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The Talent Search

This is the second in a series of articles on Rebuilding the Entrepreneurial Economy.

by Daniel Lovering

Photo: [Brian Cohen](#)

When Pete DeComo decided to hire a marketing executive for his Pittsburgh-area medical device company, he first searched the region for a suitable candidate. His search came up empty.

So he expanded the parameters – to Chicago, where he set his sights on a senior executive at [Baxter International](#), a medical products company. “I connected him with a recruiting agency that took him around and showed him all the positives of Pittsburgh,” DeComo said. “He made the decision to come.”

When the company, [Renal Solutions](#), was sold to a German firm in 2007 for \$200 million, DeComo and the [Pittsburgh Life Sciences Greenhouse](#), a business development agency, helped the executive move to another startup.

“But that kind of seasoned executive, if we hadn’t placed him, he would have had to leave the area,” said DeComo, who today is the chairman and chief executive officer of [Alung Technologies](#).

Other entrepreneurs tell similar stories of having to search outside the city to fill certain key marketing and management positions at their startups. Retaining those executives may prove difficult, they say, as relatively few alternatives exist if they lose their jobs.

For Ron Bianchini, Jr., serial entrepreneur and president and chief executive officer of the data storage company, [Avere Systems](#), Pittsburgh is a “fantastic place” for early-stage companies because of the strength of its universities and depth of expertise in technology and engineering. But assembling a marketing and management team here was “a little bit of a struggle. We need to bring people into the region to help that, and I think as the region grows you’ll see more and more of that can happen organically.”

Razi Imam, who co-founded the software firm [Landslide Technologies](#) in 2004, said entrepreneurs sometimes have to import workers for “anything to do with commercialization, business development ... and also even high-level people. It’s hard to convince them to come over here and live. Once they see the city, they love it. It’s just that getting them to move over here sometimes tends to be difficult.

Pittsburgh’s concentration of managers – including sales, marketing and financial managers, among others – was 23 percent below the national average in May 2011, according to the U.S. Bureau of Labor Statistics. Advertising and promotions managers were half as prevalent in Pittsburgh as the national average.

Pittsburgh, however, employed computer and information research scientists at more than twice the national rate. Materials engineers were more than twice as concentrated in Pittsburgh as elsewhere, while nuclear engineers were more than ten times as prevalent as the national rate.

The problem, according to venture capitalist Joel Adams, is that Pittsburgh “doesn’t have 50 start-up companies that are successful and large, like Silicon Valley. Then you’ve got a whole group of people there that are embedded in the industry and you can pull people.”

Pittsburgh also doesn’t have a long history of economic development based on commercial technology, like Silicon Valley and Boston, entrepreneurial hotbeds that have been fueled for decades by research at [Stanford University](#) and [MIT](#).

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That ability to turn technology into a thriving business requires entrepreneurial skill that members of the academic community may not have, according to Richard McCullough, an entrepreneur and vice president of research at [Carnegie Mellon University](#). “Because of lack of talent, you see very inexperienced entrepreneurs, or even people who aren’t entrepreneurs at all, in some cases professors, who would want to be the CEOs who just don’t have the right skill set. That can lead to company failure.”

Attracting seasoned executives to build new tech companies also comes down to money, said Michael Matesic, chief executive officer of [Idea Foundry](#), an economic development organization. “If there’s capital, we can attract entrepreneurial management. I’ve got a lot of really good talent that intersects with me looking for opportunities, but they really don’t want to get into something where the first thing they have to do is raise money to pay themselves.”

Others say Pittsburgh offers more opportunities than outsiders might think.

In Silicon Valley, the thinking goes, a technology worker who doesn’t like a job can ride a bike down the street and get another one, said Frank Demmler, vice president of entrepreneurial services at [Innovation Works](#), an economic development group.

“The thought is, you can’t do that in Pittsburgh. We’ve got hundreds of technology-based firms that can employ that talent, and so the perceived dearth of opportunities is, again, a perception.”

Several recent trends are encouraging. Not the least of which is the fact that 1,430 more people moved into the Pittsburgh Metropolitan Statistical Area than moved out between 2009 and 2010, according to the latest U.S. Internal Revenue Service data available. While the number is small, it marks the second consecutive year the region has experienced positive migration after decades of enduring the opposite.

One likely reason is a regional job market that has fared better than most other parts of the country during the recent recession and sluggish recovery. Most migration, economists say, is job related and younger workers tend to be the most mobile. So, when a region experiences positive migration, it is likely doing a better job of attracting younger workers with marketable skills.

Glen Meakem, founder of FreeMarkets, an online software and service provider acquired by [Ariba](#) in 2004, said his company had “zero problems” recruiting staff. “We had people move from all over the country and the world to join us here, and we found great people here to join the company.”

The arrival of tech giants such as Google has improved Pittsburgh’s image in the eyes of job seekers, said Craig Gomulka, Innovation Works’ chief investment officer. Although Google has hired talented web developers who otherwise might work for local startups, the company’s presence “helps me when I’m trying to convince an executive to move his wife and kids here.”

And generally, given today’s highly mobile work force, people are not necessarily being recruited for their next job alone. “They are much more forward-thinking than they ever were in the past,” said Chris Briem, economist at the University of Pittsburgh’s University Center for Social and Urban Research.

But that concern about being able to find the next job may be waning. Recruiting employees to Pittsburgh “used to be really hard,” because of concern they’d have to move again if the job didn’t work out, said Jay Katarincic, managing director at [Draper Triangle Ventures](#). “We do not hear that anymore.”

From an entrepreneur’s perspective, the smaller size of the Pittsburgh market has certain advantages. By offering the trappings of a Silicon Valley-style company -- no assigned hours, pinball machines and pool tables -- “you can really stand out, you can attract a very high-caliber employee base,” said serial entrepreneur Dave Nelsen. “You don’t get the same kind of turnover rates you would in places like Silicon Valley, where people are doing a lot more hopping from company to company.”

Still, the challenge of finding senior management and marketing executives who can grow an early-stage business remains constant for many entrepreneurs and investors. “The technology can work, you know it works, but how do you really make that into a product and therefore into a business?” said Bill Newlin, chairman of Sewickley-based [Newlin Investment Company](#). “World-class technology alone does not make a business.”

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