

Motorola makes downtown connection Bringing R&D center to Mag Mile

August 18, 2003

By Julie Johnsson

Three decades after fleeing Chicago, Motorola Inc. is heading downtown, setting up a splashy design center overlooking the Magnificent Mile.

Its Moto-vation: to recruit hip, young city dwellers reluctant to travel the traffic-clogged Kennedy Expressway to the telecom giant's world headquarters in Schaumburg, cell phone center in Libertyville and other far-flung offices in the north and west suburbs.

The company's new digs, on the 26th floor of Illinois Center at 233 N. Michigan Ave., will also place the newly image-conscious Motorola closer to the consumers who use its cell phones and pagers — a business that accounts for about 40% of the company's \$27 billion in annual revenues.

The move culminates a long courtship between Motorola and the city of Chicago. After toying with, and abandoning, the concept of a downtown center three years ago, the longtime suburbanite is subleasing 34,000 square feet of space previously leased to CCC Information Services Group Inc. Motorola plans to move 75 employees into the office, most of them transferring from Libertyville, and eventually expand the head count to 140.

"We're placing our people where they can easily access the people and places that energize and facilitate the creative process," a Motorola spokesman says.

Wooing the hip

The city provided no financial incentives to Motorola, according to sources who say that officials were unaware the plan had been revived until Motorola CEO Christopher Galvin called Mayor Richard Daley earlier this month to inform him of the company's homecoming.

While Motorola will design high-tech consumer gadgets in the Boul Mich facility, its broader purpose is to attract top talent from Chicago's university campuses.

That's key as the electronics manufacturer, long dominated by engineers cloistered in suburbia, vies for a consumer audience that's young, sophisticated and responsive to the whims of fashion. Motorola hasn't come up with a phone that grabbed consumers' imaginations since the StarTac clamshell design of the mid-'90s.

“If a large organization wants to have more real, honest-to-God home runs, they need to provide a comfortable environment for highly innovative people,” says Gregg Fraley, a former software executive who’s now a Chicago-based creativity consultant. “People who flock to that stuff don’t want to spend two hours on the highway going out to Schaumburg.”

Motorola’s return is a coup of sorts for Chicago officials, who have been working in recent years to reverse the corporate urban flight of the 1970s, when many business stalwarts fled the city for suburban office parks.

Established 75 years ago on the city’s West Side, Motorola began migrating northwest in the 1950s and closed its last city facility, a plant on Augusta Boulevard, in 1972.

Mayor Daley’s earlier efforts to lure émigrés like Motorola back to the city were stymied by the dot.com bust and subsequent economic downturn.

Indeed, Motorola pulled the plug on its initial plan to create an “innovation center” in the city after the telecommunications market collapsed in late 2000, forcing the company to launch a massive reorganization of its business. Since then, it has cut about 60,000 jobs — 40% of its workforce — spending a staggering \$6.2 billion as it closed plants and wrote off money-losing assets.

Healthy indicators?

City boosters see signs of an economic recovery in Motorola’s decision to revive its Chicago office. Lake Forest-based Brunswick Corp. has also created a city satellite office, in the West Loop, for technology and finance workers.

Paul O’Connor, executive director of World Business Chicago, a quasi-public group that promotes economic development in the city, calls Motorola’s move “a good indicator, not just for Motorola but also for others, that we’re coming back to life again.”