employees identified by managers as individuals with “potential” for upward mobility (Employer C, private communication, July 14, 2014). These classes are designed to teach leadership skills to those with “work ethic” take their talent to the next level (Employer C, private communication, July 14, 2014). All employers mentioned some degree of prepping for upward mobility. Whether managers identify talent that appears ready for further development or give awards to talented employees, the large businesses carefully identify talent because they know they can develop it further. When describing positions for at the manager level or above, from now on referred to as upper level positions, all

employers mention some hiring done outside of Memphis. When current employees lacked the education or employability level required to progress, they are forced to look outside of Memphis for talent. Employers describe the search for talent outside of Memphis to be more complicated than simply hiring from Memphis. Businesses use personal connection methods such as "word of mouth" and other businesses, like "headhunting agencies" to acquire the talent they need for upper level positions (Employers A-D, private communication, July 2014).

There are mixed contributions on the perception of Memphis and attracting talent. Employers A and D both described challenges getting talented individuals for upper-level positions to move to Memphis. They claim potential hires complained of a lack of incentives to come to Memphis. Employer A claims the benefit of a new, quality job did not outweigh the cost of relocation (Employer A, private communication, July, 14,2014). Employer B claims possible hires did not want to move to Memphis because they identified Memphis as a "bad" city (Employer B, private communication, July 2014). Employers B and C expose a different perception of Memphis. They feel Memphis should attract new hires because it offers upward mobility and quality jobs. Both employers were examples of this. They entered their companies at entry-level positions, but were able to rise through their businesses. It is not surprising Employer B and C make less mentions of hiring outside of Memphis (Employer B, C, private communication, July 14, 2014). Their perception of Memphis creates a push for using local, instead of outside, talent because they are examples of local talent themselves.

Most large businesses do a lackluster job of actively recruiting talent in Memphis. All claim they rely on their company website to gather the majority of applications for any level position (Employers A-D, private communication, July 2014). All employers interact with colleges to obtain talent (Employers A-D, private communication, July 2014). To say the employers recruit from colleges is an overstatement. Employers A and C claim they only go to

college career fairs to provide basic information on applying and not to actively recruit and attempt to identify talent (Employers A, C, private communication, July 14, 2014). Only Employer C had any sort of interaction with high schools and she claimed the interactions was very minimal, only handing out brochures (Employer C, July 14, 2014). Even through the majority of hires come from the high schools and colleges in the Memphis area, the businesses saw no real problem in their lack of interaction with high schools and college, or the connection between the develop and sustain portions of the talent pipeline.

Small Businesses and Start-ups

Small Businesses often go unmentioned in academic discussions of talent and the talent pipeline (Casner-Lotto & Barrington, 2006; Goux, 2012). Research instead focuses on the role of large businesses in developing, attracting and sustaining talent. However, small entrepreneurial businesses are essential to the talent pipeline in Memphis. Just as large businesses, small businesses play a role in how cities develop, attract and sustain talent. Small businesses generate greater economic growth, and adapt better than large ones, allowing cities to better adjust to macro economic changes such as a recession, and generate greater economic growth (Cortright, 2006). They signal a playground of innovation within a city because they indicate the willingness of a city to participate in risk and entrepreneurialism (Cortright, 2006). Next, this paper addresses small entrepreneurial businesses. The small entrepreneurial businesses in this section represent start-up companies created in the last five years. Those interviewed were owners of the businesses. Industries represented include food, technology, and management. All the businesses employ less than 100 full-time employees in the Memphis area.

In urban areas, small entrepreneurial businesses employ 16.7 % of all wage and salary workers nationwide (Cortright, 2006). Although Memphis has a substantial number of small businesses, it still lags behind the national average. Even so, small entrepreneurial businesses are

growing quickly in Memphis. Just six years ago, small entrepreneurial business accounted for 13.4% of all companies in Memphis (Cortright, 2006). In 2012, they accounted for 16.1% of all companies (Cortright, 2012). Multiple factors explain the growth of small business in Memphis. It is one of the top 10 cities to start and grow a business because it boasts low costs in housing, transportation and startup expenses. This also applies to minority groups, as Forbes named Memphis one of the Best Cities for Minority Entrepreneurs in 2011 (Greater Memphis Chamber, 2014). Even though they are not powerhouses of employment, the playground of innovation feature of small entrepreneurial businesses allows them to be more innovative (Cortright, 2006; Glaeser, 2011). Their smaller structure also makes it easier to quickly adjust their business model. They also reflect different hiring structures (Cortright, 2006). Hires do not necessary have to possess the education large businesses take as a given. There is no requirement that small business owners complete high school or attend college. Some small businesses do not even make efforts to hire; rather they wait until they interact with someone they find essential to the business (Small business owner A, private communication, July, 14, 2014). It is easier for large businesses to attract talent through recruitment if they so choose because their large number of employees offer a plethora of word of mouth recruiting and large businesses also offer better job security (Schumpeter, 2011). For small businesses to compete they must attract talent using innovation, or the creation of new and different ideas. Since they cannot compete by offering lower prices or greater selection, small businesses must differentiate to be successful. Small entrepreneurial businesses add innovation to the mix of work ethic and interpersonal skills when defining employable. They add innovation by centering their definition of talent on innovation and promoting the importance of innovation within Memphis. A focus on innovation changes the way talent develops in Memphis. It also makes Memphis more attractive and allows talent to be sustained.

When discussing developing, attracting and sustaining talent, small entrepreneurial businesses, like large ones, place little to no emphasis on the educated aspect of talent. Small business owner A dropped out of college because it did not serve the needs of his startup (SBO A, private communication, July, 14, 2014). He found he was making a respectable amount of money outside of college (SBO A, private communication, July 14, 2014). He also did not find his coursework at college to be applicable to entrepreneurialism. (SBO A, private communication, July 14, 2014). Small business owner B places a bit more value on the educated aspect of talent. Although he finds some educational value in college, he benefited more from the structure, which he describes as the routine of classes and deadlines, of college (SBO B, private communication, July 14, 2014). Structure forced SBO B to hone his technical skills and kept him from becoming more distracted (SBO B, private communication, July 14, 2014). He claims after leaving school he was able to innovate and create more, but only if he restrained himself with routines and deadlines. For a young entrepreneur, structure is vital to success. Structure also fosters Small business owner B's work ethic.

The other owners of small businesses also value work ethic. The development of their work ethic varies from that of the large companies and high school graduates. For SBOs, work ethic is not only considered as an aspect of employability, but also the essential element in creating a business to begin with. In large companies work ethic is needed to move up in the business, but in small entrepreneurial businesses it is required to start and sustain the businesses. "Not many people will take that first step," claims small business owner B (SBO B, private communication, July 14, 2015). This suggests the ability to start a business that does not fail requires talent. Only those with the work ethic to follow through with a start up will actually be able to start a business. Particularly when 99% of startups fail, the importance of a persistent work ethic is essential (SBO C, private communication, July 10, 2014). Large businesses often

cited the establishment of programs to identify and further develop talent. This ensures talented individuals are able to move up in the company, incentivizing the sustenance of their talent within the business. Small businesses do not possess any structure for identifying talent and encouraging the further development of work ethic through training. Rather, an established work ethic must already exist within hires. “Ultimately, it is up to you” to engender a quality work ethic (SBO B, private communication, July 14, 2014). It is more vital for small businesses to identify talent before they hire individuals. Even though small businesses do not have structures, like classes or a strict pattern for upward mobility, for the development of talent, they do often use mentors, as high school graduates do, as a source of guidance and structure for developing talent.

All small business owners attribute a portion of their work ethic to mentors, outside of their own businesses. (SBOs A, B, C, private communication, July 2014). A mentor makes small business owners “accountable” (SBO B, private communication, July 14, 2015). Mentors are successful small business owners. They can offer advice through experience and also act as a soundboard for new ideas. Often their advice provides structure for new small businesses, (SBO B, private communication, July 14, 2014). They suggest deadlines and set up meetings to discuss new ideas (SBO C, July 10, 2014). The structure of routines and deadlines instituted by mentors mirrors the structure of school described by small business owner B. Acquiring a mentor requires strong interpersonal skills.

Often access to mentors requires convincing the mentor of the quality of your businesses product. All the small business owners are involved in networking meeting where they were expected to present their work in a professional manner and also interact with other with the hopes of convincing them to help with their small business. Small business owners find it important to seek out local talent. Their networking events were common and illustrate an

interest in interacting with other talented small business owners. Small business owner A mentions there is a strong group of small entrepreneurial business owners in Memphis and also a wide range of tools to help small business owners succeed (SBO A, private communication, July 1, 2014). Small business owner A clarifies tools to mean organizations set up to help small business owners succeed. They provide connections to other businesses and also business plans that other small business owners have used successfully (SBO A, private communication, July 2014). These organizations also support outreach to local schools to promote entrepreneurialism earlier on.

Small business owner A declares, “every person sells themselves” in the small business world (SBO A, July 14, 2014). Small business owner A echoes the finding of other small business owners when he admits traditional schooling did not equip he with the applied skills he needed to sell his business or product. They cite a lack of entrepreneurial classes in high school and college. Small business owners A and B indicate there was no encouragement of risk taking in traditional education (SBO A,B, private communication, July 14, 2014). Professors and teachers also do not support outside entrepreneurialism, so students are left to balance schoolwork and their small businesses at the same time (SBO A, private communication, July 14, 2014). One small business owner was so appalled by the lack of small business skill teaching in traditional schools he plans to create his own (SBO A, July 14, 2014). He hopes for classes focusing on “business and entrepreneurialism” where students are taught more “practical skills” like “salesmanship” (SBO A, private communication, July 14, 2014). The lack of small business skills in traditional schooling is also mentioned by small business owner B. Small business owner B explains the students he mentored through community outreach programs were not aware of the possibility of entrepreneurialism as a career option (SBO B, private communication, July 14, 2014). Small business owners B and C are both involved in some aspect of high school

or middle school outreach (SBO B,C, private communication, July 2014). When describing their interactions with middle school students and high school students they indicate it was the first time many of them had even been exposed to entrepreneurialism or the possibility of starting their own business.

Small business owners emphasize the importance of innovation in defining talent. Innovation, creating new ideas and turning those new ideas into reality, is essential to businesses (Cortright, 2006; SBO A,B,C, private communication, July 2014). Expanding the realm of talent to include innovation could propel economic growth in the city. Some believe it to be the “key factor” in economic growth of cities (Cortright, 2006). No graduate or large business employer cites innovation in his or her definition of talent (Employer A-D, G A-K, private communication, July 2014). SBO A claims the current mentors in Memphis are “self-made,” implying they did not have the small business culture that Memphis now builds to start their business (SBO A, private communication, July 2014). Now start ups are drawn to Memphis because the “environment for innovation” is good (SBO A,B,C, private communication, July 2014). Memphis' low cost of living and growing number of small businesses makes it a great place for locals and outsiders to start a business. Although small business owners A and B claim they only worked with locals when starting their business, a company that aids startups mentioned 50% of their new accelerator program for startups is made up of businesses from outside Memphis. Small business owner C claims the companies from outside Memphis were not recruited to come to Memphis, but rather found the application on their own (SBO C, private communication, July 10, 2014). The outside companies report no qualms on coming to Memphis to begin their start ups, rather they were drawn to Memphis because of its entrepreneurial environment (SBO C, private communication, July 10, 2014). This type of entrepreneurial talent attraction is ideal for

Memphis because it does not require outreach by the city. Rather, it depends on the successful of the city itself. The promotion of a healthy business environment within can draw outsiders in.

The environment of innovation and entrepreneurialism requires risk. Only 1% of all startups that come through Start Co, a company that turns companies into businesses in Memphis, are successful. What is important about innovation is that even through the failure of businesses there are successes. The process of starting a small business instills work ethic, interpersonal skills and innovation into individuals. Even though the business may never have economic success the entrepreneur acquires skills and increases the human capital of the city (SBO A, private communication, July 9, 2014).

Small businesses are more in touch with local talent than large businesses. Although they also value work ethic and interpersonal skills they must often rely on other local talent, instead of structures already intact within their businesses', to develop talent. Small businesses' connection with local talent also gives them a platform to spread education about innovation to younger individuals. Encouraging innovation in younger individuals may help to sustain the small businesses community. The small business community in Memphis attracts outside talent to Memphis, although the attraction is not active. Outside startups feel drawn to Memphis for some of the same reasons new employees are drawn to large businesses in Memphis. Local talent is still the most important supply of talent for the talent pipeline in Memphis.

VII. Memphis Talent Organizations

Memphis hosts several organizations working to develop, attract and sustain talent in Memphis. Each organization interacts with the talent pipeline in a slightly unique fashion. The rise of New Memphis Institute, the Office of Talent and Human capital, Memphis Talent Dividend, Teacher Town, Leadership Memphis, Crews Center for Entrepreneurship and NEXUS Leadership, indicate a focus on the Memphis talent pipeline. Unfortunately none of the high

school graduates interviewed had ever heard of these institutions. While some mentioned their high schools had college fairs, none remembered career fairs (Graduates A –K, private communication, July 2014). If college and high school age students share the same workforce values, why do talent organizations nearly only reach out to colleges, where students are often new to Memphis? Talent organizations should be interfacing with students earlier, at least in high schools. Talent organizations should be central in connecting talent to employers.

Large businesses cited minimal interaction with talent institutions. They often donated financially or used the talent organization to hire for their own institutions, but none cite any substantive involvement with the organizations. Only the new and small businesses reported impressive interaction with the talent organizations. They often used them to train employees and support the talent organization's focus on attracting innovators to the city, while encouraging an environment of entrepreneurialism (SBOs A-C, private communication, July 2014). Talent organizations were also a source of mentors (SBOs A-C, private communication, July 2014).

Memphis talent organization should focus less on the attract portion of the talent pipeline. The failure to fully interact with large businesses and high school students indicates a break in the talent pipeline and the failure to recognize a large supply of potential talent. If talent organization were to focus more on developing and sustaining talent already in Memphis, through defining common definitions of talent and increasing business exposure, perhaps there would be less need to attract talent to Memphis. It would also be beneficial for businesses to offer incentive for talented high school students to stay or return, after college, to Memphis. Offering internships to high school students, or perhaps providing college scholarships requiring students return to Memphis after college could achieve this. Increasing focus on high school students, large business contribution, the continued support of small entrepreneurial businesses

and better talent organizations would lead to better development and sustention of talent in Memphis.

Conclusion

The Memphis talent pipeline determines how the city develops, attracts and sustains talent. The interviews of high school graduates, large business employees, and small entrepreneurial business owners, reveals the disjointed talent pipeline in Memphis. Talent development relies on a common definition of talent. The educated aspect of talent is not disputed. All groups cite the importance of work ethic and interpersonal skills in employability. Their definitions of these terms, however, differ. Businesses demand a higher quality of work ethic and interpersonal skills. Additionally, only small entrepreneurial businesses require innovation in their definition of talent. Talent organizations, businesses and schools must work together to better develop and sustain talent in Memphis. Memphis should improve the talent pipeline for the sake of Memphis inhabitants. The attraction of new talent will naturally follow the development and sustention of a talented *local* workforce, created by better connecting the talent pipeline and resulting in an economically successful city. The source of an economically successful Memphis must be *local* talent.

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