

## **Synopsis of November 8, 2005 : Beyond Katrina: An Initial Convening of the Entertainment, Hospitality and Tourism Cluster to Discuss Strategies to Rebuild**

On November 8, 2005 from 4:00 to 6:00 p.m., over 40 leaders in the Entertainment, Tourism and Hospitality industry and other national stakeholders met in Washington DC at the US Chamber of Commerce. The purpose of this meeting was to convene national thought leaders to brainstorm collectively on an effective economic development strategy that not only becomes a collaborative cluster-based approach to redevelopment but also looks beyond the industry to engage the New Orleans inner city residents in this opportunity.

### **The Moral Imperative**

Dorothy Terrell began the convening with a brief introduction affirming there is no way that America could be the same without New Orleans. In rebuilding New Orleans, we have to take advantage of what was good and also look at ways to improve the problems that existed pre-Katrina.

### **The Facts**

No one would deny that New Orleans faced serious economic challenges even before Hurricane Katrina, but the catastrophe has cast a spotlight on the vulnerability of the working poor in America. Michael E. Porter, Harvard Business School professor, presented data and analysis using ICIC's State of the Inner City Economies (SOICE) research. The key findings include:

- High levels of unemployment and poverty caused largely by an unproductive economic environment
- The outstanding success of the Entertainment, Hospitality, and Tourism cluster illustrates the power that clusters with sustainable competitive advantage have to create local jobs and wealth for the community
  - Entertainment created 8,591 jobs, 7,500 more than would have been expected based on national trends
  - Hospitality and Tourism, the largest traded cluster employer (22,593 jobs) created 3,727 jobs, slightly below the national trend

### **The Private Sector**

John Bachmann, the former chairman of the US Chamber of Commerce and Managing Partner at Edward Jones, highlighted the critical role the private sector can play in this initiative in New Orleans.

“You want to make this a private sector initiative to the extent possible. As Dorothy says, there are infrastructure issues that only the government can provide resources. Having said that, there could be great opportunities for the private sector if they’re organized and if they’re focused to try and leverage what would be the strengths of this tragedy/opportunity.”

## **The Public Sector**

Dr. David Sampson, Deputy Secretary, U.S. Department of Commerce shared the public sector view on rebuilding in the Gulf Coast region:

- It is the federal government’s role is to support the plans and actions of the business leaders and state and local leaders throughout the region.
- It is critical that all businesses in the region, former businesses and new opportunities for entrepreneurship are nurtured including the minority business community to play an important role in the revitalization efforts
- Successful long-term recovery in the Gulf Coast region will have to be a collaborative effort.

## **The Big Ideas**

The November 8<sup>th</sup> convening led to a number of ideas that can be categorized as follows: Cluster-based Strategy, Workforce Strategy, and Perception/Brand Strategy.

### **Cluster-Based Strategy**

Using ICIC’s proprietary approach, a cluster will be selected to come up with focussed short and long-term solutions for an economic plan in rebuilding

*New Orleans’ entertainment, tourism and hospitality cluster.* This includes conventions, restaurants, entertainment venues, casinos, and hotels in New Orleans. This cluster was considered to have enormous potential in job creation and wealth creation for New Orleans inner city residents. In looking at these industries under one cluster, the Action Team will be able to suggest bridging mechanisms that combine activity in the various industries of entertainment, hospitality and tourism to create added value.

*Create Bridging Activity between Industries*

Conventions, restaurants, casinos and entertainment events need to collaborate to create activity that will entice people to come to New Orleans. Activities between restaurants, entertainment events that are typical to New Orleans, conventions and casinos can build a strong cluster. In the interest of bridging industries, Michael E. Porter suggested the following tangible next steps:

- ❑ We could have 4,000 scholarships donated, so that for the next five years a New Orleans-based university would be guaranteed a student body.
- ❑ If we went to every corporation in America and said, look, make a commitment to send a 100-person convention to New Orleans in the next year, we involve a reasonable commitment from the private sector.

## **Workforce Strategy**

Key to focussing on New Orleans workforce in the Entertainment, Hospitality and Tourism cluster is addressing concerns in the following action areas:

- ❑ Bring People Back to New Orleans
- ❑ Find Places to Live
- ❑ Transient Workforce Issues
- ❑ Create Higher Paying Jobs and
- ❑ Job Training through Local Institutions

### *Bring People Back*

New Orleans needs a short-term strategy to bring people back to New Orleans. "In the short-term we may want to focus on what it will take to create jobs that these people can become re-engaged in their lives and then eventually bring their families back," said Peter Sonnabend, CEO of Sonesta Hotels.

### *Find Places to Live*

In order to focus on rebuilding in any cluster, we must acknowledge the current state of housing the Gulf states.

### *Transient Workforce Issues*

Workforce issues in reconstruction have emerged around the use of a mainly Latino workforce from outside the state in the rebuilding construction while the African-American residents in New Orleans remain jobless. Gerry Fernandez of the Multicultural Foodservice and Hospitality Alliance and Christina Francis of

Burger King Corporation highlighted the need to ensure that native New Orleans residents have an opportunity to participate in the rebuilding process

### Create Higher Paying Jobs

The convening brought attention to the fact that the lack of jobs was not a problem but the comparatively low wages for jobs was. Sean Cummings, a New Orleans urban developer, suggested that it would be helpful to have a Johnson and Wales type institution or a Carnival Cruise Lines or a regional call center for Marriot that would create jobs with higher pay and provide some contribution to a more vital, vibrant, deeper bench in the economy.

### Job Training through Local Institutions

Deepening New Orleans' advantage as a food, culinary and art center is a great way to also create a specialized workforce. Keith Butler, a local developer and Ken Levy from Johnson and Wales University spoke to the idea of using institutions like Johnson & Wales and Dillard as culinary and art training centers respectively. New Orleans has six major universities that can be pivotal job training centers for higher wage positions.

*“Johnson and Wales new campus in Charlotte is a good example of a culinary training program. We are in talks about opening a Johnson and Wales campus in New Orleans. We need to think big, - aim for a 4,000-student campus of Johnson and Wales in New Orleans, a school as large as Xavier University there now. But what New Orleans had to sell pre-Katrina was a city with almost 40,000 hotel rooms and 3,000 restaurants and a burgeoning casino business and complementary opportunities to train students in culinary and hotel management,” Keith Butler said.*

### **Perception/Brand Strategy**

New Orleans is a city with a strong hospitality and tourism culture where vibrant activity and events like Mardi Gras have led to a very unique brand. More recently, images in the media have tainted this image and the city is facing for the very first, an identity and image crisis that needs to be addressed.

### Combat Negative Images of New Orleans

Overall, New Orleans has been featured in a negative light in the media. There may be some ways to create a positive spin with some feature some stories, for instance, of the rebuilding of the city. One idea is the possibility of encouraging either a network or a studio to actually have a television program featuring New Orleans, featuring the actual establishments and the actual personalities. There's the tawdry side of the city, the wonderful, elegant side of the city, there's the political side of the city, and there's the entertainment side.