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THE COMING JOBS WAR by Jim Clifton Chairman of Gallup

What everyone in the world wants is a good job. "This is one of the most important discoveries Gallup has ever made," says the company's Chairman, Jim Clifton.

In his new book, **THE COMING JOBS WAR** (Gallup Press; Hardcover; October 4, 2011), Clifton makes the bold assertion that job creation and successful entrepreneurship are the world's most pressing issues right now, outpacing runaway government spending, environmental degradation, and even the threat of global terrorism. "If countries fail at creating jobs," says Clifton, "their societies will fall apart. Countries, and more specifically cities, will experience suffering, instability, chaos, and eventually revolution."

The book is grounded in findings from Gallup's World Poll, which reveals the implications of the jobs war on everything from economics to foreign policy to nothing less than America's moral authority in the world. And it offers a prescription for attacking the jobs issue head-on. Clifton argues that the solution to creating good jobs must be found in cities, not in the federal government. Promoting entrepreneurship and job creation must be the sole mission and purpose of cities' business leaders, government officials, and philanthropists.

According to Clifton, cities will succeed by declaring all-out war: "I don't use the term 'war' lightly. This really has to be a war on job loss, on low workplace energy, on healthcare costs, on

low graduation rates, on brain drain, and on community disengagement," he says. "Those things destroy cities, destroy job growth, and destroy city GDP. Every city requires its own master plan that is as serious as planning for war."

In **THE COMING JOBS WAR**, Clifton says that the next big breakthrough will come from the combination of the forces within big cities, great universities, and powerful local leaders. Their combined effect is the most reliable, controllable, and predictable solution to America's biggest problem. Strong leadership teams and a natural order are already in place within cities — in governments and local business and philanthropic entities, with caring leaders working on initiatives to fuel local economic growth and to create good jobs. The feat these leaders have to pull off is doubling their entrepreneurial energy by aligning their local forces:

- Local tribal leaders. All prosperous cities have a self-organized, unelected group of talented people influencing and guiding them the philanthropists, city mothers and fathers, business leaders, and other deeply invested citizens who get things done for the good of their city. They are motivated not by self-interest, but by their devotion to their communities. With an average of 100 of these devoted tribal leaders per city in the country's top 100 cities, roughly 10,000 highly influential Americans hold the key for creating jobs in the U.S. only 10,000 key players will determine whether the U.S. falls to China or another global power in leadership of the free world because new job creation primarily depends on them. They're the ones who will largely determine whether America recharges an economic engine the whole republic is counting on. America rewins the world by taking the country's entrepreneurship and innovation up a notch; that can be accomplished only with the assistance of effective local tribal leaders.
- Super mentors. Super mentors guide, advise, and encourage small businesses to success. They light fires under innovators and entrepreneurs. They are willing to take a risk for an individual and an idea, and they encourage existing businesses to take risks. As the tipping point of extra energy that causes action to occur, super mentors help an entrepreneur get a banker or a good lead, give advice, lend a hand or a shoulder at critical moments, and join the board of a fledgling company that could be their community's next big employer. Super mentors create the almighty behavioral economic variables of confidence and action.

Universities. Universities are a critical part of new-company formation, and America has

a decided advantage because its top 100 universities are its most differentiating global

strength in the war for jobs. Great universities are the origin of most highly successful

startups. By design, they have the best ecosystem for entrepreneurship and innovation.

Universities are target-rich with inventions and smart business models. They also have a

disproportionately high number of super mentors of all kinds populating them. More

super mentors are highly involved in the top 100 universities in a wider variety of

activities than anywhere else. The overall university system in the U.S. has been and

remains the best in the world.

Winning the jobs war will require all hands on deck, and failure is not an option, especially for

the United States, which has been the global leader in promoting freedom and entrepreneurship.

America's place in the world is at stake, and there are other countries poised to surpass a

sputtering U.S. economy that is currently growing at only 2% annually. The biggest threat?

China, with a GDP that is increasing at nearly 10% annually — a pace that will make it the

world's leading and most influential economy within the next 30 years.

While the statistics are dire, Clifton remains optimistic about America's ability to win the jobs

war because America has been here before. "The Greatest Generation saved America by beating

the Japanese and Germans at [World War II]. The Baby Boomers saved America a second time

by beating the same foes, Japan and Germany, in an economic war that determined the

leadership of the free world, again," he says.

THE COMING JOBS WAR offers a clear, brutally honest look at America's biggest problem

and a cogent prescription for solving it.

THE COMING JOBS WAR

Gallup Press

Author: Jim Clifton Publication date: October 4, 2011

Price: \$24.95, hardcover, 240 pages

ISBN-10: 1595620559

ISBN-13: 978-1595620552

Facts and Figures From THE COMING JOBS WAR

by Jim Clifton Chairman and CEO of Gallup

- There are slightly more than 300 million Americans. Of the more than 150 million who want a job outside of the home, 15 million are *unemployed*, and 15 million are significantly *underemployed*.
- That's a total of 30 million Americans who don't have a good job. And of those 30 million, 18 million report that they have no hope of finding a job; many of them also have no hope of paying the mortgage, feeding their children, or buying gas for the car to get to a job interview and they have no reason to think things will change.
- America needs 5 million new good jobs right now and a minimum of 10 million new good jobs, net gained, within five years.
- Almost all new jobs are created by startups and small and medium-sized companies.
- Student graduation is one of the most definitive predictors of a city's future innovation, entrepreneurship, and subsequent job and GDP growth.
- America cannot outrun its healthcare costs. They are the country's single biggest fiscal drain, and no one has made any progress solving the healthcare crisis.
- There are three key energy sources of job creation in America: the country's top cities, its top 100 universities, and its 10,000 local tribal leaders.

Adapted from THE COMING JOBS WAR by Jim Clifton, Gallup Press, October 2011.

About the Author Jim Clifton

Jim Clifton is chairman and CEO of Gallup. His most recent innovation, the Gallup World Poll, is designed to give the world's 7 billion citizens a voice in virtually all key global issues. Clifton has pledged to continue this effort to collect world opinion for 100 years in 150 countries.

Under Clifton's leadership, Gallup has achieved a fifteen-fold increase in its billing volume and expanded Gallup from a predominantly U.S.-based company to a worldwide organization with 40 offices in 30 countries and regions.

Clifton is also the creator of The Gallup Path, a metric-based economic model that establishes the linkages among human nature in the workplace, customer engagement, and business outcomes. This model is used in performance management systems in more than 500 companies worldwide.

Clifton serves on several boards and is chairman of the Thurgood Marshall College Fund. He has received honorary degrees from Jackson State, Medgar Evers, and Bellevue Universities. He lives in Washington, D.C., with his wife, Susan.

An Interview With Jim Clifton Chairman of Gallup and Author of THE COMING JOBS WARS

Q: THE COMING JOBS WAR contends that America and other countries are in crisis. What do you think is the solution?

A: From all the world polling Gallup has done for more than 75 years, what would fix the world — what would suddenly create worldwide peace, global wellbeing, and the next extraordinary advancements in human development — is the immediate appearance of 1.8 billion jobs — good jobs. A good job is a job with a paycheck from an employer and steady work that averages 30+ hours per week. Nothing would change the current state of humankind more.

Q: You say in the book that the finding from the World Poll that the whole world wants a good job was one of the most important discoveries Gallup has ever made. Why?

A: Because the desire for a good job is the current will of the world, and whether or not you have a good job defines your relationship with your city, your country, and the whole world around you. The primary will of the world is no longer about peace, freedom, democracy, having a family, God, owning a home . . . the will of the world is first and foremost to have a good job. That is a huge sociological shift for humankind. It changes everything about how people lead countries, cities, and organizations. At the very least, it needs to be considered in every policy, every law, and every social initiative. All leaders — policymakers and lawmakers, presidents and prime ministers, parents, judges, priests, pastors, imams, teachers, managers, and CEOs — need to consider it every day in everything they do.

Q: Where will new, good jobs come from, specifically in the United States?

A: Small and medium-sized businesses are responsible for most of the jobs in America. Big businesses do not create significant numbers of new jobs. During the past two decades in the U.S., small and medium-sized enterprises have accounted for virtually all new jobs created. Jumbo-sized American businesses are very important to the economic ecosystem because they employ a lot of people, but mostly because they're the key customers of small to medium-sized

companies. The rich tax base depends primarily on companies with fewer than 500 companies and even more so on companies with fewer than 100 employees.

Q: You are adamant that the jobless situation will not be solved by the federal government. Can you explain why?

A: Because ultimately, all solutions are local. Weak local leaders look to Washington for more legislation and stimulus packages and more money for R&D to solve their problems. But what they need for job creation — entrepreneurs, enterprise energy, and the leadership to put it all together — is right there at home because cities are the highest probability source of job creation. In 2009, almost half of all venture capital money spent in America went to four cities: New York, Palo Alto, Seattle, and Sunnyvale. So the obvious question is: Why does the Bay Area create so much economic power and not Detroit? Both have the same federal government. They work under the same laws and same rules. But San Francisco and Silicon Valley have created a culture that responds to innovation and creates business models like no other place on Earth. Cities that do this become a beacon for the most talented people in the world.

Q: Do you think the federal government is to blame at all for the jobs problem?

A: In its defense, Washington was not originally set up to be the nation's economic engine. The U.S. government has seeded whole industries through land grant universities, defense contractors, and scientific and medical researchers to name just a few. But the government has never, will never, nor should it be expected to ignite badly needed sustainable economic booms. These booms will originate in the souls of individuals and great cities.

Q: You stress in your writing that innovation shouldn't be confused with entrepreneurship. Can you explain what you mean?

A: Innovation and creativity are not rare in America. In fact, there is an *oversupply* of innovation in America and other places in the world. There is nothing wrong with that, but what is wrong is that America has a mass shortage, a significant *undersupply*, of *successful business models*. Many innovations fail to successfully commercialize. The scarcest, rarest energy and talent in the world is entrepreneurship. American and world leaders are spending time and money digging in the wrong place in their search for quality GDP growth and job creation because they're

concentrating almost solely on innovation. What the U.S. needs more than anything in the quest to win new good jobs in its cities is that rare talent to start companies or to create business models that work, that grow sustainable organizations of all sizes.

Q: How can America find and develop entrepreneurial talent?

A: America needs to understand the talent makeup of people who start companies, something that Gallup is looking into right now. Encouraging people to be entrepreneurs the usual way is setting too many people up to fail. The educational system has nailed the process of developing the best learners, but America is still in the dark about cultivating gifted entrepreneurs. We should look to our top 100 universities, the best in the world, and help them find ways to cultivate this rare talent. The truly talented should begin to serve as "super mentors" to younger people hoping to discover if they have the gift to bring a creative idea to life as a successful commercial enterprise.

Q: The jobs war is a huge challenge for America. How do you, as an American business leader, feel that the country will fare? Will it fall to China? Will the country fail to create jobs and therefore wellbeing and hopefulness in the nation at large?

A: Failing the coming jobs war will be easy, and winning will be hard. Creating and keeping jobs will require a war. There will be no bystanders, but there will be victims. I don't want America to lose this war. This country is the beacon for the world's most talented people, the men and women who create the best jobs and continue to advance human development for the benefit of everyone. The United States of America is an exceptional country with exceptional people. Once again, against the odds, she must rise up and win.