

# Envision this

*Across the US, business leaders are grappling with growth issues. Why not here?*

BY ERIN FLYNN AND STEPHEN MICHON

From the outside, Greater Boston's economic prospects look bright. Living up to its reputation as a scrappy, live-by-your-wits metropolitan area, the region survived globalization and deindustrialization to resurface as a world leader in advanced technology and knowledge-based industries. Nationally, Boston is heralded as a "comeback city" and often described as undergoing an economic "renaissance." All of these accolades are warranted. And yet those of us who make the region our home know there are pressing development challenges that can undermine our economic prosperity.

Several recent studies have brought attention to the region's skyrocketing housing costs that have priced out low- and middle-income families and contributed to suburban sprawl and longer commutes. Some reports express dismay at the untapped potential of our university-industry partnerships, the very relationships that seed the next generation of research, development, and entrepreneurship. Other analysis has highlighted the difficult demographics facing the region: Greater Boston's labor force has stopped growing, save for immigrants; younger, educated people are leaving the region at high rates; roughly one-third of the workforce is underskilled or unprepared for jobs in the New Economy; and income disparity is accelerating along the lines of race and class.

The recent panoply of research and analysis on growth and development invariably stresses the dire consequences of inaction for regional competitiveness. How will Boston-area businesses attract skilled employees when other regions offer comparable economic opportunity and quality of life at a lower cost of living? How will low-skill immigrants upgrade their skills and earnings if we can't align our workforce and higher education systems with industry demand? These questions aren't lost on business leaders. They recognize that the assets of their home region—be they financial, social, physical, or human—emerge as strengths or liabilities as they compete head to head in the marketplace of global competition. But business leaders often seem less alarmed than the research and advocacy organizations that raise these issues. Policy-makers and columnists bemoan the lack of inspired business leadership. They

lament the demise of the Vault and grumble about the fragmented, parochial nature of the region's business culture. Where is the vision from business, they say?

Business leaders in Greater Boston are not aloof from civic life. But their activity tends to be targeted to specific problems. Downtown business leaders, for example, organized the Artery Business Committee to manage the impact of the Big Dig. More recently, business leaders have engaged in the Commonwealth Housing Task Force, a civic effort aimed at addressing Boston's affordable housing crisis. Where the business voice seems to be lacking is in a long-term vision of regional growth and prosperity.

Does it have to be this way? Is Boston stuck with piecemeal business leadership? Is civic tribalism our destiny? Absolutely not. Greater Boston is known around the world for its capacity for innovation, and it has a rich tradition of business activism beyond the narrow needs of particular firms and industries. Furthermore, this is a region that has repeatedly recreated its economy and always come out on top. Surely a region that can accomplish that can find a way to engage the business community in making Greater Boston a place that serves us all in the century now underway. For models of how to do so, there are many places in the country to look.

## GETTING DOWN TO BUSINESS

Across the country, business leadership organizations in major metropolitan regions are reinventing themselves to drive sophisticated regional growth and development agendas in partnership with government and community groups. Through new organizations, new alliances, and new missions for established entities, business leaders are taking action out of recognition that today's pressing metropolitan challenges, including soaring housing costs, gridlocked transportation systems, urban sprawl, and growing social and economic disparity—all challenges that sound familiar in Massachusetts—are ones that directly impact a region's ability to compete. Furthermore, they cannot be solved at the local level or by a single sector.

In 2004, our organization, FutureWorks, conducted a study of business leadership groups in 29 metropolitan regions of North America to better understand how they

engaged in regional development issues. We examined three types of organizations: metropolitan chambers of commerce, CEO-only leadership groups, and multisector organizations led by business. Several patterns emerged.

In many instances, new business-backed organizations have been created specifically to deal with complex regional growth and development challenges. These entities go by a variety of names: Allegheny Conference, Toronto City Summit Alliance, Envision Utah. A good example is Chicago Metropolis 2020, a high-level business group that grew out of Chicago's version of the Vault. Top business leaders launched the group in 2000 to address the region's growth and development agenda. A major theme of Chicago Metropolis 2020 is that current regional growth patterns are inefficient for business and inequitable for residents. The organization promotes the idea that how the region grows affects quality of life and economic competitiveness.

At the policy level, Metropolis 2020 has used the heft of its business backing to wrestle an unwieldy mix of transportation and planning agencies to the mat. Working closely with the Metropolitan Mayors Caucus and other public officials, Metropolis 2020 played a key role crafting legislation for a new Regional Planning Board that will coordinate land-use and transportation planning in a single agency. Passed by the Illinois General Assembly in May 2005, the Regional Planning Board is designed to integrate and rationalize regional planning functions that have worked at odds for years. Leading up to the legislation, Metropolis 2020 released research quantifying the cost to business of time lost in traffic congestion due to uncoordinated planning. In addition, Metropolis 2020 issued a widely read report arguing that the separation of land-use and transportation planning inhibited the coordinated planning required to solve Chicago's worsening congestion problem.

According to the business and civic leaders we interviewed, Metropolis 2020's key success has been to advance regional thinking. "Nobody talked about the region before," says one prominent civic leader. "Before, they were all thinking about the city or their own municipalities."

In other places, traditional business leadership organizations are re-positioning themselves to provide leadership on regional issues affecting economic competitiveness. For example, the Metro Atlanta Chamber of Commerce has become an important catalyst for change. It has moved aggressively on regional development, transportation, air and water quality, and land use issues through the Chamber's Quality Growth Task Force. That group worked for almost two years to benchmark Metro Atlanta against other regions, look at changing regional demographics, and model alternative growth scenarios. Its work ultimately led to a "Livable Communities Compact," with a coalition of business, municipal, and environmental leaders

charged with carrying out recommendations to increase density, encourage growth along designated corridors, and preserve open space. Just as impressive is the Metro Atlanta Chamber's complementary relationship with a coalition of suburban and downtown chambers, the Regional Business Coalition. "We share the same goals of regional transportation, water, and land use," says Eric Meyer, former executive director of the coalition. "Ninety percent of the Regional Business Coalition and Chamber's roles are collaborative."

Strategic alliances are also emerging among formerly competing business organizations to better coordinate efforts at the regional level. Until recently, for instance, it

## Why is there no Boston Metropolis 2020?

was rare for business-led organizations in South Florida to work together. Historically, counties have competed for business development, leading to cool relations between business boosters within the region. Following a 2002 meeting of business groups representing Broward, Miami-Dade, and Palm Beach counties, however, leaders came together and formed the South Florida Regional Business Alliance, recognizing that competition facing the region is global, not municipal. The RBA has no dedicated staff but instead relies on the energy and commitment of its 24 board members—all chief executives of area companies—to get things done. The group has three priorities: regional transportation, regional cooperation, and net economic growth. An early success for the group was the creation of South Florida's first multi-county transportation authority, which affirmed South Florida as a single competitive region undivided by county lines. RBA wrote and lobbied for the legislation that was signed into law in June 2003.

In some other metropolitan regions, business leadership organizations have entered into long-term alliances with regional planning agencies and community advocacy groups to promote sustainable growth and development. This approach is best exemplified by the Bay Area Council, a northern California CEO leadership group composed of 250 executives from the nine-county Bay Area. Since 1997, the Bay Area Council has been a pivotal partner in the Bay Area Alliance for Sustainable Communities, working alongside the Sierra Club, the Association of Bay Area Governments, and Urban Habitat. According to Alliance executive director Peter Melhus, the biggest challenge in forming the Alliance was overcoming a history of mistrust between member organizations. "When these groups first came together, many of them had only seen each other in a courtroom," says Melhus. "Now many of

them work as partners on a regular basis.” Together, the strange bedfellows that comprise the Bay Area Alliance have developed the Compact for a Sustainable Bay Area, a framework for regional growth and development that specifies 10 commitments to action on land use, transportation, housing, workforce development, and urban revitalization, among other issues. After three years of review by city councils and county boards of supervisors, the Compact was ratified by all nine Bay Area counties in 2004.

Another example is the St. Louis Metropolitan Forum, a public-private vehicle formalized in 2003 through which government, civic, and business interests are forging consensus on critical issues facing the region. Forum partners include the St. Louis Regional Chamber and Growth Association, East-West Gateway (the regional planning agency), and Focus St. Louis (the region’s citizens’ league). According to business and civic leaders, the creation of the Forum was no small feat in a metropolitan area known for fractious civic life and institutional silos.

“St. Louis is a headquarters town,” observes one civic leader. “CEOs tend to want to solve problems quickly and ram things through. As a result, they have a hard time working in coalitions with the grass roots.” But business leaders recognized that the pressing challenges facing Greater

St. Louis—stagnant job growth, racial and economic disparity, and inequitable tax policy—could not be solved by business alone. They stuck through two uncomfortable years of planning and negotiation to form the St. Louis Metropolitan Forum in 2003. The Forum, which meets four times per year, consists of 36 members with equal representation from business, local government, and civic and community interests.

### MISSING IN ACTION

Why, in the Greater Boston area, do we see no equivalent business coalescence around development issues? There is, quite rightly, plenty of advocacy on broad “business climate” concerns, mostly focused on state issues (taxation, permitting, etc.) and energetic lobbying on specific industry issues by trade associations. But there is no equivalent to the kinds of organizations we found elsewhere across the country, namely business leadership groups or business-led coalitions working with planning entities and environmental groups on what the Greater Boston region will look like—for industry and residents—in the coming years. Where is Boston Metropolis 2020, the Greater Boston Regional Business Alliance, or Greater Boston Metropolitan Forum? Is there no need for such an entity?



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As part of a recent consulting assignment, we conducted a series of interviews with Boston-area business and civic leaders to better understand why the business community hasn't come together to spearhead an agenda for promoting and managing regional growth and prosperity. The answers come down to five key factors:

**Business leadership is split along the lines of industry and geography.** Greater Boston is characterized by three dominant industry sectors—high technology, educational and medical institutions, and financial services. High tech splits into computer technology and biotechnology, while the “eds and meds,” as they've been termed by the Citistates Group, include universities, medical schools, and hospitals. The region's dominant industry sectors also fragment along geographic lines, with financial services concentrated in the city of Boston, high-tech spread along Route 128 and I-495, and biotech anchored in Cambridge. A plethora of business organizations has developed over the years to service both specific industries and geographies. To date, however, no business-civic organization has emerged to represent the business community on a truly regional basis.

**Boston business leaders are more focused on global competition than on regional competitiveness and quality of life.** Area business leaders are increasingly focused on global competition and less and less concerned with place. Boston-based CEOs travel constantly and are strapped for time. For many, the Boston region is not “home” in any important sense, for themselves or their companies. This trend is exacerbated by shortened periods of tenure for CEOs.

**Mergers and acquisitions mean fewer executives have historic ties to the area.** As a result of ongoing consolidation, Boston is becoming a branch office region, rather than a headquarters location, for many important companies. This has led to a shallower pool of corporate leaders committed to the Boston area. “Business leadership in Boston is an oxymoron,” says one suburban Chamber of Commerce CEO. “Industry leaders used to be risk-takers; today we have branch managers.”

**Business leaders don't perceive a crisis of competitiveness.** In many areas of the country, business-civic engagement in the regional growth and development agenda has been precipitated by crisis—such as severe economic decline, heightened poverty and civil unrest, or noncompliance with federal pollution standards. There is no general sense of crisis in Greater Boston today. Business leaders feel that Greater Boston performs well in terms of innovation, wealth generation, and quality of life. Business leaders may be concerned about specific issues, such as the cost of housing or congested transportation systems, but they do not perceive a crisis in regional conditions

affecting the future of their enterprises.

**The urban/suburban divide.** Suburban chambers and civic leaders have a growing sense of identity that is distinct and separate from Boston proper. Our interviews reveal a strong consensus among suburban chamber executives that Boston business and civic institutions are “Boston-centric” and prioritize city issues over suburban concerns. As one of these executives told us, “There will always be a divide between the city and suburbs, but that divide has gotten even greater.” Consequently, efforts to convene city and suburban chambers on issues of regional concern have been limited.

**O**ur region can accomplish just about anything it sets its collective mind to. That includes pursuing a coordinated growth and development agenda cultivated and endorsed by the region's prominent business leaders.

There are promising signs in this regard. An impressive array of industry leaders has worked together since 2002 to develop and promote a comprehensive science-and-technology-based economic development agenda. Since 2003, university and health care leaders have come together through the Goldberg Seminar to better define their role in the region's civic life and economic development. Some business leaders are providing input into MetroFuture, a comprehensive planning effort led by the Metropolitan Area Planning Council, Boston's regional planning agency. And the Boston Foundation has initiated a series of meetings with high-level business leaders and economic development groups to address regional growth and development.

These may be the beginnings of a civic intervention that brings the clout and savvy of industry to bear on issues of housing, transportation, economic development, and environmental quality. Or they may be false starts, in which case the region will fall back once again on the pursuit of narrow interests.

How do we break the deadlock of muddled jurisdictions and competing constituencies? What role will our business leaders play in overcoming these divisions? That's for business leaders to figure out. They don't need blueprints from other regions. But they do need to recognize that other regions are getting their civic acts together to address 21st-century challenges in new and creative ways. If we don't do the same, Greater Boston may be left behind. ■

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