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Rahm's recruiting efforts pay off with Google

By John Pletz July 26, 2012

(Crain's) — When Rahm Emanuel was running for mayor, he drew support from the tech and business communities in part because of a golden Rolodex built during stints running the Democrats' House campaign machine and as President Barack Obama's chief of staff.

Those connections paid off today when Google Inc., the new owner of Motorola Mobility, said it would move the phone-maker's headquarters and 3,000 jobs downtown to the **Merchandise Mart** from suburban Libertyville.

It's the biggest of several tech deals Mr. Emanuel has done since taking over as mayor. A year ago, he persuaded Greg Brown, CEO of the phone-maker's sibling, Motorola Solutions Inc., to add 400 jobs in the city, though its headquarters remains in Schaumburg. He followed up by getting another tech friend, Joe Tucci, CEO of Hopkinton, Mass.-based data-storage giant EMC Corp. to open a new sales office with 200 jobs in Chicago.

Tech jobs are highly coveted because they pay an average of \$90,000 in the Chicago area, well above the \$54,000 average for all jobs, according to the U.S. Bureau of Labor Statistics.

"In the last three to five years you've seen a significant increase in both high tech and startups and entrepreneurs in the city," said Austan Goolsbee, a professor at the University of Chicago and a former chairman of Mr. Obama's Council of Economic Advisers. "If Motorola is going to move there, that's a pretty big step."

"It's a big commitment by these guys," said Howard Tullman, CEO of Tribeca Flashpoint Academy and a veteran Chicago technology entrepreneur. "It's what everybody thought (Mr. Emanuel) understood. He's been great at using the bully pulpit in putting the arm on people and saying you need to do more than just talk."

Mr. Emanuel said he started talking with Google Inc. Chairman Eric Schmidt, a longtime supporter of Mr. Obama, about bringing more jobs into the city more than a year ago, continuing the dialogue when they bumped into each other at two conferences. "We're thumb buddies," he said of Mr. Schmidt, one of the world's best-known and most powerful tech executives. "We e-mail all the time."

The headquarters move makes Chicago the big winner in Mountain View, Calif.-based Google's \$12.5 billion acquisition of Motorola, announced last year. "There are only going to be four or five major players in the phone business, and this is going to be one of them, and they're going to be based in Chicago," Mr. Emanuel said.

Mr. Emanuel has focused on attracting and keeping jobs in the city as he tries to keep Chicago's financial woes from worsening. Landing Google gives him a huge advantage in recruiting more tech companies.

"It's the holy grail of corporate headquarters," said John "Jack" Boyd, president of Boyd Co. Inc., a Princeton, N.J., firm that advises on location decisions. "It's a tremendous coup for you when Google has a big brick-and-mortar presence downtown. So many corporate offices are outside the city. It's a tremendous marketing tool."

The significance isn't lost on Mr. Emanuel. "This is a huge marketing moment for the city as being the digital capital of the Midwest," he said. "If you create an environment and atmosphere that encourages companies to create jobs, if you invest in infrastructure and amenities and culture that create a great quality of life, companies will see you as a city on the move."

Dennis Woodside, a veteran Google executive tapped to head Motorola, said talent was the key factor. "Our conversations have been around what the city has done and is doing to attract the talent we will need for the next decade."

"The door gets opened because of his Rolodex," Mr. Tullman said, referring to the mayor. "It's not people doing us a favor, but people acting in the self-interest of their businesses."

Google already had more than 400 employees downtown in a building nearby in River North, but its presence wasn't well-known. Now, the company will occupy the top four floors of the Merchandise Mart.
