

# The Greater Philadelphia Region



## **The Region**

The Philadelphia MSA spans Pennsylvania, New Jersey and Delaware. The region has 2.9 million jobs and, with 6.2 million residents, is the sixth largest metro area in the nation. Many of the country's leading information and communication technology companies are headquartered there, including Comcast, QVC, Shared Medical Systems, Vishay and Unisys. The city is at the center of the country's biopharmaceutical hub in the Northeast corridor. Philadelphia's seven schools of medicine, 24 teaching hospitals and numerous advanced research institutions support the growth of many of the world's leading pharmaceutical and biotechnology companies in the region.

Despite these strengths, the Greater Philadelphia region has been hurt by lackluster economic growth, a hollowing out of the region's core and sprawling fringe development. From 1992-2001, Greater Philadelphia's jobs base grew by 12.2 percent, considerably lower than the country's average metro area job growth of 22.1 percent. Urban decline weakened the position of greater Philadelphia's older cities and boroughs and led to sprawl in the outlying towns. The region's cities and older townships lost 2 percent of their populations in the 1990s, and property values fell 8.6 percent. By contrast, the region's suburban population grew 18 percent, and suburban property values rose 16.5 percent. "Metro Philadelphia exhibits one of the nation's most radical patterns of sprawl and abandonment," said a 2003 report by the Brookings Institution's Metropolitan Policy Program.

Greater Philadelphia's business leaders have identified many regional challenges. First among them is finding a voice for business leadership. The region has gone through a shift in its business-civic power structure and is still figuring out the appropriate leadership structure. Traffic congestion is a major issue, along with job growth, urban revitalization and stemming the drain of young, educated workers from the region.

## **The Business-Led Organizations**

The Greater Philadelphia Chamber of Commerce is the region's largest business-led civic organization. It consists of nearly 6,000 members representing 175,000 jobs. Roughly 88 percent of the Chamber's membership is small businesses with fewer than 100 employees. The former Governor of Pennsylvania, Mark Schweiker, became the Chamber's President and Chief Executive in February 2003.

In 2003, the Chamber merged with Greater Philadelphia First, which had been the region's CEO leadership group for 20 years. (See box on next page.) Many of the functions of Greater Philadelphia First are now under the Chamber's new CEO Council for Growth. The Chamber's 40-member CEO Council has focused on reducing wage taxes for the region

## GREATER PHILADELPHIA FIRST MERGES WITH THE GREATER PHILADELPHIA CHAMBER OF COMMERCE

The merger became official February 1, 2003. After 20 years as the region's CEO-led business-civic organization, Greater Philadelphia First became part of the Greater Philadelphia Chamber of Commerce. The Chamber touts the merger as a way to unite the business community under one purpose — build the regional economy through attraction and retention of jobs and businesses. A subset of Greater Philadelphia First now makes up the Chamber's CEO Council for Growth.

Some leaders familiar with the merger say the change was not ideal. The merger occurred because the region's top business leaders lost their appetite for high-profile civic involvement — and the public relations battles that go with it. Others say in-fighting between the newer and older chief executives drained Greater Philadelphia First of its power and prestige.

and improving relations with Philadelphia Mayor John Street, who won a hotly contested election in November 2003.

Select Greater Philadelphia is one of the Chamber's recent initiatives. Launched in October 2003, it is a regional effort to brand and market the greater Philadelphia region, including Southeastern Pennsylvania, Southern New Jersey and Northern Delaware. As of February 2004, Select Greater Philadelphia was put under the direct leadership of former Governor Schweiker. Schweiker was freed up from leading day-to-day operations of the Greater Philadelphia Chamber in order to have more time to tout Select Greater Philadelphia. According to a February 20, 2004 article in the *Philadelphia Business Journal*, "Chamber redefines top roles," by Natalie Kostelni.

The Pennsylvania Economy League Eastern Division is an independent policy research and development organization for Southeastern Pennsylvania. It has a 63-member Board of Directors made up of executive vice presidents, managing partners and leaders of many of the region's most influential employers and educational institutions. Its mission historically has been research — to promote regional competitiveness by providing information and support to the civic leadership of Southeastern Pennsylvania. The Pennsylvania Economy League has focused its regional efforts on building civic capacity, reviving the stagnant economy, addressing sprawl and attracting and retaining young educated workers.

### The Regional Business-Civic Landscape

The Pennsylvania Economy League (PEL) views itself as a "thought leader" for regional issues, but the changes in leadership at the Chamber and Greater Philadelphia First have pushed it into the spotlight. There has been a reshuffling of roles and the outcome of business-civic leadership in the region is still uncertain. Eric Rabe, former Chairman of PEL's Board of Directors, said the Economy League may be forced to adopt a more authoritative voice in the region because of the shifting civic environment. If it does,

it will have to do so in a way that doesn't compromise the impartiality of its traditional research role in the regional business-civic landscape. David Thornburgh, PEL's Executive Director, describes this change as going from an "order-taker" to an organization that formulates and promotes a regional agenda. Thornburgh has said PEL is becoming a "think-and-do tank."

Others say that they aren't sure if the Pennsylvania Economy League is the right organization to fill the region's leadership vacuum because PEL may not have the right people. PEL's Board includes competent business leaders, but it's seen by some as thin on the high-level CEOs who were part of Greater Philadelphia First or now make up the Chamber's CEO-led Council for Growth. This latter organization could emerge as the leadership group for the region, but it has yet to fill the void. At this point it is not clear which regional business-civic organization will emerge as the de facto voice for the region.

Despite the shake-up among business-civic organizations in the region, there are a few prominent business-civic projects evolving. One is the Knowledge Industry Partnership, a coalition of Greater Philadelphia's civic, business, government and higher education leaders. The coalition is working to stem the region's loss of educated young people and build on the assets of its many colleges and universities. Key partners in the Partnership are the Pennsylvania Economy League, Greater Philadelphia Marketing and Tourism, the University of Pennsylvania and Innovation Philadelphia, a public-private partnership whose mission is to enhance the region's innovation economy. Noticeably absent in a leadership position is the Greater Philadelphia Chamber of Commerce.

Another evolving regional business-civic project is the "Road Map for Regional Growth." The road map is a cluster-based strategy meant to steer Greater Philadelphia toward globally competitive innovation. It is sponsored by Innovation Philadelphia, the Greater Philadelphia Chamber of Commerce and the City of Philadelphia. In fall 2003, leaders released the road map and identified teams to boost seven industry clusters. Despite its high-profile launch, the project has been slow in moving to implementation.

Neither the Greater Philadelphia Chamber of Commerce nor the Pennsylvania Economy League has taken a leading role in regional transportation issues. PEL has worked with its Metropolitan Philadelphia Policy Center, a nonprofit founded in 2000, to release a series of articles on sprawl and the growing link between the region's urban-suburban towns.

### **Business Leadership**

Changes among corporate leadership along with company mergers and acquisitions have resulted in a fragile core of "go to" business leaders in Greater Philadelphia. The void left in May 2003 by the death of Willard Rouse III, a local developer and one of the region's pillars of civic involvement, has yet to be filled. Other leaders have turned their sights inward. Comcast, the region's largest corporate headquarters, has dabbled in regional civic issues, such as backing the region's bid for the Republican National Convention in 2000, but tends to keep to the sidelines. According to a September 13,

2003 article in *The Philadelphia Inquirer*, David L. Cohen, the company's Executive Vice President, says Comcast has operations in 41 states, so it has obligations in those states, too, and can't only focus its efforts in Greater Philadelphia. Like other regions across the country, the consolidation of firms and the loss of headquartered companies in Greater Philadelphia have increased turnover of chief executives. There are fewer senior people at companies who are able to spend time on regional civic issues.

David Thornburgh, Executive Director of Pennsylvania Economy League, says it has been harder in the last few years for many organizations to attract business people who are willing to spend much time outside of their businesses. Other business leaders say it is difficult to find voices to advocate on issues. John Claypool, the former Chief Executive of Greater Philadelphia First, says the region's business leadership is in hibernation. "Business leaders have gone back in their cocoon," he said.

Further reducing business influence in the region is the tenuous relationship between business and city hall. In November 2003, business executive Eric Rabe wrote in an op-ed piece in *The Philadelphia Inquirer* that this relationship was suffering. "Today the relationship between City Hall and West Market Street has hit an all-time low," Rabe wrote. "Each distrusts the other." Two appointments by the business community certainly didn't help relations with Democratic Mayor John Street. First, his two-time opponent, Sam Katz, was hired to run Greater Philadelphia First, which at the time was still the major CEO leadership group in the region. Then, the Chamber of Commerce hired former Republican Governor Mark Schweiker to run its operations. Mayor Street is known to be more comfortable in city neighborhoods and among constituents than in a board room with chief executives who live in the suburbs.