



insight

ISSUES AND IDEAS FOR GREATER PHILADELPHIA'S LEADERS

VOLUME 2



2009



It's Time:



A World Class Greater Philadelphia



insight

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CITY HALL – PHILADELPHIA**



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The global financial crisis isn't anyone's idea of a good time. But it could be Greater Philadelphia's road to a world class future.

Right now, the global economy is in a state of almost unbelievable turbulence. From the biggest banks to the smallest shops, every entrepreneur faces new challenges. From the mightiest nations to the humblest villages, every public official grapples with growing responsibilities.

And while crisis means challenge, it also means opportunity. The Economy League of Greater Philadelphia believes that the only responsible way to answer today's challenge is to find and seize the opportunities to bring our region a world class level of prosperity.

When we began to consider Greater Philadelphia's long-range economic future, it didn't seem to any of us that world class was too much to ask. Our region is already home to a strong network of world class institutions large and small. Our schools, hospitals, and cultural attractions stand with anyone's. Our collective brainpower is unmatched. We sit in the heart of one of the most powerful and influential regions on the planet. We gave birth to the ideas that shaped the world as we know it.

And yet, uncertainty rules the day, and with good reason. No one knows for sure what the changes around us mean for the institutions and industries that have sustained us. No one knows for sure which of our strengths could soon become weaknesses – or which of our weaknesses could evolve into strengths.

For the region we love, a world class future demands a world class effort to answer these questions. It is the essential challenge of this time.

That is why this volume of Insight is vital. In it we examine why world class matters. We look carefully at how Greater Philadelphia stacks up in the eyes of the world. We consider the lessons learned from past attempts to land world class events, and we introduce the strategy the Economy League will employ to chart a course toward a world class future.

And while that strategy is evolving, it will follow the model we've used successfully for a century. We won't set an agenda or present a vision. We will convene the diverse and thoughtful leaders who make our region tick and help them define a path that we can all share.

Like every other place in this nation, Greater Philadelphia faces big decisions about its priorities. We need to make those decisions based on more than our immediate challenges. We need to make them with the brightest possible future in mind.

And while it might seem the wrong time to make plans, we sell ourselves short by thinking that we can't chew gum and walk at the same time. There is no reason why not and every reason for taking stock of current assumptions and practices and looking as far ahead as possible. We need to do more than weather a short-term economic storm.

As you work through this volume of Insight, please keep a few thoughts in mind. One is that the twentieth century is gone, and it won't be back. Another is that this region has strengths and assets that can't be replicated anywhere else. And the third is that if we don't shape our future, others – events, people – will shape it for us.

So let's work together to chart a course toward a world class level of opportunity and prosperity. The people of our region deserve nothing less.



A handwritten signature in black ink that reads "John F. Smith, III".

John F. Smith, III
*Chair, Economy League
Partner, ReedSmith LLP*



A handwritten signature in black ink that reads "James K. Wujcik".

James K. Wujcik
*Vice Chair, Economy League
Regional President
Sovereign Santander*





WHY BEING WORLD CLASS



M
A
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by Steve Wray



World class.

Perhaps two of the most overused words in the English (or any other) language. Pick up a newspaper and see how many times someone casually uses the term to describe, well, virtually anything. It is easy to throw around descriptions like “world class” and not quite understand what it means, let alone, what it will mean in the future.

Nevertheless we all want to be a part of or associated with something that is recognized as world class. Here in Greater Philadelphia, we trumpet our world class culture, higher education, and health care assets – and our sports teams. We promote them to the rest of the globe, and we leverage them in ways we hope will lead to more people choosing to live, work, visit, or invest here.

Do we really know what it means to be a world class region?

But what exactly do we mean when we say something is world class? Do we really know what it means to be a world class region?

Let's start with some definitions. *Webster's Dictionary* says that world class means “being of the highest caliber in


the world.” Sounds simple, but that's quite a bar to reach. Just think about it. For a little bit. Of all the hundreds of regions in the world, how many can actually – and truthfully – claim to be of the highest caliber in the world? And which of the multitude of components that make up a region matter?

Our region's journalists, academics, nonprofits, governments, and businesses are constantly comparing Greater Philadelphia to other regions. As a world shaped by fierce global competition, where we rank can make the difference in whether a company expands here, a researcher does her work here, or a student chooses a college here.

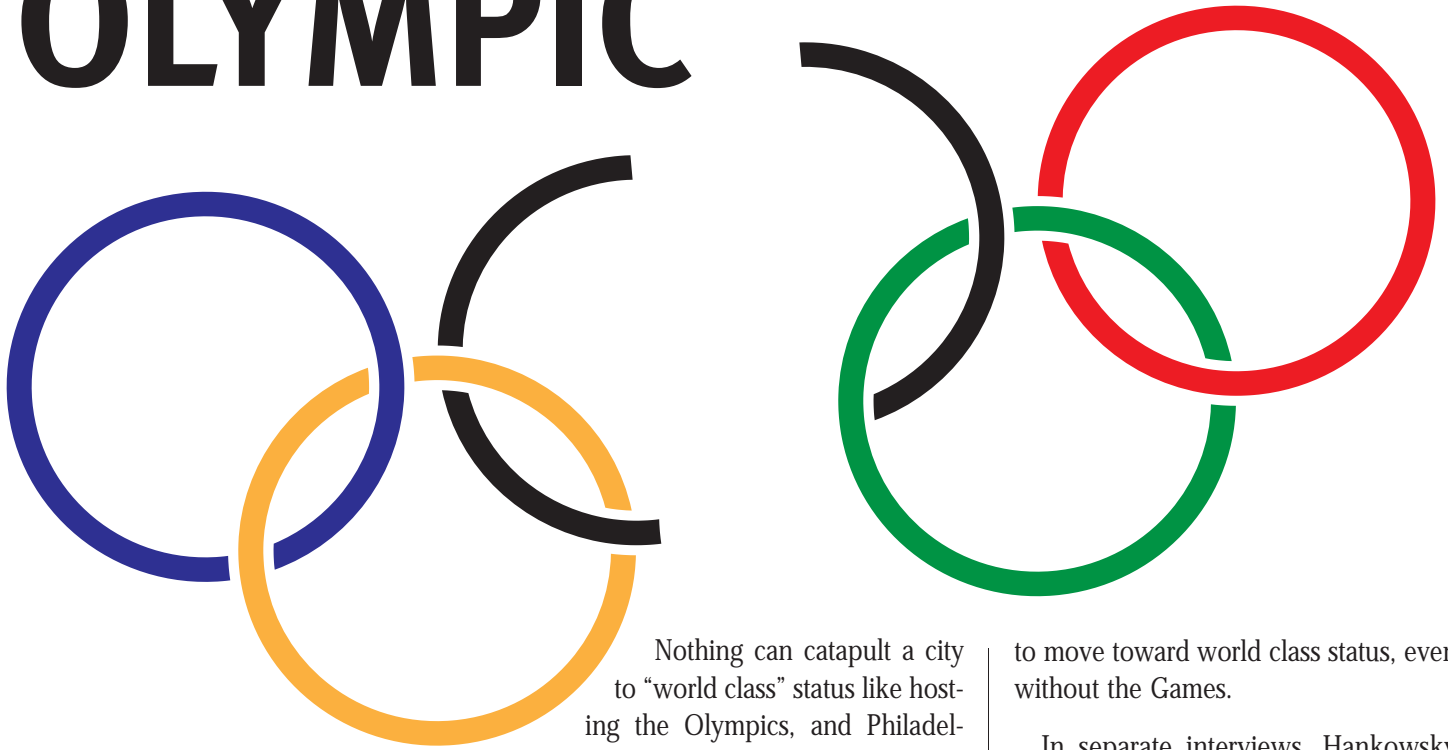
When the Economy League began to look at what it takes to be a world class region in early 2008, the world was a very different place. We are facing an economy unlike anything any of us have seen in our lifetimes. Markets are in turmoil; national governments are taking unprecedented roles in the private marketplace. At the same time, regions across this country and the world are competing fiercely for a shrinking pool of investment, jobs, and talent. Although buffeted, some regions are weathering this cycle better than others.

Whether our region is poised to rebound is significant to all of us. It can

make a difference in whether our employer – and our jobs – stays in the region, whether the tax base grows to fund public services and education, and whether future generations will want to live here when they grow up. That's why we have to pay attention to the signals that rankings are giving us. If, for example, an educated labor supply is the number one determinant of where businesses locate, we need a strategy that will ensure that we have that supply. Or, if improving our infrastructure makes a difference in an energy-constrained economy, it would behoove us to build that train line or new highway connection.

We launched *World Class Greater Philadelphia* with the somewhat naïve belief that we could determine which regions were world class and why. But after searching through more than 100 ranking reports, sifting reams of data, and analyzing myriad methodological schemes, it is clear that as far as regions, cities, and “places” go, there is no simple definition of world class. Yet, it is possible to get our arms around the set of their most frequently cited qualities or attributes. And it is clear also that being perceived as world class – or as a place that is working hard to be world class – is important, particularly to those who make decisions about where they want to invest, work, and live. 

OLYMPIC LESSONS



TALKING WORLD CLASS WITH BILL HANKOWSKY AND MELISSA GRIMM

by Bill Hangley, Jr.

Nothing can catapult a city to “world class” status like hosting the Olympics, and Philadelphia 2016 was the organization charged with making it happen.

Bill Hankowsky, CEO of Liberty Property Trust, was one of Philadelphia 2016’s key private sector supporters. Melissa Grimm, formerly of the Delaware River Port Authority and now President and Founder of Gramercy Group, was its executive director. Together, they helped craft an Olympic bid that was well-received but ultimately unsuccessful. The United States Olympic Committee chose Chicago to represent the United States for the international competition that will conclude this fall.

But if the outcome wasn’t all that they’d hoped for, the bidding process left Grimm and Hankowsky optimistic about Greater Philadelphia’s chances to raise its global profile in the years to come. Both agree that nothing can galvanize a region quite like the Olympics. But both agree also that Greater Philadelphia can still do plenty

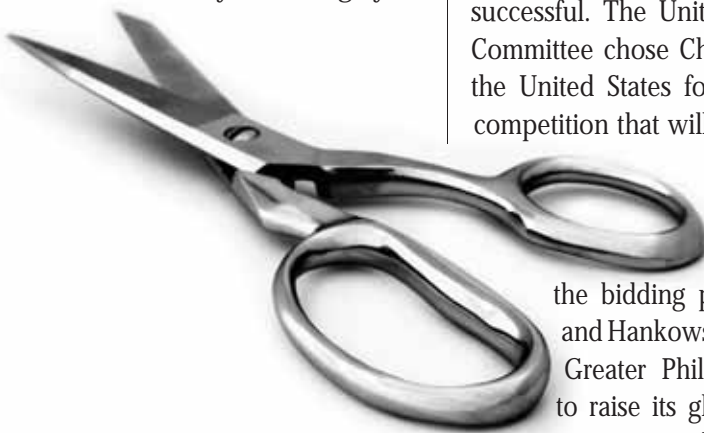
to move toward world class status, even without the Games.

In separate interviews, Hankowsky and Grimm spoke with writer Bill Hangley, Jr. about what worked, what didn’t work, and what they learned while pursuing the kind of event that builds an international reputation.

In the competition for world class events, no prize is bigger than hosting the Olympics. What made you think that was possible for this region?

HANKOWSKY: I had a baseline sense that we had a fairly remarkable set of facilities concentrated in a certain area that was unique in the United States. We’re not missing that much. And, that as a city, we’d come a long way – we couldn’t have even thought about it in 1992.

GRIMM: People don’t necessarily know Philly, but we know that when they come they have a high satisfaction rate. We have a great cohort of leaders, great educational institutions, great hospitals, great attractions, great restaurants. We have an easy city for visitors that’s accessible and walkable.



Did Philadelphia have a negative image in the international sporting community?

GRIMM: Philadelphia did not have a negative image – it had no image at all! That was an “aha” moment for me.

Does that “non-image” problem extend to the broader international community? Is Philadelphia an afterthought when the world thinks of world class cities?

HANKOWSKY: I think it’s factually the case, and it’s not unique to Philadelphia. If you’ve been to England, you’ve been to London, but I don’t think you’ve been to Manchester or Birmingham, the next two largest cities in the UK. If you’ve been to France, you’ve been to Paris, but have you been to Marseilles?

We’re not the financial capital, or the political capital, or the gateway to the Pacific. Those things tend to bring people for business, tourism, political reasons, or whatever. We might be in the same place as Boston. We can name a ton of American cities that are in that next tier.

So the region started at a bit of a disadvantage. But it quickly assembled a broad coalition to develop the bid. What did that teach you?

HANKOWSKY: A very big, strong, powerful idea can be unifying. One thing about the Olympics – it’s a one-time thing, so it has a beginning, a middle, and an end. People can get their arms around it. [And] a number of people who other people respect very quickly signed up – that creates a sense of credibility. That had a rallying impact.

GRIMM: People can see it. They watch the Olympics on TV – it’s a known quantity that everyone understands. It was so big and such a dream that people were willing to talk about it and not get bogged down in the details. It was so high-level and so far beyond, “whose lunch is being eaten?” Whether people really knew how much it was going to cost the region or not, they felt like

they could touch it, and they thought, “What a great brand.” It wasn’t, “who is going to be working on this building



Bill Hankowsky

or that one.” Everyone working together – that’s what world class takes.

But because the bid didn’t get past the second round, the region never had to deliver the goods. Do you think it could have?

HANKOWSKY: Yes. I do. I actually do. We had to get 2,000 hotel rooms built to justify the Republican National Convention coming. It was a very



Melissa Grimm

focused effort – but it was done. The rooms were built. The convention came. We were on the national stage. It’s not beyond the pale that the Philadelphia metropolitan area can pull off a world class event.

GRIMM: I think we’re in a better place than we’ve been in a long time – in this tough economy, we’ve got a lot of

leaders recognizing that they need each other. We have lots of depth to the marketing piece, and lots of ability to make our region be what it needs to be for targeted initiatives. Then you have the delivery piece. We need to think as a region about how we deliver for people, and this gets into labor, taxes, and governments working together.

Nobody will ever be world class if they don’t think it’s their job to be adaptive

That brings me to one thing that I think is really critical – adaptability and resourcefulness. Nobody will ever be world class if they don’t think it’s their job to be adaptive. Often, I’ll dig down into something, and I’ll hear why it can’t be done; there’s twenty-eight reasons why, for example, we can’t possibly close this street on a Tuesday. From working with the ports across the country, I see that other people do things adaptively.

Does the process of competing for and hosting world class events inevitably require entrenched interests to make sacrifices?

GRIMM: I think it involves making sacrifices for a long-term goal that will raise the tide for more people. I don’t think it involves sacrifices that don’t tie into some higher goal or mission. There’s no guarantee, so there has to be a leap of faith. And that gets down to people’s trust in their leadership. If our goal is “world class,” it absolutely comes down to, “do you trust the people you have to do this with?”

HANKOWSKY: Change is scary. When we said we were going to put a convention center downtown next to Chinatown and on top of the Reading Terminal Market, 90% of the people said, “That’s not going to work. You’ll destroy Chinatown, it’ll be too congested, when you do the Flower Show it’ll be a disaster,



and by the way, no one will come.” Didn’t happen. When we said we were going to build the Comcast Center, people said we were going to destroy the real estate market. That didn’t happen.

There has to be a process, and it has to be open. Things get modified as a part of this process. And the key is people in leadership positions, and often these are political people who have to say, “I’m making a judgment, we’re going,” and you go.

So what are other initiatives that can tell us we’re approaching world class status?

GRIMM: We’re not trying to become San Francisco. We have to pick where we need to be and pursue some targeted strategies [to get there].

I came from the Delaware River Port Authority where we brought three international cruise companies to the city for the first time on a regular basis. They all knew San Francisco, and they all knew New York. When I got them here, they said, “Wow, we love Philadelphia!” I was able to do that by showing them economic data from the region. It’s a substantive approach – really understanding what we want to go after and then crafting a story that we’re sure delivers what people need.

We can be lots of things to lots of people, but we have to be very methodical about the way we present ourselves – because we can’t be everything to all.

So, more international visitors – that’s an easy barometer. “World class” would probably mean a couple of huge international companies coming here to do business. I’d love to see a brand that people love come here to operate sustainably and responsibly and in a way that kids coming out of the Philadelphia school system could be competitive for those jobs.

HANKOWSKY: I think there are three buckets. One bucket is event-oriented – keeping a lookout for events that get you exposure. The Olympics, the Republican National Convention, the Cezanne exhibition, Convention Center things, getting the All-Star game or the NCAA lacrosse finals at the sports complex – we can hold almost any event.

The second bucket I would call infrastructure – it doesn’t get you there by itself, but without it you can’t play. One of my pet peeves – and it’s markedly better than it used to be, but it’s still not there – is the airport. It’s your gateway, so it has got to be cleaner and crisper, and the signage better.

The third is a kind of public policy issue. If you were the city that had the most advanced sustainability agenda of any American city, and there were funky windmills at the Amtrak yard or you had green roofs – you have made a statement about being progressive that gets people’s attention. It could be the most incredible park system in the world. It could be anything – if it’s the most incredible something in the world, or as good as anything in the world, that gives you a sense of being world class.

And let’s turn that around – what are the things we might see that tell us we’re moving away from world class?

GRIMM: We live in city where a very high percentage of children live in poverty. We can’t be a world class city without finding a way to have more opportunities for more people. No place that we look at where poverty continues to grow is world class. It’s not a sexy topic, but we can’t not figure that out.

*...no one is waiting for us
to get our act together.*

*Every body else is moving
on what they think is important.*

HANKOWSKY: When I left public service and started traveling a lot more, I came away with one overarching impression: no one is waiting for us to get our act together. Everybody else is moving on what they think is important. Little Greensboro, North Carolina attracts a FedEx airhub, a Dell chip plant, [a maintenance plant for] Honda’s corporate jets. And I’m thinking, that’s pretty impressive for that region. Now, it’s easier there [than here], but the point is, standing still is falling behind. And I don’t know if that sense is particularly widely held in this region. You can’t take a day off, as a region. Whether it’s schools or parks or airports or subways or events, you can’t take a day off.



IS GREATER PHILADELPHIA WORLD CLASS

by
Economy League
Research Staff

According to a 2007 study by PricewaterhouseCoopers, the Philadelphia region has the 9th largest economy in the world – an impact greater than that of many nations. However, Greater Philadelphia’s public profile has more to do with its history than its present, with what used to be rather than what it is now and could be in the future. The region is the 5th largest metropolitan area in the US but is less well-known nationally and internationally than such smaller regions as Atlanta, Boston, and San Francisco.

To many of us who live and work here, this middling perception makes us feel underappreciated. We have outstanding hospitals and research labs, top-rated colleges and universities, the largest urban park system in the US, dozens of theaters and museums, and a world champion baseball team. What else does it take?

World class status is shaped by two powerful forces: reality and perception. We set out to understand the intersection of the two by looking at the most common measures of places – ranking reports.

Everyone, at one time or another, has picked up a magazine or spotted an article online claiming to have discovered the best places to live, start a business, or raise a family, or to have determined the top 10 most healthful/hippest/greenest cities. While there is no gold standard for these rankings (their methodological rigor and transparency vary greatly), they have influence in their ubiquity and viral spread.

In this research, we set out to achieve three goals: to understand what qualities or factors are used to rank the world’s best cities or regions, to gain insight into the places that typically do well in these rankings, and to determine how Greater Philadelphia fares.

METHODOLOGY

The Economy League scanned the landscape for reports that rank cities, regions, states, and nations as “best” and “world class” to ascertain which attributes matter and which places rank at the top. Our search yielded more than 100 reports. We focused on regions and cities but also included reports ranking states and nations in our analysis in order to consider the metrics they employed.

For each report, we asked the following questions:

- Who commissioned the report?
- Who are the intended consumers?
- What is the primary focus or goal?

We then identified attributes – those criteria that appeared to be key determinants of relative superiority – in order to

answer the key question: Which metrics are most often considered and, thus, really matter? We found 22 metrics that fall into five categories: human capital, economy, infrastructure, governance, and quality of place (see table below). Next, we noted those regions and cities frequently cited. Finally, we examined how Greater Philadelphia fared.

We excluded approximately half of the reports because they were too narrowly focused or included no information on methodology. We kept rankings based on polls or surveys because they ascertain perception. This sifting left 57 reports, which we then categorized by area of focus, target audience, and producer. We looked at reports within each of these categories, as well as at the relationships across these categories.

The 57 reports could be broken into

four basic categories: livability reports, which focus on what it’s like to live, work, and visit the regions featured; business climate, which describe the business environment of regions, states, and countries; regional indicators reports, which help civic and government leaders benchmark progress on achieving regional goals, either over time or against competitor regions; and global competitiveness rankings, which help regions understand where they fit and what their connections are to the emerging global economy.

LIVABILITY RANKINGS

Livability reports include the “Best Places to...” rankings, examples of which include *National Geographic’s* “Best Places to Live and Play” and the *Places Rated Almanac*.

These are published regularly in magazines and other media targeted at the general public. They are easy to digest and are often presented with limited information regarding the methodology or metrics used to determine the final rankings.

Of the metrics used to rank places in the 21 livability reports we analyzed, the most frequently cited was recreation (78%), which includes amenities such as museums, restaurants, and parks. Sixty-one percent of the reports looked at population/demographics and intra-regional transportation, and 56% considered housing affordability. Crime rates, inter-regional transportation (rail/airports), and measures of environmental sustainability were featured in half of the reports with metric information.

Surprisingly, measures cited infrequently were K-12 student performance, income, and poverty measures. To be sure, livability is a subjective concept, and the amenities and characteristics that people value vary according to socio-economic status and personal preference.

MOST POPULAR RANKING METRICS

Human capital	EDUCATIONAL ATTAINMENT
	IMMIGRANTS/IMMIGRATION
	K-12 PERFORMANCE
	POPULATION/DEMOGRAPHICS
Economy	HOUSING AFFORDABILITY
	INCOME & POVERTY
	INNOVATION CAPITAL – <i>patents issued, venture capital, R&D expenditures</i>
	LABOR DEMAND – <i>unemployment, labor participation rate</i>
	LABOR SUPPLY – <i>workforce by sector, wages</i>
	NON-LABOR BUSINESS COSTS – <i>energy costs, taxes, office rental rates</i>
Infrastructure	HEALTH CARE ACCESSIBILITY
	INTER-REGIONAL TRANSPORT – <i>air/rail connections</i>
	INTRA-REGIONAL TRANSPORT – <i>commute times/congestion, public transportation</i>
Governance	FISCAL – <i>public debt</i>
	LAND USE – <i>zoning</i>
	PERMITS/REGULATIONS – <i>timeframe for approval, difficulty</i>
Quality of place	AIR/WATER QUALITY
	COMMUNITY ENGAGEMENT – <i>voter turnout, volunteering, philanthropy</i>
	CRIME
	INTERNET ACCESS/INFRASTRUCTURE
	RECREATION – <i>arts, restaurants, parks</i>
	SUSTAINABILITY – <i>open space preservation, hazardous waste, walkability</i>

So, which regions dominate as the “most livable”? New York appeared in eight reports; Chicago and Austin come up in seven; Philadelphia joins Atlanta, Boston, Denver, Minneapolis, and San Francisco with six mentions; and Portland appears five times. When it comes to livability, Greater Philadelphia ranks among the best in the US.

BUSINESS CLIMATE REPORTS

The majority of business climate rankings we located are produced by policy institutes and consulting groups and are targeted at business leaders, economic developers, site selection consultants, and policy makers. Magazines such as *Business Week* and *Kiplinger's* also feature articles ranking the business climate of states and cities but are geared toward a more mainstream audience. Business climate reports tend to have transparent methodologies and focus on a small number of metrics. Also, most examine states rather than that of regions.

Each of the 14 business climate ranking reports we analyzed included metrics, with labor supply (86%) being the most frequently cited. Labor demand was used in 50% of the reports, and more than 40% considered income and poverty, innovation capital, non-labor business costs, and educational attainment. These reports considered few other metrics in ranking regions, states, and nations. Just four of the reports considered taxes when ranking business climate. Affirming our findings, a site selection expert interviewed for this analysis posited that taxes are a marginal expense for businesses and that a strong labor force and proximity to specific resources and markets are key in business location decisions.

Among the small sample of studies concerned with cities or regions, the places that rank high are not necessarily what one would expect. Often when we think of best business climate, we tend to think of the South and the Southwest with lower taxes and less regula-

tion. So, which locales rose to the top? Out of the eight business climate studies that focused on regions, New York and Chicago both appeared among the highest rated three times. Under-scoring the relative unimportance of taxes, both are among the top 10 most expensive cities in which to do business. Boston, Providence, Washington, San Jose, Los Angeles, and Seattle each appeared twice. And Philadelphia? We ranked highly only once.

GLOBAL COMPETITIVENESS REPORTS

While many of the business climate reports focus on just a few metrics, we also identified some that take a broader approach and use metrics designed to measure the global competitiveness of cities and regions.

One such report is the Anholt City Brands Index. The Anholt Index is based on an internationally conducted survey rather than on metrics, and it captures public perception of key world class attributes.

The most recent Anholt City Brands Index in which Philadelphia was included was the Second Edition, published in 2006. (Philadelphia was not included in the 2007 or 2009 reports.) Its aim is to explore the status and standing of cities around the globe, which Anholt refers to as the “brand.” The report shows how cities are viewed by “potential visitors, investors, customers, and future citizens around the world.”

The rankings are based on the survey responses from approximately 15,000 people in 20 countries. The questions are organized according to six dimensions:

1. **Presence** – Has the city made an important contribution to the world in the last 30 years?
2. **Place** – How beautiful is the city? How is the climate?



3. **Potential** – How easy is it to find a job in the city? Is it a good place to have a business? What about higher education?
4. **Pulse** – How easily can you find interesting things to do? How exciting is the city?
5. **People** – Are the people friendly or prejudiced against outsiders? Can you find a community that shares your language and culture? How safe would you feel?
6. **Prerequisites** – How easy is it to find decent, affordable housing? How are the schools, hospitals, public transportation?

The top cities in order of ranking were Sydney, London, Paris, Rome, and New York. Washington (#6) and San Francisco (#7) were also among the US cities in the top 10. Philadelphia came in at #31.

The report identifies three tiers of American cities: the global megabrands (New York, Washington, Los Angeles), second tier brands that rank high among US respondents but are less known globally (Boston, Seattle, Chicago, Atlanta), and third tier brands



that are unknown globally and poorly or moderately ranked domestically (Philadelphia, Dallas, New Orleans).

In addition to this overall grade, the study ranked cities in each of the six dimensions. Philadelphia received the highest ratings in Potential (#15) and Prerequisites (#17) and lowest in Presence (#49) and Pulse (#43). Rounding out the categories, Philadelphia ranked #24 for People and #37 for Place. Based

on this survey, people think of Philadelphia as a pretty good place to get a job, an education, and find housing, but it's not exciting, is more functional than beautiful, and hasn't made a global mark recently.

Another recent report, the "2008 Global Cities Index" by *Foreign Policy*, A.T. Kearney, and The Chicago Council on Global Affairs, defines "global cities" as those whose ideas and values shape the rest of the world. They have the largest capital markets, elite universities, and significant international organizations.

The authors note, "We learned long ago that globalization is much more than the simple lowering of market barriers and economic walls. And because the Global Cities Index pulls in these measures of cultural, social, and policy indicators, it offers a more complete picture of a city's global standing—not simply economic or financial ties."

The authors analyze 60 cities using 24 metrics across five dimensions:

1. **Business Activity** – value of its capital markets, the number of Fortune Global 500 firms headquartered there, and the volume of goods that pass through the city
2. **Human Capital** – size of a city's immigrant population, the number of international schools, and the percentage of residents with university degrees
3. **Information Exchange** – number of international news bureaus, the amount of international news in the leading local papers, and the number of broadband subscribers
4. **Cultural Experience** – level of diverse attractions for international residents and travelers, from the frequency of major sporting events to the number of performing arts venues





5. **Political Engagement** – number of embassies and consulates, major think tanks, international organizations, sister city relationships, and political conferences a city hosts.

The top 10, in order of ranking, were New York, London, Paris, Tokyo, Hong Kong, Los Angeles, Singapore, Chicago, Seoul, and Toronto. Additional US cities ranked were Washington, DC (#11), San Francisco (#15), Boston (#29), Miami (#32), and Atlanta (#37). Although it met all the criteria for inclusion, Philadelphia was not among the initial 60 cities analyzed, a matter that underscores the perceptions of Philadelphia articulated by respondents to the Anholt City Brand Index.

REGIONAL INDICATOR REPORTS

Regional performance reports may best be described as self-assessments, either measuring the progress of a single region over time or exploring how a region stacks up against similar regions. Whether focused on a region or a state, these reports are typically commissioned by regional policy institutes, civic organizations, government agencies, or academic centers. Targeted au-

diences are policy influencers. Regional performance reports have transparent methodologies and often include a wide range of metrics, thus providing good examples of how a region can measure itself. It is worthwhile to note that many regional performance reports don't rank regions at all, but instead use benchmarks or compare a region over time or against specific goals.

Three reports that focus on Greater Philadelphia are "Rating the Region 2007" by the Delaware Valley Regional Planning Commission (compares this region to the largest US metropolitan areas and to regional competitors), "Community Indicators for Metropolitan Philadelphia 2008" by the Metropolitan Philadelphia Indicators Project (compares this region to regions identified as "flourishing," "like us," and to regional competitors), and the "Innovation and Entrepreneurial Index" released by Innovation Philadelphia.

None, however, measure Philadelphia against itself at regular intervals. Examples of places that perform meaningful longitudinal studies are Metro Atlanta, Silicon Valley, and Long Island, NY. Indicators measure the strength of

the economy and health of the community – highlighting challenges and providing an analytical foundation for leadership and decision making.

HOW DOES PHILADELPHIA STACK UP?

Greater Philadelphia fares well when compared to other US regions, largely on the strength of our quality of life. We consistently appear in the top of rankings and have many of the attributes that matter most. However, there are some important caveats to consider with the good news:

- We rarely rank high internationally, and in a number of cases, Philadelphia doesn't even make the cut for inclusion in global rankings. (see map of frequently high ranking places on page 12).
- While Philadelphia does do well in domestic rankings, it is never at the top of the list. Three of the seven reports in which Philadelphia was ranked in the top presented a list rather than a numerical ranking of regions. Of the four remaining, the region ranked 6th, 8th, and 9th.

- Our suburbs appear as much as the city. Three of the region's top rankings were awarded to suburban communities in the region.
- We do well in rankings that look at specific aspects or geographic areas of the region. The following is a list of the reports ranking Philadelphia in the top 10 (or 25 in the case of the affordable suburbs ranking):
 - Great Places in America: Streets
 - Great Places in America: Neighborhoods
 - 25 Best Affordable Suburbs in the US (West Chester, PA)
 - Best Places to Live in the US (Wallingford, PA) (#9)
 - Best Big Cities to Live in the US (online poll) (#6)
 - Top 10 Greenest US Cities (#8)
 - Top City Economies 2020 (#9)

Size matters, although that's not the whole game. Houston and Miami rank in the top 10 largest regions in the US but did not make any top rankings; conversely, five of the cities are not in the top 20 largest regions. Our findings

indicate that to be consistently ranked, cities must have excellent amenities and a strong sense of place. Arts and cultural activities, parks and recreational opportunities, and restaurants are important. Judging by the list, a longer history and transportation infrastructure help a region to fare well. The regions top-ranked six or more times have high public transit ridership.

We're a great place to live with lots of choices in communities, and we have great hospitals and universities and a diversified economy. We are among a select group of regions when it comes to livability. In other measures, we fall a bit short. We're not as connected, innovative, educated, or exciting as the places that consistently rank at the top of the list.

We're in the mix... but we do not measure up as a place that is thought of as a world class region.

The growing popularity of globalization reports requires us to think about our international standing and reputation; comparing favorably to other US cities is not enough. We must think about how we will remain competitive in a global market when our compe-

titution includes London and Stockholm – not just Baltimore, Boston, Chicago, and Detroit.

In order to compete effectively, every place needs to be known for something: its values, people, ambitions, products, landscapes or perhaps a combination of these. Having a brand strategy means knowing exactly what those talents or qualities or assets are, knowing how to use them, knowing how to show the world that you have them, and knowing how they add up to a whole that is unique, truthful, distinctive and attractive. – Anholt City Brands Index 2006

None of this happens by accident. Successful places have always been aware of the importance of reputation and have deliberately set out to raise their profile.

What makes a place world class is something that will evolve over time. Our analysis provides a number of inputs and insights into what it will take to ensure a world class future for Greater Philadelphia... but it won't tell us how to get from where we are to where we want to be. For that we'll need a GPS.



Cities/Regions Assessed: Frequency of Ranking Among Top 10 or 25



What if I told you your map was obsolete and incomplete?

Your first response might well be, “What map?” And my answer would be, “Any map.” Could be your battered, four year-old Rand McNally in the glove compartment. It could be your pocket-sized tourist map of Center City. It could be your map of bike routes, or the map of the world hanging in your kids’ bedroom, or the map of promising fishing holes your friend drew on a napkin at dinner last night.

It doesn’t matter – any map can be obsolete by the time it gets printed. Things change even as the proofs go to press. Roads open and close; construction starts and finishes; fish wise up and find safer hangouts. Any traveler knows that even the very best, most up-to-date maps might be missing something.

“Obsolete” is one thing; “incomplete” is a whole other story. My road atlas can show me a half-dozen routes from my house to the King of Prussia Mall. But even a brand new map doesn’t show traffic. It won’t tell me which route uses the least gas or provides the best scenery. It doesn’t reveal that other malls might be easier to get to during rush hour.

“Aha,” you say. “Of course maps don’t do those things. That’s why I have my GPS.” And I say, that’s exactly the point. There’s a reason those little screens have become such a common sight. They’ve made it possible to move beyond maps. Now, when we travel, instead of relying on a possibly obsolete but definitely incomplete piece of paper, we tap into a database of constantly updated real-time information.

We may chart a basic course on a map before we leave the house, but once we’re actually on the road, we’re counting on our GPS unit to help us adjust our course along the way. We can detour with confidence, knowing it’s only a matter of moments before the GPS chirps, “recalculating.” And if we’ve sprung for the deluxe model with real-time traffic data, we count on it to guide us around construction, accidents, and rush-hour bottlenecks.

Maps are still great for basic orienta-



GPS to Success: When Roadmaps Aren't Enough

by Steve Wray

tion. But when it comes to guiding the actual journey, the GPS unit wins hands-down because it continually adjusts. And here lies a lesson for this region.

*Do we have
enough information
about the routes
we might take to
regional success?*

In Greater Philadelphia, we have invested much time and energy creating “roadmaps” to this or that goal: retaining more college graduates, increasing arts funding, attracting more Fortune 500 companies, repairing critical infrastructure. But do those maps have all the real-time data we need? Do we know enough about what stands between our economy and prosperity? Do we have enough information about the routes we might take to regional success?

Our experience suggests that the answer is no. We need to know more. We need a GPS unit to guide the entire region. We know what our goal is: to be a world class destination for people,

companies, and investors. We know also what some of our basic routes to this goal look like: building on our strengths in education, health care, manufacturing, and tourism, for example.

But we don’t have much real-time information about what’s happening along those routes. Some are increasingly crowded. Others may be emptying out. Roads to prosperity are opening and closing; bridges are rising and falling; construction that’s slowing one route today may be gone tomorrow. It’s often said that success is a journey, not a destination. But not every journey leads to success. That’s why people love those little GPS units, and that’s why this region needs a big one.

You think I’m exaggerating? Ask the people at Royal Dutch/Shell. They thought this way, and they made millions. Only they didn’t call theirs a “GPS strategy.” They called it alternative futures, or scenario, planning.

It’s a famous episode in the annals of business history. In 1970, while other

oil companies were planning based on what seemed like reasonable assumptions, Royal Dutch/Shell was considering a much wider range of possibilities that included a dramatic slowdown in output from Saudi Arabia. While others invested based on the status quo, Royal Dutch/Shell made sure to invest in that alternative scenario. And when the OPEC oil embargo left its competitors scrambling, Dutch/Shell was ready. It went from being the eighth to the second largest oil company in the world.

In other words, Royal Dutch/Shell's planners anticipated a roadblock. They asked themselves, "How do we succeed if the superhighway shuts down?"

Scenario planning is the equivalent of loading data into a GPS so that when you find yourself off the main road, your organization knows where to go and has what it needs to get there.

Other energy companies' maps to success relied on the superhighway; like a lot of travelers, they planned to stick to the main road, cross their fingers, and hope for the best. But Royal Dutch/Shell's mapmakers made sure they knew the secondary and tertiary roads. They made sure the company had the wherewithal to take those roads if necessary – not just the alternate map, but the corporate equivalent of extra gas, tire chains, and a thermos of coffee.

Scenario planning is the equivalent of loading data into a GPS so that when you find yourself off the main road, your organization knows where to go and has what it needs to get there. The same strategy helped Royal Dutch/Shell anticipate the fall of the Soviet Union and the advent of globalization. All along, the company's destination has been the same: sell oil, and sell more each year than during the previous year. But by constantly preparing alternate routes to success based on changing variables,

Royal Dutch/Shell has profited where others have not.

So what does this have to do with a region like Greater Philadelphia? Our goals as a region aren't as simple as Royal Dutch/Shell's goal as an oil company. But many of us are trying to do what any company must do: prosper in a highly competitive environment whose variables are constantly shifting.

Picture Greater Philadelphia as one giant corporation. It has a couple of large divisions that have become big earners in recent years, for example higher education, health care, pharmaceuticals, and legal services. It has a small but diverse and highly specialized base of manufacturers and other blue-collar industries. It carries a large workforce that includes many older and retired workers. It has a massive physical plant which ranges from obsolete to overstressed to state-of-the-art. It has access to a wide range of markets.

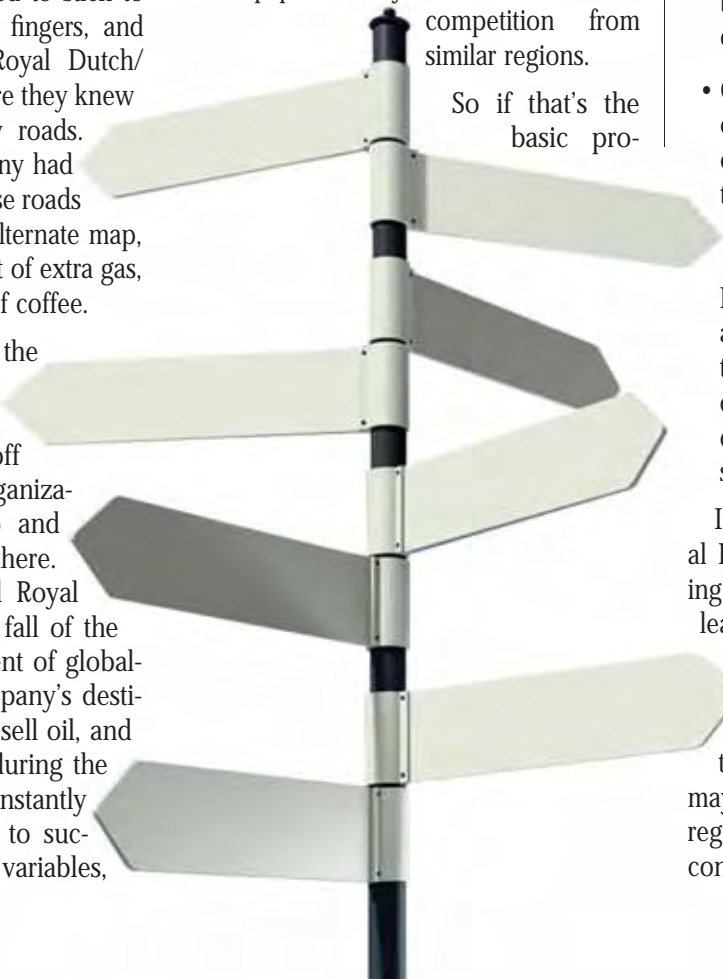
In addition, it has the legacy costs of a big, old company: pensions, health care, and retraining expenses. It has attractive benefits for prospective workers: diverse neighborhoods, lively cultural life. It has a deep pool of loyal talent. It faces stiff competition from similar regions.

So if that's the basic pro-

file of Greater Philadelphia, Inc., consider the scenarios that might lie in store for its primary divisions:

- Education has been a strong performer. But what are the scenarios that could affect our 92 colleges and universities? Take financial aid – if it gets harder to secure reasonable loans, how will that affect willingness to pay for the traditional campus experience? What's the plan for a scenario in which foreign students, or older students, or two-year students play a more important role in the marketplace?
- The health care industry already is heavily subsidized, with about half of hospital revenues coming from Medicaid and Medicare. What are the scenarios for health care reform, and how could we play each to our benefit? What are the scenarios that cost us?
- Greater Philadelphia has critical and expensive choices to make about its transportation infrastructure. What are the scenarios that could shape decisions about roads and rails? For example, which will be more valuable thirty years from now: high-speed rail or an expanded airport?
- Greater Philadelphia is a huge energy consumer. What are the scenarios for energy costs, and how will they affect the region? If gasoline creeps back to \$4 a gallon and stays there, what investments should we be making now? How does this region's density or its access to locally grown food help it in those scenarios? What are the zoning changes we could make now to encourage the kind of development that suits various alternate futures?

If Greater Philadelphia, Inc. were Royal Dutch/Shell, we'd already be exploring these kinds of questions. The world's leading companies now routinely invest in scenario planning. They're monitoring real-time data and loading their corporate GPS units with alternate routes. Instead of traffic, they may be watching credit, government regulations, advances in technology, and consumer spending. But it amounts to





the same thing: they're trying to prepare for the usual route being blocked.

Alternative futures planning rarely provides black-and-white answers, but instead reveals trends and signals that, for their weakness in the present, might be easy to ignore, but if played out into the future could become important helps or hindrances. Devising strategies to adapt to these possibilities provides the data that we can plug into our regional GPS system to allow us to calculate the best route to prosperity.

All this brings me to a recent pingpong tournament.

When Greater Philadelphia decided to bid for the 2016 Olympics, we knew it was a long shot. The competition is as intense as the process is long. But we felt confident that we had the resources a region needs to win: sports facilities, transportation infrastructure, hotels, even a nearly ready-made Olympic village at the Navy Yard.

What we didn't have, as Bill Hankowsky and Melissa Grimm related earlier in this magazine, was a profile in international sports. We quickly learned that the Olympic community is made up of countless smaller sporting associations each with its own conferences and competitions. The way to build an Olympic-ready reputation is to host those events.

If Philadelphia had reached out and established those connections fifteen years ago, our 2016 bid would have been much stronger. But that wasn't a scenario being considered in 1994. But now that it's 2009, why not think about hosting the 2024 Games? Seen in

that light, the fact that Drexel University hosted the 2008 US Olympic Table Tennis Team Trials takes on new significance. When we put "2024 Olympics" into our regional GPS, "pingpong tournament" pops up as one of the stops along the way.

This is the kind of awareness this region needs. It may not be in our future to host an Olympics. But we can map the route and start monitoring the traffic.

We need the same thinking around all of our world class assets and aspirations. We need to ask big questions about the scenarios that might affect education, health care, transportation, energy, entertainment, travel, industry, and technology. And, we need to start loading our regional GPS with data so that when one road gets blocked, we can do better than just sitting there, blaming the traffic for our failure to make the meeting – we can still reach our destination.

The Economy League of Greater Philadelphia is in its 100th year. Since our founding, it has been our practice to convene the region's brightest minds in order to plan for a better future. We've never sought to supplant other planning efforts, and we won't do that now. But we're convinced that the region needs a sustained surge of big picture scenario planning, and it's our goal to help foster that process.

We can thrive as a world class destination for people, companies, and capital. But to get there, we'll need more than a map.

That's why we undertook this first step in this project – to examine where we stand and what that says about how

Greater Philadelphia is perceived in the rest of the world. But that's just the starting point, because being world class is not defined just by the rankings – it is also defined by attitude and commitment to excellence.

The second step is learning from other regions such as Silicon Valley, Washington, DC, and our Greater Philadelphia Leadership Exchange destinations Atlanta and Chicago. Third, we'll build cross-sector working groups of people and their organizations who are committed to collaborating, coordinating, and innovating. Through the alternative futures planning process, flexible responses to the trends – and also the curveballs – that lie ahead will be developed.

Fourth, we'll ask Greater Philadelphians what they believe is a world class future. Sidewalk intercepts, online surveys, interviews, focus groups, and meetings with targeted groups of stakeholders will bring diverse voices to this discussion.

These ingredients will be synthesized into the global positioning strategy, the GPS, one that is not the Economy League's vision but rather a set of shared goals for the future.

While this is a new idea for Greater Philadelphia, it's modeled after initiatives in forward-thinking cities and regions around the country and the world. The Economy League is best known for in-depth, nonpartisan analysis of the region's toughest issues. In World Class Greater Philadelphia, we've chosen to take on the largest, most elusive, but most important challenge yet.

"A goal without a plan is just a wish," said French writer and aviator Antoine de Saint-Exupery. How many times have we all wished for things to be different? The Economy League Board of Directors and staff believe that there's no better time than the present for Greater Philadelphia to examine itself with a critical eye, bring people together around shared goals, and work collaboratively to develop a strategy that will ensure that this region is world class – not just tomorrow, but for decades to come.



Further Reading

Anholt, Simon. *How the World Views its Cities*, Third Edition. The Anholt City Brands Index, 2007

In this report, the authors investigate perception rather than quantitative measures of specific attributes of cities. Approximately 15,000 people around the world are surveyed annually for this report. The survey includes questions about specific cities' perceived global contributions (presence), physical aspects (place), opportunities (potential), quality of life (pulse and people), and amenities (prerequisites). The cities included in the survey vary year to year.
www.business.nsw.gov.au

Kearney, T., Foreign Policy, and The Chicago Council on Global Affairs. *"The 2008 Global Cities Index."* Foreign Policy, November/December 2008

This article explores the world's most global cities by creating a comprehensive ranking of cities' international influence. Study authors define global cities as those whose ideas and values shape the rest of the world. Cities are measured using 24 metrics across 5 dimensions: business activity, human capital, information exchange, cultural experience, and political engagement.
www.foreignpolicy.com

Cortright, Joseph. *City Vitals*. CEOs for Cities, 2006

This report ranks the 50 largest US cities based on those metrics which, according to the authors, are key to fostering urban prosperity. Rather than looking simply at job or population growth, the metrics were chosen to measure talent, innovation, connections, and distinctiveness. Developed by Portland-based economist Joseph Cor-

tright in partnership with CEOs for Cities, the report aims to assist urban leaders in discovering where their city stands in each of the four areas.

<http://www.ceosforcities.org>

Huggins, Robert; Hiro Izushi; Will Davies; Luo Shougui.

"World Knowledge Competitiveness Index 2008." Center for International Competitiveness, Cardiff School of Management. University of Wales Institute, Cardiff, UK, 2008

The authors of this report gauge the "knowledge economy" of 145 cities. They conceptualize the economy as a process with specific inputs resulting in production and outputs, some of which must be reinvested to create sustainability. Benchmarks were established for these inputs, outputs, and sustainability links, and those benchmarks were used to rank cities.
www.cforic.org

Sassen, Saskia. *"Cities in Today's Global Age."* Connecting Cities: Networks (A Research Publication of the 9th World Congress of Metropolis), Metropolis Congress, 2008

In this article, Sassen explores how cities have evolved to play a unique and primary role in the diverse circuits that comprise the global economy. While globalization has brought about geographic dispersal and decentralization, cities continue to be the centers of major economic functions and innovations. Sassen posits that this has occurred both as a result of the specializations that have developed in cities (finance in New York, for example), as well as the way corporations have utilized technology.
www.columbia.edu

Schoemaker, Paul J.H. *"Scenario Planning: A Tool for Strategic Thinking."* MIT Sloan Management Review (Winter 1995).

Case studies illustrate the how's and the why's of scenario planning.
www.sloanreview.mit.edu

"Cities of the Future." PricewaterhouseCoopers, 2005

"Cities of the Future" explores the themes that arose through interviews conducted with more than 40 leaders representing cities

around the world. The report outlines 6 areas of capital (intellectual/social, environmental, technical, democratic, financial, and culture/leisure) deemed necessary to the success of cities and how urban leaders are building on strengths and overcoming limitations in these areas.

www.pwc.com

"Competitive Cities in the Global Economy." Organisation for Economic Co-operation and Development. OECD Territorial Reviews, 2006

The OECD drafted this report to share innovative development and governance strategies to address the challenges faced by urban regions from a local and national perspective. It is informed by horizontal research, case studies of metropolitan regions, and analysis of national urban policy.

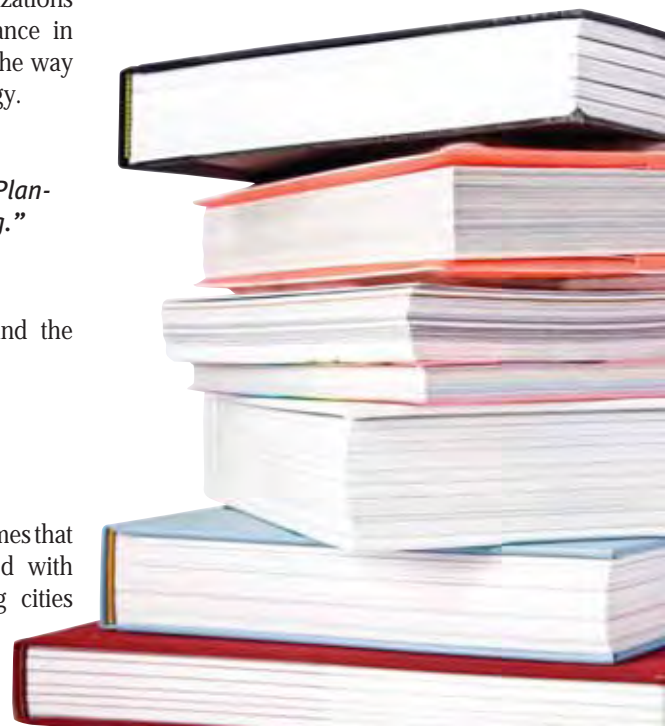
www.oecd.org

"Top City Economies 2020." PricewaterhouseCoopers, 2005

One hundred fifty cities are ranked based on Gross Domestic Product (GDP) in 2005 and projected GDP for 2020. While European, Japanese, and North American cities represent the top 10 for both 2005 and 2020, the report illustrates the emergence of city economies in South America, China, and other developing regions.

www.citymayors.com

To access these resources directly, go to www.economyleague.org/reading



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The Economy League of Greater Philadelphia is an independent, nonpartisan, nonprofit organization dedicated to research and analysis of the region's resources and challenges with the goal of promoting sound public policy and increasing the region's prosperity.

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