President & CEO of Joint Venture: Silicon Valley Network, Dr. Russell Hancock with Timely Advice for Students
On April 2nd Menlo faculty, students, and staff heard from Dr. Russell Hancock, President & CEO of Joint Venture: Silicon Valley Network, as part of the College’s Executive Speaker Series.

As Joint Venture CEO Dr. Hancock is many things: institution builder, civic leader, social entrepreneur, and outspoken advocate for regionalism. The organization he heads brings together government and business leaders to identify regional problems and lead projects to solve them. Frequently heard on Bloomberg News, ABC Nightly News, and The Morning Show, he is considered a foremost expositor of the Silicon Valley economy and his interviews are often published in The New York Times and Wall Street Journal. A graduate of Harvard, Dr. Hancock received his Ph.D. in political science from Stanford, where he teaches in the Public Policy Program.

Dr. Hancock is also a member of the Menlo College community. A concert pianist, he is a founding member of The Saint Michael Trio, appointed Artists in Residence at Menlo in 2008.

Dr. Hancock’s April 2nd remarks were at once hard-hitting and encouraging, as he coached students on the realities facing job-seekers in Silicon Valley’s turbulent economy. He spoke with Menlo Advantage afterwards:

**Menlo Advantage:**
*How do you characterize what’s happening in Silicon Valley right now?*

**Hancock:** We continue to be the world’s most dynamic regional economy, as we have for 60 years. We are export-oriented, innovation driven, and fueled by entrepreneurship. But in 2008, national and global trends caught up with us—and you could even say they overtook us—collapsing national institutions, volatility in the financial markets, and a housing meltdown. All of it has eroded the markets that we serve, and thrown us into a
period of retrenchment. Layoffs are rampant, and we won’t see a surge in job creation anytime soon. But we are continuing to innovate in important new areas like clean technology, and this is where the growth is likely to be.

**Menlo Advantage: What role does globalization play in Silicon Valley?**

**Hancock:** It’s the most important thing going on right now! We are the world’s most globalized regional economy, no question. 42 percent of the people living and working in Silicon Valley were born overseas, and the percent is higher in our workforce, especially among entrepreneurs. Our companies are not regional or national entities, they are global entities, even from the time of their inception. This means they are pursuing global distribution schemes, implementing global supply chains, and their HR strategies have become, very pointedly, global.

**Menlo Advantage: What do you mean by global strategies?**

**Hancock:** I mean that the workforce of Silicon Valley’s companies is now distributed over the entire globe. It’s a key component of their overall competitive strategy, to have employees on every continent, especially China, Taiwan, India, Eastern Europe, and Israel. These regions are our competitors, but they are also our collaborators, and companies are required to pursue multi-faceted strategies to stay competitive in this new “flat” economy of ours.

**Menlo Advantage: So how can Menlo grads navigate their way into this kind of global economy?**

**Hancock:** Well, for sure it helps if you have global sensitivities, if you command a language besides English, if you’ve lived overseas, if you know how to work in teams—especially when your team members are distributed across several time zones. Anybody who brings those skills into the market place will have a leg up, no question.

**Menlo Advantage: In your talk you also spoke about important structural shifts in the Silicon Valley economy that change the job picture.**

**Hancock:** Yes, for absolute certain there is a huge structural change going on and it really amounts to a revolution, a change in the model of corporate capitalism itself. I’m honestly surprised people—economist types—aren’t talking about this more, but they surely will. I tell my kids this all the time, that the economy they are entering is not the economy I entered.

**Menlo Advantage: How is the economy different?**

**Hancock:** Well, this too is being explained in part by globalization. Remember, these newly emerging technology regions don’t have the same cost structure that we do here. They are low-cost regions, and Silicon Valley will never be known as the “low-cost leader.” And it’s not just labor costs. It’s also that most overseas companies don’t shoulder the same burden for health care and benefits that American companies do. So as a result, we are seeing something very significant in the United States, and Silicon Valley is on the leading edge of it: companies are no longer infatuated with size.

Let me put it this way: in the old days the model was that you were trying to become the next General Motors, or the next Hewlett-Packard, right? You started a company, and then your objective was to scale upwards, becoming vertically integrated and horizontally integrated until you were a behemoth, earning monopoly-style profits.

This is no longer the case. In the face of global competition small is the new big! Companies are trying to stay lean and nimble. They’re focusing on core competencies, and hiving off entire divisions.

**Hancock:** This is why I tell my kids it’s a different economy for them, and it’s one that has shifted the risks and the burden of security squarely onto their shoulders. In the old model the company would take care of you—you know, the phenomenon of the “company man.” You spent your entire career with one company, and the company played a paternal, protective role in your life. In exchange for your work they offered you many forms of security: mobility within the company, retirement benefits, health and dental, and a gold watch when you retired.

Say good-bye to all of that. Companies today don’t want to add to their head count. They’d rather hire contractors. The way they see it, they need something done, they need a particular function accomplished. Well, rather than bring it in house, they’ll go looking for the best person who can accomplish this discrete task, and contract with that person. It will be a fixed-term contract which dissolves when the task is completed, and companies love it—especially because they’re not paying through the nose for your health care and other benefits.

And by the way, this person, this contractor, can be anywhere. They don’t
have to be in Silicon Valley. That’s the other impact of globalization. The company just wants to hire the very best person in the world to do this particular task, and they don’t care where you’re located because we have skype and gchat and email and video-conferencing.

So you can call this new economy an economy of free agents, and in fact the data shows this. We track it very carefully and the firm type that is showing the most overall growth in Silicon Valley is firms with no employees.

Menlo Advantage: How so?

Hancock: Firms with no employees! Imagine! These are consultants that have incorporated with only themselves as individuals. These are sole proprietorships. Or these are two partners, but both of them are owners doing these types of contracts and they don’t have any employees. Just themselves.

Menlo Advantage: People who work in this way have a lot of freedom, but they also face a lot of risk. Is that what you mean by facing up to the new realities?

Hancock: Bingo. What we’re seeing now is work organized differently than before. The 9-5 workday model is out the window, and so is long-term employment and job security. Menlo’s graduates need to be geared up for this new economy—which I stress, is an exciting economy to enter, one characterized by freedom and opportunity.

Menlo Advantage: So what is your advice for Menlo graduates hitting the job market?

Hancock: You have to be good. You have to offer a specialized skill set, a package of tools and special abilities that set you apart. You need a niche strategy. You’re also going to need to be patient. Gone are the days when recruiters set up on college campuses and picked up the graduates, one by one. You have to make your way in this economy, paying dues, starting out as a volunteer, or an intern, proving your value to the organization, building a relationship over time. It’s certainly not a time when you can go in with high demands or expectations.

Menlo Advantage: And what are the most promising areas of the economy right now?

Hancock: The good news is that Silicon Valley’s portfolio is as diverse as it has ever been: biotechnology, nanotechnology, new media and the so-called Web 2.0, software, IT and IT infrastructure, and the exciting emergence of clean technology and the new “green” economy. But don’t forget there are also terrific public sector jobs, and a critical shortage in health care, not to mention the financial sector. Even though it’s a tough economy right now, it’s good timing because we’re going to see a huge wave of replacement jobs created by boomer retirements. Menlo grads are going to be just fine if they’re prepared to work hard.

Menlo Advantage: What’s your final advice for Menlo grads?

Hancock: You’d be surprised how important the basics continue to be, even in this new economy I’m describing. People still need to be able to communicate effectively, and need to be able to write clearly, with analytical precision. It’s astonishing to me how rare this commodity is. And on top of that, you just need to be a good person. Does that sound trite? I don’t think so: when it comes down to the final hiring decision the nod always goes to the person who seems like they’ll be a good colleague: pleasant, hard working, solid, interesting to be around. That will never change.