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David vs. Goliath: An HR professionals’ perspective on how the tiny State of Delaware can smash the competition for a booming tech industry.

Some Quick History

If you know anything about the State of Delaware, it’s probably that it’s a total of 1,954 square miles and ranks 49th - only ahead of Rhode Island - for smallest states in the contiguous US. Or, maybe you’ve driven through it on the way to other locations in the north or south and stopped at the Smyrna Diner or the rest area while passing through. Or, maybe you’re a beer lover and you’ve had the best the state has had to offer from Dogfish Head Brewery. Or, maybe you’ve been to its beautiful beaches and small beach towns lined with quaint shops and restaurants and tax-free shopping. No, it’s probably more that you’ve heard of companies like Dupont or MBNA, which once ruled the state and the City of Wilmington as the corporate legal capital of the country. For whatever reason you’ve heard of Delaware, it’s probably not for its tech industry. Well, things are about to change.

Delaware is a state that in the 80’s created one of the most bank friendly environments and corporate tax structures this country has ever seen, which were largely responsible for an economic boon that’s lasted close to four decades. But, with few exceptions, the banking and chemical industries in Delaware are not what they once were and jobs have left the state. There is no more Chrysler or GM or MBNA. Bank of America assumed the reigns of the former MBNA, then conducted mass lay-offs over the last 12 years. AstraZeneca downsized multiple times and has sold offices to JP Morgan Chase while moving jobs overseas and to other states. Banks like Capital One have moved in, but not to the size and scale of a JP Morgan Chase or what was MBNA. And, Capital One has laid off hundreds since coming to Delaware while also quietly migrating jobs back to its Virginia headquarters and other locations. Dupont has fallen victim to a mega merger with Dow and jobs have left the state over the years. Barclays and HSBC have followed suit with layoffs and more jobs moved out of state. The only pure tech start-up of scale to have hit the scene over the last 10 years, SevOne, took a precipitous dive due to
lagging sales revenues and had to conduct two layoffs last year with a large majority of those jobs coming from its Technology Innovation Center at its STAR campus in Newark. So, the state has been left with the question of, “what’s next?”. This shifting landscape has caused the state to pause and rethink its future for economic prosperity and it’s betting on tech.

_Time for Change_

Enter the age of technology. What once was a state full of engineers, scientists, skilled laborers and bankers (don’t want to leave out our lawyers, but it’s still a booming industry here) working on complex industrial chemical solutions, creating credit card products and building cars is fast becoming a state where these smart professionals and laborers are applying their skills to creating a technology boom via start-ups and new partnerships. Innovation is the key word of the day in Delaware. And, if the new governor and his newly created public-private partnership have anything to do with it; Delaware will be the next Silicon Valley of the east, albeit on a much smaller scale.

The question isn’t only, “what’s next” as that’s been partially answered with a doubling down on technology investment in the state. The next question is “how do we accomplish the vision of Delaware becoming a mecca for technology companies and jobs?”. Let’s start with some of the great benefits the state offers.

First, I won’t pretend that I know enough to speak about the incentives and advantageous tax structures to attract new business to Delaware. I’ll leave that to the experts. I’m going to try and explain the benefits from the perspective of a Human Resources professional and what I see as the areas of opportunity to attract new and cutting-edge tech talent to Wilmington and the state. What will win the day will be Delaware’s ability to successfully leverage each of the following key attributes in attracting tech talent here.

_Talking Points for Successful Tech Recruiting in Delaware_

- **Geographically Advantageous:** If you’re not familiar with the Mid-Atlantic region, let me help you understand where “Dela-Where?” lies geographically and why it’s such a benefit. Delaware and its corporate city of Wilmington is approximately 33 miles from Philadelphia. It’s 40 minutes by car and 20 minutes by train. Wilmington to Baltimore is 76 miles or 1 hour 20 minutes by car and 40 minutes
by train. Wilmington to D.C. is 110 miles or 2 hours by car and 1.5 hours by train. And finally, Wilmington to NYC is 128 miles or slightly over 2 hours by car and 1 hour 30 minutes via train. These close proximities aren’t just great for access to major metropolitan areas and quick commutes. They also have an added benefit of allowing for somewhat of a tech ecosystem to evolve. Meaning, businesses that benefit from being physically close to the firms they do most of their work with.

- **Low Cost of Living**: Delaware’s cost of living is considerably lower than many of its neighboring states in the northeastern region of the United States — making it one of the best places to live and work. The state has no sales taxes or state-level property taxes, which helps keep living expenses down. In fact, Delaware has the fourth-highest home ownership rate in the United States. From beach cottages to farmhouses and homes in historical settings or the city, there is a wide variety of housing options across the state. *

- **Educational Environment and Talent Pool for Recruiting**: For purposes of recruiting and attracting new and cutting-edge tech talent to the state, Delaware is fortunate enough to have nationally ranked universities close by. The most obvious being the University of Delaware right in its backyard. “Delaware” or “UD” as it’s affectionately called by alum and locals was ranked 29th in the nation by U.S. News and World Reports** for top public universities and 75th among all national universities, which consists of a list of over 300 universities. Additionally, the University of Pennsylvania, Drexel University, Temple University, University of Maryland, Rutgers University, Penn State University and Johns Hopkins University are all within driving distance, which makes for prime recruiting grounds for top tech talent and young entrepreneurs.

- **Small Community**: With a population of approximately 953,000 people in the entire state and just under 70,000 in the City of Wilmington, Delaware provides that small community feeling.

* Information provided by the Delaware Economic Development Office

** U.S. News and World Report’s Best Colleges 2016 Edition
This makes it highly attractive for entrepreneurs and professionals looking to network and build relationships quickly. There’s quick and easy access to some of the most influential attorneys, business leaders, venture capitalists and investors around. Let’s not forget to mention the abundant and easily accessible talent pool you’ll be surrounded by when deciding to live and work here. Talent attracts talent. Engineers, Computer Scientists, Mathematicians, Developers and Designers like to have others like them around to share ideas, solicit opinions and feedback, test concepts and so on. Delaware’s small size lends itself to this nicely. Literally just dropping by a co-working space like The Mill or 1313 Innovation gives you immediate access to resources. And, you’ll find Delaware business people approachable and always willing to help and have a conversation.

• **“Big Fish” benefit:** One of the most fascinating dynamics I’ve encountered while speaking with newly transplanted Delaware technologists and entrepreneurs is their desire to be part of something bigger. Having the ability to contribute on a larger scale in Delaware is made easier by the size of the state and its companies. You may have been 1 in a 1,000 or even 1 in 10,000 developers or entrepreneurs at companies in San Francisco or Boston or New York. In Delaware, you can make an impact. You can see and feel the work you’re doing and how it affects the community around you. It’s the “big fish in a small pond” mindset that goes a long way with young, eager professionals looking to make his/her mark. If you have
the grit and determination to do something great, then Delaware is your new place to be.

- **New Investments to Attract and Develop Talent:** New organizations designed to develop and support entrepreneurship and new technology talent are leading the charge. Organizations like the University of Delaware Horn Program, ZipCode Wilmington, the Delaware Technology Park, Delaware Technical and Community Colleges’ Innovation and Technology Center, OpenBracket Delaware and the Delaware Business Roundtable are just a few. What started as a concept just a few short years ago is now being supercharged. And, let’s not leave out our commercial development friends in the state. Developers like the Buccini/Pollin Group are right there alongside advancing the charge with new investments in bars, restaurants, music venues and apartments and condos to attract millennials.

[Image: Constitution Yards Beer Garden – Downtown Wilmington (Photo Courtesy of the BPG)]

- **Total Rewards:** Last, but not least are total rewards. If you’re the state or a recruiter or private company looking to attract top talent here, and after successfully pitching all the great points above; top it all off with highly competitive compensation for a WIN. The demand has been created here in Delaware. Now it’s just a matter of finding the supply and using all the tools in
your tool belt to snag that great talent. Ensuring that your hiring rates and packages are highly competitive will be the icing on the cake.

Case study: While heading HR for a private tech start-up in Delaware, we had an interesting problem in attracting software developers to the company when I first arrived. In fact, it was one of my first problems to solve. It was a total head scratcher for a few days. I mean, we had the new, modern tech center with all the bells and whistles. Free soda, food, beer, ping pong, foosball, great location, open environment, great people and even a brand-new two-story slide. But, we were still having difficulties in attracting great software developers from top schools and other competitive organizations. We asked ourselves, was it our location? Nah. Was it lack-of brand recognition? Not really. Was it our lack or inability to recruit effectively and sell our story? Definitely not. I asked a simple question of some of our recruiters and dev leaders. How much are we paying our entry-level developers and their responses were overwhelming – Not Enough! When I reviewed the market data on our jobs, we were a good $15,000 - $20,000 behind market in base salary alone. Bingo! Time to raise the rates. And, once word got out and offers started to be made, we gained huge traction. Case solved. Word to the wise. It’s not enough to just have a great place to work. It’s a nice thing to think, but talent is talent and great talent is worth every penny. If you create a market that’s high-end and you demonstrate your willingness to pay what great talent feels they’re worth, you’ll get their attention. It may be costly at first, but the return you’ll receive will be far greater.

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