

Keeping job creators in Rochester critical to health of regional economy

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Nov. 16

democratandchronicle.com



Carl Felice works in the Sweetwater Energy lab in Rochester. The company is working to convert plant fiber to ethanol and industrial sugars. Sweetwater is led by Arunas Chesonis, who says new companies like Sweetwater are key to Rochester's future. Chesonis said he has plans for the company to grow to about \$800 million in annual sales in about five years.

Derek Hansen, a senior studying computer science at Rochester Institute of Technology, had a choice of jobs at high-tech companies in Denver, Philadelphia and San Francisco.

But he accepted an offer at NimbleUser, a Pittsford software company that he considers more agile, fast-paced and forward-looking than the large corporations that made him offers.

Plus, staying in the Rochester area means Hansen, along with business partner and fellow RIT student Joseph Gambino, can develop their own ventures here.

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Gambino, a senior studying game design at RIT, has several job interviews lined up in the Rochester area and elsewhere. But he will have lots of student loans to pay back, so his decision will hinge on salary offers.

“For me right now it’s mostly about the money,” said Gambino, 22.

Keeping young, well-educated young people such as Hansen and Gambino in the Rochester area, especially those interested in starting new businesses, is crucial to the health of the regional economy. With the decline of large-scale manufacturers such as Eastman Kodak Co., smaller, innovative companies are essential to job growth.

Experts say the region’s ability to stem the brain drain of recent college grads, and more experienced highly skilled workers, depends mainly on having enough available jobs and providing opportunities for people to develop in their chosen careers.

Author Richard Florida has labeled these workers the “creative class,” which includes about 40 million Americans who provide the ideas that lead to new products and services and staff the companies, institutions and civic projects behind them.

They includes workers in health care, business, finance, education, science, engineering and research. They are designers, writers and musicians, and they represent about 30 percent of the workforce but control about 70 percent of discretionary income.

“The people who are the creative class in this city are the people who open up galleries, who open up businesses, who are cleaning up the South Wedge and moving in with their kids in the 19th Ward and getting out of universities and staying here instead of all taking jobs in San Diego or San Francisco.” said Jennifer Indovina, 28, of Irondequoit, an RIT grad.

“Those people who are reinvesting back in the city are going to make more entrepreneurs want to stay.”

In 2009, Indovina founded Tenrehte, a Rochester company that makes PICOwatt, a device that monitors electricity usage and improves the efficiency of electric devices.

Not just the young

Hansen and Gambino have started a Web-based company that helps students quickly and easily find the best price for textbooks. They have another business idea in an early stage in which computer programming students would

compete for cash prizes by trying to solve programming challenges submitted by private companies. The students would gain valuable experience while the companies would get their problems solved.

“That’s one of the nice luxuries of Web-based business, and that’s one of the reasons why Rochester is appealing for that type of business, because there’s an innovative community, the cost of living is affordable, and you’re in close proximity to RIT and (the University of Rochester),” said Hansen, 22.

The creative class isn’t just recent college graduates at the beginning of their careers. It includes experienced businesspeople like Arunas Chesonis, who founded the telecom PAETEC in 1998. PAETEC was sold to Windstream Corp. last year and Chesonis is now CEO of Sweetwater Energy. The company based on Lee Road is developing a process to convert plant fiber to ethanol and industrial sugars.

Chesonis said he has plans for the company to grow to about \$800 million in annual sales in about five years.

“I think that most people have decided around the world that innovation is going to be one of the keys to their economic growth. It can’t just be established businesses and established industries,” he said.

“The creative class, whether they’re coming out of the university or well-trained people from some of the other companies in town, all those people are the ones that create new businesses and that’s what’s going to be real important for us.”

Jobs trump cool

The Rochester area has fared well so far compared to upstate neighbors Buffalo and Syracuse, said Amitrajeet A. Batabyal, Arthur J. Gosnell professor of economics at RIT. Long before the U.S. economic collapse of 2008, Rochester’s economy had diversified from manufacturing and toward service and higher education, he said.

“Long gone are the days when Bausch and Lomb, Kodak and Xerox held sway and the Rochester economy depended on these three manufacturing entities,” he said.

But how do we keep those highly-recruited college graduates with so much opportunity looming in exciting, hip places like Austin, San Francisco and Boston? And what will convince entrepreneurs and innovators to set up shop here, instead of larger urban centers with major league sports teams and larger concentrations of world-renowned museums and theaters?

While Richard Florida’s theory is not universally embraced, his ideas have led to development strategies, including efforts in Rochester, designed to attract members of the creative class.

“What we have learned is that cities that are successful at attracting businesses, and retaining businesses as well, is that you have got to have a cool, vibrant, edgy downtown. That’s part of the economic mix. That’s part of what you have to have to grow as a region, particularly in knowledge-based industries and in the creative class sector,” said Heidi N. Zimmer-Meyer, president of the Rochester Downtown Development Corp.

“You’ve got to have a nightlife that appeals to younger workers that is exciting and dramatic. You got to have a lot of other pieces in place,” she said.

While experts and community leaders say Rochester has made progress in cultivating the creative class and prospering, more needs to be done.

Batabyal said the biggest factor graduates consider when deciding where they will work is the opportunity for professional development. And Burt Nadler, director of the University of Rochester’s Career Center, said the fact that a city has cool loft apartment and an exciting nightlife is useless to a new college graduate without good job opportunities.

But Nadler is hopeful. Rochester is comparable to the Silicon Valley region of California 30 years ago because of the concentration of colleges and universities.

“Right now we’re manufacturing brains. We’re manufacturing smart people, and those smart people are going to stay here and eventually hire other smart people,” he said.