

## **“Wild elephants, low-hanging fruit, and other roads to regional development”**

*Lessons from MetroBusinessNet*

*June 12 and 13, 2003*

*New York City*

The two-day meeting was nearly over when the Bay Area Council’s Sunne McPeak took the microphone and voiced her hope for the future of MetroBusinessNet.

“Be really bold,” she said. “Let’s think really, really bold.”

Teams from the five MetroBusinessNet regions held their spring meeting in New York City on June 11 and 12, sharing lessons and offering suggestions gleaned from their own experiences in five diverse regions across the country.

MetroBusinessNet was created three years ago to rally business leaders behind the cause of sustainable and inclusive regional development. As the spring meeting neared its end, some began to envision an even higher, bolder goal for MetroBusinessNet: Transforming the very way business leaders think in America.

“What could be the future of MetroBusinessNet?” asked McPeak, the Bay Area Council’s president and chief executive officer. “That would be changing the business culture in this country.”

The discussions at the meeting were as varied as they were lively, but several key themes emerged: Many business leaders have yet to understand that strengthening their region is good business, not charity; Much misunderstanding and mistrust remains between businesses and community-development groups; Civic involvement by businesses must be institutional, not individual; Businesses need short-term results while being reminded of the long-term benefits of inclusive development; and MBN teams need to carefully choose projects that fit their goals.

By meeting’s end, an energized, emboldened group headed home, armed with a wealth of new ideas to make their own regions – from Washington to St. Louis to Northern California, and from Austin to Chicago – better, richer places to work and live.

## **I. Getting beyond the charity model**

Business leaders are busy people. It's often difficult for them to step back and consider the "big picture" of how their company's success depends on the health of their region. Traditionally, such concerns of social and economic equity were addressed separately from the company's profits – perhaps in a company donation to a local hospital or soup kitchen.

Many business leaders still think of region-building as charity. They don't realize that boosting the region's affordable housing, improving its schools and transportation systems, and revitalizing its urban centers is as much good business as it is goodwill.

"Business guys come at it from the point of view of the firm," said Frank Beal, executive director of Chicago Metropolis 2020 "Mostly they say, 'I'm here to make money and if I create jobs, isn't that good?' And you press them and they say, 'OK, I'll buy a table at the next fund raiser.'"

Larger companies, particularly those with long-established roots in the community, understand how they stand to gain from inclusive regional development better than smaller companies do. Small-business executives often see their regional chamber of commerce merely as a forum to drum up new business contacts.

Dick Fleming, president and chief executive officer of the St. Louis Regional Chamber and Growth Association, said some Fortune 500 companies "get it," but it's difficult to persuade small and mid-sized companies to become civically involved and take a long-term view of their own development. "One of the challenges is, how do we get beyond the trained elephants to get the wild elephants on board," Fleming said.

An important part of that process is touting MetroBusinessNet's market-based message. Strengthening the region improves businesses' bottom line, an increasingly important consideration in today's global economy where metropolitan regions are the central unit of economic activity.

## **II. Businesses and community-based organizations: A tradition of mistrust**

A huge gap in understanding and trust remains between businesses and community-based organizations, two key players in any region's development.

Some businesses are criticized for not understanding the importance of social and economic equity. Part of the reason is they sometimes don't know low-income communities or the leaders of those communities. Bob Peck, president of the Greater Washington Board of Trade, said one attempt to partner large companies with minority-owned businesses in his region failed because Board of Trade members weren't familiar with the community of small, minority-owned businesses. The board relied on community-development corporations to choose the businesses, and they chose badly, Peck said.

Community-based organizations and businesses have much to gain from working together. Businesses possess expertise in organizing complex undertakings and the ability to mobilize money. They often have the power and prestige to bring about changes in public policy. Long-established businesses lend a continuity of presence that extends beyond the term of the average elected official.

Community-based organizations, for their part, offer a direct grassroots link to a community's people and leaders. An endorsement by a community-based organization lends credibility to any project. Business leaders who are naïve to the political game can learn much from community leaders who are adept at glad-handing and back-slapping. Trina Villanueva, Community Council manager with the Bay Area Council's Community Capital Investment Initiative, called community-based organizations the "eyes and ears of local neighborhoods."

But while businesses are sometimes criticized for not understanding social and economic equity, community groups often understand little about what drives business. That lack of understanding can be just as damaging to regional development efforts as businesses' pursuit of profit.

"Many of the community-development organizations have no idea what a business is, what a firm does, how the economy works or what a market is," said Frank Beal, of Chicago Metropolis 2020. "It's very difficult to have a conversation when you're coming from such very different goals and aspirations."

Building partnerships between businesses and community-based organizations takes time. It might be as simple as learning people's names, knowing which person to call at

an agency or firm, or strengthening relationships among staff members who collaborate on a project. All of these steps take time to develop, which underscores the long-term nature of MetroBusinessNet's work.

Cultivating partnerships between businesses and community groups is a difficult but rewarding task. Bob Coy, senior vice president of economic development for the St. Louis Regional Chamber and Growth Association, said when businesses consult community groups in their planning, the benefits are enormous.

“It creates a sense of inclusiveness and validates everyone's roles, creating a sense of goodwill between groups that are often at odds,” he said.

### **III. The death of the “Company Man”**

Business executives these days are like free agents in baseball, jumping from company to company and city to city like an All-Star pitcher switching teams. Corporate culture is much more fluid than it used to be. Gone are the days when it was normal, even expected, for a homegrown company man to work his way up the ladder and some day take the top job, staying with one company until he retired.

Another part of this changing business climate is the “nationalization” of many regional businesses, from shoe stores to banks to restaurants. Companies are bought and sold so often that it's often hard to find a “local” business anymore.

Both of these changes are obstacles to building a regional identity. If a bank executive grows up all her life in Washington and is then promoted to Charlotte, will she feel as connected to the new region as she did back home? Probably not.

Because of the key role of business in regional development, it's critical to rally entire companies behind development efforts, not just one or two of the company's executives. The commitment must be company-wide, not personal. Though the leadership of a few dynamic business leaders is welcome and even necessary, the development of an entire region is too important to rest with a few individuals who might retire or be transferred at any time.

“There is no substitute for deep corporate engagement,” said Joe Gross, president of Sustainable Systems in the Northern California Bay Area. “The engagement of the corporation has to become an institutional one that can sustain transitions in the management team.”

The Bay Area Council has achieved that long-term institutional commitment through its investment funds. Banks, insurance companies, foundations and other investors that are invested in the funds are more likely to pay attention to social equity and work to boost the region's development, Gross said.

#### **IV. Giving businesses their “fruit,” with an eye on the long term**

Most business leaders will choose results over process every time. Unlike academics, businesspeople deal in the real and practical, the here and now. “Getting there” is more important than how you managed it.

So it's no surprise that business leaders have little tolerance for “process for process' sake.” They want to see results from their labors, preferably today rather than tomorrow. That desire for short-term tangible results – in Bob Coy's words, “the desire of the business community to pick low-hanging fruit” – needs to be balanced by the long-term understanding that regional economic development is good for all the region's businesses.

There's good reason for business-leaders' impatience. A corporate executive who is committed to regional development but ignores his company's finances won't be around very long. The same holds true for leaders of regional business-civic organizations whose overemphasis on social equity ruffles feathers among business-members. That overemphasis can hurt membership dues and threaten the leader's job security. It's hard for anyone – an RBCO chief or corporate leader – to boost regional growth when they're out of a job.

Along the road to regional development, businesses need tangible results to take back to their shareholders and bosses. They need short-term proof that a long-term commitment of time and money is worth their while. Bob Peck, of the Greater Washington Board of Trade, said his board's attempt to link large companies with small minority-owned businesses went awry partly because there was no yardstick to measure progress.

“We had firms in this program for five, six, seven years that weren't getting any business,” Peck said. “It was detrimental in the minds of some of the large business leaders in our region ... It reinforced the idea that this was an act of charity.”

## **V. If the project fits, adopt it**

MetroBusinessNet members are committed to rallying businesses behind regional development in order to enhance social equity and boost the businesses' bottom line. In promoting that agenda, members need to carefully choose projects that support that goal.

For example, projects solely dedicated to improving distressed communities contradict MetroBusinessNet's emphases on boosting regionalism and improving business competitiveness. In the same way, traditional chambers of commerce dedicated solely to business development ignore the network's commitment to social and economic equity.

One way to avoid sending mixed messages is to be very clear about MetroBusinessNet's commitment to boosting regionalism, promoting business prosperity and strengthening social and economic equity. Be wary of collaboration with groups or companies that don't share that threefold commitment.

Caroline Cunningham, vice president for regional partnership at the Greater Washington Board of Trade, said the Potomac Conference, which she oversees, is careful about which tasks it undertakes.

"It's great to say that you're going to take on specific projects," she said. "But if you don't have the capacity to execute those projects well, you reduce your credibility."