

Reality Check 2.0

greatermspahead



Fanning the Embers

Regional Competitiveness

A Transformative Push to Get Leaders and Stakeholders of the Minneapolis Saint Paul Region to Focus on Strategy and Action for the Future



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Greater MSP *ahead* background materials

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Introduction

As wintry winds scattered the remnants of an April snowstorm—a reminder of the impacts of climate change and that this region sits at the 45th parallel—260 people from almost as many organizations warmed up a meeting space on the northern edge of downtown Minneapolis. More came than were expected and packed the house. Welcomed by the convening organizations—ULI Minnesota (ULI MN) and GREATER MSP—those gathered for this Greater MSP *ahead* event promptly heard that getting anything important from the day depended entirely on what they themselves were willing to do—*together*.

“Sure, this is our meeting, but we don’t own it. You do,” said Michael Langley, CEO of GREATER MSP, the region’s economic development partnership.

“And, we have a compelling opportunity today,” added ULI MN executive director Caren Dewar. “We have designed a day that will deeply engage your wisdom and networks to move beyond analysis and commit to *strategic actions* to ensure our region’s future.”

Participants heard from futurist Jack Uldrich about the multiple ways in which the world has already changed. People cannot avoid the realities brought about by rapid advances in technology, slower-moving but predictable shifts in demographics, and the new contours of the economy, he said. The sheer velocity of change compels people to rethink strategy at all levels.



Retired Marine colonel Mark Mykleby, seeking to turn what he termed “soft values” about sustainability into hard reality, declared the death of the status quo. Winners in the emerging era will be those who see that it is qualitative not quantitative growth that matters, he asserted. If water is a regional asset, regional leaders and stakeholders should start protecting it and building on assets related to its use. If food security is a goal, the region should put an end to practices that deplete topsoil. It takes about 100 years to replace one lost millimeter of soil, he noted.

Immediately obvious was the high level of energy in the room and the intergenerational mix. That energy was not wasted: rather than fill the day passively absorbing a series of presentations, participants got to know each other while addressing the big questions facing the region, sharing their points of view in small groups, and hammering out which challenges should get the most attention.

The starting point for discussions was a list of six key success factors critical for regions to thrive, offered by Langley, a member of the Greater MSP *ahead* Project Management Team, which organized the meeting. A big dividend was the ideas that began to emerge as the groups wrestled with these factors. But even bigger was the sense in the room that unusual, if not unprecedented, collaboration was taking shape—and that the moment was ripe to graduate from discussion to decisions, from “admiring” the region’s problems to acting on strategies. Civic cynics might have raised an eyebrow, but they had to be impressed.

“We have to break out of the Minnesota reserve,” said participant Jay Walljasper, a widely traveled writer. “This is a work-hard, play-hard place. We have a great urban place in a wonderful natural setting, and a river *does* run through it.”

KEY REGIONAL SUCCESS FACTORS

- A strong brand and image in how the region thinks about itself and presents itself to the world.
- A culture of excellence—in education, health and wellness, and quality of life—that attracts and holds talent for critical employment needs.
- A spirit that encourages risk taking and innovation.
- Infrastructure and development patterns that facilitate connections and access.
- A commitment to preserve key assets.
- A commitment to social equity that values the participation of everyone.

What's the Problem?

Most people somewhat familiar with Minneapolis Saint Paul (MSP) see it as a successful region, blessed with the headquarters of many high-profile companies, the state capital, a world-class university, an abundance of natural resources, and a rich array of cultural and arts institutions. They do not think the region faces big challenges. They can sympathize with Detroit's municipal finance crisis or traffic snarls in Los Angeles and Atlanta, but what could be the problem for MSP?

The problem lies in part with how residents of MSP think and talk about their own region. Polls indicate that people who do not live in the region think first of MSP as *cold*. Locals are defensive about the weather instead of celebrating the existence of four distinct seasons and the ability to enjoy sunlight most days, even in winter, and even if the thermometer is scraping the bottom of the scale. Paradoxically, MSP folks have been comfortable and complacent for a long time about the need to work toward their future success. If the region were a stock in the equities market, investors would buy shares because, though it rarely quickens the pulse with big gains, it never deeply disappoints. By most measures, the region has been a steady success story for about 60 years.

People from elsewhere frequently detect a subtle reluctance among locals to talk up the attributes of the MSP region. "Other cities are much better at bragging about what they're doing, even if they're doing less," said urban strategist Charles Landry, who consults and writes about creative cities all over the world, when he talked to reporters during a visit in 2012.

Reticence is one problem. Complacency may be a worse one. It is always hard to get people to be serious about setting strategy for the future when the present seems to be evidence of continuing success. That is precisely what made the Greater MSP

The problem lies in part with how MSP residents think and talk about their own region.



ahead events so significant. A palpable sense spread quickly that the region was entering a period ripe for change and progress; that being good enough might not be good enough for long; and that real strategy and action on multiple fronts are needed. There was a sense that it would not be sufficient to rely on top-down leadership to get the job done—that more hands had to be on deck and more people had to be ready to commit to take responsibility.

There also was a sense at the end of the April meeting that another one was needed, so in late May a follow-up gathering was convened in a law firm's community space in downtown Minneapolis. A somewhat smaller group of participants was invited, but they were even more diverse in their demography, perspective, and organizational affiliations.

At the second meeting, the challenge seemed even clearer: how to make the region even more prosperous, competitive, environmentally responsible, and socially equitable. How might the region leverage its key competitive advantages in a fierce struggle to be as good as the great commercial and cultural centers on both coasts in an era of rapid change on multiple fronts?

A century ago, MSP established itself as the last big city on the edge of the Great Plains, a destination and jumping off point with rivers and railroads, and a trade center for a developing region with centers for wholesaling, banking, and insurance. The advantages for headquarters located in MSP originated with grain trading and forest products. Briefly, the region appeared to be a first mover in organ transplants, fast computers, and space and defense, but those advantages slipped away to other places. As innovators again emerge in the region with major strategic potential in technology and manufacturing—such as the world's leading 3-D printing firm—will MSP remain their base? Can the region hold its current advantages in medical devices?

Boston Scientific—a developer, manufacturer, and marketer of medical devices—has said it is interested in “mining the intersections” among the major economic clusters in the MSP region, according to Tom Fisher, dean of the College of Design at the University of Minnesota. “They cannot do this in Boston, but they can here because of the culture of collaboration.” Added to that is the advantage of having so many corporate headquarters in the region. “The best way to stay ahead of global competition is to invent whole new categories of products and services that people had not thought of before and didn't know they needed,” Fisher said.

Lots of places are now bigger than MSP. To compete with those bigger places, the region *has* to be better at leading and adapting to change. When this region has been better at leading change, it is because citizens, through civic institutions, prompted government to take the lead.

NOW, THE CHALLENGE SEEMED EVEN CLEARER: HOW TO MAKE THE REGION EVEN MORE PROSPEROUS, COMPETITIVE, ENVIRONMENTALLY RESPONSIBLE, AND SOCIALLY EQUITABLE. HOW MIGHT THE REGION LEVERAGE ITS KEY COMPETITIVE ADVANTAGES IN A FIERCE STRUGGLE TO BE AS GOOD AS THE GREAT COMMERCIAL AND CULTURAL CENTERS ON BOTH COASTS IN AN ERA OF RAPID CHANGE ON MULTIPLE FRONTS?

Setting Strategy

The momentum from the April gathering extended to the meeting in May. Among participants, the need for change was now accepted as a given. That technology is fast changing the operating rules for nearly everything is widely acknowledged. The region now sees that it has challenges, even concerning its core assets such as the supply and quality of its water. Demographically, the region will become considerably older and more diverse in the decades ahead, with nearly half the population growth in the next three decades expected to come from groups today deemed minorities.

Like many other regions, MSP faces almost certain worker shortages in critical knowledge-economy fields, a challenge that has been the subject of conferences but that so far has not been addressed by a serious strategy.

Meanwhile, the torch of leadership on many fronts is being passed to the next generations. The gen Xers themselves are maturing, and the millennials—a generation even larger than the baby boomer cohort—are showing much less interest in home and car ownership, and much more interest in networks, relationships, and urban amenities. The looming election in Minneapolis was cited as fresh evidence of these generations' engagement, with residents under 40 years old seeming to revolt against conventional politics—some even running for office themselves. These next generations are having a great deal of influence in housing markets, transportation, and work arrangements.

The need for change was now accepted as a given.



Seven regional priorities had emerged from the April meeting:

1. Regional identity
2. Ecosystem for innovation
3. Jobs, talent, capital, and exports
4. Supercharged education system
5. Place making and connectivity
6. Resilient infrastructure and access
7. Natural resources preservation and use

The May meeting focused on two questions:

- Would working on these seven priorities produce a successful region?
- How might stakeholders catalyze a movement to align action around these seven priorities?

Impatience for change permeated the May meeting. “This is the most authentic meeting I’ve been in,” one mayor said—referring to the willingness of participants to be honest with each other about the serious challenges the region faces. “Let’s get something done.” That authenticity was hard-won. Dewar would later recall the deep initial skepticism that any such gathering would be well received, not to mention regarded as “authentic.”

The authenticity was a direct product of a virtually unprecedented assembly of people who rarely, if ever, find themselves in the same room. Yet here they were, finding a common stake in determining what it might take to make the region as competitive, prosperous, and attractive as any premier place to live and work.

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A Call to Action

Through the meeting process, the following emerged as a plan of action to address the broad regional priorities.

To increase the global competitiveness of the Greater MSP region and achieve sustainable growth in talent, jobs, investment, and the tax base, it is increasingly clear that regional leaders and stakeholders must catalyze bold action to create healthy, resilient communities where everyone has the opportunity to thrive and prosper.

1. Build an identity for the regional “competitive unit.”

Align actions as a regional operating entity; market the region’s distinctive positioning locally, nationally, and globally.

2. Cultivate an ecosystem adept at fostering and commercializing innovation and entrepreneurship.

Make it easier to collaborate, create, and take risks: elevate and celebrate innovation and entrepreneurship, and strengthen mechanisms to attract venture capital.

3. Accelerate job growth, attraction of talent, capital investment, and exports.

Integrate and align regional economic development, match workforce skills with job requirements of employers, and give young adults incentives to stay and move to MSP.

Immediately obvious was the high level of energy in the room and the intergenerational mix.



4. Supercharge the education system.

Create new forms of collaboration among educators, businesses, and students to create a new era of innovation, transformation, and excellence in education to foster the next generation of talent representing the full community.

5. Improve place making and connectivity.

Implement an integrated, multimodal transportation system that facilitates connection and access; provide a full range of housing choices, dense land uses, and parks and trails in order to create more walkable, healthy, and vibrant communities.

6. Develop resilient infrastructure that connects regional job centers.

Leverage technology and innovation to support a more adaptable infrastructure system to address changing demographics and market preferences, including an enhanced ability to respond to natural disasters. Infrastructure that should be addressed includes buildout of the transit system, as well as roads, bridges, airports, the electrical grid, and high-speed broadband.

7. Conserve and leverage natural resources as a key regional asset.

Address threats to regional assets and the quality of life for future generations through assurance of a high-quality water supply, protection and regeneration of topsoil, use of clean and renewable energy, and reduction of the region's carbon footprint.

Assets and Action

Meeting participants identified four primary regional assets and the strategic actions needed to address these priorities.

- **Water, the region's most visible asset.** The meeting participants agreed that a top priority is arresting the decline in water quality and protecting both surface and underground water. Water is not only critical in attracting and retaining key industries, but also essential for maintaining the residents' standard of living. Little thought is given to water, but if the region were to lose its advantage of an assured supply of good water, the future would be bleak.
- **Food.** The region is home to leading food producers, including General Mills and Cargill, as well as food distributors, such as Super Valu. Participants asked whether the region could become the nation's leader in producing more sustainable agricultural products and pursuing a lower-carbon strategy for processing and distributing food.
- **Workforce and talent attraction.** The region's workforce, likely its greatest asset, is also its most imperiled. For decades, the region has beaten the competition by having the best-prepared workers. Yet now, despite progress, the MSP region is not ranked as a top destination for young talent. The Metropolitan Council

projects that the region will see a net loss of population to other U.S. cities over the next 25 years. Regions around the world have awakened to the realization that they all are competing for the same talent, and other regions have become better at educating their people. As Minnesota has changed demographically, its scholastic performance has slipped. Large gaps are now evident between those well prepared and those not prepared to work in the knowledge-based economy that is emerging. If there is one most important front on which the regional competitive struggle will be staged, this is it.

■ **Place making and connectivity.** The region faces the sweeping challenge of staying the course on place making. This will require completion—in 20 years, not 50—of an integrated transit system that connects the main destinations where people need to go. It also will require a doubling down on a commitment to provide other high-quality infrastructure and a full range of housing choices where baby boomers want to retire and millennials want to live—places that concentrate population and business. Many neighborhoods will need to be retrofitted to support healthy living, allowing people to get around on foot or by bike, and to accommodate a mix of development that makes it easy to get to restaurants and shops, and clinics. Though investment will be politically controversial and government resources are limited, spending must be targeted for transit.

Where From Here?

Meetings matter, but their content often proves evanescent, like smoke slipping away. What matters is whether people in those meetings are motivated to do something after the meeting. That quickly became the galvanizing concern for ULI MN and the Project Management Team.

Participants in the May meeting insisted that the region graduate from focusing on problems to celebrating progress. It was discovered that many initiatives are under way, though they are largely uncoordinated, and that fact is worth celebrating and sharing. “We’re getting things done,” one participant said. “Let’s call that out. It will help us do more.”

More meetings are not the answer, said Max Musicant, a young entrepreneur on the Project Management Team that organized the meetings. However, he said, an organic movement is possible—people acting through self-organizing change. “But we have to remember that the action step is what’s missing.” Fisher added that the mindset regarding “getting people into rooms is ‘boomer thinking.’ We need to focus on connections.” Among the questions raised was whether LinkedIn would prove more effective in providing connections than conference rooms.

Josh Olson, cochair of the ULI MN Young Leaders Group, called for a “declaration—a manifesto—that supports these priorities and the action to move them forward.”

Dewar sealed the deal with the reminder that all the planning and all the meetings held would not matter if regional leaders and stakeholders did not step up to maintain the energy.

Among the follow-up initiatives originating from Greater MSP *ahead* are:

- GREATER MSP is using the meeting outcomes in its own strategic planning. In Langley’s words, “This might be the region’s starting point for truly transformational change.”
- The Thrive MSP 2040 plan by the Metropolitan Council will be informed by this initiative. Ten or 20 years ago, the very idea of “urban strategy” would have been too controversial to raise. But in meetings all over the region in 2013, a strong consensus is emerging on the need for an action strategy, Metro Council staff reported.
- ULI MN, along with the Regional Council of Mayors, is “inventing its next chapter”—identifying how it can have the greatest impact to further the Greater MSP *ahead* priorities and to respond to the “Call to Action.”

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THE LESSON: IT IS THE SECOND PERSON WHO SIGNS UP THAT SIGNALS TO THE CROWD THAT THIS IS SOMETHING EVERYONE SHOULD DO. THAT SECOND PERSON IS THE ONE WHO TURNS THE LONE DANCER INTO A LEADER.

A fire was started here, but fires go out. If the flame persists, it will have to be fanned by people and organizations interested in sustaining the fire. Participants reminded the group that the region has a history of relying on its big companies or big-name politicians to do what needs to be done. The sense in the meeting room in May was that future success requires the participation of more players—at all levels—addressing the region’s challenges from many perspectives.

Toward the end of the meeting, a video was presented—it had attained viral status in spring 2013—showing one man dancing oddly, exuberantly, confidently on a beach, but alone. After a half minute, another person jumped up and started dancing alongside him. Then came a third person. And then, as though someone had unstopped a bottle of suppressed enthusiasm, dozens of people congregated to join the dance. The lesson: it is the second person who signs up that signals to the crowd that this is something everyone should do. That second person is the one who turns the lone dancer into a leader.

None of this work can be accomplished in silos. There was a formal acknowledgment that regional challenges are multifaceted and complicated, and that leveraged efforts matter. As Dewar said, “We know from recent examples—like the right-to-marry movement—that social cohesion can create game changers.”

That is what is needed now—game changers.

What will you do? What will we do together?

Appendix A

Behind the Scenes

Strategically valuable meetings are not accidents—not something serendipitous that pleasantly surprises everyone.

In Minneapolis Saint Paul, the movement in 2013 toward an unprecedented regional consensus on strategy happened because a small group of regional leaders across a wide range of organizations worked for many months to make it happen. It was an audacious act of leadership.

In 2012, during the early days of GREATER MSP as an organization, CEO Michael Langley contacted Caren Dewar, executive director of ULI Minnesota. GREATER MSP had a mission to consolidate the region's economic development efforts into a single, coherent message and present it to the world with a unified voice. Langley's lament to Dewar: the region has no common or compelling narrative, so we have to create one, and that can only happen through a consensus among as many leaders and activists as possible. He asked Dewar and ULI MN to use their reputational leverage and convening capacity to bring together a critical mass of leadership organizations to consider what to do to address regional challenges.

Dewar began to assemble what became the Project Management Team. It was made up of representatives from the Metropolitan Council (one of two actual regional government bodies in the United States); the Minneapolis/Saint Paul Regional Chambers of Commerce; the Regional Council of Mayors (a voluntary association of mayors of some 50 cities in the metropolitan area); ULI MN leadership, including the Young Leaders Group; the Itasca Project (a civic project of all the major regional corporations and institutions, staffed by McKinsey & Co.); the College of Design at the University of Minnesota; the County Transit Improvement Board; and Blue Cross and Blue Shield of Minnesota.

The idea was to organize one or more meetings, move toward a regional consensus, and get to a point where a regional strategy would be embraced. For months, participants were earnest but guarded, with many comments at meetings showing a penchant on the part of various organizations for protecting their turf. As Pat Born, regional administrator of the Metropolitan Council, said later, "Sure, all of us felt a need to protect our ground, but we also knew we needed to find a way to collaborate."

The challenge of making the effort more collaborative was familiar to Dewar, whose work includes staffing the Regional Council of Mayors. Through her work there, it has become more clear to her that cities in a region face challenges that none can take on by themselves, but that can be addressed as a region.

**THE LESSON FOR OTHER
REGIONS: START SMALL, AS
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CAN BE ACHIEVED ANYWHERE
IF LEADERS ARE WILLING
TO COMMIT INITIAL ACTS OF
AUDACITY AND PERSIST IN
THE FACE OF RESISTANCE.**

ULI MN's role here, while sensitive, was absolutely critical. Someone had to keep the ball rolling. Some organization had to have the audacity to convene and convene again, to push when people were passive, and propose an agenda more aggressive than the region had seen before. ULI MN gradually took on this role, with support from the meeting-design consultants, as the multi-organization team realized that Dewar and ULI MN were the best neutral parties to push others to action.

Over time, trust grew, and meeting content that included discussion, debate, and declarations migrated toward what might move the region ahead. Representatives on the Project Management Team focused less on what this effort might do for their own organizations and more on what might build regional consensus.

The payoffs from the effort included:

- the discernible adoption of a new mindset; and
- a commitment to acting as a region with a global perspective.

The lesson for other regions: start small, as MSP did with the Project Management Team, and keep working until the effort spreads to achieve critical mass. Success can be achieved anywhere if leaders are willing to commit initial acts of audacity and persist in the face of resistance.



Appendix B

Event Design

The April 19 Greater MSP *ahead* event was designed to engage participants in thinking about the region in a global context—how the region is competing today and what it will take to prosper in a future that is different from the past. The event included three small-team exercises to engage participants:

- Identifying what was most important for each individual.
- Thinking critically about the region's current level of competitiveness—what's working well and can be leveraged, what's not working, and what's most important to address. Teams focused on developing proof points to make the case for businesses and residents to either remain in, invest in, or move to the Greater MSP area.
- Developing solutions for a future that includes some significant shifts based on current trends and some even greater potential changes. In this exercise, teams addressed six scenarios:

Scenario 1: No net workforce growth. How do we retain and attract the workforce we need to compete globally and grow economically?

Scenario 2: Explosive population growth. How do we provide infrastructure to support rapid growth?

Scenario 3: Depletion of water resources. How do we preserve and harness our resources to support regional growth?

Scenario 4: Black swan (outlier) event. How do we build resilience and adaptability into our infrastructure to support continuity over time?

Scenario 5: Leverage of technology and innovation. How do we position the region to thrive amid shifts in how we live and work?

Scenario 6: Silver tsunami and unhealthy lifestyles. How do we create communities of health and well-being that support our residents and a more competitive economy?

Appendix C

Key Regional Success Factors

Sustainable regional success on a global scale requires a broad coalition of public and private leaders who share a vision and the commitment to act on it. Communities that thrive share the following characteristics:

- A strong brand and image, indicating how a region thinks about itself and presents itself to the world.
- A culture of excellence—in education, health, and quality of life—that fosters and attracts a workforce capable of supporting a strong, vibrant economy.
- A spirit that encourages risk taking and innovation, enabling continuous reinvention and adaptation.
- Infrastructure and development patterns that facilitate connection and access.
- A commitment to preserve and regenerate regional resources and assets.
- Social equity that recognizes the value of every individual, allowing everyone to participate and thrive in a healthy economy.



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