

Anthony Comegna ([00:20](#)):

All right. Welcome back, everybody, to another week of Ideas in Progress. We're joined once again by entrepreneur, venture capitalist and community builder, Martin Babinec, to discuss his recent book, *More Good Jobs*. I don't want to give too much away and spoil the conversation, but I will say by way of brief introduction that this part really spoke to me. And I guess that's ... I'll leave it there for now, but you'll see what I mean. Without more delay, let's get straight to more from Martin Babinec.

Anthony Comegna ([00:48](#)):

Now, you ended the last interview there with a rousing call for bottom-up solutions as opposed to top-down so-called solutions imposed on communities facing different issues. And the first part of your book is really focused on both the biographical information, about yourself and your experience, and then this division between two other really important terms that we didn't mention last time. I want to get into this. Tell me what is the difference in the conflict between what are called talent-exporting communities and magnet cities?

Martin Babinec ([01:28](#)):

Great question. And in the book, we describe talent-exporting communities as those that are not only declining in population, but specifically losing their next generation talent. We'll call them millennials. And it's not limited to those just in that age cohort, but we'll say next generation talent that have the education and the interest to be working on things in the innovation economy. And as that next generation talent looks around and doesn't find innovation economy opportunities, industries and specific companies to pursue, much less starting an innovation economy company of their own, that next generation talent too oftentimes leaves for moving to a city where those things are in abundance.

Martin Babinec ([02:31](#)):

And here in the US when you look at where the money is flowing to innovation economy companies, a metric that would be indicative of the highest growth companies being backed by private investors, sophisticated private investors, those investors are called venture capitalists, and the dollars of venture capital is something that's tracked and reported nationwide, and it's easily accessible. You can see the growth in the innovation economy companies is fastest just by following the money of venture capital. And this number of cities are actually very small and those are the ones that become the magnet cities for the talent that's fleeing talent-exporting communities.

Martin Babinec ([03:28](#)):

In our book, we did a study around not just where some of those cities are, particularly in a size range of one to two million people, but the fact that where did that talent flow from? Talent-exploiting cities. What cities did they go to? And what were the dollars being invested in those cities and ultimately the number of jobs being created in those magnet cities?

Martin Babinec ([04:01](#)):

And here in upstate New York where we have, as a result of our research, we found some really good examples of talent-exporting communities where we had a lot of people that go to school in college in upstate New York, being attracted to go to our ... We got 100 plus colleges and universities spread around the upstate region, largest concentration of STEM programs as a region of any place in the country.

Martin Babinec ([04:31](#)):

And as we tried to track where did these people go using the Crunchbase, which is a database that focuses on innovation economy companies, including those backed by private equity investors like venture capitalists, and they were consistently going to the same four locations, which included New York City, Boston, Silicon Valley, and the DC metroplex. And so this was an example of how a region or a community loses their talent and sees that that talent is fleeing to specifically these cities that are growing innovation economy companies and jobs.

Martin Babinec ([05:24](#)):

The question that I spent asking myself in the 10 years that I was commuting from the Mohawk Valley, my home area that I am today, and the Silicon Valley where my company TriNet was headquartered ... I spent 10 years commuting between the two of them, and I spent a lot of time thinking about, "Well, we have all the right assets across upstate New York, not only the colleges and universities, but we have sufficient financial capacity to support higher growth. We have a high amount of research and development, more than \$3 billion a year in corporate and academic R&D going on in upstate New York. We're close to the capital markets in New York City. A lot of social connections between New York metro and upstate. All these assets and yet we're on the bottom of the list." We were dead last among the regions being tracked for venture capital.

Martin Babinec ([06:19](#)):

I spent 10 years scratching my head saying, "Why? Given all these assets, why are we at the bottom of the list?" And more importantly, someday when I had the time, what could I do about it? And that's what put me on this path to go about this process of trying to change the direction of our regional economy.

Anthony Comegna ([06:39](#)):

Why is that area on the bottom of the list? Because for instance, I'm a historian of Jacksonian America and talk about boom country. It was upstate New York at the time. I am curious as to what you think at least are the major institutional factors that have either, in this case, pushed people away from there or in the case of magnet cities, pulled talent there, especially because all those places you named as magnets are not exactly bastions of free market thinking. And then maybe along the way you could tell us the story of King Andrew Cuomo's central New York film hub, because that's just a great story.

Martin Babinec ([07:29](#)):

All right. Well, let me suggest that as you pointed out, we were a powerhouse of innovation 100 years ago in upstate New York. And we created companies that became giants, Kodak, Xerox. IBM got started in upstate New York. General Electric got started in upstate New York. I mean, big companies. And yet over the years, circumstances changed. Certainly taxes, energy costs, government regulation, all those factors led to globalization, all right, and the migration of manufacturing elsewhere. And it was our decline in innovation that caused us to not capitalize on the assets that we have.

Martin Babinec ([08:25](#)):

And when I started this journey of trying to reverse the trend and kind of peel back the layers, even though the politicians would say, "Well, we got to have less regulation and lower taxes," and sure, that would help at one level and I'm a believer in that those things will help. As you pointed out, when you

think of the cities that are growing the fastest, including the four that I mentioned earlier, New York City, Boston, Silicon Valley, and Metro DC, these are not areas that are light on taxes and regulation, all right? There's something wrong with that picture.

Martin Babinec ([09:13](#)):

And so in the book, we try to go through and explain the differences. What makes Silicon Valley Silicon Valley? It's not the government that makes Silicon Valley the most entrepreneurial supporting place on the planet. And as I point out in the book, the key difference that made such a tremendous difference for me in starting my first company in Silicon Valley was recognizing that there were a lot of people that pitched in and helped me even before they knew me enough to trust me. And that contrasted certainly with how things worked in upstate New York even after I had moved here.

Martin Babinec ([10:00](#)):

Let me explain, and maybe give an example or two of what I mean by a supportive culture. I could be at a meeting someplace in Silicon Valley when I was trying to start the company and looking around pitching this new idea, this idea of HR outsourcing in a fashion that nobody ever heard of before and I could be in some kind of event describing what this is about. And somebody that I just met would then say, "That's interesting. I don't have a need for that service in what I do, but I don't Bob over here is trying to scale up and some of the headaches that he's having as an employer and trying to recruit and retain top talent, I know he has those problems, so let me introduce you to Bob," and then lo and behold, because I have somebody who'd only just met me five minutes ago walk over and introduce me to his friend, suddenly I have a warm introduction with somebody that had a need and it changed everything, all right? It made it possible for me to advance the discussion in a credible way.

Martin Babinec ([11:09](#)):

Same guy, if I had been in upstate New York trying to do that same thing back in 1990, let's say, 1991, it would have been a completely different scenario because in the northeast, in that era, in particular, the idea that you would refer somebody that you don't even know yet, it didn't compute. It's like, "Well, I'm not going to recommend you to somebody else unless I know you," was the conventional thinking. It's a cultural issue, all right?

Martin Babinec ([11:42](#)):

And most people don't understand the importance of culture to create a job-generating machine powered by these innovation economy companies, because we've also talked about in the first two chapters of the book, we go into detail behind the data that shows that for every one job that a company that's an innovation economy company, meaning based on innovation, they're creating something new, the market has not yet broadly embraced, and number two is doing it with an ambition to sell to a national or global customer base, based on those two factors for every one company fitting that profile, even as an early stage company, five jobs will be created in the local community. This is based on research Enrico Moretti out of Berkeley prepared in his profile in his book, *The New Geography of Jobs*.

Martin Babinec ([12:47](#)):

When you can have tons of these innovation economy companies get started, even when they're small, if you have a bunch of them, then you have a scenario where some of them are going to be successful. Some are going to go out of business. Some of are going to become super successful. And as they do, at

all levels, they got that five to one job multiplier. And that is being powered because the people who are necessary to create an innovation and grow a successful company out of it are people that have lots of choices, meaning they have the most in demand talent one can imagine.

Martin Babinec ([13:34](#)):

For example, if you try to go into Silicon Valley and hire a web developer, somebody that has full stack web development capabilities, meaning they can do both front end and backend and tie the two things together, that's an example of a very high in demand skill. Those people in Silicon Valley, we're talking starting salaries can be 150 to \$200,000 a year, all right? In some cases, just coming out of college can be making that amount of money, all right, with the right experience behind them, graduating from college, walk into 150 to \$200,000 a year job, right? That's how in demand it is.

Martin Babinec ([14:15](#)):

When you're getting paid that amount of money, by the way, you're going out to eat a lot. You got people doing your landscaping. You definitely have some childcare if you have kids. You think of the ways the money is cycled in the community for people that are higher income and have in demand talent, they're hiring people to do whatever they can so they can be focused on their craft.

Martin Babinec ([14:40](#)):

Also, these companies are engaging with contracted services, just like TriNet would get hired. We get hired as a contracted service to fill the needs of these innovation economy companies who are our customers, because they didn't want to get bogged down with things like their payroll and their benefits and their compliance and government reporting. They wanted to outsource that so they could stay focused on their product development and marketing and sales.

Martin Babinec ([15:12](#)):

It becomes a virtuous cycle. These fast-growing companies have people that are working in them with in demand skills, who in turn, because they're so much in demand, they get paid a lot of money and these companies are growing so fast that they need to outsource as much as they possibly can. And that all in turn creates a higher number of jobs in the local community than any other industry, because our politicians talk about manufacturing, and that's in the past, but it has a 1.6 to one job multiplier. For every one job in a manufacturing company, 1.6 jobs are created in the local community. For every innovation economy company, for every one job created there, five jobs are created in the local community. It's a huge impact. And that's what the story of More Good Jobs is about is how can we increase the number of these companies who in turn create more good jobs for the community.

Anthony Comegna ([16:16](#)):

Yeah. That was one of the shifts I really loved in the book because you start out with these broad top level issues about magnet cities and talent-exporting communities, and big top level things about jobs. And then you go down to the really basic elements of people getting together and trying to help fulfill each other's needs and how that produces tremendous wealth down the line for people that they didn't even know would be part of it.

Anthony Comegna ([16:45](#)):

And I think it deserves a little bit of clarification or just reiterance here that you're not talking about a fat cat glad-handing, right, in a good old boys club type situation. This is not Chevy Chase Country Club situation you're talking about. You're talking about people doing really hard work, busy in their offices during the day who run into each other and share ideas and connections.

Anthony Comegna ([17:12](#)):

And it strikes me that everybody, whether you're a defender of markets and capitalism or you don't like it, everybody focuses too much on the competition element and not nearly enough on the cooperation element. I really enjoyed that throughout this book. I wonder, maybe you could take us into telling us a little bit more about how ... You call them creative collisions, these moments where people come together in a way that sparks something new. Tell us a bit more about how that works and in some ways you think that it's most useful for people to develop those collisions.

Martin Babinec ([17:52](#)):

Yeah, we refer to creative collisions as that what oftentimes is thought of as a fortuitous event. You're at an event, you meet someone in person and if you had not been there, you would not have had a chance to strike up a conversation that eventually led to a relationship of significance. And so our goal within this journey of trying to create more good jobs is to increase the volume of getting the right people into the room. How do we do that? It means having the right communication mechanisms to inform as many people as possible on the specific audiences being gathered, because events are happening all over the place.

Martin Babinec ([18:44](#)):

And take an area like upstate New York with seven distinct metro areas, some of which are reasonably close together. The city of Rochester sits within a one hour drive of Syracuse to the east and a one hour drive to Buffalo to the west. It's three distinct metro areas. And sometimes an event going on in Syracuse could be the perfect event for someone in a particular industry. Let's say they're doing something in information security, right? And they have an event going on that an entrepreneur who's developing in innovation, in information security could benefit from attending an event in Syracuse. But if they're stuck in Rochester, they have no visibility to it.

Martin Babinec ([19:37](#)):

Sometimes that even happens in the same community. There's an incredible amount of things going on in a community the size of Rochester that you could be attached to the University of Rochester and be within their bubble and something else is going on at Rochester Institute of Technology, which has a separate bubble and across town, you wouldn't even know about it.

Martin Babinec ([19:58](#)):

Part of what our job, we look at, across Upstate Venture Connect, our nonprofit, is how can we increase the awareness for the people that are looking to bump into the right people based on getting messaging around something that would be of interest to them so they can show up, even if it means going across town or going to the next community over? And by getting the right people into the room, you increase the odds that a successful creative collision will occur.

Martin Babinec ([20:32](#)):

The second aspect of being able to get growth as these relationships occur is to increase the volume and the quality of referral by trusted source. In that example that I provided earlier where I bumped into somebody at an event and they referred me to their friend in the same room, that was an example of a referral by trusted source. And so if you can increase the volume and the quality of referrals by trusted source, think of how much that helps those that are trying to start and grow companies, particularly if they're millennial next generation where they don't have a deep network. They don't know enough people. Those people that are seasoned entrepreneurs, successful business people, local community leaders, people that have been around a while in that community, they usually have a pretty deep network.

Martin Babinec ([21:28](#)):

And so part of our challenge is how do we get some of those people off the sidelines? Their interest is there to want to support the community. They've been somewhat mindful of maybe falling into that trap of, "Well, I can't recommend somebody unless I really know them and trust them," so we have to get them comfortable with the notion of as a business leader, as a successful entrepreneur, as a community leader, take some risk, pay it forward by helping to connect those people with good ideas who are looking for help, connect them with people in your network, because it has a huge impact.

Martin Babinec ([22:06](#)):

This is how Silicon Valley works. People take that risk in Silicon Valley without a second thought. But in most talent-exporting communities, they hesitate because they think, "Well, if I recommend somebody and it doesn't work out, I'll look bad." And it's like, no, you got to put that thinking aside. That's 19th century thinking. If you want to convert your talent-exporting community into someday a magnet city where people will move to your city because you have so much activity going on in this innovation economy, it's only going to happen when the leaders of the community step up, start showing they care enough to give first and help the next generation and even take some risks by making recommendations with people they don't even know that well yet.

Anthony Comegna ([23:05](#)):

I love that. And this was probably my favorite idea introduced to me in the course of the whole book here. And as we were talking before the show, I think to me, that's because I see all of our events at IHS as specifically geared to produce these creative collisions between scholars who, especially if they're graduate students, they should start thinking of themselves as leaders in their community, especially the community of classical liberals. They are part of the growing leadership there.

Anthony Comegna ([23:38](#)):

Now, if the listeners will permit me, I do want to read an extended quote that relates to this and you all will see why. "Most of the greatest movements in history began from the bottom up with individuals engaging in small acts of leadership. Movements don't begin as movements. Rather, they begin as a series of little things, individual decisions pointed in the same direction. Eventually they gather enough momentum for others to latch onto. The best thing we can do is not worry about the movement and instead focus on doing our small part effectively."

Anthony Comegna ([24:20](#)):

Now, I mean, that just echoes Voltaire, Albert J Nock, all my favorites. I'm wondering, this is what IHS is all about, right? Giving people the power and the position to exercise those small acts of leadership and

grow a movement out of it. How do you see what you're doing as connecting with what we at IHS do, these two nonprofits, even though they're in very different worlds? Do you see them acting together similarly, substantially different? Talk to us a bit about that.

Martin Babinec ([24:55](#)):

Well, I've been, I think, a supporter of IHS now going on more than 20, probably 25 years. And so this has been a very long-term commitment as a supporter because of my belief not only what the organization does, but how the forces blowing around us in the society today, in our political world, there's a lot of forces working counter to the interests of a free and open society. It's something that means a lot to me. And it's why I've been part of the IHS network for so long.

Martin Babinec ([25:38](#)):

And I like to think that businesses, when they're successful, have a lot to do with helping to grow a successful communities. If you put a lot of open-minded people who are ready to collaborate and work together towards common goals, like building a community, it goes to the core of what freedom is about. It's not because government says you should do this, but it's about getting the right people together towards a common cause is the essence of what freedom means to me.

Martin Babinec ([26:20](#)):

And so we work in concert. The business community is a part of it. The academic community is such an important part of it because of the formative minds that are being shaped by those experiences they're having in academic institutions and the people that speak with conviction and passion in ways that help explain how these small acts mean so much and they can make a difference. And rather than just write about it ... I mean, that's a part of it ... it's what we do beyond the writing and how are we actually helping someone. Ideas are great and that's an important start, but how do we translate taking the idea and putting it into execution? That's the hard part.

Martin Babinec ([27:16](#)):

That's really what our goal is really within this book is to provide a framework for taking something as big picture, how do we change our regional economy, all right, to go in a very different direction. That's a pretty hard thing to do. I can't say that we've achieved that goal yet, but we are making progress, all right? And it's because of that goal of how can we build a tribe of like-minded people that are ready to help others on a common mission that we're making progress across multiple communities and getting them to spill across so that the tribal boundaries continue to expand? It's a very hard thing to do, but it is the essence of freedom and liberty.

Anthony Comegna ([28:16](#)):

Creative collisions. I really do, I just love that idea. In a big way, that's what we're all about at the Institute for Humane Studies. That's the whole job. We're all trying to foster as many creative collisions as we can, whether it's forming a community of scholars around the dinner table at an event, sparking new research agendas and collaborations at a manuscript workshop or provoking new ideas by colliding readers and readings together while participants prepare for a discussion colloquium.

Anthony Comegna ([28:48](#)):

Everything we do amounts to more and more creative collisions. And if all goes according to plan, as it were, those collisions function like a sort of propulsion system for the classical liberal movement. As Martin so perfectly put it, we should not and truly cannot plan such a movement from the top down, but we can and should recognize that from below, our critical roles as individual creative colliders of many sorts, students, faculty, staff, popular academics, administrators, whatever your place in this community, it's fueled by passionate and motivative networking.

Anthony Comegna ([29:30](#)):

And I suppose that's a long way of saying, hey, why not help us creatively collide more listeners across the ideological spectrum by giving the show a rating and review on your favorite podcasting app? Just make sure you follow it up by grabbing your own copy of More Good Jobs. Both are great ways to make sure the progress keeps on coming.