

Greater Cleveland

Overview

Cleveland became an industrial town after the opening in the 1820s of the Erie-Ohio Canal that linked the Ohio River to Lake Erie. The city's vast iron and coal supplies made it one of the most important steel and shipbuilding centers in the country, a sprawling mass of oil refineries, mills and warehouses along the shores of Lake Erie. Today the eight-county Cleveland-Lorain-Elriya Metropolitan Statistical Area includes just fewer than 3 million people. It is home to seven Fortune 500 companies, including Eaton, Parker Hannifin and Sherwin-Williams.

After experiencing economic expansion in the region and a strong revitalization of the core city of Cleveland in the 1990s, the region's economy was hit hard by recession in 2001-2002. The region lost 20,000 jobs — half lost were in manufacturing. Job creation is now one of the region's top priorities. "It's been a tough couple of years because of the recession," said Joseph Roman, Chief Executive of the region's largest business-led organization, the Greater Cleveland Partnership. "We have lost manufacturing jobs that will never come back."

Regional leaders also say lagging growth in income is a concern in Greater Cleveland. The region's median household income of \$42,215 in 2000 was 15.8% below the U.S. metropolitan average. This lagging income growth is sharply divided between the central city and suburbs. There are large income, poverty, unemployment and educational disparities between Greater Cleveland's central city and suburbs, according to the Lewis Mumford Center for Comparative Urban and Regional Research. The Mumford Center's index scores the region's central city-suburb disparity among the highest of major metropolitan areas.

The region has tried to adapt to the new realities of the knowledge economy. It has attempted to change from manufacturing to a more service-oriented economy. Its goal is to become the world's leading center of polymer research and one of the largest concentrations of polymer-related companies in the world. Regional leaders say the support and commercialization of technology is another regional priority.

The Business-Led Organizations

The newest and largest regional business-led civic organization in the region is the Greater Cleveland Partnership. The Partnership was created when the region's three prominent business-led organizations merged in December 2003. Greater Cleveland Partnership's regional priorities include technology, innovation and high-growth business; physical development (e.g., downtown revitalization); workforce development and education; and business attraction, retention and expansion.

The three organizations that merged were Cleveland Tomorrow, the Greater Cleveland Roundtable, and the Greater Cleveland Growth Association, including the latter's small business division, the Council of Smaller Enterprises (COSE). COSE is the largest regional small business association in the nation, with close to 16,000 small business members. The Greater Cleveland Partnership has 16,548 members, including the members of COSE.

Formed in 1982, Cleveland Tomorrow comprised more than 50 chief executive officers from the largest corporations in Northeast Ohio. The group focused on enhancing the region's competitiveness through downtown development and business expansion and retention. Cleveland Tomorrow's Executive Director, Joseph Roman, is the new Chief Executive and President of the Greater Cleveland Partnership.

The Greater Cleveland Growth Association was founded in 1848 as the Cleveland Board of Trade. It was one of the nation's largest metropolitan chambers of commerce with more than 16,700 members, most of which were small businesses. Before the merger, the Growth Association's regional priorities were workforce development and business retention.

The Greater Cleveland Roundtable, founded in 1981, was a broad-based coalition of business and civic leaders. Its priority was to promote economic inclusion and social equity in Northeast Ohio. One of its initiatives was to increase the level of diversity on corporate and nonprofit boards of directors by 50 percent over three years.

The region is also home to many other sub-regional chambers of commerce including the Youngstown-Warren Regional Chamber, the Greater Akron Chamber, and the Lorain County Chamber of Commerce. These chambers did not join the new Greater Cleveland Partnership. The Youngstown-Warren Regional Chamber is the largest business-led organization among the three, with 2,600 members, while the Greater Akron Chamber has 1,900 members. Each provides site selection data to prospective businesses and conducts workforce development on a regional basis. The Lorain County Chamber has a distinct regional competitiveness focus, including an emphasis on sustainable development. In 2003, the Lorain County Chamber opened its Center for Sustainable Development, which provides information on topics of sustainability related to energy, business development, building and transportation.

The Regional Business-Civic Landscape

The regional business community has launched two efforts to consolidate its voice, coordinate its programs and increase economies of scale in the regional business-civic arena.

The first is Team Northeast Ohio (Team NEO). In 2002 Cleveland Tomorrow and the Greater Cleveland Growth Association identified the need to address economic development on a shared, regional basis in complimentary strategic plans. In January 2003 they pulled together the Youngstown-Warren Regional Chamber, Greater Akron Chamber and Lorain County Chamber to create Team NEO, a regional corporate attraction

FOR TEAM NEO, GROWTH BEGINS AT HOME

Convinced that most of the region's growth comes from within, Team NEO created an account management system that targets key expansion and retention prospects in the 13-county region. Professional staff with industry expertise keep regular contact with company executives to identify expansion opportunities and key roadblocks to growth. Team NEO focuses its retention and expansion system on companies from two segments of the business community. The first are the economic drivers, the 200 largest companies in the region. The second are the future drivers, the small- and medium-growth companies in nine targeted industry clusters. What is the benefit to business-led organizations? Team NEO creates economies of scale, eliminates duplication of efforts and relieves chamber partners from individually staffing marketing, sales and retention initiatives.

and retention effort. Team NEO, which represents businesses in a 13-county area, coordinates the activities of economic development organizations, centralizes external sales and marketing strategies and runs a retention program. A 15-member Board of Directors consists of business executives who represent each founding member and each county. (See box at top of page.)

The second and more recent effort is the merger of Cleveland Tomorrow, Greater Cleveland Growth Association, and Greater Cleveland Roundtable. CEO leadership in Greater Cleveland announced the merger, which created the Greater Cleveland Partnership, on December 21, 2003.

Business leaders say the main reason for the merger was a desire among the three associations to strengthen their voice and effectiveness. "The business community has acknowledged that we needed this realignment to be a more effective catalyst for economic development in the region," said Alexander M. Cutler, Chairman and Chief Executive Officer of Eaton Corporation and Chairman of the Partnership.

Another reason for the merger was efficiency. Corporate leaders began to wonder if it was wise to invest in three separate organizations whose agendas were largely in sync over the past few years.

A third reason behind the creation of the merger was timing and the presence of the right personalities. The Growth Association needed to fill a leadership void — its former President and Chief Executive, Dennis Eckart, left the organization on December 1, 2003 after a three-year term. Business leaders recognized Cleveland Tomorrow's long-standing Chief Executive, Joseph Roman, as highly collaborative and chose him to be the new group's Chief Executive.

One of the challenges posed by the merger was accommodating the Growth Association's

strong small business affiliate, the Council of Smaller Enterprises (COSE). Leaders of COSE began the merger talks with caution because they feared it would overwhelm the voice of small business. As a result, COSE received assurances of organizational autonomy. It is now designated as a quasi-independent organization, while also enjoying the clout of big business thanks to the merger. The Partnership also committed increased staff support to COSE as well as new services and products. COSE can opt out of the merger entirely within three years.

Noticeably absent from the merger are the Youngstown-Warren Regional Chamber, the Greater Akron Chamber and the Lorain County Chamber of Commerce. During the merger talks, some corporate leaders wanted to include the Akron Chamber and others in the newly formed Partnership, but it did not happen. As one executive acknowledged, this would have required a more complex set of talks. The chambers have different needs and may fear losing their voice in the larger membership organization. Leaders decided to table the discussion and proceed as is until the merger had a chance to succeed.

Business Leadership

The increase in company mergers and acquisitions has hit the Cleveland area like other regions. “The region now has fewer Fortune 500 corporations and more small businesses,” said Ned Hill, Professor of Urban Studies at Cleveland State University.* While business leaders are still engaged at the regional level, some say even strongly so, there are fewer of them to count on.

The region’s voice of business competes in a more crowded landscape now than it used to. Cleveland has many interest groups, from nonprofits to universities and neighborhood associations, which have a much stronger voice than they did 10 years ago. One motivation for the creation of the Partnership was to increase the clout of business.

Leaders of the Greater Cleveland Partnership expect that cooperation among business leaders will increase, now that the Partnership will provide a forum for big company CEOs and small business executives to meet. Leadership before the merger was fractured. “Five years ago the merger wouldn’t have happened,” said Dan Berry of the Partnership. “We are hoping that cooperation is on the rise.”

**Ned Hill spoke on a December 24, 2003 radio show, “Growth Association Merger Hopes to Energize Cleveland Economy,” part of the “Making Change, Reinventing Our Economy” series on WCPN (http://www.wcpn.org/mc/vault/radio_features/index.shtml).*