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How to reinvent a city



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If economic development experts agree on one thing, it's this: If your city doesn't change with the times, it will wither and die.

It's an adage that's on the minds of Charlotte leaders, who quietly worry that a city built for so long on banking won't be able to veer from its familiar course and forge into the new economy.

But plenty of cities have seen their main industry decline or even disappear and have met the challenge head-on, emerging stronger and more diversified. Here's advice from a few of them for Charlotte:

1. Don't cling to the past. Detroit is perhaps today's pre-eminent example of what happens when a place hews too long to an industry that is too far gone. But across the state in Kalamazoo, leaders are constantly planning what to do when - not if - their top industries disappear, said economic development leader Ron Kitchens, who helped the city regroup after major layoffs at drug maker Pfizer seven years ago.

"We have always understood that all business is a cycle," said Kitchens, who can rattle off a whole list of products that Kalamazoo used to dominate, including celery, corsets, taxi cabs and children's sleds. "We can lament, or we can diversify."

It's a principle that has been true for decades. "It's the same thing that happened in the 19th century between St. Louis and Chicago," said David Goldfield, a historian at UNC Charlotte. "Chicago decided to build a railroad, and St. Louis said, 'Well, we have the Mississippi River, why do we need a railroad?'"

2. But don't reinvent the wheel. In Charleston, the Navy base was the biggest and most important employer for years. So the city was devastated in the early '90s when it learned that the base would be shut down.

But rather than abandon its tradition of marine and military expertise, the city found ways to funnel it to new venues. Leaders lured manufacturers who wanted access to a port and to people who knew how to navigate one. They persuaded the Navy's engineering and research arm to set up shop for high-tech defense projects.

David Ginn, president of the Charleston Regional Development Alliance, said the Navy is again the region's largest employer. "But the trick is that it's a very different employment base," Ginn said. "It's high tech stuff versus a Navy base and a Navy shipyard."

3. Take care of talent. Jeff Michael, director of the Urban Institute at UNC Charlotte, said cities should focus on attracting smart workers over attracting certain industries. No industry will be dominant forever, but smart workers and entrepreneurs will adapt and create new businesses and products, and that will enable a city to survive any economic cycle.

"None of us are clairvoyant and can look at a crystal ball and say what the industry of tomorrow is," Michael said.

Kitchens, the economic development leader in Kalamazoo, said his agency's top priority after the Pfizer layoffs was to keep the talent in town, not to pursue any new replacement company. His agency, Southwest Michigan First, quickly deployed after the layoffs were announced, urging scientists to launch their own companies, opening a business incubator within weeks, and helping with everything from writing business plans to buying office furniture.

Andy Levine, president of economic development marketing agency Development Counsellors International, said Kalamazoo took the right tack in filling an economic hole. "I have observed very few cities that were successful by replacing Company A with Company B," Levine said. "Much better to have 20 companies with 100 jobs (each) than one company with 2,000 jobs."

4. Take care of existing businesses. Pittsburgh had to do some major reinventing when steel started moving overseas in the 1970s. Dennis Yablonsky, CEO of Pittsburgh's Allegheny Conference on Community Development and Affiliates, said one of his strategies is to focus on growing hometown businesses rather than recruiting others from out of town.

For one thing, recruiting can be expensive because it usually involves offering tax breaks and other incentives. Besides, Yablonsky and others said, even the most successful transplant businesses are less likely than a homegrown group to fund the new university wing or put their name on a charitable event.

"We spend a lot more time taking care of our own," Yablonsky said.

5. Be patient. In Pittsburgh, the economy is dramatically more diversified than in the 1970s, when steel made up more than 40 percent of the economy, Yablonsky said. Now, the city has a strong presence in financial services, manufacturing, health care, energy and information technology, with no sector making up more than 20 percent of the local economy.

"But," Yablonsky said, "it took us 30 years to get there."



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