Regional Innovation Initiative

Collaborate.

Leading Regional Innovation Clusters

Compete.

Council on Competitiveness

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Letter from the President

On behalf of the Council on Competitiveness, I am pleased to release *Collaborate: Leading Regional Innovation Clusters*, the third in a series of reports on regional innovation. The first, published in 2001, was *Clusters of Innovation: Regional Foundations of U.S. Competitiveness*, done under the leadership of Harvard professor Michael Porter and F. Duane Ackerman, then chairman and CEO of BellSouth Corp. and vice chairman at the Council. This first groundbreaking initiative developed a definitive framework to evaluate cluster development and innovative performance at the regional level. Our game-changing insight—cluster theory as an organizing principle and innovation as an outcome—set off an explosion of activity both in theoretical and applied research and in practical activity across America and throughout the world.

In the past decade, regional innovation clusters as a strategy have become a key focus of economic developers and the public sector. However, as clusters' popularity rose, the definition became more fungible, generating a strong need for rigor and guidance on the part of regions interested in innovation-based economic growth. The need for practical technical assistance coincided with the Council's conclusion that regional innovation clusters had entered a new stage where demonstration projects and the lessons they provided were a critical success factor in advancing them.

The Council teamed with the Economic Development Administration (EDA) of the U.S. Department of Commerce to create a new public-private partnership to build capacity in qualifying regions. The resulting report, released in 2005, was in two parts—*Regional Innovation/National Prosperity* and *Measuring Innovation: A Guidebook for Conducting Regional Innovation Assessments*. It offered aspiring regionalists tools for building innovation-led regional economies and lessons from demonstration projects across the country.

While technical assistance and capacity building were timely interventions by the Council, the primary focus remained thought leadership. The March 2005 release of the Council's flagship National Innovation Initiative (NII), chaired by Council member Samuel Palmisano, CEO and chairman of IBM, and Dr. Wayne Clough, former president of the Georgia Institute of Technology, explicitly linked innovation and cluster theory to the idea of innovation-led regional economic development. The report of the NII, *Innovate America*, called for the creation of regional innovation hot spots that would catalyze initiatives and new linkages to foster knowledge transfer, collaboration and support for both start-ups and growth. In other words, hot spots applied innovation clusters as an organizing principle to regional bodies, in addition to firms, to create a new business model for regional economic development. In practice, this new model could be described as "regions acting like regions."

However, acting like a region is easier said than done. Because the United States does not have political jurisdictions that correspond to economic regions, it does not have adequate mechanisms to make decisions on a regional basis. As a consequence of this fault line, meaningful regional action requires a unique kind of leadership. *Collaborate* takes innovation-led regional economic development to a new level by addressing the question of what kind of leadership enables regions to harness their individual strategies and unique assets to accelerate economic growth, job creation and collective prosperity. Here, the results of the Council's practical experience and research overlapped with the emergence of a new imperative to bridge and integrate policy with action. While corporate, government and NGO leadership have been the subject of a great deal of study, the same cannot be said for regional leadership. Schools of public policy have no offerings on regional leadership, nor are there any departments that specialize in it. Similarly, there are few if any conferences and publications that explore the topic.

Drawing upon the excellent work of practitioners and academics in the regional field, the Council combined new field research and case studies to deepen our core findings to this challenge. *Collaborate* brings into focus heretofore unexamined issues of regional leadership: Why are some regions more successful than others? What are the new tasks of regional leadership in a radically new, globally competitive environment? What are the special qualities and attributes of effective regional leaders? What are effective organizational forms of regional leadership?

Collaborate breaks new ground in a field that is at the heart of the nation's future competitiveness. As we move forward in this work, we welcome your participation and support. We are proud that once again, the Council, in partnership with our colleagues across the country and public partners at the federal, state and local levels, has created a new body of intellectual knowledge and galvanized action agendas for regional leadership.

Sincerely,

Deborah L. Wince-Smith

Deborah L. Wince-Smith
President & CEO

Executive Summary

From Competitive Disadvantage to Collaborative Advantage

Why are some regions more successful than others in global competition? While it is doubtlessly true that some regions are better endowed than others to compete in the global knowledge economy, the problem is rarely that the less successful regions lack sufficient assets. Instead, these regions seem to lack the ability to think, plan and act regionally. Acting regionally means proceeding with a strategy that is focused on the long range use of assets to enhance global competitiveness. Regardless of whether a region can bring the right people to the table or develop a strategic plan, the true test is whether that region can act effectively.

While there are many barriers to acting regionally in the United States, first among them is that economic regions and political jurisdictions are not coterminous. As a consequence, making effective decisions on a regional basis, regions acting like regions, is neither smooth nor orderly. There is no system for resolving the competing interests among cities, counties and towns. Regions, which are fundamentally labor markets, generally do not have the power of the purse and lack both identities and cultural traditions. Even where regions are demarcated—like water districts, transit authorities and planning districts—they rarely share common boundaries. These obstacles leave U.S. regions at a competitive disadvantage.

Despite these difficulties, there are regions around the country that have recognized the potential strength in their unity and have taken steps to achieve it, turning competitive disadvantage into collaborative advantage. The five case studies in chapter 2 describe the different approaches, issues and organizational forms that have characterized their work.

The research in this report demonstrates that the key to creating collaboration is effective regional leadership. Yet, very little is known about regional leadership. While the study of leadership has become a serious academic discipline, it centers on organizational leadership in the military, business enterprises, non-profits, et al. Regions, however, do not fit the mold. They lack established governance structures, boundaries and lines of authority.

To be effective, regional leadership must be a new kind of leadership. Like many of the new economy alliances that have emerged in the last decade, regional leadership bodies depend on consensus, not hierarchy. Their structures are more frequently networked than formalized. And, like pick-up basketball teams, the players move in and out depending on the issues involved. Unlike pick-up basketball teams, however, the players are in a league, and schedules need to be made, playoffs need organizing and rules need enforcing. The Council has found that effective regional leadership bodies rely on existing regional organizations that can set agendas, call meetings, recruit new leaders, etc. While these organizations can and do vary in form, they all serve as systems integrators and enablers of collaboration.

This new kind of leadership confronts a series of tasks that differ substantially from those of the old, local economic model, where the region next door was the competition and recruiting firms from elsewhere was the mission. New regional leadership must create a shared regional narrative, build consensus, institutionalize innovation and lead change.

The qualities required of individual regional leaders reflect the distinct tasks they face. For example, regional leaders need to be bridge builders, boundary crossers and conveners. But regional leaders are both made and born. Their primary task is to build regional awareness, since, as one wag put it, regionalism is an unnatural act among non-consenting adults. They especially need to be cultivated through leadership development programs such as those in Denver and Louisville. Effective regional leaders and potential regional leaders are defined as much by their commitment to continuous learning about new trends and practices in regionalism as they are by their individual qualities.

What can regions do to develop effective regional leadership? This study identifies seven habits of highly effective regional leadership. The term “habit” is used because it applies equally well to both specific actions and broader cultural tendencies. Habits consist of knowledge, skill and desire. Yet, all habits assume a basic underlying paradigm. In the case of regional leadership, the paradigm derives from the fact that regional collaboration is voluntary and consensus-driven.

The first and most crucial habit is **be proactive**, which means anticipating needs and creating strategies and the means to address them—leading events, not being led by them. Effective regional leadership is built through the common bonds and mutual trust that grow out of struggles for real change, such as removing the brown cloud that hung over Denver or consolidating city and county government as was done in Louisville.

This report is a practical attempt to fill the knowledge gap about effective regional leadership by using case studies, interviews and primary and secondary research. It is filled with examples and lessons to be learned. If its lessons can be summarized in one conclusion, it is that effective leadership can turn a regional competitive disadvantage into a regional collaborative advantage.

Introduction

National Prosperity/Regional Leadership

The Council has been working on regional economic development since it launched its *Clusters of Innovation* project in 1999 in cooperation with Harvard professor Michael Porter. As a leadership body, the Council focuses on those issues that increase U.S. productivity, innovative capacity and global competitiveness, the key elements that drive the Council's mission of maintaining and increasing the living standards of U.S. citizens. The Council focuses on regions because the United States does not have a national economy, but is the sum of the regional economies. And as Porter puts it, "A region's competitiveness and standard of living (wealth) is determined by the productivity with which it uses its human, capital and natural resources." [1]

"Why are some regions more successful than others in global competition?"

The question the Council consistently asks is why are some regions more successful than others in global competition? The early evidence from regions like San Diego, the Research Triangle and Greater Austin suggested that the ability to link innovation assets—people, institutions, capital and infrastructure—is decisive in generating robust, localized ecosystems that turbo-charge a region's economy. These regions are successful precisely because they have connected the region's basic innovation assets. For less successful and more disadvantaged regions, the problem is rarely that they lack sufficient assets. Instead, these regions seem to lack the ability to think, plan and act regionally.

> *Thinking and acting regionally strikes many economists, policy analysts and civic activists as just straightforward logic. The rules of engagement for international competition compel regional responses. Nations, states and cities matter, of course, but the region is the decisive, strategic platform for economic success and quality of life.*[2]

But what does it mean to "act regionally?" The term has two implications. One is that the region is the whole, and cities, towns and counties are the parts. The other is that the action is strategic, focused on the long range use of assets to enhance global competitiveness. As with most things, these abstractions are easier to digest through examples. A region is acting regionally when it does things like:

- In 1989, the Scientific and Cultural Facilities District (SCFD) of metropolitan Denver began to distribute funds from a voter-approved, region-wide 0.01 percent sales and use tax to build cultural facilities throughout the seven-county Denver metropolitan area. Most of the facilities were in downtown Denver, yet regional voters recognized that the reputation of the region and its ability

1 Regional Economy Houston 11-22-02 CK 2 Copyright © 2002 Professor Michael E. Porter

2 Curtis Johnson and Neil Peirce. *Regionalism Today: Risks, Rewards and Unresolved Questions* (John D. and Catherine T. MacArthur Foundation, 2004).

to attract the "creative class" and new-economy industries depended on whether Denver was perceived as a decaying downtown or an urban destination.

- The Dan River Region in Virginia, spearheaded by a group of Danville businessmen, used its combined regional influence with the legislature, governor and Congress to fund the creation of the Institute for Advanced Learning and Research (IALR), a technology-based economic development project. The IALR serves the region as a source of distributed research and education in partnership with Virginia Tech, an accelerator for products developed through their research, a test bed for existing technology companies and a provider of STEM education for regional students and teachers.
- The Greater Philadelphia Regional Compact for Science, Technology, Engineering and Mathematics Education (The Compact) is an agreement among institutions in the 13 counties in three states that comprise the greater Philadelphia region. The Compact's vision is to expand the region's capacity to develop a talented, robust and eclectic science, technology, engineering and mathematics (STEM) workforce capable of performing, adapting and thriving in a dynamic, knowledge-driven economy. More than 60 educational, business, economic and workforce development intermediaries in the region, including the public television station, are members.

These examples and the others in this report did not just materialize from thin air. They are a product of regional collaborations that would not have occurred but for effective leadership. The Council has observed how often effective regional leadership leverages assets and facilitates collaboration within the region. Its absence means that the silos (funding, programmatic and jurisdictional) that dominate regions will continue to produce one-shot events and overlapping, disconnected or incomplete initiatives.

Unlike many competitors around the world, the United States does not have economic regions that are coterminous with political jurisdictions. To turn this competitive disadvantage into a collaborative advantage is the theme of this report. As one of the founders of Joint Venture Silicon Valley Network, Tom Hayes, put it, "Our aim is to build a comparative advantage for the Silicon Valley by building a collaborative advantage…to transform Silicon Valley from a valley of entrepreneurs into an entrepreneurial valley."[3]

Despite the growing need for collaboration, regional action is still the exception rather than the rule. To paraphrase an old saying, regional collaboration remains an unnatural act between non-consenting adults. Existing jurisdictional boundaries, tax policies and cultural rivalries undermine regional action. Too many regions across the country act less like regions and more like rival high school teams under Friday

3 Doug Henton, et al., *Preparing for the Next Silicon Valley: Opportunities and Choices* (San Jose, CA: Joint Venture, June 2002).

night lights. Put simply, the nature of global economic competition requires that the Hatfields and McCoys join ranks if they want to compete successfully against the Chens and Mings and the Agarwals and Singhs.

Yet, even as the economic development profession increasingly recognizes that multi-county areas are the appropriate unit for economic analysis and planning, the necessary collaboration across political and institutional boundaries has not kept pace. The question then becomes, how does collaboration become a reality in regions?

Chapter 1 discusses the challenge of regionalism in the United States and the three Cs of regional collaboration. The second chapter presents five case studies on which the Council bases many observations. The case studies were selected because they all feature regions that have implemented a regional approach, despite very different economic conditions and demographic characteristics. Chapter 3 describes the special tasks of effective regional leadership. Chapter 4 asks the question: Is regional leadership made or born? This section looks at the individual characteristics of regional leaders and the qualities they share. Chapter 5 is about the seven habits of highly effective regional leadership, and chapter 6 summarizes the lessons learned, called “takeaways,” in the process of writing this report.

Chapter 1

The Challenge of Regionalism and the Elements of Regional Collaboration

"Regions are critical functional units in a worldwide economy…and regions are critical functional units in individual American lives. More and more of us travel across city, county and even state borders every morning on our way to work. Our broadcast and media markets rely on a regional marketplace. Our businesses, large and small, depend upon suppliers, workers and customers who rarely reside in a single jurisdiction. The parks, riverfront, stadiums and museums we visit serve and provide an identity to an area much larger than a single city. The fumes, gases and runoff that pollute our air and water have no regard for municipal boundaries."[4]

Bruce Katz
Director, Metropolitan Policy Program
Brookings Institution

Although global competition is typically seen as a national challenge, the battlefield, in reality, is regional—at the crossroads where companies, workers, researchers, investors, universities, entrepreneurs and governments come together. Workers live within commuting distance of their workplaces, regardless of the city or town where the firm operates. Businesses make site location decisions because of the assets—intellectual, financial, institutional, logistical and physical—that are available in a region, regardless of which specific town or city in the metro area they settle in. Regions comprise a single labor market and a single consumer market. Firms use the airport; advertise on television, radio and in newspapers; and do business with vendors and customers across their regions. Workers attend colleges and universities within reasonable driving distance of their home or workplace, political boundaries notwithstanding. Clearly, the competitive assets that places need for success in the global marketplace are not confined to one city, town or jurisdiction.

The challenge, however, is that the United States does not have political jurisdictions that correspond to economic regions. As a result, there are not adequate mechanisms to make decisions on a regional basis. Unlike cities, which have mayors or city managers and departments with defined responsibilities and powers, regions must depend on consensus and collaboration. Unlike political jurisdictions, regions rarely have the power to raise revenues through taxes or

4 Bruce Katz, "Editor's Overview," *Reflections on Regionalism*, ed. Bruce Katz (Washington, D.C.: The Brookings Institution, 2000), 1.

The United States does not have political jurisdictions that correspond to economic regions. As a result we do not have adequate mechanisms to make decisions on a regional basis.

bonding authority (except in special cases). And, as more regions enter into the world export economy, the imperative to identify and leverage those assets, to act regionally, becomes more compelling. Towns and cities that historically have been able to compete based on their access to natural resources or their low labor costs now face a new, more difficult competitive landscape.

Global Region to Region Competition

Source: MetroBusinessNet. *It Takes a Region to Raise a New Economy: How Business Leadership Is Driving Regional Prosperity.* (Arlington, MA: FutureWorks, 2003).

Consider the example of an aerospace manufacturer in the Seattle metro region that competes with an aerospace manufacturer in the Hamburg, Germany, region. Underlying their market competition is the hidden battle based on a host of factors that differ in each region: efficiency of transportation routes, adequacy of energy and water supplies, workforce preparedness, research and technology, buyer-supplier relationships, tax and regulatory climate and social capital. That battle is even waged within companies: Razor giant Gillette makes its product in Boston and Berlin, with production shifting across the Atlantic based on factors as varied as local taxes or the regional supply of skilled workers. Increasingly, a business' success is inextricably tied to the metro region it calls home.

Intra Regional Competition

Source: Richard M. McGahey, "Regional Economic Development in Theory and Practice," *Retooling for Growth: Building a 21st Century Economy in America's Older Industrial Areas*, ed. Richard M. McGahey and Jennifer S. Vey (Washington, D.C.: The Brookings Institution Press, 2008), 12-13.

In 2005, the Applebee's restaurant chain negotiated with several suburbs in the Kansas City region for a new headquarters. The project eventually went to the neighboring city of Lenexa for $12.5 million in local benefits (on top of $14 million from the state to keep them on the Kansas side of the border). The new site is ten miles from the old headquarters.

The Applebee's case illustrates one reason for the persistence of subsidies and highlights a major barrier to more effective regional development approaches—the fragmentation of and competition among governments in regions. The economic boundaries of a region spill across multiple jurisdictions, and sometimes state lines, encompassing a very large number of economic development actors. But there are relatively few incentives or mechanisms for these jurisdictions to cooperate with each other, even if they recognize that such cooperation is in their mutual interests.

Absence of a regional structure leads to further complications, such as a multiplicity of regions and a confusing array of regulations.

The challenge of regionalism in the United States is not limited to domestic competition. An illustration of the competition facing U.S. regions in the global economy is Singapore. The World Technology Evaluation Center, a global research organization, has described Singapore in this way:

> *Singapore has focused the entire country's organizational structure to support its growth. Every institution, from parliament to the finance and capital markets, from educational institutions to the transport authority, shares common goals.*[5]

While Singapore is a country with defined borders and therefore not exactly a region, it demonstrates the advantages of a place where political jurisdictions and economic units are aligned. Singapore is an island city state 26 miles long by 14 miles at its widest point, with a land area of 265 square miles, approximately the size of Washington, D.C. The population of 4.6 million, including permanent residents and foreigners, is growing. Many of its clusters compete directly with clusters in U.S. regions. The highlighted example demonstrates how Singapore acts like a region. In this particular case, it has **changed and adjusted institutions in order to adapt the structure, processes and infrastructure of a regional economy.**

5 William R. Boulton, Michael Pecht, William Tucker, and Sam Wennberg, "Singaporean and Malaysian Electronics Industries," *Electronics Manufacturing in the Pacific Rim*, ed. Michael J. Kelly and William R. Boulton (Baltimore: World Technology Evaluation Center, May 2007). http://www.wtec.org/loyola/em/04_05.htm

SINGAPORE HOTSpots

Source: http://www.singaporehotspots.com/aboutus/index.htm

Initiated by the Singapore Economic Development Board (EDB), HOTSpots (HOT stands for "hub of technopreneurs") is a program that aims to boost technopreneurship in Singapore by linking up technopreneurs and technology-related companies across the island. HOTSpots insures the best possible start to doing business in today's competitive environment by bringing together some of the region's promising tech start-ups, strategic partners, financiers and successful businesses in choice locations in Singapore. HOTSpots facilitates contact with companies in areas such as infocommunications and media, electronics, services, and venture capital, making working together and interacting easier.

HOTSpots represents an innovative tie-up between Singapore's biggest names in the property arena allied with the academic community. Started in 2002, it has grown to include nine partners. Ascendas Pte Ltd, CapitaLand Commercial Ltd, the Economic Development Board, Far East Organization, Housing & Development Board, JTC Corporation, Nanyang Technological University, National University of Singapore and Suntec City Development Pte Ltd collectively form a belt of 12 strategic nodes across Singapore.

HOTSpots interconnects venture capitalists, start-ups and established businesses in a nexus of hard and soft infrastructure solutions to smoothen access to funds, markets, partners and technology. Its business network boasts more than 2,100 companies, with 6,500 technopreneurs and employees involved in innovation, many of whom are setting new standards in their respective areas. HOTSpots aims to bring together the most crucial factors that will help high-tech start-ups succeed.

An important corollary to the challenge of not having coterminous political jurisdictions and economic regions is that U.S. regions do not have defined boundaries or even a uniform way to define them. This absence of a regional structure leads to further complications, such as a multiplicity of regions and a confusing array of regulations. The Brookings Institution's *Blueprint for American Prosperity* shows that the 100 largest U.S. metropolitan areas contain 65 percent of the nation's population and 68 percent of its jobs, but have even larger shares of innovative activity (78 percent of patent activity), educated workers (75 percent of graduate degree holders) and critical infrastructure (79 percent of air cargo). As such, they generate three-quarters of U.S. gross domestic product.[6] Yet the U.S. Department of Commerce EDA has 379 separate economic development districts, many of which are too small to function as globally competitive entities. There are six regional offices of both the EDA and the Labor Department's ETA, yet they cover different states. For example, ETA region V headquartered in Chicago serves Illinois, Indiana, Michigan, Minnesota, Ohio, Iowa, Kansas, Missouri, Nebraska and Wisconsin. The EDA regional office, also in Chicago, serves Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin. As for regions and regulation, Mayor Jerry Abramson of Louisville has pointed out that differing EPA regulations for rural and urban regions make it very difficult for his region to develop collaborative projects with the rural areas contiguous with his region.

There is not only a problem of ill-defined regional boundaries; there is also the problem of overlapping jurisdictions where water and sewer districts cover a certain geography, port authorities and bridge and tunnel authorities cover another geography, media markets represent a third geography, etc. All of these "regions" inevitably include common geography as well as unique footprints.

While these structural challenges make regional action more difficult to organize and manage, "boundarylessness"[7] also has its advantages. Its fluidity allows for many different kinds of innovative linkages to be created. Joe Reagan, president and CEO of Greater Louisville Inc. (GLI), tells the story of being invited to a "regional" meeting for the medical devices industry that included Indianapolis and Cincinnati. These three cities fit into no standard definition of a region. Yet bringing these three geographically distinct places together created opportunities for information sharing, fund-raising and potential business partnerships that could benefit all of them.

Another, more organized boundary crossing regional initiative in southern California, a non-profit called LARTA, manages Network T2, a consortium of 17 leading California universities and research institutions with a combined annual R&D budget of more than $2.23 billion and numerous affiliates, including major industry players.

Geographically, LARTA includes institutions and companies from Los Angeles and San Diego, which can certainly be defined as distinct geographical regions. LARTA's mission is to be a market maker for technology transfer, and it is the flexible boundaries of the regional marketplace that allow it to aggregate new technologies and market them widely. For economic development purposes, this approach creates economies of scale and spreads the benefits across a larger area.

6 Alan Berube, *MetroNation: How U.S. Metropolitan Areas Fuel American Prosperity* (Washington, D.C.: The Brookings Institution, 2007).

7 "Jack Welch used the word "boundaryless" to describe his vision for GE. Economic developers would do well to tear a note from Welch's playbook. Why? Because markets are already moving in boundaryless fashion. It's time economic developers craft policies, measures, and people who can think and act as the markets already are." Rebecca Ryan, "Boundaryless: Economic Development?" Wisconsin Technology Network News, 31 May 2003. http://wistechnology.com/articles/10/.

Network T2

Source: O'Herlihy & Co. Ltd. *Evaluation of the Technology Translator Project: Final Report* (Glasgow, UK: O'Herlihy & Co. Ltd, November 2005).

Network T2 includes large research universities at the world's cutting-edge (UC Santa Barbara, Caltech, UCLA, UC San Diego, USC, UC Santa Cruz, UC Riverside and UC Irvine); smaller, fast-rising universities (Loma Linda University, California Polytechnic Institute at Pomona, Pepperdine, California State University at Fullerton, California State University at San Bernardino and Keck Graduate Institute, a member of the Claremont Colleges); and independent research institutions at the forefront of knowledge (Cedars-Sinai Medical Center, City of Hope, and Harbor-UCLA Research and Education Institute).

In addition, Network T2 affiliates come from a variety of sectors, including life sciences (Genzyme, Invitrogen and BD Biosciences Pharmingen), materials and manufacturing (DuPont), consumer products (Johnson & Johnson Consumer), venture capital (Redpoint Ventures and Tech Coast Angels), energy (Southern California Edison), professional services (Morrison & Foerster, Latham & Watkins, PricewaterhouseCoopers, and Monitor Group), and government (State of California).

Under the management of Larta Institute, the institutions in Network T2 serve as magnets on their respective campuses for new technologies that have potential for commercialization. Network T2 provides the institutions a common platform and a set of resources to link technologies and business opportunities, and to smooth the process of technology transfer.

The challenge of regionalism in the United States is to leverage regional assets to compete effectively in the global economy in spite of the obstacles that come from the lack of alignment between functional regions and political jurisdictions. Many of the fundamental drivers of economic growth, such as access to sustainable sources of energy and water, smart transportation and logistics, R&D facilities, colleges and universities and financial services, function on a regional level, as should public programs like labor exchange, entrepreneurship and business retention and recruitment. Given the strong likelihood that efforts to consolidate cities, counties and towns are unlikely to succeed soon, success will be determined by voluntary efforts at collaboration, which require effective leadership.

U.S. regions can turn this competitive disadvantage into a collaborative advantage and benefit from the very conditions that make consolidation and centralization so difficult. A lack of strict boundaries allows a region to take advantage of more opportunities. For example, in some instances the nine county Finger Lakes Region around Rochester, NY, is the right size to collaborate on entrepreneurship development. In other instances, the region is better off being part of Upstate New York, an area stretching from Syracuse west to Buffalo. Finger Lakes Region startups are more likely to receive greater exposure if the Upstate Region were to sponsor a venture forum than if it were done within the smaller region.

21st century regionalism contains a paradox—on the one hand, it seeks to override existing town, city and county boundaries, but on the other hand, it requires different, coterminous economic and political boundaries. Flexibility is a critical success factor in global economic competition, as is a regional base from which to compete. But flexibility is more than boundarylessness. Flexibility allows a region to find opportunities, and it is critical for seizing them. Given the accelerating speed of the modern marketplace, regions also need the flexibility to be "poised to deploy" their assets.

> *Publishers that learn how to successfully integrate internal and external teams will become more agile organizations, **poised to deploy** resources confidently, respond to market opportunities and launch compelling information products.*[8]

As the quotation suggests, "poised to deploy" means developing more agile organizations and the ability to respond to market opportunities. In the new global business environment, a region's capacity to respond quickly and completely to market opportunities requires both an economic ecosystem and the flexibility to create partnerships based as much on opportunity as proximity. Another word for this is collaboration.

Regional Collaboration

Just as with regional leadership, regional collaboration differs substantially from the kind of collaboration within a corporation or public agency or among non-profits. It involves a combination of the three Cs: conversation, connection and capacity. Any meaningful regional action requires sufficient consensus to enable its leaders to move forward. But regions are fragmented in countless ways and advancing regional consensus is an ongoing undertaking—a regional conversation.

> *In the new knowledge-based, networked economy, the ability to talk and think together well is a vital source of competitive advantage and organizational effectiveness. This is because human beings create, refine and share knowledge through conversation. In a world where technology has led to the erosion of traditional hierarchical boundaries, and where former competitors (such as Exxon and Mobil) contemplate becoming bedfellows, the glue that holds things together is no longer "telling" but "conversing."*[9]

The Three "C's" of Regional Collaboration:

Conversation
Connection
Capacity

The form of the conversation can and does vary through time and circumstances, but the point is the same—to focus on the future of the region and build regional awareness into the culture. Regional conversations involve a variety of activities and media. Joint Venture Silicon Valley Network holds an annual town meeting where upwards of 1,200 citizens meet to discuss the release of the annual *Silicon Valley Index*.[10] In the greater Louisville region, the report of the Visioning Taskforce in 1997 was a key milestone in the furtherance of their regional strategy. The Louisville Economic Monitor,[11] operated by the University of Louisville under Paul Coomes, regularly tracks regional data, which is used to measure progress in the visioning project.

Regional conversations take many forms. In both Denver and Louisville, the conversations often involved political campaigns, where ballot initiatives about regional transportation, new stadia and city/county consolidation enriched and intensified regional awareness. The unintended benefit of this

8 Carolyn Muzyka, "Product Manufacturing: Generate Higher Revenues, Speed Time to Market," Message to OASIS Mailing List, 20 Dec. 2007. http://lists.oasis-open.org/archives/announce/200712/msg00001.html.

9 William Isaacs, "Dialogic Leadership." The Systems Thinker 10:1 (1999): 1.

10 Joint Venture, "Silicon Valley Index."

11 http://monitor.louisville.edu/urbanworkshop/urban.htm.

form of conversing is that it frequently produces new allies and new leaders who forge ties and build trust during the process.

Regional awareness is a continuous process of embedding a regional approach. Since regions (essentially labor markets) do not often have an independent identity, a concerted effort is required to keep both leaders and citizens aware of their importance. For example, the first priority of *The West Michigan Common Framework* that generated six priority recommendations for regional collaboration was to “create a regional mindset.”[12]

Awareness can take many forms, such as celebrations of regional successes, articles and studies about the region published in local media, citizen forums and visioning sessions and the active promotion of regionalism by elected officials. Building regional awareness is necessary to transform the regional culture. In the last analysis, regional conversations are a permanent part of regionalism and regional awareness is a fire that must be continuously stoked.

The second of the three Cs is connection. Regions need to be linked together in order to collaborate and innovate. These linkages can and do take many forms, depending on circumstances.

> *The important point is not simply the growing importance of scientific knowledge for the innovation process in the U.S. economy in recent decades, however, but that sophisticated technological advances have increasingly required close cooperation within multidisciplinary teams that bring together different types of expertise. The development of new software, for example, often requires collaboration between those who are expert in computer languages, those who are knowledgeable about the human-computer interface and those with domain expertise in the area of the software application. Similarly, cutting-edge projects in nanotechnology, such as developing tiny cameras that can float through the bloodstream, require teams with expertise in biology, chemistry and physics.*[13]

Regionalism is a contact sport that is best pursued through personal interactions at every stage of the game. Particularly in the knowledge economy where innovations are born out of multi-disciplinary projects, face-to-face interaction becomes more important than ever for ensuring the free flow of ideas and avoiding misunderstandings among participants from different specialties. The application of knowledge occurs faster when industry and academia maintain close working relationships in the real world, rather than the virtual one. The commercialization of innovation is faster when the innovators are close to competitors, suppliers and customers to respond to changes in market demand. The relative proximity of institutions within a metro region enables close interaction on a consistent basis, and thus creates the ability to break down traditional functional barriers between developers, funders and users of ideas.[14]

Networks, whether they are face-to-face or virtual, are indispensable for drawing separate organizations, groups, institutions and individuals into productive dialogue and effective action. Council observations of effective regional leadership strongly suggest that systems integrators or economic development intermediary organizations are needed to perform the

12 http://www.wm-alliance.org/documents/publications/The_Common_Framework.pdf

13 Fred Block and Matthew R. Keller, *Where Do Innovations Come From? Transformations in the U.S. National Innovation System, 1970-2006* (Washington, D.C.: The Information Technology & Innovation Foundation, July 2008).

14 Council on Competitiveness, *Regional Innovation/National Prosperity: Summary Report of the Regional Competitiveness Initiative & Proceedings of the 2005 National Summit on Regional Innovation* (Washington, D.C.: Council on Competitiveness, February 2006), 9.

nuts and bolts of connectivity. Sometimes the intermediary is also the leadership body, other times they are separate. They can take many forms, depending on the culture and history of a region. Frequently they are public/private partnerships. They have become a proven way to build bridges that draw the private sector into activities that benefit the region as a whole and overcome some of the inertia that is endemic to the public sector.

The third C of regional collaboration is capacity. In many ways, building a region's capacity is the point of acting like a region. It is what is meant by leveraging assets such as networks that tie early stage companies to professional service providers and to universities that are linked in turn to sources of capital in the region. In Louisville, GLI creates networks by industry, focusing on those that drive regional prosperity. Likewise, Joint Venture Silicon Valley Network creates networks for specific programs like the Alliance for Teaching and for projects like the Silicon Valley Economic Development Alliance, where Silicon Valley cities work together to create a healthy economic environment, share best practices with each other and build relationships with Silicon Valley's economic engine.

But regions need more than virtual networks. It was the building of a low cost, high speed broadband capability linking researchers, schools, businesses, governments, hospitals and citizens in the Dan River Region to the world via fiber optic cable at gigabit speeds that allowed for the creation of the IALR. E-Dan, which began by connecting Danville, Chatham and Gretna, became the pilot model for the subsequent 700 mile Regional Backbone Initiative. Similarly, the Metro Denver Economic Development Corporation (Metro Denver EDC), which includes 70 cities, counties and economic development organizations in the seven-county Metro Denver and two-county Northern Colorado regions, has combined its resources to acquire a state-of-the-art geographic information system (GIS).[15]

15 http://www.metrodenvergis.org/ed.asp?bhcp=1

Chapter 2

Multiple Paths to Regional Collaboration: Regional Leadership Case Studies

The goal of economic development is to increase the prosperity of local citizens. Today's global, innovation-based competition has not changed that goal, but it has changed the way the development game must be played. To succeed now generally requires active regional coalitions with effective leadership to link, strengthen and promote an area's economic development assets.

Despite the desire for universal economic development strategies, there is no single path that leads to regional collaboration. Indeed, a variety of triggering events or conditions can spur the shift toward a collaborative regional innovation model. Regional approaches often form out of a need to revitalize a weak economy. In places where traditional industries like textiles, tobacco or heavy manufacturing have faltered, local leaders have banded together to forge a regional response. Other times, regional coalitions develop to maintain and expand positions of economic strength. Sometimes, the driving force is not directly economic, but a desire to improve quality of life, reduce pollution or simply improve government efficiency.

Regional action is not spontaneous and natural. Rather, regions start "acting regionally" in different ways to address different immediate goals and opportunities. There is no one right way to launch a regional effort. However, in every successful case the Council has encountered, there is a group of leaders who coalesce around the common recognition that the old, locally-focused development strategies are not working and that regional collaboration offers the best chance for success. Regionally-based coalitions come together when individuals recognize the power of collaboration and the cost of localism.

A lot can be learned about regionalism by examining the process by which several areas developed into effective innovation-based regions. This chapter examines five geographically and demographically diverse regions that are succeeding in providing greater prosperity for their citizens. From the Silicon Valley to the Dan River Region, these regions have taken different paths, but all have embraced regional collaboration as their fundamental economic development model.

The five case studies that follow were selected because they represent different economic conditions and demographic characteristics. The differences, which will be described below, begin with the fact that they are quite distinct places. The Dan River Region is an old economy with dying industries, while the Silicon Valley epitomizes the new economy. Both Denver and West Michigan are known for their collaborative economic development character, but have little else in common. Denver is a large metropolitan center with a population of 2.8 million, while Western Michigan consists of 1.3 million people surrounding a trio of growing cities—Grand Rapids, Holland and Muskegon. The Louisville metropolitan area population is 1.2 million. It is unique for its history of jurisdictional consolidation (first the city/county school system, then the city and county) and its regional activism dates back to the first city/county consolidation ballot in the late 1950s.

The Silicon Valley: Cooptition and Regional Growth

The Silicon Valley has a rich history as a technology-led economic development region—beginning with the integrated circuit in the 1960s, moving to the microprocessor and PCs in the 1980s, then Internet applications in the 1990s—can best be described as a seedbed of innovation and entrepreneurship. The successive generations of technology have produced substantial innovation assets and capacities in the region. For example, there is the flourishing venture capital industry; cutting-edge research capacity at universities and firms; businesses that have become global leaders; a highly skilled workforce in its laboratories and shop floors; and a professional class of consultants, scientists, lawyers, marketers and managers to keep the process going. Yet there is a difference between having the assets and deploying them or developing them.

What ties these assets together and leverages them is a series of connections and networks whose "aim is to build a comparative advantage for the Silicon Valley by building a collaborative advantage…to transform Silicon Valley from a valley of entrepreneurs into an entrepreneurial valley."[16]

The Silicon Valley is a unique example of regionalism. Its culture reflects that of its high technology industry—a field known for featuring simultaneous competition and collaboration, known as "cooptition." While the competition among companies in the same industry can be cutthroat, the common origins of the region's business culture in the Stanford Industrial Park at Stanford University created a high level of collaboration, integration and innovation from its inception.

In the definitive work on the Silicon Valley, *Regional Advantage: Culture and Competition in Silicon Valley and Route 128*, author Annalee Saxenian notes the motto of the region: "Competition demands continuous innovation, which in turn requires cooperation among firms." [17] Much of this is owed to the rise of industries in the Valley that have nontraditional cultures and lack rigid hierarchies. Many Silicon Valley companies followed the Hewlett-Packard approach by structuring a much more interactive environment between employers and employees. Moreover, in the Silicon Valley, it is commonplace for employers to become employees and coworkers to turn into competitors. Like university faculty, engineers develop strong loyalties to technology and to their fellow engineers and scientists while possessing far less allegiance to a single firm.

In short, Saxenian says, the Silicon Valley has a region-based system for stimulating innovation: "[It] promotes collective learning and flexible adjustment among companies that make specialty products within a broad range of related technologies. The region's dense social networks and relatively open labor markets encourage entrepreneurship and experimentation."[18]

With hindsight, it might appear inevitable that, as economic activity expanded, a collaborative culture would emerge in the Valley that reflected the customs of the dominant corporations and that intermediary organizations would arise spontaneously to support that culture. But organizations rarely arise spontaneously. As the Valley endured successive economic declines, regional business leadership recognized that a concerted effort to adjust to changes

16 Doug Henton, et al., *Preparing for the Next Silicon Valley: Opportunities and Choices* (San Jose, CA: Joint Venture, June 2002). http://www.jointventure.org/PDF/NSVchoices.pdf.

17 Annalee Saxenian, *Regional Advantage: Culture and Competition in Silicon Valley and Route 128* (Cambridge, MA: Harvard University Press, 1996).

18 Saxenian.

in the marketplace was needed. The precipitating event that led to the institutionalization of regional collaboration was the Valley's loss of SEMATECH to Austin in 1988.

> *…in 1988, Silicon Valley appeared to be a natural home to attract SEMATECH, a consortium in Austin, Texas, to develop the semiconductor equipment industry. Instead, the region could not mount a credible proposal.*[19]

The failed effort to recruit SEMATECH led to soul searching within the region which inspired a process of convening political, business, civic, community and academic leaders in a series of activities designed to ensure that the Valley caught up with competitors like Austin and Phoenix. In the early 1990s, Joint Venture Silicon Valley Network, a regional economic development and civic engagement organization that has made a name for itself through developing and evaluating regional strategy, grew out of these efforts.

> *In 1993, with help from the Joint Venture process, business, local and state government, and education leaders put together a collaborative effort that attracted the U.S. Display Consortium (USDC)…Peter Mills, [the decision maker in charge of locating SEMATECH] said, "Before, California did not have its act together. Now it does. Without this change, San Jose would not have been chosen as our headquarters site. You have to have the city, the county, the state and the private sector all singing from the same sheet."*[20]

One of the most significant and widely recognized achievements of Joint Venture Silicon Valley Network is its annual *Silicon Valley Index*, which it has published since 1995. It is released every February at the State of the Valley conference which convenes more than 1,200 members of the Silicon Valley community. Among the Index's findings for 2008 are that the region's per capita income is 57 percent higher than the national average and growing faster than per capita income for the United States as a whole; the region claimed 62 percent of all cleantech venture funding in California, amounting to 21 percent of the nation's venture capital funding; value added per employee rose for the sixth consecutive year and now surpasses previous highs from the dot-com boom; the region's share of patents reached an all-time high; and venture capital investment rose 11 percent. The economic success of Silicon Valley has given rise to a strong impulse among some regions to imitate its success. Yet the failure of the Silicon Valley namesakes (footnoted below) to achieve anything like the original's fame and prosperity suggests that technology by itself is not sufficient to create either a regional brand or regional prosperity.[21]

19 Ibid, 2.

20 Saxenian.

21 Among those choosing to be "Silicon" something are: Alexandria, Louisiana's Silicon Bayou; North Albuquerque, New Mexico's Silicon Mesa; Oak Ridge, Tennessee's Silicon Hollow; Phoenix, Arizona's Silicon Desert; and Silicon Prairie is so coveted that 10 cities claim it: Lincoln, Nebraska; Kansas City, Missouri; Perkins, Oklahoma; Minneapolis/St. Paul, Minnesota; Chicago, Illinois; Richardson, Texas, Urbana/Champaign, Illinois; Sioux Falls, South Dakota; Iowa City, Iowa; Austin, Texas.

Brooks Jackson, "Silicon Name Game Spreads Across the U.S. Map," CNN.com, 30 May 2000. http://archives.cnn.com/2000/US/05/29/moniker.gap/index.html.

Building The Next Silicon Valley, Together

Source: http://www.jointventure.org/index.php?option= com_content&view

It's not easy being Silicon Valley. Our community has significant challenges to address if we want to preserve our standing as the world's best platform for innovation and entrepreneurship.

In 1992, a group of visionary people decided the best way to solve problems was to create a neutral forum, bringing together leaders from business, labor, government, the universities, and the non-profit sector to think outside the box and build creative solutions.

Now more than ever, Silicon Valley needs this kind of innovative leadership. Joint Venture Silicon Valley Network is still providing it. You and your organization can join with hundreds of leaders working in teams on our current initiatives:

- **California Competes:** California Competes is a statewide coalition of technology, business and education leaders promoting a new innovation agenda for the Golden State.
- **Cell Phone Coverage:** Joint Venture's Cell Phone Coverage Project is a collaboration between carriers, cities and residents, working to eliminate dead spots.
- **Climate Protection:** Joint Venture is convening a public—private partnership to help local government agencies identify greenhouse gas reducing technologies and provide leadership in their communities.
- **Disaster Preparedness:** In the event of a regional emergency, business as usual would not be good enough for Silicon Valley. Getting our economy firing again, quickly, will require unprecedented levels of planning and cross-sector collaboration. Joint Venture is working to provide it.
- **Grand Boulevard:** Making El Camino Real a grand boulevard, one that meets our needs and reflects our regions dynamic profile.
- **New California Network:** The New California Network develops nonpartisan and broadly supported reforms that will rebuild the fiscal foundation and improve the performance and accountability of state government for the purpose of making California prosperous, safe and healthy for all of its residents.
- **Silicon Valley Economic Development Alliance:** Silicon Valley cities work together to create a healthy economic environment, share best practices with each other and build relationships with Silicon Valley's economic engine. They get the word out there: our region is the world's best place to build a company.
- **Smart Health:** Smart Health's mission is to create new models of health care delivery through the well-coordinated use of information systems.
- **Smart Valley:** Silicon Valley is the world center for information technology, but we are not using it effectively for our own community, and our communications infrastructure is lagging behind that of many other major urban centers.
- **Wireless Silicon Valley:** Smart Valley has partnered with city and county IT managers, and economic development staff to form the Wireless Silicon Valley Task Force.

Revitalizing Southside Virginia: From Tobacco to Technology

The Dan River Region[22] is as different from the Silicon Valley as silicon chips are from tobacco. Its economy, based on tobacco, textiles and furniture, has been in precipitous decline for decades. If the development of the Silicon Valley reflected the open business culture of the companies within it, the Dan River Region was the opposite. It was the captive of a culture that clashed with the direction of a modern economy. Its workforce depended on physical capacity and disdained education. The area itself lacked proximity to a major institution of higher education, and its economic development strategy remained focused on attracting companies to fill its industrial park.

Because advanced education has not been necessary for employment in the region's traditional industries, many regional citizens have not valued education in general and higher education in particular. As a result, nearly half of the adult population has only a high school diploma, and a fifth has no more than an eighth-grade education. Those children who complete high school tend to leave for postsecondary education or work in another place, never to return, a classic example of rural brain drain.

These conditions had given rise to prior efforts at economic development. Led originally by the Danville Chamber of Commerce and subsequently by a public/private economic development partnership financed by the city, the strategy was a conventional

The Dan River Region Compared to the Commonwealth of Virginia

Source: Timothy V. Franklin, Lorilee R. Sandmann, Nancy E. Franklin and Theodore J. Settle, "Answering the Question of How: Out-Of-Region University Engagement with an Economically Distressed, Rural Region," Journal of Higher Education Outreach and Engagement 12:3 (2008): 205-220.

	Dan River Region	Statewide, Virginia	Nationwide
Population change, 2000-2005	-2.7%	+4.3%	+4.86%
Percent under poverty level, 1999	16.2%	9.6%	11.8%
Adults 25 and over with high school diplomas, 2000	67.9%	81.5%	84%
Adults 25 and over with bachelor's degrees, 2000	11.6%	29.5%	26%
Median household income, 2003	$31,430	$50,028	$43,318

22 The Dan River Region is a region that stretches from the Blue Ridge Mountains east across the Piedmont along Virginia's southern border.

business attraction model. In 1986, the city hired its first economic developer and embarked on an ambitious public-private partnership to develop industrial parks and put up shell buildings with the help of Danville Industrial Development Inc., a for-profit stock corporation led by community businessmen. The business attraction strategy has had mixed results. All three of the city's shell buildings were occupied. Nestlé, the world's largest maker of refrigerated pasta, opened its doors in May 1988 in the city's first shell building at Airside Industrial Park. Shorewood Packaging, a subsidiary of International Paper, bought a second shell building in the industrial park in 1992, and in 1996 Diebold Inc. announced it would move into the city's third shell building to manufacture parts for automated teller machines. While Shorewood Packaging continues to expand—it invested an additional $10 million in a new press in 2005—Diebold closed in 2006 and moved its operations offshore.

Yet, after more than a decade of attempts at using traditional development strategies to overcome its structural problems, the region remained mired in decline, with unemployment figures continuing to climb and local internecine disputes at the forefront.

In 1997, the ongoing dire circumstances exacerbated by a recession prompted a group of local private sector leaders to form a nonprofit organization called the Future of the Piedmont Foundation (FPF) to turn around the region's fortunes. The FPF drew from the traditional leadership ranks of the private sector, whose members had very broad, deep and productive relationships with the region's political leaders on both sides of the aisle and at many levels. Three of the members were heavily involved in the Danville Industrial Development Inc. projects. Charles Majors, president of American National Bank & Trust Co., served on the Danville Industrial Development, Inc. executive committee; Ben Davenport was chairman of the Southern Virginia Regional Economic Development Partnership; and Linwood Wright, in addition to being a former mayor of Danville, was vice president of quality and development at Dan River Inc. Others in the group included a hospital CEO, a local contractor, a local bank president, a local architect, the local daily newspaper publisher, a physician who owned a local radio station and a plant manager at the Goodyear plant.

This group had close contact with local State Senator Emmett W. Hanger Jr., the senate's designated appointee to the board of trustees of the Virginia Tobacco Settlement Foundation, which had been created as an economic development investment foundation to assist regions hurt by loss of the tobacco sector. The region's representative in Congress, Rep. Virgil Goode, the Democratic congressman who had switched allegiances to the Republicans in 1994 and was awarded a seat on the appropriations committee, was a close ally. Governor Mark Warner had targeted the region—it is NASCAR country—in his campaign and was committed to its future development as well.

Both Davenport and Wright are very straightforward in saying, particularly when asked whether the FPF is replicable, that they sat at the juncture of a number of independent but interrelated actions that created a once-in-a-lifetime opportunity to fund the FPF.

Individual members of the FPF trace the roots of the group to both their general familiarity and friendships over the years and to previous attempts at economic development, including an effort in which they were involved to renovate a local theater as a tourist magnet. The FPF is an interlocking directorate of the leadership elite in the region. For example, Davenport alone is chairman of First Piedmont Corporation and Chatham Oil Company and currently serves on the boards of Averett University, Hargrave Military

Institute for Advanced Learning and Research

Source: *Cooperate: A Practitioner's Guide for Effective Alignment of Regional Development and Higher Education,* Council on Competitiveness, March 2008.

The Future of the Piedmont Foundation, a regional group of private business leaders formed in 2000 to deal with the economic crisis facing the Danville/Pittsylvania Community (the Dan River Region) of Virginia, produced *Learning, Working, Winning: Bringing the New Economy to the Dan River Region*, a strategic plan to resurrect the region. It resulted in the creation of the Institute for Advanced Learning and Research (IALR).

IALR is fostering a new economic base for the region, attracting and developing a 21st century workforce, leveraging the region's advanced networking infrastructure and making the Dan River Region a destination location. Its four world-class research and innovation centers in robotics, motor sports, horticulture, and forestry and polymers strengthen economic sectors by strategically linking existing industry, agribusiness and other regional assets. Each center combines research with commercial testing and engineering services and commercialization support services. Together the centers create a comprehensive initiative to generate new ideas and move them into private companies. Although IALR is still developing, these centers are attracting academic, commercial and industrial partners who bring outside resources into the region.

Virginia Tech University in nearby Blacksburg is the principal higher education partner in collaboration with Danville Community College and Averett University, a private Christian institution. Virginia Tech's core role is the implementation of off-campus "distributed research." Involving regional and state investments of more than $35 million, Virginia Tech is creating research facilities and equipment infrastructure in the Dan River Region that will support 25 faculty members and engage more than 60 Virginia Tech graduate students at IALR.

Educational and outreach programs prepare people for jobs in the four economic sectors. Degree completion programs build upon curricular partnerships with regional community colleges and K-12 systems. Nearly three dozen graduate degree and certificate programs are available. More than two dozen science, technology, engineering, math and entrepreneurship outreach programs target cradle-to-grave audiences. The Institute Conference Center attracts corporate visitors to the region.

Academy, American National Bank, Danville Regional Medical Center, Intertape Polymer Group and the Virginia Tech Board of Visitors.

The foundation members agreed that the effort they were launching would focus on a wholesale change in the region's economic focus—shifting from a traditional agricultural- and textile-dependent economy to a knowledge-based economy. They turned to MDC Inc., a consulting firm in the Research Triangle in North Carolina, for help in developing a new strategy. MDC produced a strategic plan, entitled *Learning. Working. Winning: Bringing the New Economy to the Dan River Region*. The FPF adopted many of the recommendations made by the MDC strategy, which was based on this fundamental conclusion: "The Dan River Region must shift from a traditional manufacturing/agriculture base to an information/high technology base to create jobs and increase wages. The area is facing an economic crisis and must take bold action." [23]

The crown jewel of the group's work thus far has been the IALR, a 70 million dollar research, teaching and product development institution conceived as a key building block in transforming the region to a technology-based economy. It is a collaborative effort among Virginia Tech, the private Averett University in Danville and Danville Community College. The IALR is intended to remake the image of the region, provide research services to its technology sector, use distributed research in conjunction with Virginia Tech to stimulate start-up companies, incubate early stage companies and provide state-of-the-art learning facilities and services for the region's educational system.

Internally, the FPF itself practiced a very limited form of collaboration. All of its members are from Danville. They made an early decision to remain a 100 percent private sector entity with no public sector officials. And, they specifically rejected the suggestion by the consultants who developed their institute strategy to include civic engagement as part of the overall effort.

Yet they have built a regional institution. It is regional out of necessity and opportunity. For example, the greenhouses scattered across the region are potential suppliers for biogenetics R&D at the IALR. The IALR's governance structure is broad enough to include Virginia Tech, its principle higher education partner, even though Virginia Tech is located 67 miles away. The FPF's vision was that the institute itself would build collaboration from the ground up. Through its regionwide programming, the regional nature of its governing board, the link to Virginia Tech and a state-of-the-art R&D facility, the FPF intended that the IALR do no less than incubate technology-based economic development in the region.

The success of the FPF depended absolutely on regional collaboration. As businessmen, they recognized that they would have to amass significant funds for their ambitious project to reach fruition, and inevitably these funds would have to come from multiple co-investments. An additional strength of this group is they are well connected at the state, both legislative and gubernatorial, and federal levels. They used their considerable influence and networks to convince political leaders, including the governor, the local congressman and state legislators from the region, to support their strategy and fund the institute.

The FPF believed, however, that it had to augment collaboration with a strong dose of efficiency. Because they were convinced that time was of the essence and that they were in a rare but strong position, they used their influence and networks to convince political leaders to support their strategy and fund the institute. Because building the insti-

23 MDC Inc., *Learning. Working. Winning: Bringing the New Economy to the Dan River Region* (Danville, VA: Future of the Piedmont Foundation, 2000).

tute, a state-of-the-art facility, was the key to their success, and because they were business men who were focused on a bricks and mortar outcome, they designed a business process. And they believed they had to balance getting the building done against opening up the process. They specifically rejected the suggestion of the consultants who developed the institute strategy to include civic engagement as part of the overall effort, relying on conventional PR initiatives when needed.

Nonetheless, the FPF was very collaborative with its partners in the IALR. It reached out to political and civic leaders even though its fundamental creed was "stop us if you can." For the FPF, collaboration across various levels of government—city, state and federal—and across the various government-provided funding sources (silos) was the key to their success.

The other major collaboration took place among Virginia Tech, FPF, the private Averett University in Danville and Danville Community College. The two principal collaborators were Virginia Tech and the FPF. There were two primary reasons that the collaboration was successful. There was a direct tie between FPF and Virginia Tech through Davenport serving on the board of visitors. In addition, the president of the university, Charles W. Steger, and Ted Settle, director of the university's Office of Economic Development, were committed to a unique model of distributed research that marries university expertise with regional assets. Distributed research also provides faculty members with the ability to play a vital role in the revitalization of an economically depressed region.[24] This strategy goes beyond the traditional practice of locating satellite teaching facilities far off campus or creating research institutes at a distance from the main campus. Distributed research meant locating entire departments off campus, complete with both research and teaching functions, and linking the research to the development needs of the region while keeping the department integrated into the university.

The FPF released its report recommending the institute in 2000, and the IALR opened the doors of its new-from-the-ground-up building in 2004. The combination of the interwoven leadership between Virginia Tech and the FPF, and between the FPF and local, regional and federal elected officials, enabled many partnerships. For example, the strong ties between the FPF board and both the city council and the Board of Supervisors of Pittsylvania County led to a settlement of their lawsuit and removed a major obstacle so that the IALR would be built as both a city and county partnership.

Partnership here goes beyond politics. It also involved the ability of IALR and university researchers and representatives to work jointly with businesses in the region on projects to leverage their assets. For example, the Dan River Region has several firms which use polymers in some form of their production processes. These companies are working with IALR researchers from Virginia Tech to develop new products based on applying their research.

The small group of Danville leaders who lobbied for the institute had both the planning and effective leadership skills to make their vision a reality. From conception to completion, it took only four years to build the research institute—a remarkable speed considering that it was a major undertaking that required public-private cooperation, significant backing from higher education institutions and multiple funding sources. Time will tell whether the IALR, which has become the centerpiece of technology-based economic development in the region, will also become a crossroads for further collaboration and innovation enabled by its regionally-integrated governing board.

24 Curtis Callaway, "Strengthening Southside's Economy through Distributed Research," Evince Magazine, 1 September 2005.

The most recent data offer reason for optimism. While still early in its development, three new facilities are in part attributable to IALR (700+ jobs total, with a significant number of Ph.D. scientist and engineering jobs). Since 2004, Dan River Region leaders have announced 5,500 new jobs.

Louisville: Consolidating Resources, Building Bridges

The city of Louisville, Ky. was neither driven by crisis as was the Dan River Region, nor replete with opportunities as was Silicon Valley. Ironically, Louisville's leaders were most passionate about complacency.[25] While Louisville's competitors (such as Nashville and Indianapolis) were systematically planning their futures in a new economy, Louisville was middling—neither in a crisis nor seizing the moment.

Over the years, Louisville had focused on city/county consolidation, an incremental process that had begun more than 50 years before when the first vote for consolidation failed in 1956. This failure notwithstanding, the consolidation impulse re-emerged, the next time impelled by the courts. In 1975, the federal court ordered the city and the Jefferson County school systems to desegregate. To comply, the Louisville and Jefferson County school boards voted to relinquish their jurisdiction and concur with the order to consolidate the two principal districts into a single metropolitan whole.[26] The merger of the city and county public school systems created an integrated environment that has been good for students and allowed school leaders to focus on quality education.[27]

Between the merger's ultimate approval by the electorate in 2000 and school consolidation, there were a series of incremental steps and some reverses that led to success. In 1986, the Louisville-Jefferson County Compact, which was a 12-year agreement providing tax-sharing, freezing annexation and combining some departments, was approved by city and county officials and the state legislature.[28]

In 1988, the Louisville Regional Airport Authority Board chose to expand Standiford Field (now Louisville International) rather than building a new airport 20 miles from downtown. This was seen as a victory for regionalism since an airport twenty miles from downtown would have de-linked the city from the surrounding suburbs.

The four electoral campaigns, beginning in 1956 and culminating in the 2000 approval of city/county consolidation, had developed some very significant assets. Among them were courageous elected officials like mayors Abramson and Harvey Sloane of Louisville and innovative public servants like deputy mayor Joan Riehm, who was the go-between for the mayor and the private-sector leaders, and who later became the founding coordinator of the Regional Leadership Coalition. In addition, Paul A. Coomes, a very well-respected University of Louisville economics professor, developed a series of benchmarks over the years that gave advocates of regionalism the information and metrics to demonstrate their arguments.[29]

Meanwhile, in the background during the 1980s and 1990s, other factors were preparing the ground for a culture of collaboration. The Louisville economy of the 1980s and 1990s was feeling "the rippling

25 Roger Hale, *1997 Visioning Report* (Louisville, KY: Greater Louisville Economic Development Partnership and the Louisville Area Chamber of Commerce, 1997).

26 K. Forbis Jordan and Charles V. Dale, *Metropolitan School Desegregation* (Washington, D.C.: Congressional Research Service, Library of Congress, 1980).

27 The Brookings Institution Center on Urban & Metropolitan Policy, *Beyond Merger: A Competitive Vision for the Regional City of Louisville* (Washington, D.C.: The Brookings Institution, 2002).

28 The alternative to consolidation was annexation by the city of unincorporated areas of the county. Annexation had been the source of countless political and legal battles since the 1956 consolidation failed.

29 http://monitor.louisville.edu

The impact of this collaboration appears to do two critical things: It brings business leadership to the forefront of regional economic development, and it allows for efficiencies and economies of scale in the economic development function.

impact of UPS operations,"[30] whose global market and dispersed spending in the region raised the awareness of globalization and the significance of the regional economy. While higher education had not played the leading role it has elsewhere (Stanford in the Silicon Valley; MIT in metro Boston), postsecondary education did make an important contribution to regionalism in the period by instituting a regionwide, cross-border tuition reciprocity agreement among community colleges. The agreement, which continues today, allows students enrolled in one community college to take classes for credit at any of the region's community colleges. In addition to literally creating a regional community college system, tuition reciprocity, like K-12 consolidation two decades before it, allowed the system to reduce duplication and increase specialization. The result was that individual community colleges could offer courses of study linked to industries in proximity to their campuses.

In mid-1996, the Greater Louisville Economic Development Partnership and the Metro Louisville Chamber of Commerce joined forces to reassess the direction of the region's economy and priorities for investments to promote growth and quality of life. A 40+ member visioning committee was created and chaired by Roger Hale, chairman and CEO of LG&E Energy and chairman of the Partnership. In August 1997, the committee released its *Visioning Report* calling for merging the Partnership and the Chamber of Commerce—the primary agencies responsible for attracting businesses to the region—under a single CEO. In September 1997, business leaders in the region followed through on this recommendation. As one of its first orders of business, the new organization—Greater Louisville Inc. (GLI)—recruited 40 community leaders onto a committee charged with determining ways to improve the region's economy.[31] M. Ross Boyle, a nationally recognized economic development consultant who advised the committee, urged community leaders to strive for a much faster, higher-quality economic growth model. He emphasized that action was needed "to make the Louisville area special, not average." Inspired by Boyle's advice, the committee identified seven major strategies to transform Louisville into an "economic hot spot." Combining the economic development function with an effective business association has been a successful strategy for both Louisville and Denver. The impact of this collaboration appears to do two critical things: it brings business leadership to the forefront of regional economic development, and it allows for efficiencies and economies of scale in the economic development function. As a result of this linkage, Louisville was both better prepared for the consolidation ballot in 2000 and had laid the tracks for further collaboration.

The successful consolidation vote was a turning point that allowed regional leaders to focus on their fundamental agenda, regional collaboration. Established leaders of the business community, such as former Metro Louisville Chamber president Charles Buddeke; Edward Glasscock, an attorney and long

30 Edward Bennett and Carolyn Gatz, *A Restoring Prosperity Case Study: Louisville, Kentucky* (Washington, D.C.: The Brookings Institution Metropolitan Policy Program, September 2008).

31 *Report of the Visioning Task Force of the Visioning Committee*, August 1997

time "mover and shaker;"[32] southern Indiana business leader Kerry M. Stemler; professional economic development leader Joe Reagan; and a host of others, coalesced in March 2001 to become the Regional Leadership Coalition (RLC), a private-sector coalition of civic and business leaders interested in regional cooperation and action. A 16-member steering committee was appointed with representatives from both sides of the river, and with Kentucky Governor Paul Patton and Indiana Governor Frank O'Bannon serving as ex-officio members. By design, the RLC steering committee, and now board of directors, has included no political officeholders. The idea was, and continues to be, a group of community folks with a singular agenda for promoting regionalism.[33]

With a commitment from the Brown and Ogle foundations of $300,000, paid in $50,000 annual installments from each entity, the RLC was led by Riehm, its first paid staff member, who worked part-time for the organization. Subsequent to its creation, the RLC changed its structure to have a shared executive leadership, initially consisting of Reagan and Michael Dalby, president and CEO of One Southern Indiana (1SI). The goals of the RLC remain what they were in 2001:

- Finding solutions to the transportation infrastructure issues affecting the region;
- Advancing the concept of a bi-state revenue/tax-sharing initiative that will initially help in the development of the River Ridge Commerce Center; and
- Supporting K-16 educational attainment and workforce development goals.

The bridge building efforts in the region are ongoing. In 2007, GLI and 1SI signed the *Commitment to Regional Economic Growth for the Louisville, Kentucky–Southern Indiana Economic Area.* The pact calls for, among other things, joint regional marketing; a commitment to the principle that "the attraction, expansion or retention of a business to any location in an area within the 25-county regional economy is a win for that area as well as a win for the entire region;" and information-sharing on companies known to be considering a move within the region. The RLC has organized the broad-based Build the Bridges Coalition, with the goal of getting the Ohio River Bridges Project completed as quickly and as inexpensively as possible. Among the coalition leaders are minority and women's business associations, the Greater Louisville Building and Construction Trade Council, UPS, Ford Motor Company and a number of mayors from both states.[34]

Reagan attributes this increasing collaboration to the approach of the leadership. He calls it the "abundance vs. scarcity mentality." He points to the leadership style of Mayor Abramson, who was quoted in *The Economist* as saying, "It's better that a company locate in the next county over than we lose it to Chicago or Atlanta; Nashville or Cincinnati." [35] This level of regional awareness has become embedded in the culture because the region has been obliged to confront it in a series of electoral contests and institutional decisions. In most of these instances, a business-led coalition has been the key to progress. While the organizational form has evolved over the years, hindsight makes it clear that leaders in the region have focused on acting like a region.

32 Glasscock has assumed numerous civic roles including serving as chairman of Greater Louisville, Inc., two-time chairman of the Louisville Chamber of Commerce, chairman of the Fund for the Arts and chairman of the Kentucky Center for the Arts.

33 Edward Manassah, "Leadership from the Ground Up," Louisville Courier Journal, 7 November 2007.

34 The Bridges Coalition, "About the Bridges Coalition," http://www.buildthebridges.com/AboutUs/tabid/68/Default.aspx.

35 "Rise of the Super-Mayor," The Economist, 6 May 2008.

Metro Denver: Creating a Culture of Collaboration

Twenty-five ago, Denver was on the decline as a result of the oil shale recession[36] and serious degradation of the environment. Denver's air pollution—particularly the infamous brown cloud that hovered over the city from November to January—obscured its natural beauty and turned what should have been an asset into a liability.

Today, Denver is such an appealing place to live and do business that it attracts the highest percentage of newcomers with college and graduate degrees in the country. It has become Seattle with sun. How has Denver transformed itself into a collaborative community with regional reach within a period of less than 25 years? In summary, new leadership and a systemic approach to collaboration enabled Denver to take on some of its toughest problems, including the persistent air pollution that had undermined its natural and environmental appeal.

The story goes back to the 1960s when a commission to study local affairs appointed by Governor John Love recommended the creation of an urban county; a Denver Metro Region County as it were. But the proposal died in the state legislature twice. Its supporters launched a petition drive that put it on the ballot in 1980, but it failed in a close vote. Although the vote failed, the campaigns leading up to it began bringing together a critical mass of regionalists. In the early 1980s, a series of regional organizations began in earnest to confront common problems such as traffic congestion, an arts and cultural decline, pollution and economic recessions. In the process, they began to fashion a series of collaborations using ballot initiative campaigns as the focal point to build the regional infrastructure, including a new airport, a commuter rail system, a baseball park, a football stadium and a basketball arena, not to mention roads and highways. These successive campaigns, which broadened to include the principal business group, labor, environmentalists and the regional mayors caucus, instilled the habit of collaborating, as did the institutionalization of regionalism through the Metro Denver EDC and the mayors caucus.

Removing the brown cloud that literally and figuratively hung over the region motivated Governor Richard Lamm, with support from Denver Mayor Federico Peña, members of the business community and environmentalists, to form the Metropolitan Air Quality Council (MAQC) in 1985. One of the MAQC's most controversial recommendations was a proposal to convert the area's coal-fired power plants to cleaner-burning natural gas. The controversy led to the 1987-1988 Brown Cloud Study, a $1.5 million effort funded almost entirely by the private sector but managed by a public/private partnership. In 1989, based on the results from the Brown Cloud Study, the state legislature passed SB 77, which included significant new initiatives for air quality in the region. Chief among these was the directive to the Air Quality Control Commission (AQCC) to establish a visibility standard for the area. After conducting an innovative public process to determine acceptable levels of visual air quality, the AQCC established the nation's first urban visibility standard in 1989.[37]

The momentum for regionalism continued in 1989, when the Scientific and Cultural Facilities District (SCFD) began to distribute funds from a regionwide one-tenth of one percent sales and use tax to build cultural facilities throughout the seven-county Denver metropolitan area. The intent was to support cultural activities that enlighten and entertain the public.

36 Exxon abandoned its Colony Oil Shale project, which had employed 2,100 local workers, and gave up on the most sophisticated technology to date to extract petroleum commercially from the reserves of shale that underlie much of northwest Colorado on May Day, 1982. Peter Applebome, "Denver Officials Take Aim at the Air," The New York Times, 10 November 1986, B7.

37 Regional Air Quality Council, "Denver Metro Air Quality: 25 Years of Progress," Air Exchange Supplement (Denver, CO: Regional Air Quality Council, August 2001).

The SCFD was authorized by the legislature in 1988, and the funding provided by the sales and use tax was approved by a combination of rural, suburban and urban voters. The voters reaffirmed their support of the SCFD tax in 1994, and again in 2004 with 65 percent of voters approving SCFD legislation to continue until June 30, 2018. In addition to supporting the cultural infrastructure, the SCFD reflected an important cultural change. The suburbs agreed to tax themselves for cultural facilities concentrated in the city, and the region began acting like a region. For regionalists, this is the Holy Grail of regionalism.

The 1980s also saw a concerted effort by the business community to secure a series of public investments in infrastructure and facilities improvements. Business groups like the Greater Denver Corporation and the Metro Denver Network—precursors to the Metro Denver EDC—sponsored campaigns which resulted in the Denver International Airport, the Colorado Convention Center and the Baseball Stadium District.

Yet despite its building boom in the 1990s, by 2003 Metro Denver was in the economic doldrums again, still feeling the effects of the post 9/11 high-tech fallout. Some of the region's business leaders decided to take matters into their own hands and work together by launching the Metro Denver EDC's *BreakThrough! Denver* campaign. They raised $13.3 million to create 100,000 new jobs and brand Metro Denver nationally as a sustainable hub for new economy businesses, entrepreneurs and workers. Among the activities the campaign supported were recruiting Dean Foods to locate its headquarters in suburban Bloomfield, the passage of the FasTracks light rail initiative on the 2004 general election ballot and a national marketing campaign featuring a comprehensive web site, www.metrodenver.org, which became the nation's largest economic development website.

The Metro Denver EDC serves as the economic development coordinating entity for the region, concentrating all attraction efforts in its hands. It is comprised of 70 counties, cities and economic development groups throughout Metro Denver and Northern Colorado and led by a private sector executive committee with a membership fee of $25,000 annually. While the executive committee makes final decisions on projects it will support, it has a number of advisory committees comprised of labor, community, environmental and other regional organizations whose input is sought and heeded. Sixty Metro Denver EDC agencies serve as account representatives for the entire region, promoting Metro Denver first and individual communities second.

The collaborative nature of the Metro Denver EDC is reinforced by a voluntary code of ethics, which requires members to adhere to the following rules:

- When representing the Metro Denver EDC, we shall endeavor to sell "Metro Denver First" and our individual communities and projects second.
- We shall honor the confidentiality requested by both our fellow members of the Metro Denver EDC and our prospects.
- At no time shall any economic development organization member of the Metro Denver EDC advertise or promote its respective area to companies within another member's geographic area in a manner that is derogatory or insulting to the other geographic area.
- At no time shall any member of the Metro Denver EDC solicit a fellow member's prospects.

The code is strictly enforced through a hearing process with the power to expel a member who breaks the code. Only one hearing, however, has ever been held, and that resulted in a ruling against the director of the Metro Denver EDC itself! The economic development agencies in the region benefit materially from this collaboration. By pooling their resources, they can acquire and share state of the art systems like advanced GIS, which none but perhaps Denver could afford on its own. The compact assures that shared access does not result in violations of confidentiality. The competitive benefit to the region is the absence of what Metro Denver EDC executive director Tom Clark calls "cognitive dissonance." Clark uses this term to describe the chaotic and cutthroat environment encountered by firms seeking to expand or locate in regions where the jurisdictions compete with one another by undermining their neighbors' efforts and discrediting their offerings. In the Denver region, companies are encouraged to thoroughly scout the region, look at all viable proposals in an open competition and make decisions on their merits rather than their demerits.

This collaboration has had both material and reputational benefits for the region. The Metro Denver EDC, through the *BreakThrough! Denver* campaign, met its goal of creating 100,000 new jobs by 2008. Colorado received an "A" for both business vitality and development capacity in the *2007 Development Report Card for the States* produced annually by the Corporation for Enterprise Development. And Denver was the only non-coastal city ranked in the top tier of national "cities to watch" in the recently released *Emerging Trends in Real Estate 2009*[38] report by the Urban Land Institute and PricewaterhouseCoopers.

Perhaps the best example of the Metro Denver EDC's contribution to the culture of collaboration is its relationship with organized labor. Typically, chambers of commerce and labor unions have highly adversarial relations. Yet in Denver, business and labor have collaborated in various electoral campaigns beginning as far back as 1973, primarily in those involving the construction of public transportation and stadia. The most revealing of these ballot issues was the refusal of the Metro Denver EDC to participate in a right-to-work ballot initiative in 2008 that was supported by chambers in the rest of the state. In an interview, Clark said that the Metro Denver EDC was unwilling to sacrifice its collaborative relationship with the labor movement to join the right-to-work coalition.

Apart from being a rarified instance where a business-led organization sided with labor against its counterparts, the decision says a lot about how highly collaboration is valued in the region. The work over the years to pass the regional transportation and downtown stadia referenda demonstrated the value of collaboration and built the interpersonal ties and trust that have created a virtuous circle of collaboration.

Yet, there is more to creating this type of culture in a modern region than random acts of collaboration. Someone or something must tie the loose strands together. It just so happens that the Denver region has been privileged to have a number of extraordinarily gifted and committed regional leaders. John Parr, who perished in an auto accident in 2007, was dubbed the "Godfather of Regionalism,"[39] both because of his national credentials as a leader of the National Civic League and a founder of the Alliance for Regional Stewardship and because of his work in Denver. In Denver, he played key roles in the campaign and administration of Governor Lamm and later served as a policy advisor to Denver mayors Peña and John Hickenlooper. But titles and organizations do not do justice to his role. While he was a lawyer, college professor, consultant, political operative and president, he served as a boundary crosser, a bridge builder and a doer. For example, he partnered with Mayor Hickenlooper and many other advocates to pass a regional sales tax to fund a $5 billion transit system. Parr organized and staffed the Metro Mayors Caucus.

38 Jonathan D. Miller, *Emerging Trends in Real Estate 2009* (Washington, D.C.: ULI-the Urban Land Institute and PricewaterhouseCoopers, 2008). http://www.pwc.com/us/en/asset-management/real-estate/publications/emerging-trends-in-real-estate-2009.jhtml.

39 Bill Fulton, "John Parr, the Godfather of Regionalism," California Planning & Development Report, 2 January 2008. http://www.cp-dr.com/node/1894.

Culture of Collaboration

Source: http://www.metrodenver.org/about-metro-denver-edc/

An affiliate of the Denver Metro Chamber of Commerce, the Metro Denver EDC is the nation's first and only truly regional economic development entity. The Metro Denver EDC's philosophy toward bringing business to the region is also unique. Each of the Metro Denver EDC's economic development partner organizations is committed to the economic vitality of the entire region. As an ambassador for the area, each is ready and able to communicate the benefits of Metro Denver first and individual communities second.

While the Metro Denver EDC is the leading economic development body in the region, it is by no means the sole regional entity. One of the most important collaborations in the region has been the Metro Mayors Caucus, a network of 39 regional mayors. Since its founding in 1993, the caucus has promoted cooperation, consensus and collaboration as means of addressing complex regional issues. By building cooperative working relationships, the mayors' group has achieved significant results, including greater regional trust, joint-purchasing agreements, a memorandum of understanding to further energy efficiency and conservation and pacts regarding recruiting businesses and private sector investment in the region.

Building this culture of regional collaboration has required a number of ingredients, not the least of which is time. The Council saw highly effective leaders across the region forge ties through ballot campaigns, commissions and politics that fostered collaboration. They developed the institutions, the habits and the traditions of collaboration over time based on individual commitments to regionalism and on institutionalized systems integrators like Metro Denver EDC and the Metro Mayors Caucus.

West Michigan: The Common Framework

The last decades of the 20th century were prosperous times for West Michigan. The metropolitan area, nestled along the eastern shore of Lake Michigan, includes the cities of Grand Rapids, Muskegon, Holland, Grand Haven and a variety of small tourist and farming communities. Long a center of furniture production, the region also had developed strong manufacturing industries in automotive parts, plastics and food processing.

From the 1970s through the 1990s, West Michigan experienced significant growth in population, employment and gross metropolitan product, outpacing U.S. averages in all three metrics. Compared to the other ten-million-plus population regions in the Midwest, West Michigan saw the highest population and employment growth. In manufacturing, the West Michigan region was the only large Midwest metro area to see positive growth in employment and led all regions in manufacturing earnings growth with a 671 percent increase between 1990 and 1999.

While pleased with the economic growth, community leaders were concerned with challenges of increasing urban sprawl, deteriorating central cities and environmental degradation. In addition, business leaders recognized that global economic trends threatened their traditional economic stability—despite their recent success, the composition of the local economy was over-dependent on manufacturing and underrepresented in emerging high-tech, knowledge-based industries.[40]

To address these issues, a group of community leaders formally organized the West Michigan Strategic Alliance (WMSA) in June of 2000. Led by Jim Brooks, a local business leader, and supported by two professional planning consultants, the group started with the explicit recognition that continued prosperity would require greater collaboration among the businesses, institutions and governmental units within the "West Michigan Tri-plex."

Brooks and other founders began by building a 40-person leadership group called the Leadership Forum that included public, private, education and non-profit leaders throughout the Tri-plex. These WMSA leaders then launched a two-year process, involving more than 250 participants, to assess regional strengths and weaknesses in ten core areas: environment, economy, education and research, health and human services, tourism, arts and culture, land use, infrastructure, transportation/logistics and governance.

For each core area, a member of the Leadership Forum chaired an essential activity committee made up of community volunteers with expertise in the particular activity or system. The process resulted in the 2002 publication of *The West Michigan Common Framework*[41] that described the present state of the region for each essential activity and generated six priority recommendations for regional collaboration:

- Create a Regional Mindset
- Foster a Prosperous Economy
- Strengthen Community Through Diversity
- Ensure a Sustainable Environment
- Revitalize Our Urban Centers
- Develop a Tri-Plex Growth Strategy

The regional mindset priority was intentionally listed first because success on all of the other elements would eventually rest on creating a shared sense of region. However, West Michigan lacked a strong history of regional cooperation. To the contrary, the three major cities in the region had developed with separate strategies for industrial development, growth and land use. While the area shared a labor force, environmental assets and cultural amenities, a culture had developed which stressed the individual identities of the communities. People were proudly from Grand Rapids or Holland or Muskegon—not "West Michigan."

40 West Michigan Strategic Alliance, *The Common Framework: West Michigan, A Region in Transition* (Holland, MI: West Michigan Strategic Alliance, 2002), 26.

41 http://www.wm-alliance.org/documents/publications/The_Common_Framework.pdf.

By calling attention to the threat of continued uncoordinated growth turning West Michigan into a sprawling "Los Angeles on the Lake," *The Common Framework* lays out a rationale for regional action:

> *A regional identity and collaborative planning must emerge if we are to successfully manage our growth and development issues. In the future, our government, business and institutional organizations—along with the citizens of the region—must begin to think of ourselves as what we truly are. We are all part of an interactive and interdependent whole.*[42]

Calling for changing a mindset is a lot easier than actually doing it. The WMSA leadership worked to focus on this mindset change in two key ways: the design and distribution of *The Common Framework* publication and the use of ongoing community engagement.

The Common Framework shows how the region is connected in multiple ways. For each of the ten essential activities, graphics display how the communities in the region are interconnected. For many regional residents, the document was truly an eye-opener, both in its design and its content. Positioned as "information and maps for community decision-makers," leaders throughout the region have used the document as the basis for discussion at dozens of community forums where they heard feedback on the recommendations and recruited volunteers. Every year, the WMSA implements regional listening sessions to test and refine its priorities.

Progress on the six priorities for regional collaboration has not always been easy. For example, creating effective partnerships across governmental sectors in some cases has proven challenging, and discussing collaboration is far easier to accomplish than is the actual implementation. While the economics of the arguments might have made sense, it has taken longer than anticipated to develop sufficient community support or social capital to overcome traditional resistance to political cooperation. As current WMSA president Greg Northrup puts it, "the trust is not fully there yet."

One of the earliest initiatives launched following distribution of *The Common Framework* was focused on green infrastructure. West Michigan's natural assets provide scenic beauty and recreational opportunities that contribute significantly to the area's quality of life. A task force developed a West Michigan Green Infrastructure Strategy in 2003 that outlined a vision for permanent protection and management of regional natural assets. However, little was initially accomplished on implementing the strategy. Because the vision contained few specific goals, the group had trouble building a coalition that could overcome institutional barriers.

42 *The Common Framework*, 10.

In the past two years, the WMSA has reinvigorated the Green Infrastructure Strategy with the creation of an expanded Green Infrastructure Leadership Council (GILC) with 30 members that reflect the geographic, demographic and political diversity of the region. The GILC has updated the Green Infrastructure Strategy and embraced specific goals and objectives for dunes preservation, trail development, farm land preservation, watershed protection and management, brownfield redevelopment, metropolitan planning and, ultimately, acres of land conserved. So far, of the 18,000 acre goal designed to meet biodiversity objectives, more than 3,000 acres have been protected.

The Green Infrastructure Strategy has experienced great success in stimulating collaboration among environmental and planning entities in the region. All watershed projects (there are 13 in total) now share best practices and make a point of keeping each other informed. Multi-jurisdictional charrettes conducted in partnership with the Grand Valley Chapter of the American Institute of Architects have brought neighboring units of government together to create a shared vision for revitalizing adjoining areas with a focus on achieving the triple bottom line.

The WMSA has built on its early successes and learned from its missteps. As the organization has become more institutionalized, it has adopted specific strategies for community engagement and initiative development. It has created and embraced a collaborative implementation model, which it follows systematically to move initiatives from vision to successful implementation. Using this model, new initiatives have been launched based on regional indicators compiled in an annual publication called *Vital Signs*.[43]

Conclusion

The Council has looked at five regions, each of which has featured effective leadership for regional collaboration. The forms of organization vary from region to region and even evolve within regions over time, yet they have a number of commonalities. There is strong leadership from the business community. While the regional leadership body is frequently a coalition (think pick-up basketball), there is inevitably an organization or organizations that serve as systems integrators, building convergence at the regional level. Another commonality is action. Regional leaders are not caretakers, they are doers. Finally, they are the maintainers and promoters of the ongoing regional conversation about how, in a rapidly changing global economic environment, their regions can pursue strategies that adapt to changing circumstances, meet market demands and assure that success is defined by the prosperity of the regions' citizens.

43 http://www.wm-alliance.org/documents/news_items/WMSA_2008VitalSignsUpdate_-_FINAL_4-29-08.pdf

Chapter 3

Effective Regional Leadership

> *Our view is that strong leadership means a city or a region will be proactive in initiating regional economic development strategy to: set a vision for the future development of the region implement plans and processes that facilitate institutional change, monitor regional performance and adjust strategies and plans.*[44]

What is effective regional leadership? In the last analysis, the definition by Robert Stimson, Roger R. Stough and Maria Salazar is about change. The focus must be on doing things; not just creating a strategy but taking the steps to facilitate institutional change. Making change is both the challenge and the purpose of regional leadership. This point cannot be overemphasized. Given the difficulties cited in chapter 1, the temptation is for regions to emphasize process—getting the right people at the table, analyzing regional assets and developing growth strategies. Although these activities are crucial building blocks for regional action, they do not put regional leadership to the test of creating institutional change. Governors, mayors and county executives can hold subordinates accountable, but this is not so for leaders of regions, where decisions are consensus driven. Regional leaders must inspire and persuade stakeholders to turn commitments into action.

The New Tasks of Regional Leadership

Regional leadership has a number of components, the most obvious of which is the ability act regionally and think globally. The broad mandate to act like a region can be broken down into a number of tasks that regions must accomplish and that require effective leadership to accomplish. These new tasks of leadership include:

1. Tell the Region's Story

Regions cannot be expected to act like regions without a unifying narrative that creates a shared sense of identity. *The West Michigan Common Framework* explained it this way:

> *To sustain and grow economic activity in the new global marketplace, regions need to achieve a strong identity…The Grand Rapids-Muskegon-Holland Metro Tri-plex is more than just an overflow of the Detroit or Chicago metros. We are a dynamic urban center in our own right, with attractive urban, rural, business and recreational opportunities.*

Because of the boundaryless nature of regions, establishing a regional identity is an ongoing task. It often involves visioning and other strategic processes and is integrated with regional marketing strategies. The region's story is not immutable. For instance, Rochester, NY, used to be known by one word: Kodak.

44 Robert Stimson, Roger R. Stough and Maria Salazar, *Leadership and Institutions in Regional Endogenous Development* (Northampton, MA: Edward Elgar Publishing, Inc., 2009).

Kodak is now a shadow of its former self. In the 1980s, it employed more than 60,000 in the region. Now that number is 6,000. Kodak is a declining company known more for what it was, not what it is. Rochester and the Finger Lakes region have a new story. It is now a technology hub building on the legacy of invention and innovation that includes a world class optics cluster, advanced manufacturing capacity, major institutions of higher learning and a highly skilled workforce. In summary, the region's story has changed from Kodak as leader to Kodak as legacy.

2. Get the Right People at the Table to Do the Right Thing

The multiplicity of actions needed on the regional level requires a fluid and open process to get things done. Regional leaders need to have the prestige, knowledge and networks to bring diverse individuals and organizations together, and these leaders must cross boundaries while assembling this team. College and university presidents and other education leaders are particularly adept at this task because they are frequently perceived as neutral and above the fray, and their institutions are even more significant than ever in the knowledge economy.[45]

Getting people to the table, however, is not an end in itself. One of the concerns expressed by stakeholders in one WIRED region was that collaboration has led to more meetings and better communication, but the issue remained that little activity resulted from these achievements. One of the reasons that is frequently offered for business-led regional activities is that business is focused on outcomes, not just process.

3. Produce Regional Value

The value proposition for acting like a region is twofold. The capacity to aggregate demand (fire and police services, joint purchasing and marketing) and spread costs over a larger base reduces unit costs and leverages regional resources. For example, by pooling their resources, the Denver region has jointly financed and utilized a leading-edge GIS capacity, which has increased its success rate in business attraction by 25 percent. The second half of the value proposition is collaboration. According to Tom Clark of the Denver Metro EDC, by creating a regional code of ethics that prohibits sub-regional entities from disparaging one another, collaboration clears the air of cognitive dissonance where prospects are bombarded with mixed messages, further enhancing the region's capacity to capture new companies and retain the ones they have.

45 Council on Competitiveness, *Cooperate: A Practitioner's Guide for Effective Alignment of Regional Development and Higher Education* (Washington, D.C.: Council on Competitiveness, March 2008).

4. Build an Innovation Ecosystem

The large majority of regions in the United States cannot and do not want to compete as low-cost producers. That is a race to the bottom. Regions and firms around the world are innovating and dominating in clusters and supply chains where they compete with the United States. To compete successfully, each of U.S. region needs a cross-fertilizing innovation ecosystem that goes beyond producing discrete innovations to systemic innovation. Regions are particularly useful in this regard. Since innovation in the knowledge economy occurs at the intersection of disciplines[46] and is increasingly defined by open platform methods, face-to-face interaction has become more rather than less important for technological advance. This new benefit of place offers the ability to connect different spheres, such as engineers and artists, and to harvest the new combinations that arise from these collaborations. And regions are an ideal crossroads for face-to-face connection because so much of it happens there on a daily basis.

The Silicon Valley is the most advanced domestic example of an innovation ecosystem. It has strong social networks, close ties with local sources of financing, well-established links among universities, federal labs and firms, and a capacity for product and technology convergence and reinvention. Regions need an innovation ecosystem so they can be poised to deploy their assets "at the speed of business." For example, if an outside venture capital firm plans to invest in a local, early stage company and move it close to its location, how can a region compete unless it has a linked-in system of regional investors who can quickly assemble a counter-offer at the speed of business?

5. Establish New Regional Rules of the Game

Twenty-first century regionalism requires a new business model. The old rules were based on the principle of every place for itself—a zero-sum scenario. As the Metro Denver EDC example demonstrates, there are new and better ways to play the game. In Metro Denver, prospects are shown the most appealing sites within the region regardless of jurisdiction. Their code of ethics[47] allows the sites to promote their virtues and forbids mentioning the competition's weaknesses. Mayor Abramson of Louisville is well known for saying he would rather lose a prospect to a site within the region than see it go to Nashville, Atlanta or Indianapolis. The principle involved is quite simple.

Regardless of where a company locates within a region (i.e. a labor market), its employees, vendors and customers will be spread across it. Mayors Abramson and Hickenlooper (of Denver) know that the amenities and services that make their cities attractive will only survive if the surrounding regions have fans, clients, customers, patients, visitors and buyers who can afford to come downtown.

46 Council on Competitiveness, *Innovate America* (Washington, D.C.: Council on Competitiveness, May 2005).

47 http://www.metrodenver.org/about-metro-denver-edc/code-of-ethics.html.

Regardless of where a company locates within a region, its employees, vendors and customers will be spread across it.

The new rules of the game go beyond attraction and retention strategies to what Marianne Feldman calls "jurisdictional advantage," which is distinguished from "locational advantage" because "the term jurisdictional implies political will and policy-making ability."[48] The IALR in the Dan River Region is a good example. It is a joint venture among the state, county and city governments allied with three institutions of higher education. Whereas in the past, Pittsylvania County and the city of Danville were locked into a zero-sum framework, the FPF (see chapter 2) used political will to narrow the breach, creating what is called in the Silicon Valley "cooptition"—competing and cooperating at the same time. Acting like a region does not mean surrendering all local prerogatives—Danville and Pittsylvania County have not stopped competing. They have, however, learned that cooperation is a viable, effective strategy as well.

The old rules of the game were based on silos—separate grant and investment sources with distinct eligibility requirements, geographic definitions, etc. Silos oblige applicants to narrow their focus and deny them the capacity to build partnerships. Modern economic development, with its emphasis on holistic projects like the IALR, requires silo busting. The Virginia Tobacco Settlement Foundation insists that jurisdictions within regions apply in partnerships for economic development grants. A similar approach was taken in Ohio, where a group of community foundations called the Fund for Our Economic Future, a collaborative effort to strengthen regional economic competitiveness in Northeast Ohio, recently announced a new competitive awards program.[49] Under the program, local governments in the region were encouraged to submit government collaboration and efficiency proposals to the fund, which provided a total of $300,000 to three projects. The proposals are required to involve more than one governmental unit collaborating on the project and demonstrate the potential for replication.

48 Maryann Feldman and Roger Martin, "Constructing Jurisdictional Advantage," Research Policy 34 (2005): 1235-1249.

49 EfficientGovNow, "About EfficientGovNow," http://www.efficientgovnow.org/About/.

Silo Busting

Facing more than two decades of chronic double-digit unemployment, regional leaders in California's eight-county San Joaquin Valley decided to try a new approach to economic development: integrated regionalism. Regional leaders have spent years working with public officials to develop interagency task forces and have been able to construct a multi-county, multi-agency, multi-sector development organization.

In 2002, they successfully convinced President George W. Bush to approve an executive order that created the Federal Interagency Task Force (FITF) for the San Joaquin Valley. The FITF includes designees from every major agency of the federal government operating in the Valley. In 2006, Governor Arnold Schwarzenegger approved the creation of a State Interagency Task Force for the San Joaquin Valley, mirroring the federal arrangement. Finally, the regional government, non-profit, academic and private-sector leaders formally created the San Joaquin Valley Advisory Group, a regional body that incorporates the collaborative group that had already been working on regional economic development efforts, the Fresno Regional Jobs Initiative (RJI). (Learn more at http://www.fresnorji.org/.) Under the operational guidance of the San Joaquin Valley Advisory Group, these three organizations comprise the leadership of the San Joaquin Valley Partnership.

The Partnership has based its strategy on the efforts already being implemented as part of the RJI. Launched in January of 2004, the RJI has been able to engage 430 businesses and 23 government agencies in developing a series of 47 initiatives. Their integrated efforts led to the creation of 3,800 jobs in the targeted clusters in 2004. Now, with the inclusion of additional regional leaders and the state interagency task force, economic development leaders believe they can further expand their efforts. According to Ashley Swearingen, formerly the executive director of RJI and now the mayor of Fresno, "We believe we have finally created the implementation structure we desired—we have representation from all the sectors and localities that compose our broader economic area, as well as a commitment from the state and federal government to align the activities of their agencies. We think this arrangement will allow the region to act quickly, decisively and comprehensively to build a more prosperous economy."

6. Establish Indicators and Metrics

Driving a change agenda under any circumstances is a challenging undertaking. The difficulties are compounded at the regional level because the various decision makers cannot be directed to make change; they must be persuaded. Indicators and metrics tied to regional goals serve a critical function in these circumstances. Choosing the right indicators and metrics is not just a matter of gathering experts together. Regional leaders need to tie metrics and indicators to their decision-making process and to measurable goals created through organized regional conversations. "Building community confidence requires publicly setting, tracking and meeting (or preferably exceeding) real, meaningful, measurable objectives."[50]

50 Joint Venture, *The Joint Venture Way: Lessons for Regional Rejuvenation, Volume 2* (San Jose, CA: Joint Venture, 1998).

Index of Silicon Valley

In October 1998, more than 2,000 residents and community leaders spoke on what they would like Silicon Valley to become by the year 2010 during a facilitated visioning process. High quality information and meeting tools were provided to facilitate understanding and communication. And ultimately, the visioning process focused on a tangible outcome—a set of goals and measurements in Joint Venture's annual *Silicon Valley Index* that can be used to track progress toward realizing this vision. To capture this vision and the metrics that would track their progress toward it, in 1998 Joint Venture released *Silicon Valley 2010: A Regional Framework for Growing Together*. The following year, the Index began its practice of measuring progress toward the 17 goals for the economy, environment, society and regional stewardship established in *Growing Together*. By measuring a broad base of indicators that cut across Silicon Valley's economy, community and environment, the *Index* identifies emerging challenges and opportunities facing the region. The process includes the annual State of the Valley Conference where the region's performance is discussed by well over 1,000 people.

Similar to the Silicon Valley, the WMSA published *The Common Framework: Information and Maps for Decision Makers* in 2002. This sourcebook uses innovative GIS technologies to create a common framework document that clearly depicts how the communities in the region are connected. *The Common Framework* identified six priorities for regional collaboration. It was the result of two years of objective data gathering, analysis and strategic planning conducted by more than 250 volunteers across ten essential activities: environment, economy, education and research, health and human services, tourism, arts and culture, land use, infrastructure, transportation/logistics and governance. In addition, WMSA publishes *West Michigan Vital Signs*[51] to track their progress and benchmark against competitors.

Regional Leadership Clusters

A cluster, as defined by Professor Porter, is a geographic concentration of competing and cooperating companies, suppliers, service providers and associated institutions.[52] Much like clusters, regional economic development leadership must rely on multiple actors to voluntarily move in a specific direction. It is a little like trying to conduct an orchestra where each section has its own score. Coordination is an art for regional leaders to master. It is an art because, unlike highly structured city planning, regional development depends on collaborative relations among many different actors and is practiced in a dynamic environment. The more individuals share ideas and work on joint projects, the more likely it is that they will develop the trust needed in a consensual environment. Without an organization to conduct, encourage and coordinate, the actions of individual leaders and organizations will rarely mesh into a coherent and integrated regional economic development strategy.

The five case studies in chapter 2 make clear that there is no one-size-fits-all leadership structure. Certainly the FPF in the Dan River Region fits the image of the old style regional leadership—a group of men consisting of, among others, a bank president, the publisher of the local newspaper, a former mayor and senior executive of a textile mill, etc. Yet the FPF

51 http://www.wm-alliance.org/documents/publications/Vital_Signs_Final_V19-_FINAL_5-1-09.pdf.

52 Clusters of Innovation: *Regional Foundations of U.S. Competitiveness* op cit.

is really a demonstration of how the old model has adapted to the new environment. While their deliberations may have been private, the actions required to fund and build the IALR were not. The FPF published its plan, gained the open support of elected officials and convinced the state legislature, Congress and the publicly-funded tobacco settlement fund to invest in the IALR and persuaded the city of Danville and Pittsylvania County to end a protracted legal battle. The rooms may have been smoke-filled (this was, after all, tobacco country!) but the decisions were open and transparent. This group, which provided clear and direct leadership to this regional project, served as much as a systems integrator across the region as it did as a leadership body.

If there is one common characteristic of regional leadership bodies, it is that they are coalition builders. In Louisville, for example, GLI and 1SI have supplied the leadership for the Ohio River Bridges Project by building a diverse coalition which includes representatives of the Louisville Downtown Development Corp., the Regional Leadership Coalition, the Greater Louisville Building and Construction Trades Council, Associated Builders and Contractors of Kentuckiana Inc., the Greater Louisville Logistics Network, the National Association of Women Business Owners, the Hispanic-Latino Business Council and the

If there is one common characteristic of regional leadership bodies, it is that they are coalition builders.

African-American Business Alliance.[53] Given the fluid nature of regional organizations, it is common to find that while the business-led organizations are the drivers of economic development initiatives, they also need to assemble broad coalitions to succeed. The Metro Denver EDC is a classic example. Over the years, it (and its predecessor organizations) has been at the head of coalitions for a regional transportation system, a new international airport and new public facilities like ballparks and stadiums. In the case of both Denver and Louisville, electoral campaigns have played a strong role in coalition development.

At the core of regional coalitions, there is usually a business-led or business-driven organization. In addition to Louisville and the Dan River Region, this is the case in Denver. Both Joint Venture Silicon Valley Network ("a neutral forum, bringing together leaders from business, labor, government, the universities and the non-profit sector") and the West Michigan Strategic Alliance ("representing the gov-

53 One Southern Indiana, "Commitment to Regional Economic Growth for the Louisville, Kentucky—Southern Indiana Economic Area," http://www.1si.org/documents/OSI004_36x60_Agreement-v1.pdf.

At the core of regional coalitions, there is usually a business-led or business-driven organization.

ernmental, business and institutional sectors of the region") describe themselves as multi-sector organizations, but their leadership is drawn primarily from the business community. Unlike politicians who face re-election, private sector leaders tend to have a more stable tenure and are able to sustain priorities over the long haul. Further, only business leaders can provide the core knowledge about local industry trends and global markets that underlie any economic development strategy. Business leaders are results oriented and serve a crucial role as voices for an outcome driven focus. And, of course, business leaders can provide cover for politicians who sometimes are in a position to support projects privately that are too risky to endorse openly until they have reached a certain level of public acceptance.

An offshoot of private sector-led activities is the public/private partnership. These collaborations have become common today precisely because they allow for deep private sector involvement in what are traditionally public sector activities. Both the Metro Denver EDC and GLI are public/private partnerships. GLI was formed through the merger of the Greater Louisville Economic Development Partnership and the Louisville Area Chamber of Commerce. In early 1998, GLI also assumed some of the economic development activities that had been carried out by the city and county—specifically the Louisville/Jefferson County Office for Economic Development's outreach program, business retention and expansion responsibilities. Another example is the Greater Fort Bend (Texas) Economic Development Council.[54] It is a nonprofit, 501(c)6 membership-based, private corporation. Thirty-five percent of its funding comes from contracts with its public sector partners and 65 percent comes from its private sector partners. Public sector funds come through contracts to provide economic development services, while private sector funds are provided through memberships. Greater Fort Bend partnered with the public and private entities to develop a state-of-the-art GIS system, and the layers of information to create the system were supplied by public and private sources. All of the partners benefit from the increased flow of information used in the development process.

It is important to distinguish form and function in the realm of regional leadership organizations. Whether they are called partnerships, coalitions, foundations or metro chambers of commerce, an intermediary

54 The National Council for Public-Private Partnerships, "GFBEDC—Geographic Information System (GIS)," http://www.ncppp.org/cases/gfbedc.shtml.

economic development organization that embraces regionalism as part of its core mission is critical if regional collaboration is to be sustained. It is not sufficient to have multiple organizations that act regionally on specific development issues. While these individual groups may be regional in scope and organization, and may even rely on regional collaboration, they see regional action as a tactic, not an overarching strategy for economic growth. What is needed is a systems integrator that primarily focuses on the **regional** aspect of regional economic development, not just the specific economic challenges. Without such an intermediary, there is no ongoing entity to organize regional action on a regular basis. To put it another way, regional leaders must be able to act through a stable organizational vehicle for every regional project or initiative.

The table below summarizes the differences between traditional, local economic development leadership structures and newer, regional leadership structures.

Summary Table: Characteristics of Effective Leadership Structures

	Local	Regional
Number of Leaders	Individual or small group	Multiple or large group
Scope of Activity	One jurisdiction, organization	Cross jurisdiction, organizations
Organizational Structure	Hierarchical	Flat, networked
Power Structure	Central command by few leaders	Shared by many leaders
Primary Basis of Authority	Designated by statute	Earned by action
Level of Transparency	Opaque (Low)	Clear (High)
Lead Sector	Public (Politics)	Private (Business)

Chapter 4

Individual Regional Leaders

As more people come to accept the reality and necessity of inclusive, participatory civic processes, there has been a tendency to dismiss the idea that individual leaders can make a difference…[but] even as the solo leadership model fades, one should not too soon or easily dismiss what single leaders do.[55]

Neil Pierce and Curtis Johnson
Boundary Crossers: Community Leadership for a Global Age

Just as the tasks and structures of regional leadership are distinct from other kinds of organizational leadership, so too are the functions and qualifications of individual regional leaders. This chapter will look at the different kinds of leaders and the qualities they need, and will present profiles of effective individual leaders.

While some regional leaders, such as Mayors Abramson and Hickenlooper, are indeed public figures, most are not. In fact, as discussed in the previous chapter, their tasks are such that few of their activities attract public attention. Much more activity is focused on creating the ecosystem the region needs in order to compete effectively. Without undervaluing the public role that regional leaders play, a number of other qualities of regional leaders can be identified, many of which rarely get public recognition. Only those characteristics that are particularly important for **regional** leaders, rather than those common to leaders in general, have been featured. For example, all leaders need political savvy, whether they are dealing with boards of directors, elected officials, charitable foundations or school boards, and this quality is important for regional leaders as well. While the presented examples distinguish among a number of qualities of regional leaders, it is important to remember that one individual can embody many of them.

Champions

Regional champions come in many forms. In one sense, all regional leaders are champions because they share, in the words of Linwood Wright, the chair of the FPF, "a passion for regionalism." Without a near-obsessive commitment to promoting a regional approach, it is difficult to overcome the inertia of the traditional ways of doing things and to build regional awareness across the broad cross-section of activities involved in making a region globally competitive. Regional champions have the ability to influence important constituencies and communities based on their knowledge, reputation and accomplishments.

55 Neal Peirce and Curtis Johnson *Boundary Crossers: Community Leadership for a Global Age* (College Park, MD: The James MacGregor Burns Academy of Leadership Press, 1997), 43-44.

A Regional Champion

Joseph Bordogna is the Alfred Fitler Moore Professor of Engineering and dean emeritus of the School of Engineering and Applied Science at the University of Pennsylvania, and former deputy director and COO of the National Science Foundation (NSF). Bordogna is a native Philadelphian and, perhaps to his own surprise, has emerged as an important leader for regional collaboration in a region that encompasses Philadelphia, Southern New Jersey and Delaware. Chances are his name will not appear in the newspaper when they write about institutions like the Philadelphia Education Fund, the Philadelphia Math Science Coalition or Select Philadelphia (corporate elite), yet he has been instrumental in building regional coalitions in both the city and the state since organizing the Philadelphia Regional Introduction to Engineering for Minorities in Engineering (PRIME) in the 1970s.

His current focus is The Greater Philadelphia Regional Compact for Science, Technology, Engineering and Mathematics (STEM) Education. The compact, which now has 60 members, was based on a core group he organized that included, among others, the local PBS station, WHYY; the Philadelphia Education Fund; the Ben Franklin Technology Partners; the Delaware Valley Industrial Resource Center; and Select Greater Philadelphia. The compact itself is a shared commitment to collaborate on STEM activities. It is not a full-blown organization, but a network of institutions. It is a vehicle for cross-boundary collaboration among education, business and government and a crossroads where information (promising programs and practices) and ideas can be exchanged and collected.

Bordogna is an example of a regional champion, though he leads no formal regional institution. He is a leader because he has been a vocal advocate for raising the level of scientific competency in general (training an "astute workforce," as he calls it) and broadening participation in science and engineering by women and minorities.[1] Over the years, he has created what he terms "connective tissue" among government, universities and industry and earned the trust of these leaders through his actions and expertise.

1 Joseph Bordogna, "Keynote Address," The Greater Philadelphia Business, Higher Education and K-12 Science, Technology, Engineering and Mathematics Summit (Valley Forge, 30 March 2006).

Bridge Builders/Boundary Crossers

Regional leadership is a boundary crossing activity if ever there was one. Of course, the point of boundary crossing is to build bridges to new regional partners. John Gardner of Stanford University described the importance of boundary crossing:

> *The key is to get people talking and working together across boundary lines that traditionally divide and diminish a community and people from government, corporations, social agencies, ethnic groups, unions, neighborhoods and so on. These people have usually had little experience in talking with one another, much less collaborating. We have found that building healthy communities is much less about structure and more about building relationships.*[56]

56 Boundary Crossers, ii.

Boundary Crosser Par Excellence

John Parr possessed all the qualities of a regional leader. As a champion of regionalism, not only did he have a long history of building broad regional coalitions in Denver, he also influenced the national scene as leader of the National Civic League and a founder of the Alliance for Regional Stewardship. Athough he was an accomplished academic, he is best remembered as a doer who focused on building regionalism through action. But his passion was as a boundary crosser. He co-founded the Center for Regional and Neighborhood Action (CRNA), which created CIVIC RESULTS, a Denver-based non-profit organization that assists governments, businesses and non-profit institutions in collaboratively planning and implementing initiatives that create measurable change in the physical, social, civic and human infrastructure of communities and regions. In addition to his work as a political operative for former Governor Lamm and mayors Peña and Hickenlooper, he was instrumental in organizing and staffing the Metro Mayors Caucus, which is composed of 39 mayors in the Denver metro area and develops collaborative solutions to challenges and opportunities facing the region.

Perhaps the best summary of Parr's approach appears in an obituary written by Bill Fulton, the mayor of Ventura, Calif., entitled *John Parr: The Godfather of Regionalism:*

> *The Parr legacy will stretch far and wide, but I like to think that the greatest accomplishments are just coming to fruition in Denver. That's largely because of Parr's old friend, brewpub owner John Hickenlooper, who was elected mayor of Denver in 2003—not least because Parr leaned on him to run for the office. In Hickenlooper, Parr seemed to find an elected official who embodied what Parr believed: smile a lot, keep talking to everybody, find common ground, park your ego when necessary to get things done. Using these qualities, Hickenlooper—among many others, including Parr—helped pass a regional sales tax to fund a $5 billion transit system.*

Despite their relative anonymity, bridge builders are a key aspect of regional leadership, since, as Gardner says, "building healthy communities is much less about structure and more about building relationships." [57]

57 Op Cit, Boundary Crossers

Taking Bridge Building Literally

Joan Riehm was a former deputy mayor of Louisville Metro, a co-chair of the Louisville merger transition team in 2002, the founding director and coordinator of the 23-county Regional Leadership Coalition of area business leaders and a co-founder of the Leadership Kentucky program. As these titles suggest, she did not limit herself to the public sector. She said of herself, "I have always liked the idea of being a connector—of getting people together, of getting ideas together and believing that, generally, together is better than separate."[1]

Aside from many other responsibilities during the last 20 years, Riehm was the mayor's economic point person. She was a visionary strategist with excellent organizational skills who helped move the city from a tired manufacturing-dependent economy to the diversified, vibrant regional economy of today.[2]

One of her lasting achievements has been the development of the Build the Bridges Coalition originally spearheaded by the 23-county Regional Leadership Coalition. Focused on building two new bridges over the Ohio River connecting Louisville and southern Indiana and rebuilding Spaghetti Junction, [3] the coalition is a broad united front including labor unions, community groups, majority and minority business organizations, and cities and towns from both Kentucky and Indiana. In addition to being a bridge builder and regional leader, Riehm became a national leader for regionalism as the chair of the Alliance for Regional Stewardship.

1 "Joan Riehm Left Her Mark on Louisville," editorial, Business First of Louisville, 25 January 2008. <http://louisville.bizjournals.com/louisville/stories/2008/01/28/editorial3.html>.

2 Charles Buddeke, "Letter to the Editor," Louisville Courier-Journal, 27 January 2008.

3 Spaghetti Junction is named for the convoluted interchange where I-65, I-64 and I-71 converge and which contributes to making Louisville the third worst mid-sized city for traffic congestion in the country.

Conveners

In a previous publication,[58] the Council pointed out that leaders of higher education institutions play a unique role in regional economic development because of their ability to convene. Frequently perceived as neutral arbiters who are above the fray, university presidents, by the very nature of their jobs, have strong ties to business leaders, elected officials, community leaders, investors and the media. Their institutions are a crossroads where academia, technology, business, R&D, finance and entrepreneurship meet. For example, the University of Nebraska serves as a catalyst for developing regional leadership through a major annual conference on research and innovation, co-sponsored by BioNebraska and EPSCOR, and through another conference on entrepreneurship, co-sponsored by the Gallup Organization and the Nebraska Business-Higher Education Forum. Both bring together faculty, business and government leaders, investors and successful entrepreneurs to share information and develop strategies to grow Nebraska's innovation economy.

In the knowledge economy, close ties between universities and angel capital groups, university and private research parks, state and federal programs, and university resources and regional partners are a regional competitive advantage. The more the region is poised to deploy its resources to support a technology emerging from the university, the better the chances the technology will root itself in the region and the better prepared the region will be to attract other technology companies.

This is not to say that all conveners are university presidents. Bordogna is an outstanding professor, but his convening capacity is more akin to a community organizer than a college president. Mayors

58 *Cooperate.*

Irons in the Regional Fire

Luis Proenza, president of the University of Akron, has so many irons in the regional fire that you might think he oversees a blast furnace! Perhaps the easiest way to demonstrate the power of convening he possesses is to describe a few of the 600 active partnerships with businesses throughout the region in which he and the university have been involved.

The University of Akron is a partner in Team NEO, a private sector-led regional economic development organization comprised of the region's five major chambers of commerce. The university also led the way in establishing College 360, through which 17 institutions link academic, personal and professional opportunities available to current and prospective students.

The Innovation Alliance, established by the university and Lorain County Community College, aligns strengths and resources and accelerates educational efficiency, knowledge creation and economic development along the 50-mile Innovation Corridor connecting the two institutions. This regional partnership is becoming a state and national model for higher education.

The most recent regional collaboration in Northeast Ohio is the BioInnovation Institute in Akron. The university is one of five partners involved in this venture, joining Akron Children's Hospital, Akron General Health System, Northeastern Ohio Universities Colleges of Medicine and Pharmacy and Summa Health System. This collaboration leverages the individual strengths and collective mass of the five founding institutions to create a community impact beyond the reach of any one institution. This public-private partnership will expand upon the region's rich legacy in industrial and materials science to pioneer the next generation of life-enhancing and life-saving innovation.

Recently, Proenza helped secure the funding for the University Park Alliance, a partnership between the university, the City of Akron, Summa Health System, the Akron Beacon Journal, Akron Metropolitan Housing Authority, the Greater Akron Chamber, Akron Public Schools and the University Park Development Corporation to revitalize a 40-block residential and commercial area surrounding the campus.

Hickenlooper and Abramson are conveners because of their commitment to regionalism and the status of their office.

Yet all effective conveners have something else in common. They are convening to do something, not just to talk about something. Many enterprising presidents of two-year colleges, four-year colleges and universities are building innovative institutions and partnerships.[59] The sidebar about Luis Proenza, president of the University of Akron, just touches the surface of the actions that have grown out of his ability to engage parties and take action.

Drivers

This category is about keeping the region's strategic agenda moving forward. The Council distinguishes the quality of driving projects to completion, which falls into the category of qualities possessed by leaders in general, from the need to drive the regional process forward. In this regard, there are frequently two kinds of drivers: professional regional economic development directors and regional business leaders often grouped in metro chambers or comparable business organizations.

A good example of what the Council has called the "new breed"[60] of economic developers is found in Louisville where Reagan and Dalby combined to push the cross-border River Ridge Commerce Center project to convert the Indiana Army Ammunition Plant site, which is on the Indiana side of the Ohio River across from Louisville, into a major development project. Both men share a vision of regional collaboration[61] and global competitiveness. Their shared vision includes, among other points, a flexible approach to defining regions and an understanding that modern economic development success depends more on relationship and trust building than on transactions. Their role as drivers was solidified when they began to jointly staff the RLC, which spearheaded the creation of the Build the Bridges region-wide coalition. Their job is to carry out the RLC strategy they helped create. To mix metaphors, they serve as the glue that keeps the coalition together and the drive to move things forward. It is up to them to call the meetings, follow up the to-do's, etc. It is a combination of initiative, leadership and management that frequently makes regional strategy happen.

> *The major party responsible for ensuring that the RLC accomplishes its goals is, first and foremost, the sixteen board members of the organization. But more importantly the new day-to-day managerial team of the respective President & CEO's of GLI and 1SI hold daily oversight of the organization.*[62]

The other general category of drivers comes from the business community. In its work, *Minding Their Civic Business*,[63] FutureWorks writes:

> *We found that regional business-civic organizations continue to* ***shift their priorities from traditional business climate issues to activities that boost regional competitiveness****… The new "bread and butter" activities of these organizations revolve around boosting competitive advantages. As standard practice, regional business-civic organizations address inefficiencies in transportation, build and retain worker talent and try to attract high-wage job growth. Further, business-civic organizations explicitly place these issues in the context of the metro region. They understand that boosting competitive advantage is linked to the region.*

59 http://skysong.asu.edu/.

60 *Cooperate*.

61 In fact, Joe Reagan sat on the hiring board for the One Southern Indiana director that hired Michael Dalby.

62 Manassah.

63 Stephen Michon and Brian Bosworth, *Minding Their Civic Business: A Look at the New Ways Regional Business-Civic Organizations are Making a Difference in Metropolitan North America* (Arlington, MA: FutureWorks, September 2004), 4.

Speaking to a research roundtable in Louisville in April 2008 for this project, Louisville Metro Mayor Abramson[64] made the point that “the business community gets it,” by which he meant that the business community gets regionalism because business focuses on markets and uses resources like roads, airports, railroads and energy, which are regional. Similar comments in other interviews made the point that business leaders provide useful cover for elected officials when they speak out for controversial issues or projects. Moreover, regional business leaders contribute not only their resources and political influence but also their bottom line focus on results instead of process. This was certainly the case with the FPF in the Dan River Region and the WMSA in Michigan. The WMSA, which is a multi-sector business-civic organization, was initiated by a businessman who brought the other sectors together. It is also the case in both Louisville, where the GLI was formed through the merger of the Greater Louisville Economic Development Partnership and the Louisville Area Chamber of Commerce, and in Denver, where the Metro Denver EDC is an affiliate of the Metro Denver Chamber. It is the combination of economic development and business leadership that drives those very effective regional organizations.

Are Regional Leaders Made or Born?

Up to now, this report has focused on how individuals play different roles in regional leadership. But the question remains, are there particular qualities that regional leaders possess? Based on a review of collaborative leadership literature, University of North Carolina professor Ricardo Morse has identified a series of attributes and behaviors that characterize effective collaborative leaders. The table below is adapted from his paper, “Developing Public Leaders in an Age of Collaboration.”[65]

> Modern economic development success depends more on relationship and trust building than on transactions.

The individual qualities in the table, excluding personality traits, are learned skills rather than inbred perspectives. Whether a leader’s outlook is local or global is influenced by their exposure to the global environment, in what business or career they serve, the amount they travel, etc. Likewise, their vision is determined by the way their intellect processes their experience.

Leaders bring their mindset, vision and outlook to whatever projects they lead. At the same time, they are influenced by their experience as they do it, which is why so many regions develop leadership programs. The oldest and most systematic regional leadership development organization is the Denver Metro Chamber Leadership Foundation, which began in 1973. As the box below demonstrates, it offers a range of leadership development activities to capture the involvement of leaders and prospective leaders across the region.

Denver’s Leadership Exchange is similar to GLIDE. Both envision their exchange programs as having a number of purposes, including broadening

64 Private roundtable conducted at the headquarters of Hillerich Bradsby, on April 21, 2008 by the Council on Competitiveness.

65 Ricardo S. Morse, “Developing Public Leaders in an Age of Collaborative Governance,” Leading the Future of the Public Sector: The Third Transatlantic Dialogue (University of Delaware, Newark, DE. 31 May 2007).

Denver Metro Chamber Leadership Foundation: Range of Leadership Development Programs

Source: http://www.denverleadership.org

- **Access Denver** exposes new or newly promoted or new-to-Denver, senior-level Denver executives to the influential people and critical issues of the Denver area, providing an exclusive two-day introduction to the city's business and community landscape.
- **Colorado Leadership Alliance (CLA)**, a collaborative effort led by the DMCF and including 10 Colorado member campuses, helps prepare undergraduate students for career leadership through academic coursework, internship/externship experiences and merit-based scholarships for top emerging leaders.
- **Impact Denver** builds confidence and leadership skills for young professionals while introducing them to topics of significance to the region. This is a six-month program, meeting a half day per month.
- **Leadership Alumni Network** ties together 2,300 alumni of the Foundation's leadership programs, who represent the Denver Metro region's business, civic and community leadership.
- **Leadership Denver** is an 11-month program that brings 50 leaders and emerging leaders together to learn about the issues facing the Denver region to promote community stewardship, while creating lifelong networks that foster professional goals. This program meets one day per month.
- **Leadership Exchange (LEX)** The city-to-city exchange unites Denver's most influential civic and business leaders with those of other cities encountering similar present-day issues. The Leadership Exchange is a dialogue of ideas, challenges, resolutions, discoveries, innovations and solutions. The Leadership Exchange makes a difference in the community through learning from the advances and ventures of others.
- **Legacy Denver** pairs inspirational, established leaders with mid-career professionals, exposing them to a wealth of experience that can be leveraged in their own careers and offering insights from some of the most accomplished and inspirational leaders in the community's history. This is a six-month program, meeting for one lunch per month.

Qualities of Individual Regional Leaders

	Local	Regional
Mindset	Individual	Collaborative
Outcome Focus	Personal/organizational excellence	Systemic or regional excellence
Breadth of Vision	Single function/internal	Entire system
Leadership Style	Top down	Consensus-building
Basis of Authority	Earned by reputation	Earned by action
Key Personality Trait	Self-confident	Outgoing
Outlook	Local	Global

the perspective of regional leaders, building trust among them and learning how other regions approach common problems.

Recently, the Ford Foundation Regionalism and Sustainable Development (RSD) Fellowship, a new, broader regional leadership development program, began. It is operated by Boston-based FutureWorks and is open to chamber CEOs or senior staffers in cooperation with the American Chamber of Commerce Executives (ACCE). The goals of the fellowship are:

- Fellows will gain an increased capacity (depth of understanding, sound organizational plan, new confidence, etc.) to tackle issues of regionalism and sustainable development.
- Participants will design a regionalism and sustainable development strategy for their chamber.
- As a cohort, fellows will present to ACCE's overall membership a white paper on essential strategies and practices.
- ACCE will build a cadre of new/next generation leaders on this subject who will, in turn, present new tools and tactics to help chambers lead on issues of regionalism and sustainable development.[66]

These examples provide the context to answer the made/born question that began this section. From the perspective of regions acting like regions, the central point is that current and prospective regional leaders can broaden and develop their regional mindset, vision and outlook through deliberate regional leadership training initiatives, which, in many regions, have been effective tools for these purposes.

66 Brian Bosworth and Stephen Michon, *Sustainable Economies and Strong Communities: Regional Chamber Strategies for Growth, Monograph Series, no. 12* (Alexandria, VA: American Chamber of Commerce Executives, August 2008).

Chapter 5

The Seven Habits of Highly Effective Regional Leadership

Why does this chapter use the term "habits?"[67] One of the sub-themes of this report has been the question, "How much effective regional leadership is determined by the personal qualities of individual leaders, and how much is determined by the nature of regional leadership and the context in which it operates?" The term habit is useful because it captures these dual aspects of effective regional leadership and applies equally well to both individual actions and broader cultural tendencies. Habits consist of knowledge, skill and desire. Knowledge allows regional leaders to know what they do; skill gives them the ability to know how to do it and desire is the motivation to do it.[68] Yet all habits assume a basic underlying paradigm. In the case of regional leadership, the paradigm is that regional collaboration is voluntary and consensus driven. The habits described below apply to both individual regional leaders and the culture of regional leadership as a whole.

1. Be Proactive

A regional leader can either be proactive or reactive. Being proactive means anticipating needs and creating strategies and the means to address them—leading events, not being led by them. This is particularly important because regions are unnatural entities that lack the shared, institutional capacity for quick decisions and rapid deployment of their resources. Regional leadership is about activities and projects. All of the regions and the regional leadership the Council has looked at involved strategic projects. Louisville had the consolidation ballot campaigns and has now zeroed in on the bridges project. Likewise, Denver has had active ballot campaigns and major infrastructure projects. The IALR is a major undertaking, as is *The West Michigan Common Framework* and the *Silicon Valley Index*. Regional leadership must be exercised to be effective. Regional leaders are doers! Over time they become a core group of leaders who have solidified their internal trust and unity through action, and successful actions lead others to follow their leadership.

Example

Denver claims to be the most collaborative region in the country. There is no doubt, as the case study in chapter 2 depicts, that its claim is well-documented. Metro Denver has developed, over 40 years, one of the best regional leadership training and develop-

67 Modeled on Stephen Covey, *The Seven Habits of Highly Effective People* (New York: Fireside Press, 1990).

68 QuickMBA, "Summary of Stephen R. Covey's The Seven Habits of Highly Effective People," http://www.quickmba.com/mgmt/7hab/.

ment initiatives. It has created a voter-approved, dedicated fraction of the sales and use tax in seven surrounding counties for cultural facilities concentrated in the city. Its core groups, the Metro Denver EDC and the Metro Denver Chamber, are the center of a culture of collaboration that has produced three new public arenas, a regional transportation system and a new airport during a 20-year period.

2. Begin with the End in Mind

This simple phrase has particular significance for regional leadership. While action depends on leadership, accomplishments depend on vision. Regions need a vision for where they are heading, and the vision must be supported by a significant consensus. Beginning with the end in mind is as much about process as it is about outcomes. How a vision is created is as important as what the vision is. All of the regions studied have developed an idea of what they want to look like in the future. Louisville, Denver, West Michigan and Silicon Valley have comprehensive visions, while the Dan River Region has a technology-based economic development vision in place. Regions can aspire to and produce loftier goals than isolated jurisdictions. For example, a single jurisdiction can aspire to a creative-class strategy, but the amenities that make life enjoyable, whether it is ballparks or symphony orchestras, clean water or clear air, cannot be provided or sustained by a single political jurisdiction—it takes a region.

While action depends on leadership, accomplishments depend on vision.

Example

In mid-1996, the Greater Louisville Economic Development Partnership and the Louisville Chamber of Commerce joined forces to reassess the direction of the region's economy. They convened a region-wide collaborative visioning process, involving several hundred local executives from the private and public sectors. The visioning process effectively created a challenge for the community, and it raised aspirations for Louisville to move from being a "nice, average city" to become an entrepreneurial "hot spot." In a few short years Louisville has made great strides in promoting entrepreneurship. The University of Louisville College of Business now [2004, ed.] has the second ranking entrepreneurship in the country. Between 1996 and 1999, the region's local supply of venture capital climbed from $9 million to $150 million.[69]

69 Douglas Henton, John Melville and Kim Walesh, *Civic Revolutionaries: Igniting the Passion for Change in America's Communities* (San Francisco: Jossey-Bass, 2004), 176-177.

3. Seek First to Understand, then to Be Understood

How can you lead effectively without having the facts on which to make a sound judgment? Once they understand their region (with data-driven, factual analysis of assets, liabilities, competitive standing and opportunities), leaders can then begin creating their vision and strategy. The Council's publication *Measuring Regional Innovation* contains an assessment tool for precisely this type of analysis.[70]

Example

The central document of West Michigan's recent regional development effort, *The West Michigan Common Framework*, represents two years of study of the present state of the region. Under the auspices of the Leadership Forum, more than 250 regional leaders assessed regional strengths and weaknesses in ten different core areas. As a result of this process, West Michigan's leaders developed priorities that were fully informed by an understanding of their region.

4. Put First Things First[71]

The first thing is not temporal, it is strategic. Leaders, when leading action, need to be the guardians of the big picture—vision, goals and strategy.

Example

When the Future of the Piedmont Foundation (FPF) in the Dan River Region commissioned a strategic plan for regional development, *Learning. Working. Winning: Bringing the New Economy to the Dan River Region*, it got more than it bargained for. In addition to a strategy for the Institute for Advanced Learning and Research, the consultants proposed a concomitant strategy for community involvement. The FPF firmly decided to pursue the IALR, but not community building. As one of its leaders said, their strategy was to move forward until someone stopped them. While that decision may not satisfy legitimate concerns about community involvement, its real meaning was that this group of businessmen was focused on results and feared being distracted from them. So they set a clear, bold vision for the FPF: transforming the Dan River region from a manufacturing and agriculture economy to an area oriented around information and high technology industries. By focusing on this goal from the outset, the FPF was able to get a $70 million project, including a state-of-the-art building, completed from conception to realization within five years, which under normal circumstances is an unusual achievement. And these were not normal circumstances given the number of public funding sources involved and the number of institutions which had to agree.

70 Measuring Regional Innovation is available for download at http://www.compete.org/publications/detail/212/measuring-regional-innovation/.

71 Stephen Covey, A. Roger Merrill and Rebecca R. Merrill, *First Things First: To Live, to Love, to Learn, to Leave a Legacy* (New York: Simon and Schuster, 1994).

5. Think Win-Win, Be Inclusive

Regional collaboration is, by definition, voluntary. Regional leaders constantly seek win-win opportunities to make the case for regionalism and promote inclusion. Efficiencies in common fire, police and educational services and shared investment in infrastructure and human capital offer countless possibilities for collaboration.

Example

In the case of the Southern Minnesota Regional Competitiveness Project, 38 counties have uncovered significant new bioscience opportunities that would not have been possible had each county been locked in a development battle with neighboring counties. This region is a major agricultural powerhouse, and it is also home to the Mayo Clinic. By moving to a regional scale, regional leadership brought together agricultural groups, researchers at Mayo and other research organizations in a new regional bioscience business roundtable. That group is creating concrete development projects, including extracting pharmaceutical inputs from specially grown crops.

6. Synergize

Because they are the crossroads where institutions (educational, financial, regulatory, etc.), firms, political jurisdictions and public agencies intersect, regions are a fertile field in which to grow synergies. In fact, this is one of the key elements for turning regional competitive disadvantage into collaborative advantage.

Example

The Milwaukee Regional Water Council is a non-governmental organization comprised of more than 20 private companies, five universities, various federal and state agencies, the City of Milwaukee and surrounding municipalities, research institutes and foundations. Its mission is "to align the regional freshwater research community and water-related industries to further establish the Milwaukee Region as a world hub for water-related research and economic development, giving the region a leading role in water issues that will continue to dominate economic and political considerations worldwide." [72]

72 Milwaukee 7 Water Council, *M7 Water Briefing Update* (Milwaukee, WI: Milwaukee 7 Water Council, 22 September 2009), 4.

7. Sharpen the Saw

This habit involves two kinds of activities, developing metrics and developing future leadership. Chapter 4 has already explored the issue of metrics. This habit emphasizes the learning that comes when metrics and indicators are tied to measurable goals. On an individual level, sharpening the saw is about personal renewal. On the leadership level, it is about renewal through building new capacity. The previous chapter described the Denver Metro Chamber Leadership Foundation range of leadership development programs, which is a broad menu of strategies for sharpening the saw.

Example

The Greater Louisville Inc. Development Expedition (GLIDE) is an annual, invitation-only event for public and private local leaders that examines not only how other cities have solved government problems, but also how they have managed broader development topics of interest to Louisville's growth—how, for example, they attract skilled young workers. Each trip is designed to examine specific topics, and the people invited include community members who have intimate knowledge of these issues. The people making the trip are asked to attend three organizing sessions—one to learn about Louisville and its issues, one to learn about the selected city, and one to spell out the lessons learned from each trip and decide how they can be applied to Louisville.

Chapter 6

Takeaways

What should practitioners take away from this report? What lessons and practices can help regions advance their leadership capacity?

- **Regional leadership, like regional growth strategy, is not a one size fits all proposition.** The first lesson is the one we began with. Regions differ in their cultures, histories and economies, making it very difficult to imitate in one place what has worked in another. Notwithstanding the differences, there are also commonalities that regions can draw on. For example, the "new normal" for effective regional leadership starts with a combination of business and business association leaders and regional economic developers. The role of economic developers as catalysts for organizing and maintaining regional leadership bodies is frequently overlooked, but they are often the glue that holds these groups together and the drivers that move the regional agenda.
- **"Don't just stand there, do something, anything!"** Leadership builds action and action builds leadership. Many regions ask how they should start building regional leadership. In chapter 2, the Dan River Region experience demonstrates the need for building trust for so ambitious an undertaking as the IALR. This trust grew out of the shared activities that members of the Future of the Piedmont Foundation had participated in over the years. While bringing the right people to the table is a beginning, it is not an end for effective regional leadership. In a series of interviews the Council conducted in a WIRED region, one respondent said, "Sitting around the table was a good first step, but it was not true collaboration… too many people were going through the motions of collaboration but not showing results."[73]

> The "new normal" for effective regional leadership starts with a combination of business and business association leaders and regional economic developers.

- **Effective regional leadership requires an ongoing intermediary organization to keep regionalism alive.** The ability to act like a region frequently requires building temporary coalitions, but effective regional leadership requires an ongoing intermediary organization to keep regionalism alive. While it may seem contradictory to say that temporary coalitions need a permanent organization, chapter 3's *New Tasks of Regional Leadership* describes a series of ongoing tasks that, in the Council's experience, only a regional intermediary organization can manage and advance.

73 Council on Competitiveness, *Greater Rochester Regional Competitiveness Survey and Interviews: A Benchmark Report* (Prepared for Finger Lakes WIRED, July 2009).

- **Regions need identities and a story to tell.** People do not identify with marketplaces, so defining regions in that way, while vital for asset analysis and economic leveraging, leaves a yawning gap about the identity of the place itself. Whether Rochester, NY, is part of the Finger Lakes Region, Upstate New York or the Great Lakes Region, neither tells its story nor gives it an identity. Rochester now has a new story. It is no longer Kodak country. It is a hotbed of new and emerging technologies. Continuously renewing regional awareness is inextricably tied to spreading the regional story. Thinking and acting like a region have to be preceded by the broad recognition that the region matters.
- **Regional leaders and regional leadership are both made and born.** Natural leaders arise in every group and place. Making regional leaders means winning them to a regional outlook. It appears that business leaders are more amenable to this conversion because, as pointed out in chapter 3, regions are market-based entities and business people are accustomed to thinking in those terms. Action is a form of learning and accomplishments on the regional level, like winning SEMATECH in Austin or building the IALR in Danville, provide teachable moments on the value of regional collaboration.
- **Worry less about defining a region and more about enabling it.** Regional definitions are important for data gathering, asset analysis and benchmarking. Yet definitions can stand in the way of positive collaborations. The different definitions of regions by federal agencies are a serious obstacle to regional collaboration. In some cases, they block urban/rural collaborations in a region because regulations and grant requirements differ between the two. Strategies to work around these barriers often depend on forming public/private partnerships like the Milwaukee Regional Water Council, as described in the sixth habit of highly effective regional leadership in chapter 5.
- Finally, **it is possible to turn a competitive disadvantage into a collaborative advantage.** The evidence from Council case studies and examples shows that effective regional leadership can overcome the structural disadvantage posed by the incongruity between economic regions and political jurisdictions. The Council's purpose has been to demonstrate that such a transformation is possible and to identify the elements of effective regional leadership that are needed. This is not to say that this is an easy path or that there have not been failures. Nonetheless, the Council believes that, in a global marketplace, regions that choose to compete need to leverage and link their assets in a process of continuous collaboration.

Appendix A

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ASME

Association of American Colleges and Universities

Association of American Universities

Association of University Related Research Parks

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WHO WE ARE

The Council's mission is to set an action agenda to drive U.S. competitiveness, productivity and leadership in world markets to raise the standard of living of all Americans.

The Council on Competitiveness is the only group of corporate CEOs, university presidents and labor leaders committed to ensuring the future prosperity of all Americans and enhanced U.S. competitiveness in the global economy through the creation of high-value economic activity in the United States.

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HOW WE OPERATE

The key to U.S. prosperity in a global economy is to develop the most innovative workforce, educational system and businesses that will maintain the United States' position as the global economic leader.

The Council achieves its mission by:

- Identifying and understanding emerging challenges to competitiveness
- Generating new policy ideas and concepts to shape the competitiveness debate
- Forging public and private partnerships to drive consensus
- Galvanizing stakeholders to translate policy into action and change

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