

Locating Your Future

Geography's Effect on Career Progression

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Each year, graduates of Ivey and other professional programs in North America agonize about their career decisions. These students are generally bright, motivated and hard-working and are looking for options that use all of these attributes, while promising upward mobility and suitable pay. Yet, it is not clear whether these graduates are making their decisions from a long-term perspective and if they are taking the right variables into account.

Upon starting a first job, students immediately open and close doors for the rest of their career. Although it may not be pleasant to consider, this choice will determine students' future jobs, who they meet, where they live and potentially their spouse – in short, it is life changing. Business programs teach students how to research markets, evaluate opportunities and make rational, strategic decisions; however, students do not seem to apply this approach to arguably the most important decision in their life: where to start their career.

Instead, students tend to focus on short-term criteria such as prestige, starting salary and immediate exit opportunities. Although these factors are important, students may be hindering their long-term potential by ignoring one significant factor: location. Rather than considering location as a strategic decision to

position oneself for future success in terms of earnings potential, students tend to choose jobs in well-developed locations at the expense of other, faster-growing areas.

The Right Place at the Right Time

Despite focusing on the intricate details of individual success stories, the themes touched on in Malcom Gladwell's *Outliers* highlights an important lesson that can (albeit ironically) be broadly applied: success depends largely on being in 'the right place at the right time.' Through various anecdotes, Gladwell postulates that beyond a base level of natural aptitude and hard work, the key determinants of success stem from rare opportunities, fortunate circumstances and cultural environment. People tend to assume that luck is the main facet of being in the right place at the right time, as though a person possesses no control over such a position. This assumption likely stems from the narrow focus and



glorification of extreme success stories, such as those of Steve Jobs and Mark Zuckerberg. Their stories are indeed distinctive and almost impossible to recreate. However, it is important to note that widespread prosperity was also experienced by the entire industry and the peripheral services that developed in the Silicon Valley during its explosive growth. This situation is far more predictable and replicable, as demonstrated by the formation of several famous 'clusters' -- groups of companies that prospered as a result of favourable circumstances and the services that support that industry.

For example, those working in oil and gas flourished in the 1980s. Yet, given the choice to work in a professional service firm in Calgary or Toronto during that period, most graduates likely would have chosen the safety and prestige of Toronto, even though the actual work in professions such as accounting, law and investment banking would be very similar. Although this choice undoubtedly worked out for many individuals, those who chose Calgary would have produced better results on average, as nominal GDP per capita in Alberta increased by 5.1% per annum from 1990-2009, compared to 2.68% in Ontario. The difference in opportunities encountered is also shown by the percentage increase in positions at firms in the cities over the same time frame. For example, Blake, Cassels & Graydon LLP (Blakes), a leading Canadian law firm, has 100 lawyers in its 1985-founded Calgary office. In contrast, the firm has 330 lawyers in Toronto – up from approximately 125 in 1985. Recent graduates starting in Alberta benefitted from less competition for promotions, as the number of senior positions undoubtedly grew. While managing the increased volume of work, these employees also likely developed their skill set by being delegated more responsibility and created important connections, tools that allowed them to advance faster than their Ontario counterparts. Furthermore, working in Calgary did not prohibit further promotion within the firm – Blakes' current chair is originally from the Calgary office.

'Predicting an Outlier'

Individuals may be quick to dismiss this story as merely a coincidence or fluke; however, the explosive growth and widespread fortune of Calgary (and Alberta in general) should not come as a surprise. The increases in employment in non-commodity based firms have undoubtedly been driven by the resulting increase in economic activity. The rise of Alberta's economy has been inextricably linked to oil prices, which have risen by a factor of five in real terms since the early 1980s. While the exact timing of such an upsurge may be difficult to anticipate, it was reasonable to assume increased energy prices over the long run, given that world population and income per capita were expected to grow substantially.

Predicting areas of high growth is not unlike the creation of clusters, which tend to form due to social and natural elements. For example, Israel's booming high-tech industry arguably arose from the nation's risk-friendly attitude, military culture and lack of natural resources. Thus, to some extent, an individual can predict and take advantage of secular tail winds – long-term trends that are

unaffected by short-term variations. Although the exact timing of opportunities is not predictable, by having exposure to the industry as a whole, individuals stand to experience significant monetary gains. The questions then become, how can individuals foresee these secular trends and how can swings be taken advantage of?

Before trying to identify which trends to monitor, a student should first determine an industry or profession preference. Location is only one way to strategically plan a career and is by no means the only important factor to consider. Based on the chosen industry, students need to ascertain the levers for growth or development of that field and compare them to the projections for the different locations.

For example, a student interested in immigration law should choose Vancouver to start their career. A number of trends could support this decision. Although the annual number of immigrating

permanent residents is consistently less than half that of Toronto, Vancouver is still a top destination for new immigrants, particularly immigrants from mainland China, Hong Kong and Taiwan. More importantly, this group tends to be more wealthy and thus more likely to pay for legal services. As Asian countries increase their presence in global markets and resources become more scarce, immigration to Vancouver will continue to expand.

These broad trends do not just apply to immigration law. A significant influx of wealthy immigrants will likely create demand for other services and create opportunities for businesses, as foreign investors begin to store their wealth away from home. Even further, professional service firms will be expected to grow in the region as Asian companies and markets begin to play a larger role in the local economy and Vancouver remains one of the major North American gateways to Asia.

Although many graduates make their initial career decisions with the expectation that they will quickly move on to a different job or geographic area, this does not mean the effects of secular tailwinds should be overlooked. Even if a job is not meant to be a final career destination, it can provide value in two ways; by opening doors to new opportunities or by imparting skills that will be used in further ventures.

A Strategic Decision

Outliers exist at broad levels and can be capitalized on by individuals who see these trends early in their careers. For students, choosing the location to start their career is a strategic decision that can heavily affect their exposure to extraordinary opportunities. Moreover, this decision can significantly increase the long-term earnings potential of graduates. When deciding where to start a career, students should account for many factors including firm reputation, learning opportunities and work/life balance; however, they must evaluate location critically, not just as a city that they will explore on weekends, but as a strategic decision that could dramatically affect their long-term prospects.

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