Finding a New Voice for Corporate Leaders in a Changed Urban World: The Greater Cleveland Partnership

Royce Hanson
Hal Wolman
David Connolly

The George Washington Institute of Public Policy

A Case Study Prepared for the
The Brookings Institution Metropolitan Policy Program

September 2006

THE BROOKINGS INSTITUTION METROPOLITAN POLICY PROGRAM
SUMMARY OF PUBLICATIONS 2006*

DISCUSSION PAPERS/RESEARCH BRIEFS

Tools to Avoid Disclosing Information About Individuals in Public Use Microdata Files

Fulfilling the Promise: Seven Steps to Successful Community-Based Information Strategies

From Poverty, Opportunity: Putting the Market to Work for Lower Income Families

Making Sense of Clusters: Regional Competitiveness and Economic Development

The Earned Income Tax Credit at Age 30: What We Know

Financial Access for Immigrants: Lessons from Diverse Perspectives

The Shape of Metropolitan Growth: How Policy Tools Affect Growth Patterns in Seattle and Orlando

Homes for an Inclusive City: A Comprehensive Housing Strategy for Washington, D. C.

TREND SURVEYS

Federal Allocations in Response to Katrina, Rita, and Wilma: An Update

New Goals and Outcomes for Temporary Assistance: State Choices in the Decade after Enactment

Kids in the City: Indicators of Child Well-Being in Large Cities from the 2004 American Community Survey

From Traditional to Reformed: A Review of the Land Use Regulations in the Nation's 50 largest Metropolitan Areas

Annexation and the Fiscal Fate of Cities

Bearing the Brunt: Manufacturing Job Loss in the Great Lakes Region, 1995-2005

Where Did They Go? The Decline of Middle-Income Neighborhoods in Metropolitan America

Delivering a Local EITC: Lessons from the San Francisco Working Families Credit

Credit Scores, Reports, and Getting Ahead in America

Upstate School Reform: The Challenge of Regional Geography

One-Fifth of America: A Comprehensive Guide to America's First Suburbs

The New Safety Net: How the Tax Code Helped Low-Income Working Families During the Early 2000s

TRANSPORTATION REFORM SERIES

An Inherent Bias? Geographic and Racial-Ethnic Patterns of Metropolitan Planning Organization Boards

Principles for a U.S. Public Freight Agenda in a Global Economy

LIVING CITIES CENSUS SERIES

Building a Better New Orleans: A Review of and Plan for Progress One Year after Hurricane Katrina

Katrina Index: Tracking Variables of Post-Katrina Reconstruction

Lessons and Limits: Tax Incentives and Rebuilding the Gulf Coast after Katrina

Katrina and Rita Impacts on Gulf Coast Populations: First Census Findings

* Copies of these and previous Brookings metro program publications are available on the web site, www.brookings.edu/metro, or by calling the program at (202) 797-6414.

ACKNOWLEDGMENTS

The Brookings Institution Metropolitan Policy Program thanks the John D. and Catherine T. MacArthur Foundation for its support of this report and of the Metropolitan Economy Initiative.

ABOUT THE AUTHORS

Royce Hanson is currently chairman, Montgomery County Planning Board, Maryland-National Capital Park and Planning Commission. When preparing this paper, he was Research Professor and Director, Center for Washington Area Studies, The George Washington Institute of Public Policy. Recent publications include articles on urban sprawl (with George Galster, et al), and a book, Civic Culture and Urban Change: Governing Dallas (Wayne State University Press 2003). He holds a Ph.D. in government and public administration and a J.D. from The American University. He is a fellow of the National Academy of Public Administration, a member of the Maryland Bar, and was chair of the board of trustees of the Maryland Environmental Trust.

Hal Wolman is Director of the George Washington Institute of Policy Studies and a Professor in the School of Public Policy and Public Administration and in the Department of Political Science at The George Washington University. He is also a Non-Resident Brookings Scholar. Dr. Wolman's fields of interest include urban and metropolitan policy and politics, state and local finance, local and regional economic development, and comparative urban policy and politics. Prof. Wolman has a Ph.D. in Political Science from the University of Michigan and a Master's in Urban Planning from M.I.T.

David Connolly completed his Master of Public Policy Degree at the George Washington University in 2005, where he served as a research assistant for this project at the George Washington Institute of Public Policy. He is now a staff member of the U.S. Office of Management and Budget. He also holds a bachelor's degree in planning from Michigan State University.

Comments on the paper can be directed to Royce Hanson at rhanson@mncppc-mc.org.

EXECUTIVE SUMMARY

Business-led civic organizations have historically played an important role in urban policymaking, planning, and renewal. In conjunction with the Metropolitan Policy Program's "Corporate Citizenship and Urban Problem Solving" report, this case study looks specifically at Cleveland. Like other American cities, Cleveland has been roiled by structural and demographic changes in the U.S. economy over the last half-century. With changes in industry have come changes in economic and political leadership.

Specifically three distinct corporate leadership regimes have dominated the city over the last few decades:

- *Disengagement*. Not wanting to confront the population loss, racial turmoil, declining schools, and industrial decline Cleveland faced, remaining corporate leaders left civic affairs to extant foundations. The city also faced massive deficits (and a loan default), race riots, and the famed fire on the Cuyahoga River. In this environment, corporate leaders felt the risk of civic involvement too great no matter any potential reward.
- *A return to engagement.* After the disastrous mayoralty of Dennis Kucinich (at least from a corporate perspective), George Voinovich's election prompted a new willingness from business to engage in city affairs. Corporate leaders completed a study of city operations and also formed a key group of eight leaders called Cleveland Tomorrow, which primarily focused on downtown. Indeed, downtown Cleveland by the early 1990s was trumpeted as a success story with its new sports venues and museums.
- *Consolidation*. By the mid-1990s, with Cleveland's rebirth faltering, corporate civic engagement consolidated. Three major business civic groups, recognizing that their varying agendas and commitments were a drag on the ultimate task of helping the city, became the Greater Cleveland Partnership. This regime remains today, focusing on developing new business, fixing public schools, and revitalizing infrastructure and new development. The new organization, like many around the country is more regional in its orientation than center city-focused.

Though arguably a more efficient vehicle for corporate engagement in Cleveland, it remains to be seen how effective the partnership will be.

Table of Contents

Finding a New Voice for Corporate Leaders in a Changed Urban World: The Greater Cleveland Partnership

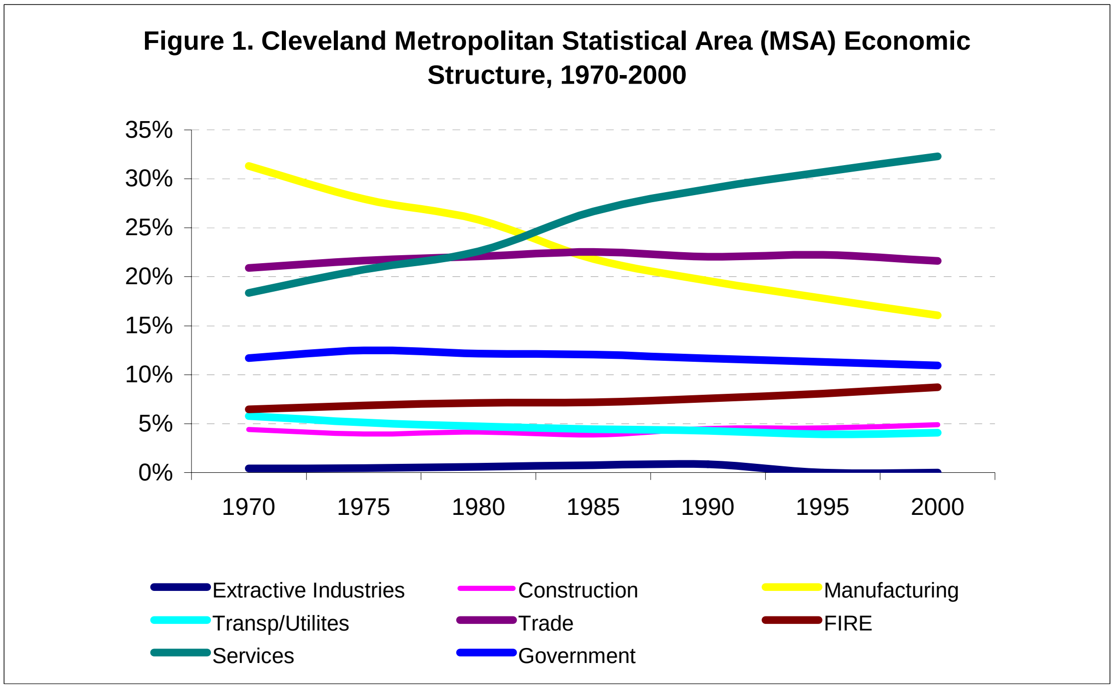
I. Introduction

Since 1960, Cleveland has endured both periods of severe social and economic distress and episodes of optimism and revival. Like many other Northeastern and Midwestern industrial cities, Cleveland has coped with both structural and cyclical assaults on its economy. By 2000, in fact, it had lost shares in all industry sectors that were strongest in 1970, including a 24 percent decline in its share of the transportation and utilities sectors. In the last two decades of the twentieth century, it lost five Fortune 500 headquarters, including Cleveland icons BP (acquirer of Standard Oil of Ohio), TRW, and LTV (once Republic Steel). Manufacturing's share of total regional employment was cut almost in half, from 31 to 16 percent, with the Cleveland metropolitan area losing more than 123,000 manufacturing jobs between 1970 and 2000 (Figure 1). The city also faced severe population decline, losing more than one-third of its residents between 1970 and 2000. Its demography was transformed from more than 60 percent white in 1960 to 49 percent in 2000. And it faced concentrating poverty and declining urban schools.

The waves of industrial and social reorganizations have been accompanied by a generational change in economic and political leadership. The demands on corporate leaders have changed even more rapidly than the turnover of CEOs in the executive suites. New industries are taking the place of older ones and new classes of entrepreneurs are emerging. The economic relationship of major corporations to the city and the region has changed as well.

The role of Cleveland's economic leaders has, in many respects, shifted with the tides of change, taking three different forms during the last 40 years. A period of distance and disengagement in the 1960s and 1970s was followed by direct and intense engagement by leaders of the region's most important industries in the 1980s and 1990s. A new strategy for economic leadership then emerged as the new century was getting under way, one that mobilized a broader coalition of business leaders, including small business and minority executives, to address critical urban economic problems, augmented by a more aggressive role in economic problem solving by foundations and the independent sector.

This paper chronicles the transformation of the original business civic organizations in response to the changing corporate and social face of greater Cleveland. It traces the history of the original civic voice of the Cleveland business community, the influential Cleveland Tomorrow, as well as three other emerging forces on the civic scene as they adapt to the realities of urban transformation and the complexity of urban and regional problems. The transformations culminate in the merger of three leading civic organizations into the more inclusive Greater Cleveland Partnership.



Source: Bureau of Economic Analysis

II. THE EMERGENCE OF CLEVELAND TOMORROW

Cleveland's corporate leadership has a long history of civic engagement through the Cleveland Foundation, other private and corporate foundations, and participation on university and other nonprofit boards. The great majority of Cleveland's major firms had headquarters and often production facilities in the city, and the fortunes earned there richly endowed the Cleveland and Gund Foundations, the Cleveland Symphony, the Museum of Arts, Case Western Reserve University, the Cleveland Clinic, and myriad other charitable projects. The corporate executives were a close-knit set, with frequent reciprocal board memberships enriched by social ties and membership in the Union Club.

A. Disconnected Political and Economic Powers: The Business Community Withdraws from Civic Engagement

By the late 1970s, however, chief operating officers (CEOs) of the city's most important firms had largely withdrawn from direct engagement in the political and economic affairs of the city and region, leaving such messy issues as race relations, neighborhood transformations, and the economic and social impact of deindustrialization of the Rust Belt to the foundations and the politicians. Many located headquarters on the exit ramps of the interstate highway in the eastern suburbs. Further pushing them away was their experience with Mayor Carl Stokes in the 1960s, which soured some business executives on working with city hall.[1]

The Glenville race riots, a fire on the Cuyahoga River that made Cleveland the butt of jokes about "the mistake on the lake," continuing population loss, the decline of downtown, a $13 million deficit, and scandals involving the police combined to alienate most of the business and press leadership that had initially supported Stokes. Likewise, few business leaders supported Ralph Perk, who was elected in 1971, and Perk apparently never felt comfortable working closely with them. After a strong first term and an easy re-election, Perk's second administration foundered despite important accomplishments, including the establishment of a regional transit authority, beginning the renovation of Playhouse Square, and new downtown development. The City, however, also confronted the combined effects of recession and continued restructuring of the economy, resulting in revenue shortfalls, layoffs of city employees, conflict with the city council, the failure of the Model Cities

[1] The business community had supported Stokes' election and raised $4 million for a new booster project called Cleveland Now to help fund community activities that could not be financed by federal money. In 1968, a race riot in the Glenville-Hough community erupted. A shoot-out between black snipers and police resulted in the death of three policemen, the wounding of a dozen more, and the death of a two black militants. Following the riot an investigation found that the leader of a black nationalist group (subsequently convicted of murder) bought guns for himself and followers using Cleveland Now funds he had received from the mayor while on the city payroll, ostensibly running a social work club. Philip W Porter, *Cleveland: Confused City on a Seesaw* (Columbus: Ohio State University Press, 1976).

program, and Perk's loss of focus during his unsuccessful campaign for the U.S. Senate in 1974.

Although a report by the U.S. Department of Housing and Urban Development (HUD) ranked Cleveland second only to Newark, NJ, in the severity of urban social and economic problems, Perk easily won a third term in 1975.[2] The problems, however, persisted, and by the end of his term, the City was approaching a financial crisis as a $14 million loan from Cleveland Trust, used to close the fiscal gap, was coming due. To repay the debt, which the bank had been rolling over each year, Perk agreed to sell the Cleveland Municipal Light System (Muny Light) to Cleveland Electric Illuminating Company (CEI), the regional power company and sole supplier of power to the municipal utility. Before the sale could occur, however, Perk was defeated in the 1977 mayoral primary by Dennis Kucinich.

At 31 and immediately dubbed Cleveland's "boy mayor," Kucinich was the youngest person ever to lead a major American city. He had campaigned on a promise to stop tax abatements for new downtown construction and to save Muny Light. Rather than sell the utility and use the proceeds to repay the bank loan, Kucinich began to pay off the loan, but it was clear that he could not make payment in full, even if a referendum to raise taxes for that purpose passed. In late 1978, the bank refused to roll over the loan again and demanded payment in full. Kucinich refused to sell Muny, the bank called the loan, and Cleveland defaulted, the first major city to do so since the Great Depression.[3] Although Kucinich won referenda to keep Muny Light as well as the tax measure, his populism, erratic behavior, and confrontational style kept the city in turmoil during his two years in office.

B. Mayor Voinovich and Return to Civic Engagement

Although corporate CEOs had been somewhat alienated by Stokes, they were enraged by Kucinich. They recruited and funded Lt. Governor George Voinovich's successful campaign against Kucinich in 1979. Voinovich recognized that the business community had never been effectively used in addressing urban problems, and he extracted a promise from his business backers that if he were elected they would participate in a task force to address a wide range of government problems. Following the election, Voinovich and Mandel deWindt, the CEO of Eaton Corporation and "dean" of Cleveland's business community, approached the Gund and Cleveland foundations, which agreed to jointly fund an operations task force along with corporate donors. An Ernst and Young audit of city finances revealed that the city's deficit at $110 million was twice as big as had been expected.

[2] Porter, Cleveland: Confused City on a Seesaw.
[3] In 1998 the Cleveland City Council honored Kucinich for his "courage and foresight" in refusing to sell the utility. Renamed Cleveland Public Power, it saved the city an estimated $195 million between 1985 and 1995. One of the new buildings in its expanded plant is named for Kucinich. David Lamb. "'Boy Mayor' Kucinich Took Charge in Utility Debt Crisis: Cleveland Went Bust and Ousted Him, but His Tough Stand Ultimately Reunited His Career." Los Angeles Times, January 23, 2003.

DeWindt oversaw the operations task force, which engaged as many as 500 individuals from the private sector. Teams undertook systematic management studies of each area of city government. The efforts resulted in 650 recommendations for improving city government, and Voinovich adopted about 500 of those recommendations. CEOs also made their public relations experts available to the mayor to advise him on how to frame issues and publicize the reforms he was instituting.

For most of the business executives participating in the Voinovich task force, the experience was personally and intellectually exhilarating. Most clearly saw their involvement as enlightened self-interest, but there was also a significant desire to serve the city and restore its economic fortunes and image. The experience also provided an understanding and a set of skills that could be used to attack other issues, and they were ready, even eager, to take on other problems.

An important product of the new collaboration was the Greater Cleveland Roundtable, which brought together business, labor, and civic leadership with representatives of the city's growing minority population to address issues of minority economic opportunity and representation in the business community as well as broader issues of labor-management relations. Voinovich would ultimately challenge the Roundtable's executives to figure out how to help the city.

C. Cleveland Tomorrow Emerges

An informal core of eight executives calling themselves the Cleveland Tomorrow working group had continued to meet throughout the early months of the Voinovich administration. The group included deWindt, George Divley of the Harris Corp., Richard Pogue, the head of the city's largest and nation's second largest law firm, the publisher of the *Cleveland Plain Dealer*, and others with deep personal and institutional roots in the Cleveland economy. All were attached to the region by both physical assets and sentiment, even though most now operated (or soon would) at global scale. Six of these CEOs and the George Gund Foundation hired McKinsey and Co. to develop a plan for an organization that could mobilize corporate resources and power around a common action agenda.

The McKinsey consultant recommended creating an organization modeled on the Allegheny Conference in Pittsburgh. Calling itself Cleveland Tomorrow, the new organization initially had 37 members, all CEOs of the region's premier employers and personally recruited by deWindt. They retained William Seelbach, who had led the McKinsey consulting team, as their first executive director.

III. KEYS TO THE EFFECTIVENESS OF CLEVELAND TOMORROW

A classic association of the chief executives of the area's largest corporations, Cleveland Tomorrow was effective during its two decades of operation owing to the confluence of several key elements:

- *Commitment of a core group of long-time Cleveland CEOs to the city and region.* The experience of the Stokes, Perk, and Kucinich administrations had demonstrated that when political and economic powers are not coordinated, the city and its leaders suffer. Ineffective and erratic government was not merely a public embarrassment, it was an economic hazard. Experience with the Voinovich administration taught that the city and the business sector could benefit from a stable alliance.
- *The exclusivity of its membership—only CEOs could belong and participate in decisions.* Following the pattern of the Allegheny conference and the Dallas Citizens Council, the organization followed a "no substitutes" rule for meetings and decisions. All members were peers. They were comfortable making decisions and they were comfortable with one another.
- *The capacity to make binding commitments of slack corporate resources to projects they agreed were important and to influence the use of resources of Cleveland's major foundations*. Decisions reached by the board were made by those with final authority to approve all proposals. When Cleveland Tomorrow was established, almost all members were heads of the "home office" of their firms and had the autonomy to commit resources without any higher approval. Moreover, many had served on the boards and executive committees of the Cleveland, Gund, and other foundations and on the boards of other key nonprofit organizations. This meant that they could quickly mobilize both private and independent sector resources in support of projects, substantially leveraging their own financial commitments. The Cleveland Foundation, for example, bought a key building for Playhouse Square and within three months of agreeing to make financial commitments to the project, every member of Cleveland Tomorrow had signed a pledge card for the capital campaign.[4] A few years later, the Gund Foundation provided $15 million for the Great Lakes Science Center on the lakefront.
- *The talents of its executive directors in developing a highly focused strategic agenda that identified and framed issues on which corporate leadership and resources could have a significant impact*. During its 20-year life, Cleveland Tomorrow had only three presidents. The first two, Seelbach and Richard Shatten, were principals of the McKinsey consulting team, and both joined the organization from its inception. Joseph Roman, the third executive director of the organization, joined its staff in

[4] Richard A. Shatten, "Cleveland Tomorrow: A Practicing Model of New Roles and Processes for Corporate Leadership in Cities." In Norman Krumholz, W. Dennis Keating, and David C. Perry, eds., *Cleveland: A Metropolitan Reader* (Kent, OH: Kent State University Press, 1995).

1985 after serving as a congressional staff member and lobbyist for trade organizations.

- *The focus on a strategic plan for strengthening the region's economy that identified a three-part strategy that a powerful business organization could pursue*: (1) make manufacturing competitive; (2) foster creation of new companies; and (3) assist in rebuilding the center city. From the beginning, the executive directors played a central role in developing the strategic plan, identifying programs and an action agenda, commissioning the research necessary to support proposals, and working closely with the CEO who took responsibility for leading the project. Shatten, in particular, is widely credited for his vision and persuasive powers in both framing issues in ways that led to effective projects and organizations, and in his ability to keep the organization lean (it never had more than four or five professional staff members) and focused on issues that met three criteria: the severity of the problem, the organization's unique ability to address it, and the likelihood of success.
- *Careful economic research as a basis for decisions and projects.* Beginning with the McKinsey report, Cleveland Tomorrow relied on well-funded and careful research and analysis combined with a thorough process of committee or task force study to inform its choice of projects and their design.[5] In general, research was not done in-house, but by university or other consultants. The Center for Regional Economic Issues (REI) at Case Western Reserve University was often asked to conduct economic analyses of proposed projects.
- *"Spin off" organizations to operate key projects*. With a small staff, Cleveland Tomorrow did not directly operate programs. Rather, it either supported an existing organization or created a new one to run a project, provided it with core funding, arranged additional support from other foundations, usually assigned a CEO member to lead the board, and maintained oversight of its operations. To advance its objective of making manufacturing more competitive, Cleveland Tomorrow supported an independent labor-management organization—Work in Northeast Ohio Council (WINOC)—that promoted productivity programs and quality of work life programs in manufacturing industries. It also created the Cleveland Advanced Manufacturing Program (CAMP), a partnership among the state government, Cleveland Tomorrow, and local universities and the community college. The program expanded research and services to promote advanced manufacturing. Cleveland Tomorrow also created and funded a center for venture development. Funding was procured through grants from the Cleveland and Gund Foundations and the Greater Cleveland Growth Association to assist entrepreneurs with business plans, build their boards, identify professional services, and find funding. To provide a ready source of venture capital, Cleveland Tomorrow created Primus Capital Fund, and seeded it with $30 million from Cleveland Tomorrow companies and the Ohio Public Pension Fund. In 1999, Cleveland Tomorrow established NorTech to coordinate development activities

[5] Richard Shatten, "Making Cities Work Again: The Private Sector's Role." *Economic Development Review* (Winter 1986): 14–17.

across the region's technology sectors: bioscience and health care, information technology, electronics, polymers and advanced materials, and power and propulsion. In 2003, Cleveland Tomorrow formed Team NEO in partnership with the Greater Cleveland Growth Association (the area's chamber of commerce), other metropolitan area and county chambers, and First Energy Corporation. Team NEO's mission was to retain companies in Northeast Ohio, attract new businesses, and facilitate business relocations and expansion in the region.

- *Partnership with mayors.* A close working relationship with Mayor Voinovich and a mutually useful relationship with Mayor Michael White (1990–2001) produced significant changes to the cityscape in the 20 years following the founding of Cleveland Tomorrow. Close cooperation between Cleveland Tomorrow and the City were critical in leveraging slack corporate and foundation resources, federal funding, municipal tax abatements, and tax increment districts for such projects as a new headquarters on Public Square for BP America; renovation of Terminal Tower into a hotel, retail, and office complex; renovation of the Warehouse District into a residential, restaurant, and commercial area; the Rock and Roll Hall of Fame; Science Museum; the Gateway sports complex, Playhouse Square, and conversion of the Flats along the Cuyahoga River into a nightlife hot spot.

In general, Cleveland Tomorrow focused less on neighborhoods than downtown, but by the mid-1980s, Shatten had convinced the corporate leaders, who drove to work from their suburban homes through Cleveland's deteriorating inner city, that a strong downtown needed strong neighborhoods. Neighborhood Progress, Inc. (NPI) was established in collaboration with local foundations to coordinate the activities of the many community development corporations (CDCs) that had sprung up in Cleveland neighborhoods, often with roots in Saul Alinsky-inspired advocacy organizations. Initially funded with $200,000, NPI was housed at Cleveland Tomorrow and designed to provide technical and operating support to CDCs working on housing and neighborhood commercial areas and access to capital for a selected number of organizations. A $50 million dollar capital pool was raised for "projects of scale" for which neighborhoods could compete. NPI became the vehicle for coordinating Cleveland's involvement in intermediaries, such as the Local Initiative Support Corporation (LISC) and the Enterprise Foundation. It also attracted substantial funding from the Ford Foundation.

IV. THE "COMEBACK CITY" STALLS

In March 1989, Fortune magazine celebrated the achievements of Cleveland Tomorrow in an article describing "How Business Bosses Saved a Sick City." Cleveland indeed seemed on an upward trajectory as Voinovich moved to the governorship of Ohio and after a surprising victory, Michael White began his first term as mayor in 1990. Although the city continued to lose population and manufacturing jobs continued to evaporate, important transformations were underway. The new BP headquarters was built without tax abatements, although the site became available after the City used eminent domain powers under urban renewal laws. Other downtown, lakefront, Playhouse Square, and Gateway investments opened, drawing workers and visitors. The Cleveland Clinic, University Hospitals, the universities, and NASA's Glenn Space Center were beginning to be seen as a base for a new economy focused on knowledge and advanced technologies and skills.

A. The White Administration: Personality and Leadership Style Clashes

Mayor White began his first term without support of the CEOs who had created Cleveland Tomorrow. Most had supported George Forbes, the city council president who had worked closely with Voinovich. White quickly reached out to the Cleveland Tomorrow executives, however, and they worked with him on a number of his development initiatives. These included the Gateway sports complex, containing Jacobs Field and the Gund Arena, which Cleveland Tomorrow had initiated earlier. A proposed "sin" tax levy to support the joint city-county sports complex had been defeated so badly in 1988 that the county commissioner supporting it lost the next election. White and county commissioner Tim Hagan decided to put their careers at risk to revive the project, however, arguing that it was not primarily about sports but about economic development. The complex, they argued, would replace a blighted area and bring new life and jobs to the area. With strong support from Cleveland Tomorrow, the levy was approved countywide, although it lost in the city. White and the CEOs joined forces to support a tax levy for the sports complex, and Cleveland Tomorrow provided funding for other capital costs for the stadium.

White and the business leaders also cooperated to bring the bankrupt Cleveland public school system under mayoral control. The State of Ohio took control of Cleveland schools in 1995, but did not wish to retain that responsibility. Governor Voinovich and White agreed that major changes were necessary. White asked the leaders of Cleveland Tomorrow to participate in drafting legislation and in successfully lobbying Republican legislative leaders to transfer authority to the mayor in 1996. This collaboration resulted in a significant expansion of Cleveland Tomorrow's agenda. Its leadership committed the organization to improving the municipal school district, rather than supporting alternative reforms, such as charter schools or vouchers. Cleveland Tomorrow's members have raised $1 million each year since the late 1990s to fund systemic changes in the management and financing of the public school system.

By the time White's third term began in 1997, his relationship with Cleveland Tomorrow had cooled. Whereas Voinovich was conciliatory and operated from consensus, White was more assertive and consulted with them less, often staking out a position and essentially demanding support. As one observer put it, "He was a dynamic guy, but also a tough guy, and by the end there was a level of civic disengagement because he was such a strong personality. He got things done, but in the process, a lot of CEOs didn't feel welcome and they pulled away." There seems little doubt that during his tenure, Mayor White was a primary force setting the civic agenda, with Cleveland Tomorrow playing both a supporting role for mayoral initiatives while maintaining its core economic development programs and projects from the Voinovich era, and adding its own school initiative.

B. Dramatic Shifts in the Corporate Landscape Alter Civic Engagement

The shift from collaborator and partner to mayoral advisor with diminishing enthusiasm occurred against a backdrop of accelerating transformation of the region's economy and of corporate institutions. In the two decades following Voinovich's election, the number of Fortune 500 firms headquartered in Cleveland and its suburbs dropped from 13 to eight. Among the tectonic shifts in the corporate landscape were the acquisition of AmeriTrust (formerly Cleveland Trust) by KeyBank (headquarters would remain in Cleveland) and the expansion of National City Bank. Reliance Electric was acquired by Milwaukee-based Rockwell International. CEI, the electric utility that had tried to purchase Muny Light, disappeared into First Energy, a new conglomerate headquartered in Akron. Ohio Bell, which emerged from the AT&T breakup, was acquired by SBC, with headquarters in San Antonio, leaving only a small staff in Cleveland to handle public relations and state regulatory affairs. Premier Industrial Corp. was merged into a British firm. Diamond Shamrock moved to Dallas. BP America, after building its office tower in the heart of the city, departed after merging with Chicago's Amoco. LTV, which acquired Republic Steel in 1984, was itself bought by International Steel Group, which was swallowed, in turn, by Mittal Steel. Perhaps the worst blow to the corporate landscape was Northrup-Gummond's acquisition of homegrown TRW and its disappearance from Cleveland. Of the six corporations whose CEOs had chaired Cleveland Tomorrow since its creation in 1982, only two—National City Bank and Eaton—remained in Cleveland by 2002.

To add injury to insult, Ohio and Cleveland had the dubious honor of leading the nation into the recession that began in early 2001. The recession would continue in the state long after it had ended nationwide. To be sure, many of the achievements of two decades remained. The Cleveland Clinic was prospering as a world-famous medical center and together with University Hospitals and Case Western Reserve provided a solid base for new health and biotechnology businesses. The sports, entertainment, and cultural venues of the city were drawing visitors and providing jobs. Racial diversification in employment and in middle and upper management was underway, and Cleveland foundations were flush with resources. But as the energy of the White administration dissipated during its waning years, Cleveland Tomorrow's diminishing corporate CEO members found themselves less effective than they had been. With the loss of BP, LTV, and TRW, office vacancies were high. Even with downtown population growth during the 1990s, the overall lack of downtown housing and workers imperiled the solvency of Tower City, the vast commercial, hotel, and office complex Forest City Enterprises had developed in the renovated Terminal Tower. The weak job market and the poor performance of city public schools depressed the in-town housing market. Voters also rejected an increased levy for K-12 education that Cleveland Tomorrow had supported.

C. The Campbell Administration: Cool to Business

The governing coalition clearly had been first frayed and then essentially dissolved in the final years of White's third term. As Jane Campbell took over as mayor, Cleveland had no governing regime. The political and economic sectors of the city were politely disengaged. Campbell, who had been an effective state legislator and county commissioner, initially had support from business leaders, but she proved unable to re-engage those who had been integral components of the governing regime throughout the Voinovich era and much of the White administration. Her inability to develop an alliance led to mutual estrangement. Business executives complained that Campbell, unlike White, lacked clear goals around which business leaders could rally. Nor did she possess Voinovich's knack for continuous collaboration in developing programs and projects. Without mayoral leadership, the business leaders' own agenda and investments could not produce optimal results for the city. For her part, she seemed to expect little of the CEOs beyond pursuit of their economic self-interests and had no strategy for harnessing even that in the broader interest of the city.

V. THE "QUIET CRISIS"

In June 2001, *The Cleveland Plain Dealer* began a series of editorials, panel discussions, and special articles on what it described as the "quiet crisis" of Northeast Ohio. Introducing the series, which was to continue for three years, editor Doug Clifton (2001) wrote:

> Northeast Ohio's "quiet crisis"… threatens to drain our economic vitality, take our jobs, send our children packing. … In many ways it is a crisis more devastating than the usual kind because it is nearly invisible and generates only sporadic headlines. We are not on the verge of tumbleweeds blowing down empty streets, but who would have imagined 50 years ago that Cleveland's brawny, smoke-belching steel mills would be reduced to a single twice-bankrupt enterprise clinging to life on the government dole? . . . [A]ll is not well in our region. Our population is static, and has been for the past decade. Our recent college graduates are seeking opportunity elsewhere. Old industries are dying, and the climate for growing new ones isn't the best. Indeed, more energy and money go toward propping up the failing old than nurturing the promising new….And, worse, though the alarm has sounded in one quarter or another for years, the response has been tepid. Talk to civic leaders, entrepreneurs, academics, builders, business people. They all agree: Greater Cleveland must get serious about creating and backing a master plan for economic development or face economic extinction.[6]

From the roundtable discussions and panels, news and opinion articles appearing over the next three years in the *Plain Dealer* and *Crain's Cleveland Business,* it is possible to trace the growing sense that the approaches that had worked in the past were no longer adequate. A series of panels and roundtables assembled by the newspaper argued that a regional approach to economic and social problems was essential, and that the region must adapt to the requirements of a new economy that would rely more on knowledge, technology, and entrepreneurial energy than in past decades. The fragmentation of governance in Northeast Ohio was decried, but along with those concerns, an increasing number of influential voices were questioning the proliferation of organizations dealing with economic development. By December 2002, both Joseph Roman, the executive director of Cleveland Tomorrow, and Dennis Roche, the Chief Operating Officer of the Greater Cleveland Growth Association, were suggesting the need to reduce duplication of effort among private-sector organizations.[7] Although they complained about the negative tone of the *Plain Dealer's* articles, influential business leaders were also speaking out, arguing for a strategy focused sharply on job and wealth creation, regional approaches to problems, and a reduction of duplicate efforts and organizations.

---

[6] Doug Clifton, "'Boy Mayor' Kucinich Took Charge in Utility Debt Crisis." *Los Angeles Times*, January 23, 2003.
[7] Becky Gaylord, "A Quite Crisis: Greater Cleveland's Cloudy Future." *The Cleveland Plain Dealer*, December 8, 2002.

A. Reinventing the Institutions of Business Leadership

In 2000, David Daberko, chairperson and CEO of National City Corp., had been asked by the outgoing chairperson, Joseph Gorman, to assume leadership of Cleveland Tomorrow. Daberko looked forward to leading his colleagues. He had been involved in Cleveland Tomorrow since 1994, and although he had been asked to chair a number of business and civic organizations, he regarded Cleveland Tomorrow as the one organization that made a difference, and one that focused on a few big issues, which was what CEOs liked.

As a new strategic plan was being prepared, several things became apparent that changed Daberko's mind about Cleveland Tomorrow and its relationship to other business organizations and to the role of business in Cleveland's future.

First, the world of top corporate executives at the beginning of the twenty-first century was far different from that of 1982, when Cleveland Tomorrow was founded. Then, CEOs who had known each other for years were always in town. They could be quickly assembled at the Union Club or a colleague's boardroom. They held overlapping directorates and sat on the boards of the leading foundations. A phone call from Del deWindt asking them to contribute a million dollars each to a civic endeavor would be returned within a day with a pledge to write a check. Changes in CEO responsibilities for far-flung business empires and new laws now made such arrangements difficult, if not impossible. Travel time alone had increased dramatically. Whether they wanted to or not, members could no longer be gathered efficiently.

In addition, there were fewer Fortune 500 CEOs in Cleveland. As one of the survivors put it, "If one turned back 20 years, there were maybe 50 active executives. There are now 17. About half of the ones that had been active are gone, there were others that didn't care or were not engaged. The issue was that there were fewer corporate leaders engaged than in the past." Cleveland Tomorrow essentially had less time, fewer financial resources, and risked becoming less effective.

The ability of CEOs to operate in the spontaneous and independent manner had also radically diminished. As one executive put it, "I can't invest $2 million dollars of shareholders' money [in a project] that probably won't work, like they did back then. Everything is public now, and you just don't do it."

Finally, even as their time for civic activity was being squeezed, the demand for their service on the boards of local civic and cultural organizations was only increasing. "It became a situation in which there are too many hats on two few heads," said one long-time participant in Cleveland affairs. In addition, he said, "the amount of dollars was also starting to be reduced. That, along with the push-out towards regionalism, and…it says there is a major kind of realignment that needs to take place."

Moreover, Daberko and a number of his colleagues had begun to think that Cleveland's future no longer rested with Fortune 500 companies, but in smaller companies and innovators. Those firms had often felt underappreciated. Daberko saw in them fresh civic blood and new ideas, and they were younger, interested, and available for the necessary economic and political chores.

There were also several new players with growing influence and resources. Some had not historically been considered part of the city's economic elite, notwithstanding their wealth. Others were nonprofit institutions, more likely to be beneficiaries of corporate largess than financial donors. These included the universities and the major health organizations. The Cleveland Clinic and University Hospitals were the region's largest employers by 2001, far eclipsing National City's 6,000 local employees. Moreover, their CEOs were among the most creative in the nation. They were growing as other industries were downsizing. They were unlikely ever to move or be acquired, and they had a stake not only in the region's real estate but in the quality of its workforce. Whereas many of the older firms no longer depended on Cleveland, Ohio, or even the nation for their economic success, these new institutions did.

The foundation world was also changing. Their endowments had grown from $250 million to $1.5 billion, representing a large, new source of discretionary money. The two major foundations—Cleveland and Gund—would soon have new presidents who saw their roles less as responding to a civic agenda set by mayors and economic leaders and more as catalysts for a broad consensus agenda for the future of the region. The Cleveland Foundation was trying to consolidate nonprofit organizations and increase their effectiveness.

VI. MERGER: UNITING THE LEADING CIVIC BUSINESS ORGANIZATIONS

Daberko and Roman, who had replaced Shatten as executive director of Cleveland Tomorrow in 1994, thought they understood the problem: A shrinking number of private-sector CEOs were being stretched among too many worthy business-based organizations, each with different demands on their time and resources, resulting in loss of focus, influence, and effectiveness. Continuing this sort of civic trajectory served neither their enlightened self-interest nor Cleveland. Their solution was a merger of three major business organizations—Cleveland Tomorrow, the Greater Cleveland Growth Association, and the Roundtable—into a single business institution that could coordinate business interests, focus activities on a clear and limited agenda, and speak in a unified voice. Their task was to persuade their colleagues and counterparts that merger was feasible and that a merged organization had a better chance of success than the current arrangement. Making that case involved reconciling the different roles and cultures that defined the three business organizations.

A. The Greater Cleveland Growth Association

The Greater Cleveland Growth Association was the region's chamber of commerce and at the time was the largest such business organization in the nation. It operated as a traditional chamber of commerce, serving its members, promoting the city and region, and representing business interests before public bodies. It operated Leadership Cleveland, a highly successful program for training mid-career business owners and executives. The Growth Association had worked with Cleveland Tomorrow in creating new organizations, such as Team NEO, and in support of other measures to promote economic development.

Several Cleveland Tomorrow CEOs served on the Growth Association board, and 19 served on the boards of both organizations' in 2003. The overwhelming majority of members of the Growth Association, however, were small and medium-sized businesses. In fact, the base of the Growth Association was the more than 16,000 small businesses that were members by virtue of belonging to the Council of Smaller Enterprises (COSE).

COSE, established in 1972 as a semi-autonomous unit of the Growth Association, prospered as a mechanism for group purchasing, business networking, and political advocacy of the interests of small businesses. During the1980s, as its membership grew, COSE became a major part of the Growth Association. By the late 1990s, COSE was providing, through membership dues and sale of its products and services, the bulk of the Growth Association's income, and it was feeling underappreciated by the association's professional staff. There was a strong sense among COSE leaders that the larger businesses, including Cleveland Tomorrow firms that were also members of the Growth Association, were neither fulfilling their financial obligations nor appreciating the fact that small businesses were paying more than their fair share for operating the association. Moreover, they believed that the larger and mid-size firms and CEOs were driving the

Growth Association's agenda without either meaningful consideration of small business interests or opportunity for their effective participation.

Robert Smith, a former chairperson of COSE, became the Growth Association's last board chair in 2001. He was the first head of a small business to lead the Growth Association, and by virtue of his position was also invited to attend Cleveland Tomorrow's board meetings. In assessing the state of the Growth Association, he concluded that it was trying to do too much and was not paying enough attention to results and impact. One effort he viewed as ineffective was Team NEO. Its formation, in cooperation with Cleveland Tomorrow, was a result of another McKinsey study, which suggested a need for a business-based organization to market the region to new firms and to support expansion of existing firms. The Growth Association board began to ask if the money they were spending on various other initiatives was making a difference. The answer added to growing frustration at lack of outcomes or measurable progress, and substantiated some of the dissatisfaction of COSE members with the Growth Association.

B. The Greater Cleveland Roundtable

Launched a year before Cleveland Tomorrow, the Greater Cleveland Roundtable was created in response to lack of minority representation around the table of major business organizations. Funded by Cleveland Tomorrow, the Growth Association, and various foundations, the Roundtable was not strictly a business organization. It drew members from minority businesses, churches, unions, nonprofit organizations such as health and educational institutions, elected officials, and civic organizations. Several Cleveland Tomorrow members served on the Roundtable board, seven at the time of merger in 2003.

The Roundtable (subsequently renamed The Roundtable Community Council) first addressed Cleveland's historically acrimonious labor-management relations. It then moved to directly confront issues of race relations and lack of diversity at management levels. Essentially a reactive organization, the Roundtable was a safe place for community leaders to come together to find solutions to racial inequities. The Roundtable was eventually reincarnated as the Cleveland Commission on Economic Partnerships and Inclusion, with cosponsorship from Cleveland Tomorrow, the Growth Association, the Urban League, and the Cleveland Initiative for Education, and the Roundtable.

Initially co-chaired by Alexander Cutler, the new CEO of Eaton, and former Congressman Louis Stokes, the commission was designed to improve the meaningful involvement of minority businesses and individuals in the economic life of the Cleveland region. The Roundtable board served as the board of the commission, which operated through five task forces, each of which was chaired by one of the sponsors.

The leaders of Cleveland Tomorrow firms serving on the Roundtable and the commission were now convinced that the economic future of the city and their own businesses required diversifying boards and executive suites and including minority businesses and entrepreneurs in the mainstream of the political economy. Their experience working with leaders of smaller and minority-owned businesses and entrepreneurs on the commission led some to believe that a single organization with membership modeled after that of the commission's might be more effective in advancing business's civic interests than the three overlapping but autonomous organizations through which they were currently working. With the creation of the Cleveland Commission on Economic Partnerships and Inclusion, the Roundtable had become an indispensable component of inclusive economic development strategy and an important bridge between business and minority leaders. At a practical level, it was the third organization demanding the time, attention, and resources of the ever more thinly stretched business elite.

C. Making the Case for Merger

Daberko, Smith, and others understood that creating wealth through new businesses and expanding opportunities for minority entrepreneurs, managers, and workers would be a far more difficult task than mobilizing political support and resources for development projects undertaken by Cleveland Tomorrow and the Growth Association in earlier years. It would require buy-in from small and medium-sized firms as well as the big corporations if it were to transform the Cleveland economy for the long-term. The effort must be regional in scope to address the realities of the marketplace. It would need support not only from the corporations and foundations of northeastern Ohio, but from local governments throughout the region and the state to provide the material and intellectual infrastructure for growth. This suggested a need to connect the economic power of the major corporations to the political base represented by the small businesses that were members of the Growth Association and COSE so "business" could speak with a single voice, backed with economic power and numbers.

To Daberko, Smith, Ashmus, and Stevens, as chairmen, respectively, of Cleveland Tomorrow, the Growth Association, COSE, and the Roundtable, the problems were pretty clear: too many organizations performing duplicative, overlapping, or conflicting functions and too few people and resources to operate them effectively; a resulting lack of focus on projects and programs where business could have real impact; and unsustainable costs in executive time, money, and staff. The old approaches were not working and with new leadership at the head of each organization, change seemed possible.

There was also a model for solving the problem. Team NEO was less than a year old, but had already gained broad respect as a mechanism for uniting formerly disparate and unfocused efforts to attract, retain, and expand businesses in the 13 counties of Northeastern Ohio. The Cleveland Commission on Economic Partnerships and Inclusion also had proved that it was feasible for corporate CEOs and small business executives to serve on the same board if there were a focused agenda.

The task for the leaders of the four organizations was to come up with a plan to merge the organizations into a single entity with an organizational scheme and agenda that each of the existing organizations would find acceptable and reinvigorate the business presence in the region. In this effort, the culture of business decisionmaking was important in guiding the process.

Cleveland Tomorrow members shared common values and agreement on appropriate processes for decisions. It operated by consensus, which Daberko and Roman had been building for several months, first among key members, and then in the larger membership. There seemed to be general agreement that merger would be advantageous if it could be achieved.

Informal discussions began in early 2003 with support from the chairs of all four organizations. Proponents of the merger framed the issue for its internal stakeholders as one of increasing their effectiveness, efficiency, coherence, and reach. For external stakeholders—foundations, officials, and various publics—the issue was framed as one of strengthening the region's capacity to generate wealth, create jobs, and promote greater equity and diversity in the private sector. Doubts would be countered with swift responses that flaws could be fixed once the merger was accomplished, and that if the slate were clean, surely no one would suggest setting up three overlapping organizations to do what was essentially a single task—creation of wealth and jobs. It was agreed that if they could not achieve a merger in 10 months, they would abandon the effort and continue to work separately. By late spring, the ground had been prepared for formal presentations of the case for merger.

It was suggested that the process of deciding what to do and how to do it should be "a short internal process, based on years of experience and not a major academic exercise." In other words, it was to be a process familiar to those experienced in corporate mergers—private negotiations and no publicity until a deal was reached and the new entity's design, officers, and agenda had been determined. The focus would be on value creation, high aspirations, the need to capture synergies, strive for excellence, address organizational cultural issues, engage top people, and keep stakeholders well informed. Task forces were nominated with members from the executive committees of the three main organizations to be merged, plus NorTech and COSE. A timetable for accomplishing the merger by early fall was established and a communications plan was sketched out to provide a rationale for the merger and a strategy for building support among opinion leaders, including the editors of *The Plain Dealer* and *Crain's Cleveland Business*, staff of the respective organizations, and to address concerns of potential opponents. The basic argument was summarized in a slide that pointed out that together, Cleveland Tomorrow and the Growth Association had annual resources of nearly $25 million and declared: "We need to get better results from those investments."

D. Hammering Out the Details of the New Organization

At a second meeting on May 23, the group presented an analysis of the current boards of the Growth Association, Cleveland Tomorrow, and the Roundtable. The three boards had a total of 212 members from 153 organizations. Three-fourths (116) of these were businesses, with the remainder nonprofit organizations (21), higher education institutions (7), government (8), and the AFL-CIO's Central Labor Council. Forty-three of the 116 businesses had representatives on two or more boards; 11 were represented on all three, including four banks and four of the city's major law firms. Eight individuals served on all three boards.

The task forces reported several significant findings that shaped the next stages of the merger talks:

- Job and wealth creation should be the ultimate, if not the sole, goal of any realignment.
- Political advocacy, leadership development, and member services functions of the Growth Association and COSE should be preserved, along with the economic development functions of the various subsidiary organizations that had been created, such as Team NEO and NorTech. It was also agreed that the CEO "magic" (the ability to rally support and capital with a phone call) and "go to" capacity and the COSE "brand" were critical components to maintain.
- It appeared possible to accommodate the very different organizational cultures of Cleveland Tomorrow and the Growth Association, and if successful it might attract greater CEO engagement and a better sense of connection between large and small businesses.
- A commitment to economic inclusion was compatible with the goal of creating jobs and wealth, although there was concern about how the Roundtable's interest in social justice would be represented in the realignment.
- An appropriate balance of focus between Cleveland and the region was possible if it was clear that the city drove the regional image and its ability to grow.
- The process could be derailed if it was perceived that the proposed realignment would result in retrenched business commitment or that the goals were unachievable, that the CEO "magic" would be lost in the process, or that member services would be curtailed rather than viewed as one means of creating jobs. It could also be derailed if the explanation of reasons for merger were overcomplicated or confusing.

By mid-June, the proposal had been reframed to characterize the merger as "turbocharging" the business community's role through a realignment of its principal institutions to meet the challenges of a different and tougher regional economy. The discussion had progressed to considering the advantages and challenges of creating a common infrastructure to manage functions that should be common to all three organizations. All three organizations had leading or supporting roles in education, workforce, and economic development programs, and economies of scale could be achieved through consolidation. The clearest advantage of merging was likely in creating a unified voice for business interests, although the group anticipated some disagreements between large and small businesses over recruitment and support of political candidates. This prospect presented no immediate barrier to consolidation, however.

E. The Unique Strengths of COSE and the Roundtable

Only the Growth Association offered a major member services function, performed largely through COSE. The Roundtable was the only organization with a central focus on inclusion and social justice. Both were essential to a successful merger. COSE could provide a broad political base and facilitate access to small and new enterprises that were increasingly regarded as the keys to job growth and wealth creation. Including the Roundtable helped offset any image of the merged organization as elitist and racially exclusive, giving it legitimacy in the minority communities and neighborhoods. Both business services and diversity, therefore, were reframed as central to economic development. COSE would be given the autonomy it desired to reinvest its income in new services that could, in conjunction with pooling venture capital funds and strengthening support for Team NEO and NorTech, facilitate the creation and growth of firms. This in turn would create a bigger market for member services. The Roundtable's interests could be incorporated by making the Commission on Economic Partnerships and Inclusion an integral component of the new organization and by including minority members on the board.

F. Further Refinements: Defining the Four Programmatic Areas of Focus

By July, the task forces had refined the rationale for the types of activities a merged organization should perform. The appeal to the small business members of COSE emphasized that they would receive higher value for their dues in an organization with a common infrastructure that could increase efficiencies in management and communication and provide new opportunities for expanding services and products.   Business attraction, retention, and expansion could be advanced by regionalizing and assigning this function to Team NEO with a revised governance structure that tied it to the merged organization. Bringing NorTech and COSE into closer alignment could expand the scale of activity designed to stimulate entrepreneurship in the commercialization of technology. The task forces believed the new organization's role in neighborhood development (beyond financing) must be better clarified, but it nevertheless saw substantial advantages in bringing the various physical development projects of the Growth Association and Cleveland Tomorrow under one roof.

The fate of programs in workforce development and education remained unresolved. In part this was because of the disarray among workforce development programs. Where to place this function in the new organizations was also an issue. Was it considered a "vertical" program or an activity cutting across most if not all programs? The Commission on Economic Partnerships and Inclusion would require substantial new support for venture capital funds, supplier diversity, economic literacy, and coordination with other key minority organizations. The civic leadership function once performed by the Growth Association through Leadership Cleveland no longer fit the new model, with its emphasis on jobs and economic growth, and the task force report suggested that it might be spun off to a new organization while preserving the "brand."

Discussions and negotiations through the summer culminated in a meeting on September 29 at which a draft business model was presented. The group also agreed that the concerns of some CEOs or COSE—the two essential ingredients—could be met and that neither would stop the merger from proceeding. The staff presented a plan for aligning functions and programs that narrowed to four the programmatic priorities the new entity should pursue:

1. *Technology innovation and high growth business creation* would include NorTech and six other programs (NeoPreneur, COSE Gateway, BioEnterprise, Ohio Aerospace Institute, CAMP, and EDI) that had been operated by Cleveland Tomorrow, the Growth Association, or by semi-autonomous boards. All would be coordinated under a common board. This arrangement was expected to result in higher leverage for investments, a regional scope for the activity, and a sharper focus on high growth opportunities, provided further consolidation among the organizations was achieved and greater state and foundation funding could be attracted.
2. *Physical development programs* in the central city and neighborhoods supported by Cleveland Tomorrow and the Growth Association's regional development programs would be brought under unified direction. These included projects in regional air service, lakefront and riverside development, regional infrastructure, downtown marketing, and financing of large-scale housing developments.
3. A new *workforce development and education program* would integrate six formerly separate initiatives of Cleveland Tomorrow and the Growth Association, taking them to a larger scale with greater capacity to leverage public sector investments in workforce development. The exact role of the new organization in K-12 and higher education was still not well defined, although the restricted fund for K-12 improvement efforts in the Cleveland school district were preserved in the merger.
4. *Business attraction, retention, and expansion* would rely heavily on using a resource-enriched TeamNEO as the primary actor. Internationalization of business opportunities would become a new priority, and development of a world trade center (as a program, not a building) would be added to the program's portfolio.

The new entity would also provide five activities that cut across all programs:

1. Member services provided by COSE and GSI would be reorganized and enhanced. Group Services, Inc. would be merged with COSE to form a separate, subsidiary for-

profit entity. Its primary client would be members of the newly merged organization, but it would provide products and services to local chambers of commerce, businesses, and trade associations, creating value for them and their members. This would convert GSI into a more entrepreneurial organization and give it more autonomy than it enjoyed in the Growth Association. Its mission would be different from the mission of the merged organization, but it would be integral to and supportive of its success.

2. A broader member services capability for COSE-GSI would be established, with the resources necessary to support the four priority programs and individual members more effectively than was currently possible. For example, a central staff capability could provide event planning, training, marketing, group purchasing, and technology support services at lower cost to members and programs because of economies of scale. This could improve the competitiveness of small businesses and generate revenue with which additional services and products could be developed.
3. Economic inclusion and social equity would become integral to the new organization, with the Roundtable operating within the new organization as a forum on those issues. The role of the Commission on Economic Partnerships and Inclusion would be elevated to ensure that minority economic interests were considered in each program area and that progress in areas such as minority businesses, management positions, and directorships would be monitored and measured.
4. Advocacy of business interests at local, state, and federal levels would be enhanced by providing a unified voice for large and small businesses on behalf of a more focused agenda than had been possible with separate organizations. Unification would also assist in fund raising, in mobilizing "grass roots" campaigns for bond issues or other measures, and in supporting think tanks, research, and publications that support business goals.
5. Internationalization was added as a new cross-cutting activity because it was considered essential to the region's future competitiveness. The idea was that by creating this portfolio, the technology, workforce, physical development, and business attraction, retention, and expansion programs would gain better access to global markets.   This would depend, it large part, on organizing and investing in a world trade center to facilitate foreign investment in Cleveland enterprises and international sales of Cleveland-based services and products.

By realigning functions and eliminating those that did not fit into the new priorities, and dropping duplicate staff positions in central administration and program management, the new entity could save an estimated $4 million or more, freeing those funds for investment in programs. The report also argued that consolidation would increase confidence among external foundations and thus make additional resources available for specific programs.

G. Designing a New Governance Structure

The most sensitive task faced by the proponents of merger was designing a governance and management structure that reconciled two concerns: CEOs concerns about effective use of their time and money, and the interest of the small business members of COSE in having a seat at the table where major decisions were made and more autonomy for COSE. Including the Roundtable also introduced the problem of members who were not from the business sector and whose primary concern was not economic efficiency, but social equity. Creating a workable governance system also involved dealing with the very different organizational cultures of Cleveland Tomorrow and the Growth Association.

Cleveland Tomorrow had a highly restricted membership of 56 CEOs. Its members were essentially peers of an exclusive economic and social stratum. They operated in an executive culture that expected high-quality analysis of options, brisk presentations, great deference, short meetings, relatively little discussion, and firm consensus decisions, followed by their implementation by subordinates. The chairperson of Cleveland Tomorrow was accorded wide deference by his colleagues, and succession was prearranged and uncontested. The small staff of seven, headed by Roman, was expected to digest issues, present choices, and once decisions were made, to provide the CEO who chaired a project with the information and support needed to be the public face of the project without a large time commitment. The staff was important in identifying issues and even in helping recruit "champions" to serve as the figurehead for projects, but it was expected to operate primarily in the background. Fundraising was informal, personal, and reciprocal. Although members paid dues on the basis of the size of the firm, funding for specific projects was ad hoc. Although the role of staff was central to the success of the organization, it was barely visible to the public in order to maintain the CEO "magic."

The Growth Association, in contrast, was largely staff driven. Its 85-member board of directors was drawn from a wide spectrum of the business community. The professional president of the association headed a staff of 90 who were responsible for member services, including COSE-GSI, Leadership Cleveland, policy advocacy, and a variety of other programs and services. Members were engaged through volunteer committees and often spent a significant amount of time discussing issues before resolving them.

The Roundtable had a more eclectic board and a very small staff. The nature of its work often involved highly controversial and emotion-laden issues. Resolving the matters before it often took long discussion and mediation to find agreement.

The staff model presented in September proposed a board of 50 members, half of them CEOs from Cleveland Tomorrow, but including members who concurrently served on the Growth Association and/or Roundtable boards. Fifteen members would be drawn from small and mid-sized firms, 10 of whom would be COSE leaders. The remaining 10 were to be "nontraditionalists," a euphemism for the ministers, community leaders, politicians, and nonprofit organization heads who were members of the Roundtable board. Some 250 other "leadership positions" would be established as chairs and co-chairs of programs and central service functions, and the boards of subsidiary organizations, such as COSE, NorTech, Team NEO.

The board would meet quarterly to review the organization's priorities and provide general oversight and direction. Three classes of members would serve three-year terms, with a significant number of seats rotating off the board each year. The governance of the organization and supervision of staff would be vested in a 15-member executive committee that represented the organization's three major constituencies and would include the officers of the board, chairs of the committees or commissions responsible for the priority programs and the cross-cutting activities. COSE/GSI would be a subsidiary for-profit corporation responsible for all member services, and it would be represented on the executive committee.

This arrangement was designed to maintain CEO engagement by reducing the amount of time spent in attenuated discussions. By holding one-half of the seats on the board, they could essentially control the composition of the executive committee and chairs of priority programs. COSE was satisfied by gaining seats at the table, a shift that put their services near the center of strategies for economic development and competitiveness, provided it with more of its revenues for member support and investment in new services, and made GSI the instrument for providing member services across the entire organization.

The parties made a few significant changes to the governance system before the three organizations' boards approved and announced the merger on December 19. The board was expanded to 60 members. Twenty-five seats were still reserved for CEOs. The number of seats for small and mid-sized firms was increased to 17, with at least 10 chosen from COSE leaders. Four additional seats were reserved for Roundtable board members. Nontraditional membership was increased to 14. The estimate of other "leadership" positions on boards, committees, and councils of subordinate entities programs and services was raised to 350.

VII. The Greater Cleveland Partnership

With Cleveland Tomorrow's chair and members leading the talks, the key to merger was COSE. When Keith Ashmus, the outgoing chairperson explained the advantages COSE would gain in the new organization to the annual membership meeting, his report was greeted with applause (*Crain's*, Dec. 19, 2003). With COSE's endorsement, the deal was sealed and the merger was announced to the public on December 19. Tentatively called Greater Cleveland Tomorrow, the staffs were to be merged and located in Growth Association's quarters in the Terminal Tower. Final action on the merger and the selection of a new board and officers would take place in March 2004. Alexander "Sandy" Cutler, the chairperson and CEO of Eaton Corporation was elected as chair, and attorney Frederick Nance, the managing partner of the Cleveland office of Squire Sanders and Dempsey, and Christopher Conner, chairperson and CEO of Sherwin-Williams Company were named vice-chair. Joseph Roman, the executive director of Cleveland Tomorrow, was selected as president of the new organization.

Table 2. Composition of Board of Directors of Greater Cleveland Partnership 2004

Type of firm	Number of Members	Number who were members of: All three	CT/GA	CT/RT	GA/RT	CT	GA	RT	New
Large	26	7	10	2	0	7	0	0	0
Small	14	0	0	1	0	0	10	0	3
Prof. service	8	4	0	0	0	0	2	1	1
Mid-sized	3	0	0	0	1	0	2	0	0
Higher education	3	0	2	1	0	0	0	0	0
Nontraditional	2	0	0	0	0	0	1	1	0
Other	4	0	0	0	0	0	0	2	2
Total	60	11	12	4	1	7	15	4	6

Source: Greater Cleveland Partnership
CT = Cleveland Tomorrow; GA = Growth Association; RT = Roundtable.

On recommendation from a public relations consultant retained to create an "identity" for the new organization, it was renamed *The Greater Cleveland Partnership: Business United for Progress*. The composition of the initial board of directors is summarized in Table 2. If one adds the presidents of Cleveland State University, Case Western Reserve University, and Cuyahoga County Community College; the managing partners of Cleveland's three leading law firms; and the chairperson and CEO of its leading public relations firm, former Cleveland Tomorrow members held 33 of the 60 seats. Small and mid-sized businesses provided 17 members, including at least 10 nominated by COSE. The remaining places were filled with officers of six firms or organizations who had not been members of any of the three merged boards, two who had served only on the Growth Association board, and two who had been members of only the Roundtable. Nontraditional membership was interpreted broadly to include individuals who may not have served on any of the merging boards.

A. Management and Staff of the New Organization

As president, Joseph Roman had begun to put in place a new management team. Dan Berry, formerly associate director of the Gund Foundation, was selected as senior vice president for organizational advancement. Steve Millard, who was previously the director of GSI and COSE, would be the chief operating officer, responsible for all member services. Danny Williams, who had served as director of the Roundtable, became senior vice president and general counsel, with responsibilities for economic inclusion and workforce development. Carol Caruso, who had been vice president for government and advocacy of the Growth Association, continued in that role in the merged organization. Steve Stmisha, Cleveland Tomorrow's director of physical development, continued that role and was also named chief financial officer for the partnership. Dorothy Baunach, as president of NorTech, rounded out the management team of the new organization.

The fusion of organizations had resulted in some reductions in staffing and other overhead costs, saving approximately $3 million, which was invested in the programs. The operating budget for the first year was $26 million. The initial organization is depicted in Figure 2.

B. The Strategic Plan

One of the earliest activities was to establish a new strategic planning exercise, which engaged more than 200 people from the public, independent, and private sectors in defining more precisely the mission and goals for the partnership as a unified voice of the business community. Released in September 2004, the plan, *Cleveland on the Edge! Securing Our Region's Future—Now,* laid out recommendations for partnership leadership and mobilization of resources in furtherance of a three-year strategy focused on the functions the partnership had previously identified as priorities: (1) innovation, technology and high-growth businesses; (2) education and workforce development; (3) connected physical development, and (4) business retention, expansion, and attraction. The plan also ratified the need for high performance and responsiveness in the cross-cutting activities of economic inclusion, advocacy of business interests, member services, and internationalization. In sections devoted to each function and activity, the plan provided an action agenda for achieving measurable outcomes, and in most cases the leaders suggested deadlines for when process and substantive goals should be reached.

C. Program Commissions

The new leaders also established commissions for each program and cross-cutting area. Each commission had co-chairs from former Cleveland Tomorrow and Growth Association leaders. These groups also provided other members the opportunity to participate, and each had professional staff. Each commission was represented on the executive committee, and each had the task of melding organizational cultures, operating styles, and substantive focuses inherited from the Growth Association and Cleveland Tomorrow, and providing leadership for the new or reinvigorated initiatives.

The problem of reconciling cultures is illustrated by the Commission on Workforce Development and Education. The Growth Association's workforce program was staff driven and focused on training the current small and mid-sized business workforce and providing an array of personnel support services such as health insurance. Cleveland Tomorrow emphasized CEO policy leadership and advocacy to improve public schools as a way to prepare future workers. As a result of the staff realignment following the merger, workforce and education was assigned to Senior Vice President and General Counsel Danny Williams, the former executive director of the Roundtable. Williams's primary focus was on promoting diversity and inclusion. Staff support for the Growth Association's direct training programs was virtually eliminated, producing a substantial philosophical shift toward advocacy, as opposed to the direct "hands on" approach of providing training and services.

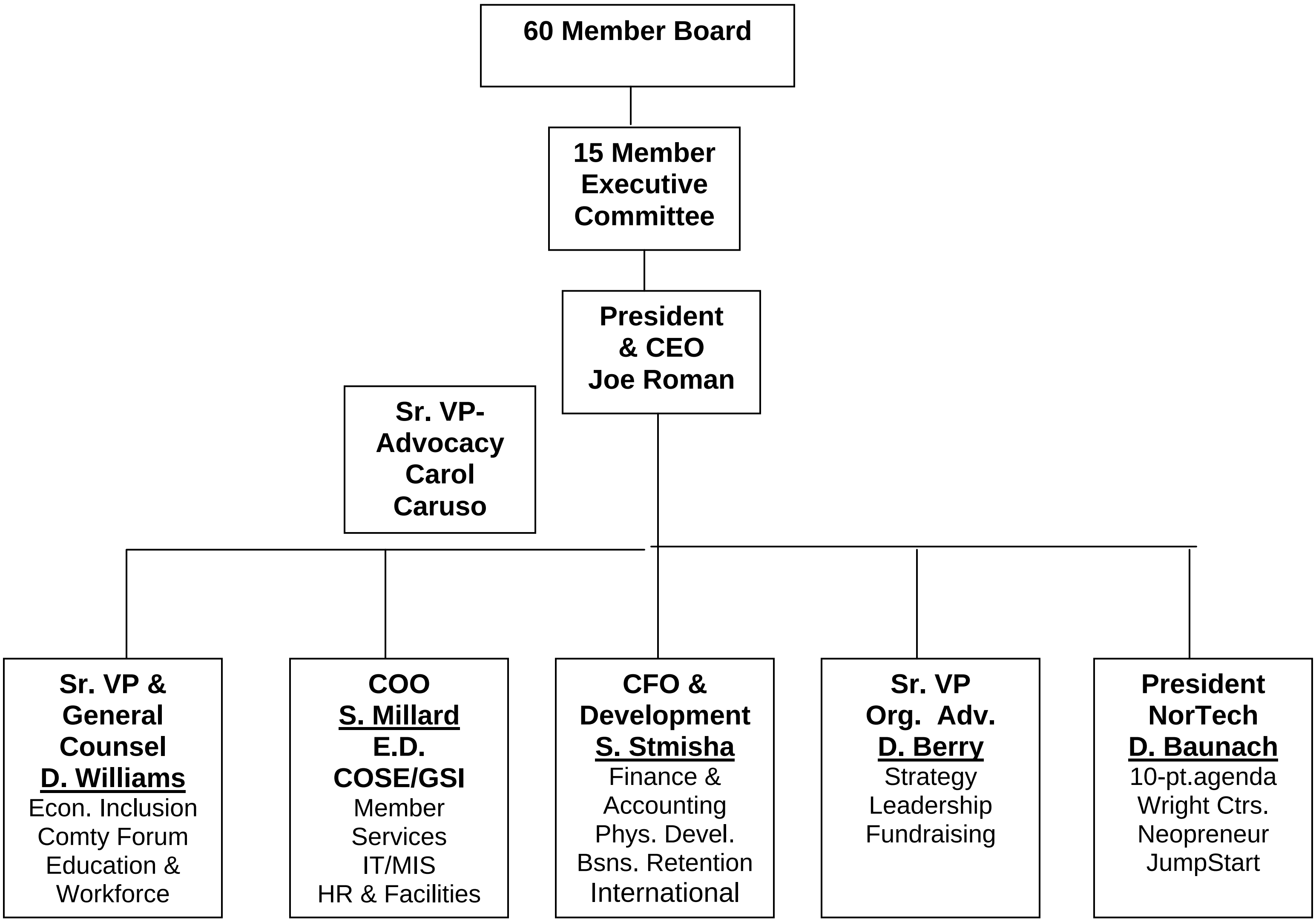
There was clearly a limit to what a commission composed of volunteer business leaders could accomplish through advocacy alone. Any direct implementation of workforce initiatives, and indeed, the development of ideas and innovations would require substantial staff support. This suggests that effective action on many aspects of its agenda will compel the partnership to follow a model that depends heavily on staff, in consultation with the business leaders, initiating proposals and recruiting champions to work with staff support to achieve objectives. The leadership's role is likely to increasingly gravitate toward setting the agenda by ratifying and legitimatising staff proposals rather than initiating ideas themselves. As one executive who had served on both boards put it:

> I would say Cutler is great as a chair and I am on the executive committee of GCP and I would say Sandy is excellent at managing time, is well organized, and is very detailed. But he's volunteer leadership, and he has a major company to run. I think it has to be the staff coming with innovative ideas and bringing them to the volunteer leadership, and I don't know if that's happening. There might be a sense of waiting for the volunteer leadership to give direction.

Figure 2.

GREATER CLEVELAND PARTNERSHIP

Initial Organization 2004



VIII. GETTING STARTED—AGAIN

A. Success in Presenting a Unified Voice

One of the principal arguments for merger was to present a unified voice for business on public issues of importance to business. In its first year, the partnership presented a united front, with the GCP executive committee and the COSE board jointly endorsing a referendum to levy an additional property tax of $11.4 million for Cleveland Schools. The ballot issue was soundly defeated. A second attempt to increase the school levy was defeated in 2005, even though the partnership led a $300,000 effort by the business community in support of the referendum.

The partnership enjoyed greater success in joining other statewide business groups in obtaining favorable action on pro-business tort reform by the state legislature. They also became part of a concerted effort led by the Ohio Business Roundtable to persuade the legislature to shift the tax structure toward consumption taxes and away from income and inventory taxes. Although working with Cleveland Mayor Jane Campbell remained problematic, the ability to speak with one voice on issues of concern to the business community had apparently strengthened dealings with what one CEO characterized as the “content professionals” in city government. Regionalization of programs had also improved the receptivity of county officials to the partnership’s positions.

B. Promoting Diversity

The Commission on Economic Partnerships and Inclusion could also report progress. With Connor and Hall succeeding Cutler and Stokes as co-chairs, the focus of the commission narrowed to three areas: supplier opportunity; wealth creation and investment in growth; and diversity in organizations, boards, and management.

In tackling the problem of lack of diversity among the suppliers of products and services to large corporations, the new co-chairs were stunned at the level of distrust and opposition among the black business and community leadership toward many of their efforts. The commission nevertheless set a level of expectation that corporate organizations would increase the diversity of their boards and management and include more minority firms in purchasing goods and services. By mid-2005, 75 firms had become participants in the commission’s annual survey of performance. Each agreed to report annually on its purchases and to appoint a champion within the firm to promote diversity. A task force was charged with exploring the factors that inhibited strong minority companies from becoming $100 million dollar companies or going public, and what they would need—whether capital or management assistance—to take better advantage of market opportunities to grow.

On the broader issue of advancing diversity at all levels of corporate life, the participating businesses agreed to respond to the annual survey conducted by the commission, sign a commitment to appoint a senior staff person responsible for diversity, adopt and implement specific goals for diversity and inclusion, and make achieving them significant factors in evaluating the performance of appropriate managers.

Although achieving equity in these areas—particularly in upper management and board positions—will require many years, the efforts of the commission have begun to make a difference in establishing "best practices" among Cleveland businesses. At its annual meeting in May 2005, the commission publicly recognized four organizations as "Best in Class" for their achievements: KeyCorp, for board member diversity; Eaton Corporation, for senior staff diversity; Parker Hannifin Corporation, for workforce diversity; and Case Western Reserve University, for supplier diversity. Results of the annual survey also showed an increase in both the number of participating firms and in levels of inclusion in all areas except board memberships, which had not changed from the prior year.

C. Promoting Entrepreneurship

There was also reason for optimism surrounding the partnership's efforts to promote entrepreneurship in technology-based firms and to expand the region's capabilities in information technologies, electrical engineering, and computer science. Leadership for the partnership's "technology, innovation, and high growth businesses" strategy was provided by NorTech, which had been incorporated into the partnership structure. NorTech was reorganized as a stand-alone 501(c)(3) nonprofit organization, and the partnership provided it with basic financial support. The Fund for Our Economic Future, a consortium of regional foundations, provided it with $2.25 million. These funds allowed expanded staff and a new 50-member board, whose chairperson and five other GCP members compose a majority of the executive committee. Funded, staffed, and connected, NorTech has pursued a reinvigorated effort to support technology-driven economic development; inter-institutional research collaborations within new technology clusters such as polymers, photonics, and alternative sources of energy; and university-based research capacities in electrical engineering and computer science.

As the merger creating the partnership was still being negotiated, NorTech and Case Western Reserve University had collaborated to form Jump Start, Inc., to stimulate early-stage business development and investment by providing capital, and technical and management support to new and promising enterprises. The Fund for Our Economic Future granted $2.5 million to JumpStart in 2004, supplementing earlier grants of $425,000 from several local foundations. JumpStart, with significant operating support from NorTech, consolidated four existing organizations under a new 25-member board and unified management.

NorTech also organized an urban technology and inclusion task force to undertake two initiatives designed to ameliorate the inequities that often result from unequal access to and competencies in technology-based economic activity. The task force is identifying ways in which information technologies can help improve health services and outcomes in low-income and minority communities. It has also supported expanding technology apprenticeship programs for minority youth and programs that encourage more minority students to prepare for careers in science, technology, engineering, and mathematics.

D. Retaining and Attracting New Business

Both the Growth Association and Cleveland Tomorrow had been involved in creating Team NEO. It focused on retaining existing businesses, attracting new firms to the region, and marketing the region and its products. Team NEO was unique in that its founders included FirstEnergy, based in Akron, and several local chambers of commerce. Its board of directors also included executives from the Akron and Canton areas as well as metropolitan Cleveland. It played a vital role in the economic development strategy of its founders, now united in the partnership. Although governed by a separate board, some of its members were also on the partnership board, and the connections were tight at the staff level.

Team NEO was assigned responsibility for leading the effort to attract national and international investment in Cleveland businesses and to help regional firms develop worldwide markets for their services and products. Area foundations had previously provided $1.8 million in grants to Team NEO, and a new grant of $2.5 million was provided by the Fund for Our Economic Future to promote the growth and expansion of the 150 largest or most vibrant employers in the region, which collectively accounted for 15 to 20 percent of the area's employment; a targeted marketing campaign; and a program designed to encourage companies to remain and expand in the urban core.

During its first year of operation (2004), Team NEO claimed credit for working to retain or create more than 800 jobs and assisting in attracting $45 million in new investment into the region. It recruited the headquarters of Aleris, a Fortune 1000 aluminum recycling company. It also assisted an Israeli software company, Unitask, with its U.S. market entry strategy, which helped it become a stable and growing company in the region. Finally, it worked with the Cuyahoga county commissioners to create a $1 million fund for Brownfield Redevelopment program.

E. Promoting Physical Development

The physical development portfolio of the partnership was sluggish during its initial two years. Office vacancy rates in the Cleveland business district were greater 20 percent during 2004 with no plans for new construction in the downtown area (Breen and Fox 2005). A site for a new convention center had been limited to a publicly owned site on the mall. The co-chairs of Forest City Enterprises withdrew their offer of a site next to Tower City after the County decided not to relocate its offices to an adjacent property, also owned by Forest City. The developer and owner of Tower City determined that without the business generated by both the center and county workers, its commercial operations in the Tower, which were struggling with low sales, could not be resuscitated.

Although the site for the center had seemed settled, it remained unclear whether Frank Jackson, who defeated Jane Campbell for mayor in November 2005, would accept that choice or favor revisiting the Forest City site. In any event, it was uncertain that the center would be built in the foreseeable future, given that it would require a referendum for its funding it. Enthusiasm for such a referendum appeared to be limited. On the other hand, seed money and efforts by Cleveland Tomorrow and continued by the partnership to persuade the City to make mixed use development of the lakefront a high priority were coming to fruition as necessary infrastructure changes were funded.

Centrally located housing also had long been a goal of business and political leaders, but the exuberant housing market nationwide did not touch on downtown Cleveland. One important project was proposed for the Flats on the east bank of the Cuyahoga River. The mixed use project would build 331 housing units and more than 255,000 square feet of retail and entertainment space.

X. FACTORS LIKELY TO SHAPE THE FUTURE OF THE GREATER CLEVELAND PARTNERSHIP

A. The Cleveland Urban Regime

In the 24 months the merger, any definitive judgment about the role and influence of the Greater Cleveland Partnership would be premature and, very likely, wrong. It is possible, however, to identify several factors that will affect its role, only some of which are within the control of the partnership.

First, it is apparent that the "urban regime"—the informal governing coalition of private economic power and political leadership that was established during the Voinovich mayoralty—frayed in the waning years of the White administration and had virtually evaporated by the end of Campbell's first term in 2005. Although the widespread dissatisfaction with Campbell among business leaders produced no consensus on a candidate to replace her, several individual executives supported Jackson, who reached out to some members of the partnership. Following his election, Jackson indicated he would welcome help from the business community. It appears unlikely, however, that Jackson or any mayor will have the close working relationship with the business community that Voinovich achieved, even though the partnership retains a strong commitment to addressing central city problems as well as pursuing its regional agenda.

The dissolution of the governing regime coupled with its earlier history demonstrates the significance of the mayor as a catalyst of civic engagement by CEOs and other business leaders. The role of the mayor remains crucial in both sustaining business engagement and extending it beyond the business agenda to a broader public agenda. Notwithstanding the "bottom line" focus and enlightened self-interest that often characterize corporate civic engagement, the most personally satisfying experiences for CEOs were those that transcended the direct, or even indirect, economic interests of their firms or of large businesses in general. It was these experiences that reinforced high levels of participation and increased the civic capacity of Cleveland Tomorrow as an institution. Changes in the structure of the Cleveland economy at the end of the century and growing demands on a dwindling number of major corporate leaders surely took its toll on their energy, if not on their appetite for engaging in urban problem solving. Growing appreciation of the regional nature of the economy and of the importance of new and small firms in economic growth, and the need for global repositioning of the Cleveland economy also pointed to the need to rethink the way business organized for an effective civic role.

The creation of the partnership fundamentally changed the nature of the Cleveland urban regime. The absence of a central political figure to serve as catalyst, or at least a consistently cooperating ally in a governing coalition, forced each side of the abandoned alliance to retire to its respective sphere of influence or seek new allies. The partnership did both. The realigned agenda of the merged organization focused its activities on those arenas in which a business-based organization could operate with minimal support or cooperation from government. Operating directly through its "vertical" programs and cross-cutting services, or indirectly through subsidiary and ancillary organizations, it can manage an investment portfolio designed to stimulate business, promote diversity, and lobby for public policies favorable to its members. At the same time, by combining the more central-city oriented CEO organization with the regional chamber of commerce, it both enhanced its capacity to create wealth and enlarged the geographic arena in which it operates to coincide with the regional economy of northeastern Ohio. This move also made possible new alliances with county officials and mayors of other major central cities, such as Akron.

B. The Increasing Role of Staff in Civic Business Affairs

Blending the very different organizational cultures of the original organizations into the partnership entailed creating a large board that met quarterly to act on a highly structured agenda and to provide general oversight and discuss issues presented by staff. The real governance of the partnership, however, rests with its 15-member executive committee. Its initial leaders—Cutler, Conner, and Nance—are widely regarded as both visionary and committed to the welfare of the city and region. Others on the executive committee tend to be of the "no nonsense" school of decisionmaking, but most of them also represent the commissions and task forces responsible for guiding the programs and cross-cutting services of the organization, each of which is deeply staffed.

Although this arrangement provides for strong coordination, it may bias the organization toward simply maintaining its component activities, making it more difficult to innovate or change direction. The focused realignment of programs also eliminated or marginalized certain programs that had strong advocates among important business and community personages. A few board members expressed concern that the partnership might succumb to proposals to support new projects or restore old ones. One member said that although he recognized the problem, he had his own pet project he would like to see added to the Partnership's agenda.

It is clear that the professional staff will play an increasingly important role in the life of the partnership. Ultimately they must bridge the gaps in organizational cultural between the CEOs and small business executives by providing enough services and volunteer activities to satisfy and engage the entrepreneurs, and enough projects of vision and scale to keep the interest and financial support of the CEOs. It is this latter role in policy entrepreneurship that is most at risk in the partnership as it is inherently in tension with the necessity of managing a large staff and serving committees that engage several hundred volunteers.

The one function that is not institutionalized in the partnership is a policy research and development capacity. Cleveland Tomorrow relied on consulting firms and universities to provide the research base for many of its initiatives. A larger in-house staff may compensate for the absence of an independent policy analysis capacity. There is, however, now an alternative, if not competing, process underway for defining the region's economic development agenda.

C. The New Role of the Independent Sector in Economic Development

For many years, the Cleveland and Gund Foundations have played a central role in the Cleveland political economy. They were instrumental in the rise of a new generation of black political leaders. The Gund Foundation provided matching funding for the consultant study that led to the creation of Cleveland Tomorrow, and it has provided substantial funding for a wide variety of projects fostered by business, the city, and community organizations. Although foundations have played other important roles behind the scenes, until recently they have operated primarily as institutions that responded to outside proposals by others. They may have discussed agendas and developed their own funding priorities, but they did not attempt to set the agenda for the city or region. Their connections to the power base of the political economy were assured by overlapping boards, and in the case of the Cleveland Foundation, by appointment of some of its directors by the mayor. The executives of the foundations, however, did not initially serve on the boards of the peak business organization, whose projects, after all, they were often asked to co-fund.

Nor were the leaders of Cleveland's major universities and health care institutions members of Cleveland Tomorrow—until they had become the region's largest employers. They were also principal sources of research on conditions and trends, training and education for the future workforce, and major generators of ideas, entrepreneurs, patents, and inspiration for new products and firms in industries with high growth potential. They gradually evolved from institutions that were primarily seekers of foundation, corporate, and public resources to important producers of resources and catalysts of economic growth.

At the same time, Cleveland's industrial corporations and the city's great law and accounting firms were transforming as well. Foundations, higher education, and health care institutions were also undergoing important transitions of leadership and orientation. Long-serving presidents of the Cleveland and Gund foundations retired, and new presidents were simultaneously chosen for Case Western Reserve and Cleveland State Universities, and for the Cleveland Clinic. Prior to his retirement, Steven Minter, the president of the Cleveland Foundation, convened a meeting of foundation heads from across the region to discuss how their grant making might more effectively leverage change in the region and accelerate its capacity to address social and economic needs.

The ultimate result of this meeting was the formation in 2004 of the Fund for Our Economic Future. Led by the Cleveland and Gund foundations, and the GAR Foundation of Akron, 70 private and corporate foundations from 10 northeastern Ohio counties committed $30 million over three years to frame a regional economic development agenda "that can lead to long-term economic transformation," track overall regional progress, and financially support highly promising initiatives. Some of the foundations involved had never made an economic development grant.

By organizing regionwide forums to seek public consensus on policy priorities, the fund also presented a potential challenge to the legitimacy of agendas offered by public officials. By stating that it planned to produce a regional agenda, the fund is deliberately going around or over the heads of the region's elected officials. Leaders of the fund argued that because the regional issue was regarded as pivotal and northeastern Ohio is so fragmented politically, no one else could do it. The partnership is a member of the fund, and as a contributor of $1 million, serves on its executive committee with 10 votes. Given the overlapping board memberships, the fund's priorities are unlikely to deviate significantly from those of the partnership—although the nature of the "Voices and Choices" consensus-building process will likely produce more highly generalized statements of goals. Indeed, the results from its first regional "town meeting" in November 2005, attended by more than 900 people, suggest that outcome. The fund has begun to change the behavior of applicants, however. Grantees' proposals are becoming more regional in scope, and inclusion has become a real requirement for support from the fund. With its purpose limited to economic development and its grants targeted, the fund functions much as an operating foundation does, commissioning work and supporting projects or organizations that further its programmatic aims. The initial $8 million in grants to organizations went to creatures or affiliates of the partnership.

New executives of University Hospitals, the universities, and the foundations are taking a longer view and becoming engaged in the economic development and rebuilding of Cleveland, a function that in the past would have been the almost exclusive concern of the hometown bankers, lawyers, and industrialists. Although the slack resources of corporations have contracted over the years, the corpus of the foundations continued to grow. The enlarged role of the foundations is also a function of a more subtle change: the same forces that shifted organizational influence from CEOs to professional staff in the partnership were also at work in the foundations. Foundation executives had begun to assume roles more akin to university presidents: they were expected to lead their boards more than be led by them, and to have a larger public presence, speaking and acting in the name of the foundations.

D. K-12 Education: The Missing Link in Economic Development

In the realignment of functions that resulted from the merger, the workforce and education portfolio emphasized enhancing the capacity of higher education institutions to conduct the research and train the workforce needed for a new regional economy. The CEOs of Cleveland Tomorrow had devoted substantial time, money, and influence to the city's schools. They entered the arena reluctantly, concerned about a backlash from the black community at the intervention by an all-white economic elite. The decision to address the issue was the only non-unanimous decision in the 20-year history of the organization. Once involved, the CEOs championed mayoral control, strongly supported the new superintendent, and even backed the failed tax levies. Operationally, Cleveland Tomorrow brought a $1 million dollar a year program for city school reform issues to the partnership. That program has continued to emphasize new business-school partnerships.

The role the partnership should play in K-12 education was debated during the merger discussion, with no agreement reached. One issue was whether to become active in school reform beyond the city or simply continue the central city focus. Some argued that it was more important to address education issues at the state level, where funding had declined and unified business support might have a major effect on schools. Although it has improved, one estimate placed Cleveland's high schools' graduation rate at only 28 percent. In 2004 according to the Census

Bureau's American Community Survey, only 14 percent of Cleveland adults aged 24 and older had a bachelor's degree, whereas the national average was 27 percent. Within the black community, only 6 percent of adults are college graduates. The inner ring suburbs are also beginning to share the same problems as the inner city. This is hardly an encouraging base for building a workforce in an advanced economy. The issue seems certain to persist and require the partnership, working with a new CEO for the school system, to reexamine its approach to this central, politically and racially sensitive subject.

XI. Conclusion

The Greater Cleveland Partnership is the effort of the leading executives and the broader business community in one urban area to adapt to the realities of urban transformation and the complexity of urban and regional problems. The response in Cleveland is not unusual. Pittsburgh and Philadelphia have attempted similar transformations, driven by the similar realization that the new, emerging economies would depend far more heavily on entrepreneurial energy from smaller and newer firms and on a transformed workforce, and that the current way of organizing business-civic interests was no longer effective Increasingly, they saw the economy in regional terms and came to believe that the revitalization of the central city could be better advanced within a regional economic development context. They also recognized the central importance of a more inclusive organization and strategy if their efforts were to be viewed as legitimate in a diverse region.

It remains uncertain whether the merger will develop an organizational culture that places high value on the kind of visionary leadership that often characterized Cleveland Tomorrow, or emphasizes the service and deal-making bureaucratic values of the Growth Association. In part, this outcome may depend on the new role the foundations have carved for themselves in economic development policy. It will also depend on whether a political leadership emerges in Cleveland that can be the catalyst for a public-private alliance on which a new urban regime can be built and sustained.