Corporate Citizenship and Urban Problem Solving: The Changing Civic Role of Business Leaders in American Cities

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EXECUTIVE SUMMARY

Business-led civic organizations have historically played an important role in urban policymaking, planning, and renewal. These elite organizations of CEOs of the area's largest employers could quickly mobilize their members' personal devotion to the community, their deal-making talent, and their ability to commit corporate financial resources to their city's emerging needs.

However, shifting economic forces have diminished the capacity of these CEO-led organizations, potentially stripping cities of a significant advocate. Mergers and acquisitions have reduced the number of home-grown CEOs, with their personal commitment to their hometown. The loss of major banks following deregulation has affected both financial contributions to civic causes and leadership in the corporate community. Declining employment in manufacturing has led to the demise or relocation of major firms, and with them the loss of prominent CEOs. In addition, as firms relocate to the suburbs, the focus of business-led civic associations has shifted away from the city and toward regional affairs. CEOs today also have less autonomy than in the past in their ability to commit resources, and their travel and time demands have increased markedly.

The paper traces the shifting landscape of business-civic organizations in 19 U.S. metropolitan areas. It documents the changing economies in these regions during the past three decades, including shifts in their industrial structure and the rise and fall of Fortune 500 firms located there. It examines how these shifts have affected the level and character of participation in local and regional public affairs by corporate CEOs, focusing particularly on the makeup, agendas, and roles of peak business organizations. It also discusses the implications of these changes for the capacity of cities and urban regions to address major urban problems.

It finds that:

- ***The pool of CEO civic leaders is shallower, more transient, and less influential.*** Higher turnover in executive ranks, more transient positions, less involvement among the new generations of CEOs, the lack of mentors for CEOs in emerging fields, and less autonomy combine to leave CEOs with less time and willingness to commit to civic organizations.
- ***The role of nonprofit employers and foundations has grown.*** The nonprofit sector—particularly universities, medical centers, and foundations—has contributed significantly to the growth in service employment in many regions, and its engagement in civic affairs has become increasingly important. The nonprofit sector, however, is often less interested in economic development initiatives—the primary priority for CEO organizations.
- ***Mergers with area chambers of commerce have become more common.*** Where membership was once restricted to CEOs only, today local foundations, small business, and others are folded in to memberships, and mergers with local chambers of commerce are more common. These consolidation and mergers may risk dampening bold and imaginative action and may also result in a broader regional focus.
- ***Paid professional managers are more common.*** The organizations have increasingly hired professional managers and staffs to handle affairs, with CEOs assuming fewer

planning and agenda-setting roles. The increased reliance on paid association staff and professional executives to initiate agendas, mobilize corporate resources, and staff projects reinforces the tendency toward cautious action at the same time as it has strengthened interest in regionalism.

- ***Governing alliances with mayors have weakened as the focus shifts away from the city.*** CEO-led organizations are more often reaching out to state and regional officials as well as members of Congress as the scope of their planning shifts to regional issues. To recapture the attention of CEO-led organizations, mayors must become more skilled in mobilizing corporate time and talent in the city's interest. They must anchor alliances with individual executives who are committed to the city. They must effectively involve CEOs in issues for which they can readily provide assistance, publicly recognize their contributions, and consider them respected informal advisers. Mayors must also emphasize the connection between the fate of the central city and its regional economy.

As a result of these and other changes, the CEO-led civic organizations have become less cohesive and risk losing their capacity for sustained action.

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Corporate Citizenship and Urban Problem Solving: The Changing Civic Role of Business Leaders in American Cities

I. Introduction

Corporate civic elites have played a major role in the building, rebuilding, governance, and functioning of major American cities. In fact, key business leaders and organizations of local chief executive officers (CEOs) initiated, supported, and oversaw some of the most important policy innovations and development projects in American cities during the 20th century. Research has suggested, however, that corporate elites may be increasingly disengaging from civic efforts, largely as a result of pervasive economic trends affecting locally owned and based businesses. Ironically, such disengagement comes at a time of growing reliance on the private sector to solve urban problems as federal aid to cities is curtailed, leaving many cities with limited means to undertake major initiatives.

Since the end of World War II, CEO-led organizations such as the Allegheny Conference, the Twin Cities Citizen's League, the Greater Baltimore Committee, the Dallas Citizen's Council, and analogous organizations in Atlanta, Cleveland, Detroit, Kansas City, St. Louis, San Francisco, and Milwaukee, have occupied legendary status as power brokers and agenda setters in their communities. Often founded by executives of local corporations that grew to national or international scale, these organizations were able to mobilize their corporate members' personal devotion to community, their deal-making talent, and their ability to commit corporate financial resources to address redevelopment, environmental quality, transportation, health care, and education issues in their respective cities. In some cases, their initiatives transformed whole sections of cities, both physically and economically. In others, they managed sensitive local issues such as the desegregation of public schools and the integration of other public places.

The power and influence of these organizations began to wane after the mid-1970s, however, as economic restructuring, deregulation, reorganization, and suburbanization took hold and demographic changes shifted political leadership. By this time, professional and business service firms and nonprofit organizations had begun to displace manufacturers as the principal employers of many regions. Successive waves of mergers and acquisitions transformed many local banks and other businesses from corporate headquarters to branches of larger corporations headquartered in other cities, or even other countries. New executives, often with tenuous ties to the locale, gradually began to replace the generation of home-town entrepreneurs and business titans who built their corporations and established CEO-led civic organizations in places where they had deep roots.

At the same time, demographic and cultural changes in cities increased the political and technical complexity of a wide range of issues—from sports arenas and economic development projects to affordable housing and public school reform—requiring more time and resources to resolve. Relocation of corporate headquarters from central cities to

suburban office parks generated competing local claims on available resources. Public sensitivity to corporate power politics created public relations and litigation hazards for unwary executives and their firms.

Although these trends are generally documented, relatively little research has delved into the nature and extent of the shifts in corporate civic leadership or into how these shifts have affected the civic agendas of central cities and metropolitan regions. In 2004, Futureworks, a private consulting firm, conducted the most comprehensive report on business-civic organizations, surveying a variety of business-led organizations in 29 metropolitan areas.[1] The survey included CEO-only organizations, metropolitan chambers of commerce, and multisector organizations and found that these groups had shifted focus to more regional issues, were struggling to maintain membership, and were changing approaches to address complex regional problems. Some were also addressing the social equity issues raised by regional approaches.

Although Futureworks' report provides solid information about the organizations surveyed, their current priorities, and the economies of their respective regions, it offers limited insight into the relation between the regional and local economic and organizational changes that have taken place over time. This study, by contrast, examines the impact of the economic restructuring and concomitant reorganization of corporate institutions on the engagement of corporate executives in urban projects and initiatives, and the ways in which CEOs and their corporate civic organizations have adapted to the forces of change.

The focus of this study is entirely on business-civic organizations led or dominated by top regional CEOs in 19 U.S. metropolitan areas. It begins by looking at these regions' economies during the past three or four decades, including shifts in their industrial structure and the rise and fall of Fortune 500 firms located there. It then examines how these shifts have affected the level and character of participation in local and regional public affairs by corporate CEOs, focusing particularly on the makeup, agendas, and roles of peak business organizations. It concludes by discussing the implications of these changes for the capacity of cities and urban regions to address major urban problems.

[1] Futureworks, "Minding Their Civic Business: A Look at the New Ways Regional Business-Civic Organization Are Making a Difference in Metropolitan North America" (2004).

II. Methodology

This study focuses on 19 metropolitan areas known to have had an influential business-civic organization composed entirely, or substantially, of chief executive officers of the area's largest firms. It uses data compiled from the U.S. Bureau of Economic Analysis and *Fortune* magazine's annual listing of the 500 largest U.S. companies to trace the economic changes that have occurred in the 19 areas during the last three or four decades. Economic changes includes changes in economic structure, mergers and acquisitions of Fortune 500 firms, changes in the number of such firms located in the city and region, and changes in the position of each area in the national urban hierarchy. This information is summarized in Part III and provides a portrait of the environmental forces to which the CEOs and their organizations have had to adapt.

To identify the principal effects of these economic shifts on CEO-led civic associations and executive engagement in civic affairs, we interviewed the executive officer or a key staff member of 17 peak business organizations. We also asked them to return a questionnaire reporting information and opinions about changes in their membership, roles of members and staff, programs, and priorities of the organization. Two of the 19 organizations returned questionnaires but did not respond to requests for interviews. This information is analyzed in Part IV.

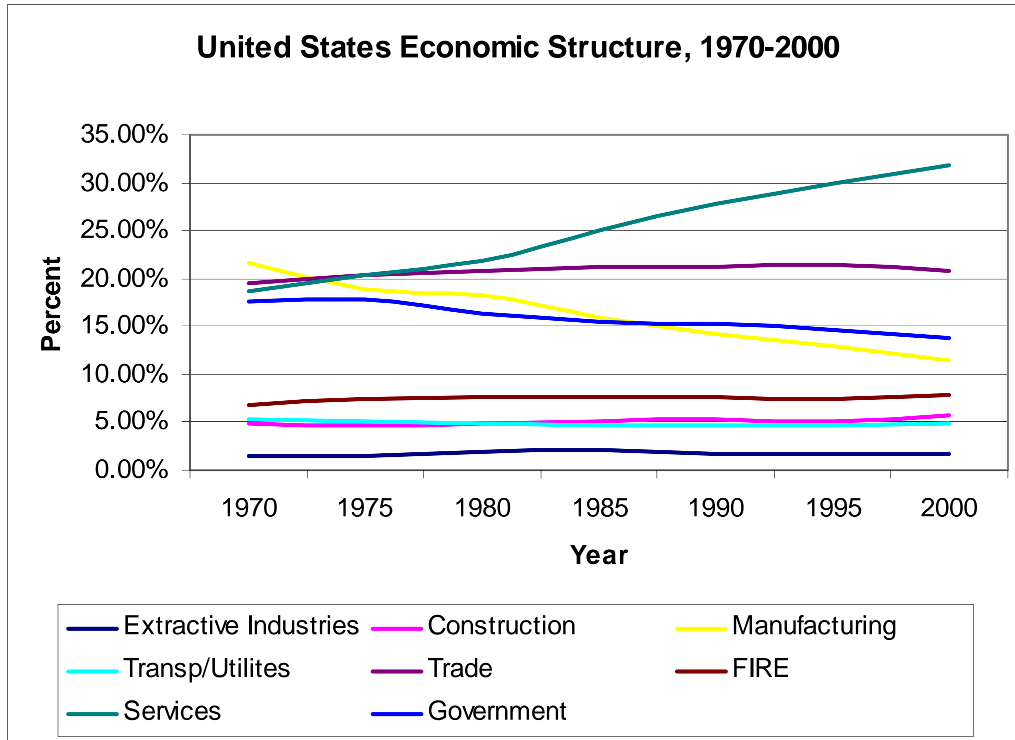
To complement this study, we also completed two in-depth case studies. These two studies describe how the Greater Baltimore Committee (GBC) and the Greater Cleveland Partnership (GCP) adapted to the economic and institutional changes that confronted them and their regions (available online at www.brrokings.edu/metro). The case studies use analysis of organizational records, annual reports and other documents, membership lists, local news articles, and in-person interviews with officers and members of the two organizations.

III. THE RESTRUCTURING OF THE METROPOLITAN ECONOMY

During the last quarter-century, the American economy has undergone a significant transformation. New industries, particularly in the service sector, have emerged while the once-dominant manufacturing sector has receded (see Figure 1). Entire industries have been reorganized through acquisitions and mergers, and long-established corporate headquarters and other facilities have migrated to new locations throughout the country and across the globe. New technologies and markets have transformed industrial hierarchies, the nature and location of work, and the kinds of workers needed.

As described in more detail below, these changes have disrupted firms, workplaces, and workers, and have profoundly affected the economies of the nation's great cities and urban regions.

Figure 1. United State Economic Structure, 1970–2000



Source: Bureau of Economic Analysis, various years.

A. Specialization and Diversification in Metropolitan Economies

Table 1 lists location quotients for economic sectors in 2000 and changes from 1970 to 2000 for 19 metropolitan areas. A sector's location quotient compares its role in the metropolitan economy to its role in the national economy, making it possible to identify local economic specializations. A location quotient greater than 1.0 indicates that a greater proportion of workers are employed in that sector of the metropolitan economy than work in it

nationwide. Such sectors contain an area's basic industries, serving both the local economy and other regions by exporting goods and services.

Most of the metropolitan areas in Table 1 experienced a large decline in their location quotients for manufacturing between 1970 and 2000, although manufacturing remained an export industry for roughly one-half of them. Columbus, Dallas, and Pittsburgh exported manufactured goods in 1970 but had become net importers by 2000. The most dramatic turn-about occurred in Pittsburgh, where the location quotient for manufacturing declined 0.368 points, or 29 percent, between 1970 and 2000. The decline in Charlotte's manufacturing location quotient was even greater at 0.416 points, but the sector remains basic to its economy.

In seven metropolitan areas—Detroit, Houston, Milwaukee, Minneapolis-St. Paul, Phoenix, Portland, and San Francisco—the relative strength of the manufacturing sectors increased during the three decades, even though most lost manufacturing jobs. Although Detroit, Milwaukee, and Cleveland each lost manufacturing jobs and Milwaukee and Cleveland also lost location quotient points, all three have remained among the nation's most important centers of manufacturing jobs.

All but six of the 19 metropolitan areas experienced an increase in the service sector, and all regions saw substantial absolute growth in local employment in service industries and in services' share of total metropolitan employment. Washington, DC, and San Francisco had the strongest service sector in 2000, followed by Philadelphia, Baltimore, and Pittsburgh. Charlotte had the weakest service sector of the areas examined.

The finance, insurance, and real estate (FIRE) sector was stronger in ten areas in 2000 than it had been in 1970, while the other nine areas experienced a loss in the relative strength of this sector. Charlotte, Harford, Minneapolis-St. Paul, Phoenix, and San Francisco had the strongest FIRE sectors in 2000, although both Minneapolis-St. Paul and San Francisco lost some relative strength in the 30-year period. Columbus, Dallas, and Philadelphia also had strong FIRE sectors, and along with Charlotte, Hartford, and Phoenix, they increased their positions as major financial service centers. Only Detroit, Pittsburgh, and Washington, DC, could not include the FIRE sector among their basic industries in 2000. Charlotte, Philadelphia, and Portland experienced the largest gains, while Atlanta and San Francisco experienced the greatest losses in FIRE location quotients.

Table 1. 2000 Location Quotients of Economic Sectors in Selected Metropolitan Areas and Change 1970–2000

Metro Area	Location Quotient															
	Extractive		Construction		Manufacturing		TUC		Trade		FIRE		Services		Government	
	2000	Chg.	2000	Chg.	2000	Chg.	2000	Chg.	2000	Chg.	2000	Chg.	2000	Chg.	2000	Chg.
Atlanta	0.000	-0.335	1.139	0.031	0.749	-0.172	**1.585**	0.167	**1.142**	-0.020	1.081	-0.232	1.030	0.012	0.766.	-0.073
Baltimore	0.000	-0.306	1.038	-0.060	0.570	-0.355	0.930	-0.245	0.976	-0.043	1.043	0.082	1.132	0.137	1.232	-0.034
Charlotte	0.671	0.264	**1.279**	-0.051	1.107	-0.416	**1.319**	0.051	1.100	0.068	**1.257**	0.255	0.896	-0.042	0.737	0.227
Cleveland	0.000	-0.309	0.863	-0.050	**1.401**	-0.050	0.825	-0.261	1.035	-0.032	1.101	0.136	1.016	0.032	0.794	0.131
Columbus	0.000	-0.564	0.903	-0.187	0.867	-0.161	0.931	-0.019	1.131	0.098	1.240	0.013	0.970	0.028	1.014	-0.011
Dallas	1.013	-0.152	1.083	-0.092	0.945	-0.058	**1.476**	0.328	1.085	-0.110	1.223	0.081	0.984	-0.050	0.698	0.020
Detroit	0.000	-0.250	0.863	-0.016	**1.576**	0.110	0.849	-0.102	1.027	-0.060	0.942	-0.034	1.041	0.079	0.709	0.005
Hartford	0.032	-0.301	0.000	-1.078	1.073	-0.344	0.860	0.250	0.948	0.001	**1.690**	0.040	0.985	0.112	0.922	0.166
Houston	**2.258**	-0.482	**1.399**	-0.348	0.748	0.003	**1.358**	-0.020	0.996	-0.170	1.031	-0.047	1.003	-0.123	0.833	0.144
Indianapolis	0.530	0.222	1.087	0.054	1.025	-0.099	1.220	0.160	1.140	0.039.	1.123	-0.131	0.965	0.092	0.797	-0.076
Kansas City	0.000	-0.328	1.060	0.096	0.780	-0.103	**1.607**	0.023	1.072	-0.077	1.113	-0.084	0.969	0.012	0.917	0.023
Milwaukee	0.037	-0.189	0.730	-0.126	**1.528**	0.072	0.945	-0.011	0.991	-0.135	1.027	0.066	1.074	0.104	0.698	0.040
Mpls-St. Paul	0.000	-0.255	0.877	-0.144	1.172	0.142	1.048	-0.130	1.055	-0.126	**1.137**	-0.062	1.032	0.006	0.804	0.005

Table 1. 2000 Location Quotients of Economic Sectors in Selected Metropolitan Areas and Change 1970–2000 (Continued)

Metro Area	Location Quotient															
	Extractive		Construction		Manufacturing		TUC		Trade		FIRE		Services		Government	
	2000	Chg.	2000	Chg.	2000	Chg.	2000	Chg.	2000	Chg.	2000	Chg.	2000	Chg.	2000	Chg.
Philadelphia	0.000	-0.319	0.859	-0.162	0.937	-0.257	0.891	-0.067	0.982	-0.023	1.228	0.209	1.165	0.083	0.816	-0.105
Phoenix	0.874	-1.019	**1.297**	-0.008	0.773	0.014	0.993	0.126	1.052	-0.079	**1.416**	0.116	1.042	-0.013	0.771	-0.179
Pittsburgh	0.707	-0.271	1.060	0.034	0.906	-0.368	1.236	0.061	1.050	0.012	0.981	0.123	1.132	0.035	0.721	0.008
Portland	0.836	0.517	1.056	0.073	1.085	0.203	1.057	-0.200	1.078	-0.061	1.088	-0.209	0.992	-0.092	0.772	-0.095
San Francisco	0.000	-0.493	0.930	-0.008	0.638	0.029	**1.229**	-0.417	0.915	-0.095	**1.318**	-0.212	**1.237**	0.078	0.810	-0.350
Washington	0.000	-0.381	0.980	-0.169	0.000	-0.175	0.903	0.045	0.784	-0.059	0.911	-0.190	**1.306**	0.078	**1.441**	-0.705

Source: Bureau of Economic Analysis.
Note. Shaded cells are regions industry concentrations above 0.9; Quotients in bold are sectors of economic specialization.

The diversity of metropolitan economies is indicated by the number of sectors with location quotients greater than 0.9 (shaded cells in Table 1). Table 2 ranks the 19 areas in descending order of their economic diversity, with Dallas-Forth Worth the most diverse with seven sectors registering location quotients greater than 0.9. In general, a region's economy is healthier, more stable, and more significant when it is more diverse. A diverse economy may also provide more firms from which to draw civic leadership, and a broadly based economy may also create a broader array of policy interests among the business community.

Table 2. Diversity and Specialization of Metropolitan Economies, 2000, in Descending Order

Metropolitan Area	Number of: Sectors with LQ =>0.9	Sectors with LQ = 1.25 or more
Dallas-Forth Worth	7	0
Baltimore	6	0
Columbus	6	0
Houston	6	3
Indianapolis	6	0
Kansas City	6	1
Pittsburgh	6	0
Portland	6	0
Atlanta	5	1
Charlotte	5	3
Hartford	5	1
Milwaukee	5	1
Mpls-St. Paul	5	0
Phoenix	5	2
San Francisco	5	1
Washington	5	2
Cleveland	4	1
Detroit	4	1
Philadelphia	4	0

Source: Bureau of Economic Analysis

Specialization of metropolitan economies is indicated by the number of sectors with location quotients higher than 1.25 (indicated in bold print in Table 1) and the relationship of that number to the number of other robust sectors. As Table 2 shows, eight of the areas have no particular specialization, and all of those except Philadelphia have five or more robust sectors. Cleveland, Detroit, and Milwaukee contain more traditional manufacturing specialties. All have four or more other robust sectors, but only manufacturing has a location quotient above 1.25. Kansas City and Atlanta are specialized in transportation, utilities, and communications (TUC), but each contains five or more sectors with location quotients greater than 0.9. Baltimore and Washington, DC, are specialized in government employment, but both have fairly diverse economies. Washington, DC, has developed a second specialization in services, which is strongly related to its government sector. Charlotte has three specialized sectors—construction, TUC, and FIRE—but it also has two other robust sectors. Houston also has three specialized sectors: extractive industries, construction, and TUC.

B. Changes in Number and Location of Fortune 500 Headquarters

Changes in the Fortune 500 companies in each region, including their reorganizations, name changes, mergers, acquisitions, and relocations, illustrate how the structural shifts in the economy of these metropolitan areas have affected the relationship between the corporate and urban worlds. *Fortune* began its list of the 500 largest corporations in 1959 and in those early years, most Fortune 500 headquarters were located in Northeastern and Midwestern central cities. In the years since, many headquarters have migrated from central cities to the suburbs and from the Northeast and Midwest to the Southeast and Southwest. As Table 3 shows, Houston had only one Fortune 500

firm in 1960 but was home to 11 in 1980 and 19 in 2003. Other metropolitan regions with large gains include Dallas-Fort Worth, Washington, DC, and Minneapolis-St Paul.

These changes were not solely the result of relocations, growth, or the demise of older, established firms. Some of the increases were the result *Fortune's* decision in 1995 to add trade and service-sector corporations to the traditional industries it had always ranked. The effect of this change was twofold. First, regions gained if they were home to large service corporations. Second, the inclusion of retailers and service-sector corporations bumped smaller industrial corporations from the list. Minneapolis-St. Paul saw gains from the addition of Best Buy, Target, and Dayton Hudson, and Dallas-Fort Worth gained from JCPenney, Neiman Marcus, and Tandy Corp. Washington, DC, Minneapolis-St. Paul, Seattle, and Dallas-Fort Worth all benefited from growth in the technology sector.

Table 3. Fortune 500 Companies in Metropolitan Areas 1960, 1980, and 2003

Metropolitan Area	1960	1980	2003	Change 1980-2003
Washington	0	3	16	13
Dallas*	7	8	19	11
Houston	1	11	19	8
Atlanta*	0	4	12	8
Mpls-St Paul*	7	11	17	6
Columbus	1	0	5	5
Charlotte	1	2	6	4
Kansas City*	3	2	6	4
San Francisco*	13	7	9	2
Indianapolis	2	2	4	2
Phoenix	0	3	3	0
Philadelphia*	21	14	13	-1
Detroit	18	13	12	-1
Baltimore	2	4	3	-1
Hartford	2	6	4	-2
Milwaukee	7	11	8	-3
Portland OR	1	6	1	-4
Cleveland*	15	13	7	-6
Pittsburgh	25	16	7	-9

* Regional Federal Reserve Bank location
Source. *Fortune Magazine*

Finally, metropolitan areas with energy company headquarters generally retained, consolidated, or added more Fortune 500 energy companies. Dallas (ExxonMobil) and Houston (Marathon Oil, Chevron-Texaco, Halliburton, and before its implosion, Enron) saw impressive gains in the number of Fortune 500 firms.

Although some metropolitan areas enjoyed larges increases in the number of Fortune 500 firms, others, particularly in the Midwest and Northeast, suffered dramatic losses. Some of the hardest hit areas were former industrial powerhouses, including Pittsburgh and Cleveland. The acquisitions, consolidations, workforce reductions, and bankruptcies that swept through the manufacturing sector decimated their corporate landscapes and with it the labor economy and working-class communities of these once-great manufacturing centers.

Consolidations often affected more than one company and metropolitan area. For example, Jones & Laughlin Steel continued to be a major employer in the Pittsburgh area after Dallas-based Ling-Temco-Vought purchased a majority stake in it in 1968. However, when Jones & Laughlin merged with Cleveland-based Republic Steel, the newly formed LTV Steel Company moved its division headquarters from Pittsburgh to Cleveland in 1985. Then, in 1991, the CEO of LTV Steel became the CEO of the parent LTV Corporation and moved the headquarters from Dallas to Cleveland. The company later ended its existence in bankruptcy in 2001.

Many of the regions that experienced a large decline in the number of Fortune 500 firms did not lose the firms; the companies just lost their ranking as their growth stalled or failed to keep pace with other companies. In any case, the net changes over time mask considerable volatility in the number of Fortune 500 firms in some areas. Detroit, for example, had 18 Fortune 500 headquarters in 1961, only 8 from 1988 to 1992, and 12 in 2003. On the other hand, Portland had one Fortune 500 firm in 1960, seven in 1996, and by 2003 had only one again.

C. Implications of Economic Changes for the Civic Engagement of CEOs

Corporate engagement in urban problem solving depends heavily on the heads of major firms being actively involved in the civic life of their communities—that is, their ability and willingness to lend their personal leadership skills, time, ideas, and the slack resources of their firms (executive and professional talent and money) to the arts, education, hospitals, workforce development, sports and cultural facilities, and, especially, major economic development projects. The changes in economic structure discussed above, however, have altered the level and nature of this engagement.

For example, the gain or loss of major banks and other financial institutions has had an effect both on financial contributions to civic causes and, perhaps even more important, the leadership of the corporate community. Declining employment in manufacturing has led to the demise or relocation of major firms, and with them the loss of prominent CEOs. Furthermore, business demands on executives of newer, fast-growing manufacturing firms appear to leave them little time for civic activities.

The increase in the service sector presents a more complex situation for civic engagement. It appears to be accompanied almost everywhere by the growth of nonprofit organizations in education and health care, as well as expansion of business services in some areas. In other areas, growth in services is equated with small firms and consumer services. Nonprofit firms tend to have fewer slack resources than large corporations, and their executives may see themselves more as potential beneficiaries of civic engagement by private CEOs than as mobilizers of private-sector economic and civic power. However, given that they often have a larger stake in the well-being of the city and region, they can be important additions to corporate civic organizations. At the same time, executives of business service firms—such as law, accounting, consulting, and public relations—may replace manufacturers and bankers in the leadership echelons of business, yet their organizational culture o may be fundamentally different from those of the corporations they serve.

The presence of Fortune 500 companies provides at least the opportunity to engage those firms and their CEOs in civic life. However, with the move of major corporate headquarters to the suburbs, it is not surprising that many executives have shifted their interests away from the city and toward more regional issues. Also, as local Fortune 500 companies are acquired and become branches or divisions of larger corporations with home offices elsewhere, the local managers often have less latitude in their activities and ability to commit financial and other resources to civic projects.

Even in the face of substantial economic change, the culture of business engagement and the character of its civic institutions remain important factors in how corporate executives address urban issues. Some cities continue to have strong traditions of business statesmanship, where corporate executives are expected by their peers to take on important civic leadership responsibilities, and their firms are expected to make generous contributions to charities and public causes. Where business leaders have created organizations and networks that can mobilize economic resources and talent to influence public policy or economic activity, they are more likely to find satisfaction in civic engagement, in turn reinforcing their commitments.

All told, it is clear that economic restructuring has affected CEO engagement in cities and metropolitan areas in myriad and profound ways, discussed in more detail below.

IV. NEW PATTERNS OF CIVIC ENGAGEMENT BY CORPORATE CEOS

Corporate leadership organizations emerged in the first decades of the 20th century and the post-WWII period when CEOs of the area's largest employers formed associations of their peers to focus on urban and regional issues. The organizations were designed to make "on the spot" commitments of their firm's resources to support a development project, a change in public policy, a mayoral campaign, a bond referendum, or other major civic initiatives. R.L. "Uncle Bob" Thornton, the founder of the Dallas Citizens Council in the late 1930s, famously called its members the city's "yes and no men."

Although Chambers of Commerce traditionally held some of the same functions, the leading business titans of the city at times regarded the chamber as slow-moving, ineffective, and primarily designed to provide member services rather than tackle big issues. Moreover, they found chamber deliberations tedious and time-consuming. In response, they created new organizations where they could receive a quick briefing by a colleague or a senior staff officer and reach a quick consensus on a plan, allocate costs and responsibilities among the group, and determine how best to use their influence and money to make it happen.

The original business organizations typically limited membership to CEOs of the largest corporations, with leaders of banks, utilities, newspapers, department stores, and manufacturing companies the mainstays. Professional partnerships and real estate developers often were excluded, and CEOs of nonprofit institutions—universities, hospitals, and foundations—were rarely invited to join. Although these groups may have been among a region's largest employers, their executives rarely had authority to commit unbudgeted resources, and they were more likely to be beneficiaries of a civic initiative than instigators.

Total membership ranged from 50 or fewer to more than 200. A small executive committee or board of directors made decisions, usually out of public view. Typically, only CEOs could participate in deliberations or decisions, with no substitutes allowed. In the early years, there often was no staff. Toward the end of the last century, an executive director or president was sometimes selected to carry out the decisions of the board and help its officers set the agenda. Staff were eventually added, although their numbers remained small.

Influence flowed from the economic power of the members, the long identification of their firms with the city, and their own deep affection for the city. They often regarded their success and that of their companies as bound to the success of the city. They used their power to rebuild sections of town, influence the location of public facilities and development projects, make and break mayors, and allocate the resources of foundations they controlled to projects and programs they deemed worthy of support. In Pittsburgh, Atlanta, Cleveland, Baltimore, St. Louis, and Dallas, they formed governing coalitions with mayors and managers to undertake major civic improvements. Even in cities where such governing regimes were transitory or unstable, the business organizations were a force with which public officials had to reckon.

By the mid-1970s, however, changes in the role and influence of corporate leadership organizations were beginning to take hold. Membership turnover increased as waves of mergers and acquisitions in the 1980s and 1990s transformed local corporate headquarters, converting icons of local industry into mere branches of distant firms. Executive suites were populated with a new generation of managers, many of whom had no local roots and were on career trajectories that involved frequent transfers to branches in other cities. These institutional changes were also accompanied by relocation of many headquarters to the suburbs. The combination of these forces, which we outline in more detail below, led to changes in the nature of civic engagement by business leaders, their commitment to city and region, and the membership and structure of many of their organizations.

A. The Loss of the Hometown Bankers

Of all the economic sectors, the deregulation and reorganization of banking have had the most pervasive effect on business organizations engaged in urban and regional problem solving. Prior to 1980, most major U.S. cities were home to the headquarters of at least one major regional bank. However, in the massive reorganization of the banking industry that followed deregulation and the collapse of the real estate and savings and loan industries in the late 1980s, many of the nation's great regional banks were acquired by national and international financial systems headquartered in other cities and were transformed into regional subsidiaries. Bank CEOs with deep roots in their region, some extending back several generations, were often replaced by managers for whom the measure of success was a promotion to a larger bank in a more important market.

The executive officers of business-civic organizations we surveyed were virtually unanimous in stressing the importance of bankers to the leadership of their organizations and the financial support of major civic projects. The older generation of hometown bankers had been almost universally engaged in civic affairs, leading peak business organizations and chambers of commerce, and serving as the catalysts in raising funds from their peer executives for civic projects. Many were leaders in the creation of CEO-only organizations in cities such as Pittsburgh, Dallas, Baltimore, Cleveland, and Houston. Although bank executives remain mainstays of corporate civic leadership, in those cities that lost a bank's central headquarters to consolidation or mergers, CEO-led civic associations reported a negative effect on civic leadership in general and on their organizations, in particular. As one association put it, 20 years ago, "if one wanted to launch a major civic project, you'd go to the CEO of the local bank. You can't do that anymore. The banker doesn't have as much clout, but is probably working harder and devoting more time to the community."

In many cities, however, CEOs of national or international banking systems continue to play important leadership roles in their headquarter cities. After Wells Fargo Bank moved its headquarters to San Francisco, its executives assumed major leadership positions in area affairs. Its CEO chairs the California Business Roundtable and its chief operating officer, or COO, is treasurer of the Bay Area Council. In Cleveland, National City Corporation and KeyBank CEOs were leaders of Cleveland Tomorrow and played key roles in its merger with the Cleveland Growth Association to form the Greater Cleveland Partnership. Minneapolis-St. Paul remains the

headquarters for three banking systems, and they are among the strongest supporters of the Citizens League. Their executives see a clear business interest in helping to solve the region's problems. In Pittsburgh, CEOs of PNC Financial Services Group and Mellon Bank are active board members of the Allegheny Conference. Finally, in Houston, where out-of-state systems acquired locally owned banks, the regional executives are mainstays of the Greater Houston Partnership. Regional executives of J. P MorganChase, Bank One, Wells Fargo, and Bank of America are typically responsible for branches in a number of states, but all play a fairly substantial role in Houston's civic life. For the most part, these banks have been in Texas for some time, and they bring in executives who know the market and the city.

In other areas, the CEOs of major banks headquartered in a city have passed responsibility on urban and regional affairs to a second-in-command, or the head of the regional division. In part, this is a function of the demands on the system CEO's time from far-flung branches, investors, and regulators. Although SunTrust's headquarters remains in Atlanta, for example, it is the regional executive who serves on the board of Central Atlanta Progress.

In cities that have lost bank headquarters, the key to engaging the new generation of bankers appears to be the autonomy of the regional CEO within the overall system, the corporate culture of the parent corporation, and the length of an executive's tenure in the city. In some cities, the loss of hometown bankers may result in reductions in charitable contributions. In others, it may be that a regional bank CEO lacks authority to commit resources without home office approval. Yet elsewhere, the regional bank CEO may have had both autonomy and interest in participating in civic life, but is promoted or transferred just as he or she is beginning to know the area well and is ready to take on a major leadership role. In one city, the president of the CEO-based civic association observed that the three major banks changed their role in the community when their leadership changed, even though these "local presidents" generally could make commitments to the community without going back to the home office. When Bank of America moved its headquarters from San Francisco to Charlotte, its representation on the Bay Are Council shifted from the system CEO to the head of the California office, and the strong leadership the bank had provided in the business community was effectively lost. In Milwaukee, the head of the USBank was active in the Greater Milwaukee Committee but after two years was moved to another city.

B. Consequences of Economic Restructuring for CEO Civic Engagement

Although the reorganization of banking often led to the most dramatic changes in CEO engagement in urban problem solving, broader shifts in the urban economic landscape exacerbated those effects. In addition to banking headquarters, most cities lost locally owned utilities and newspapers, centrally located department stores, and local manufacturing companies. Seven of the urban areas in this study lost Fortune 500 companies during the past 20 years, 12 gained them, and in only one—Phoenix—was there no change. Regardless of whether they gained or lost large companies, many regions now have fewer top executives among whom to spread civic work, and those executives often lack either the interest or experience in civic affairs.

In response, CEO organizations have made changes. Many have expanded their membership to include a broader range of executive talent, such as heads of higher education institutions, medical centers, foundations, and business-service partnerships in law, accounting, and consulting firms. Several organizations have merged with the regional chambers of commerce and other business-oriented organizations to conserve staffing, time, and financial resources and to achieve greater solidarity on common economic and policy goals across all sizes and types of business. Whether retaining a CEO-only membership or becoming part of a partnership, the organizations often hire professional executives and staffs to manage affairs, and they have almost all shifted their emphasis from central city affairs and to regional economic development policy.

1. The Pool of CEO Civic Leaders is Shallower, More Transient, and Less Influential

The pool of executives from which civic leadership can be drawn has changed significantly, regardless of whether the number of major corporations in an urban area increased or decreased. In some urban areas, there are simply fewer corporate headquarters from which to draw talent. One CEO, a leader in his city's civic life, lamented, "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…There are fewer corporate leaders engaged than in the past."

Another pointed out that today's world for CEOs is very different from that of a generation ago. Back then, he said, a dozen CEOs knew one another and were always in town. A phone call could bring them together within a day, and they could each pledge a million dollars to support a project. "CEOs, whether they want to or not, cannot be gathered effectively anymore," he said. "My travel time has gone up to 50 percent. . . . I can't invest $2 million dollars of shareholders' money [on a project] that probably won't work, like they did back then. Everything is public now, and you just don't do it."

These comments are mirrored by the president of one of the older CEO civic associations: "There is much higher turnover in executive ranks than in past years, as a result of mergers and acquisitions. Globalization has resulted in an incredible increase in the amount of travel for CEOs. The recession only increased their travel requirements. I can no longer have regular meeting schedules for committees, but must poll members to find a "best" time for meetings. It's tough to get participation. Some are willing to get involved in short-term projects." Another said he faced such difficulty in scheduling meetings that he now often goes to member firms to make presentations and seek support for projects.

Although the power, cohesion, and engagement of past CEOs is probably exaggerated, even mythic, there was substantial agreement among the association executives that some of the new CEOs are less involved, if at all, in the civic life of the community or the organization itself. In the case of many fast-growing firms, such as those in information technology and biomedicine, this may be because leaders have less time to devote to civic causes. Moreover, these executives have no mentors within the older generation of CEOs, and many of their companies have not yet developed

an internal culture of civic engagement. Other executives may simply be reluctant to get involved in local affairs. Many heads of regional offices of corporations, for example, tend to be more attached to the corporation and their careers than to the cities in which they currently find themselves. Because their assignments tend to be short-term, these CEOs may be especially reluctant to take on projects that require several years to complete or that risk their reputation for effectiveness.

A number of the association executives tell of grooming an energetic executive for leadership positions, only to have him or her transferred to another city. This transience deprives an area of a cadre of senior business leaders, whose long experience in a community can provide valuable counsel and institutional memory for the civic system. In addition, because newly arriving CEOs lack a long association or deep knowledge of the communities, they more often are dependent on their own community affairs staffs and the professional staffs of their civic associations. Their effectiveness in problem solving thus rests on the quality of their briefings, pre-meeting negotiations, and post-event follow through by staff. Their roles have shifted from substantive to symbolic, and from fashioning policies and solutions to bestowing legitimacy on or championing decisions formulated by professional staff.

Further exacerbating the situation is that CEOs of regional offices or divisions of corporations tend to have less autonomy than in the past. Twelve of the 19 organizations in this study reported a decline in the decision-making autonomy of some of their members whose firms had become regional offices. Even when a local executive's proposal is approved, the need for central headquarters to endorse a major commitment of resources can slow projects and make executives cautious about tendering support that goes beyond their signature authority.

2. The Role of Nonprofit Employers and Foundations Has Grown

As the extent and nature of CEO engagement in civic organizations has changed, so too has the composition of their memberships. The nonprofit sector—particularly universities, medical centers, and foundations—has often contributed significantly to the growth in service employment in many regions, and its engagement in civic affairs has become increasingly important to CEO organizations and the communities they serve.

Universities and medical centers are now the largest employers in many metropolitan areas. They are often incubators of new businesses and supply much of the creative, technical, professional, and management talent that both old and new industries require for success. The chief executives of these institutions have become important members of the peak business organizations in their regions. Community college presidents have increasingly been added, as their institutions are deeply engaged in workforce development, business incubation, and development of minority workers and managers.

Presidents of universities and medical centers tend to have less autonomy to allocate resources and less control of their boards and organizations than leading business CEOs. Nevertheless, there are important advantages to including them in the civic organizations of the

economic elite. First, most cannot move to other locations, and thus tend to have a strong and continuing interest in the quality of life of their areas. Universities are not subject to acquisitions and mergers, although private and some nonprofit medical centers are targets of consolidators. Second, they draw entrepreneurial, professional, and technical talent, and marketable patents to fuel the area's economy. Finally, university and medical center campuses serve as anchors and magnets for growing economic sectors such as information technology, arts, and biomedicine. All the CEO-led civic associations in this study have added higher education and medical institutions to their membership.

A growing number of civic organizations also include local private foundations, although a few exclude foundations as a matter of policy either to avoid undue influence from foundation priorities, or because their connections with the foundations are already sufficiently strong from the overlapping board memberships of CEOs. Private foundation assets have ballooned in many cities, making them important players in establishing the civic agenda, particularly in areas that have lost locally owned banks. A foundation executive pointed out that they differ from CEOs in that civic issues are the "day job" of the foundation presidents and their staffs.

One of the by-products of industrial reorganizations has been the creation of new private foundations or substantial increases in funding for existing foundations with a substantial focus on local giving. The foundations, however, are less interested in economic development initiatives—the primary priority for CEO organizations—and instead tend to focus their grants and programs on social, education, health care, and community issues. Although one or more local foundations in most urban areas can be counted on to support projects initiated by the leading business organization, most make relatively few grants for economic development.

A significant exception to foundation reticence toward economic development projects is in Cleveland. Led by the Cleveland and Gund foundations and Akron's GAR Foundation, 70 foundations in northeastern Ohio pooled resources in 2004 to create a three-year, $30 million Fund for Our Economic Future. The Fund's objective is to frame a regional economic development agenda to spur a long-term economic transformation of the region, track economic progress, and invest in promising initiatives. Initial grants have supported projects and institutions created by the civic organizations of the business elite, but the foundations appear to be staking out new ground, which, although complementary to the business agenda, aims to engage a broader set of stakeholders and issues.

A combination of two factors appears to be driving this more aggressive role: the amount of resources foundations can bring to bear on problems, and the changing role of foundation executives. Several urban areas have foundations that can easily match levels of corporate largess. Atlanta, Milwaukee, Kansas City, Pittsburgh, central Indiana, and Philadelphia are home to major foundations with as much flexibility and potential leverage as Cleveland's, should they choose to use it to influence the regional agenda. This can be especially important when corporate leaders have limited autonomy and are less personally attached to the region. As with universities and medical centers, the foundations are not moving, and although their executives may be mobile, they are

increasingly expected by their boards to make strategic investments to improve urban conditions, rather than repeatedly fund traditional clients.

3. Membership in Traditionally CEO-Only Civic Associations Has Expanded

About one-half of the organizations in this study have retained a membership composed primarily, if not exclusively, of the largest private employers in the metropolitan region. However, as indicated above, increasingly the heads of major universities, medical centers, and large foundations, as well as law or other major business service firms, have also been admitted to membership. In a few organizations, the president of the central labor council is a member. A few have begun to create a special membership category for retired CEOs who remain active in their companies, serving as board chairs or directors.[2] In some organizations, mayors or other public officials may be members.

Typically, CEO-only organizations' rules bar subordinate officers from representing the CEO members, participating in deliberations, or voting at meetings. The Dallas Citizens Council, the Greater Baltimore Committee, the Central Indiana Corporate Partnership, the Greater Columbus Partnership, and the Greater Milwaukee Committee follow this model. However, as the scope of CEO engagement changes, some organizations are beginning to relax the "no substitutes" rule or are interpreting it loosely to allow either the executive who is second-in-command or the regional executive of a multinational firm headquartered in the area to represent a company and vote.

The Civic Council of Greater Kansas City, for example, has 78 member firms, each of which has 1,000 or more employees. Only CEOs can be board members and are expected to attend meetings, but this rule has recently been relaxed to allow the number-two executives to attend if the CEOs cannot. Alternates may also serve on committees. The Greater Houston Partnership, the Bay Area Council, MetroHartford Alliance, and Central Atlanta Progress are examples of loose interpretation of the "CEOs only" rule, with memberships that include regional executives and COOs of locally headquartered, multinational firms serving as full members of their boards. In most cases, executives of smaller business firms and partnerships with relatively few employees are members. To do otherwise, such organizations report, would be to deny representation for some of the area's most important companies.

4. Mergers with Area Chambers of Commerce Have Become More Common

The stresses and cross pressures of urban economic restructuring on corporate CEOs in some cities have led many to rethink their assumptions about how best to organize business influence. CEOs still serve on multiple boards of business, civic, cultural, charitable, service, and educational organizations and as such often pay membership dues to and serve on boards of

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[2] A retired utility CEO recently served as chairman of the Greater Baltimore Committee, for example. The Greater Milwaukee Committee created a "sustaining member" category for retired executives, and GMC pairs retired or retiring executives with younger CEOs as committee co-chairs as part of its strategy of developing civic leaders.

multiple organizations that, at least on paper, have overlapping functions. Merging with other business groups, therefore, seemed practical. As one long-time observer of his city's CEO-based civic organization explained:

It became a situation in which there are too many hats on two few heads and the amount of dollars was also starting to be reduced; that, along with the push-out towards regionalism. And when you combine all those things, it says there is a major kind of realignment that needs to take place, and that's what we are starting to see.

At the same time, changes in the corporate and political spheres have combined to weaken the ties between the political and economic elites and foster dissatisfaction among some CEOs with the effectiveness of their organizations. There has also been a growing realization that economic growth increasingly depends on the creation of new businesses and the expansion of smaller enterprises. The confluence of these conditions has generated closer alliances, or even mergers, between CEO associations and chambers of commerce in an effort to create a comprehensive and coordinated business voice and effort.

The earliest merger of these two groups occurred in Houston in 1989. The region's economic leadership had been shaken by the energy industry's reorganization in the early 1980s, and later in the decade by the reorganization of the banking sector following the banking and real estate crisis. Houston gained several new Fortune 500 firms, but it also lost several important local firms to acquisitions or bankruptcies, including Compaq and Enron. In response, its business leadership consolidated its civic organizations. The Houston Chamber of Commerce, the Economic Development Council, and the World Trade Council joined to create the Greater Houston Partnership (GHP), which today includes more than 2,000 member firms, most of them small businesses, and an 80-member professional staff.

Pittsburgh lost nine Fortune 500 firms between 1980 and 2000 on the heels of another nine lost between 1960 and 1980. In the 1990s, the Allegheny Conference, one of the oldest of the CEO-only groups, began to work more closely with the Pennsylvania Economy League-Western Division, a public policy research organization. Ultimately, the league was incorporated into the conference as its policy research arm and think tank. This move was a component of a "hybrid" merger with the regional chamber of commerce, in which the Allegheny Conference and its 50-member board of executives (including five of the seven Fortune 500 CEOs) governs the merged organization, controls its budget, and approves overall policy. The 1,000-member Greater Pittsburgh Chamber of Commerce was reconstituted as the principal advocacy and lobbying arm of the regional business community. A third subsidiary, the Pittsburgh Regional Alliance, is a traditional public-private partnership with a 32-member board that includes public officials and business leaders. It carries out regional marketing, economic development, and workforce development functions. Funding for conference-supported projects and programs is organized through the Regional Investment Council, whose more than 200 member-contributors include large and small businesses, foundations, nonprofit institutions, and government.

CEO-led civic organizations in Philadelphia (Greater Philadelphia First) and Cleveland (Cleveland Tomorrow) also merged with the regional chambers of commerce. Greater Philadelphia First was formed in 1983 by corporate CEOs who believed their peers lacked a coordinated strategy for using their economic power to influence public policy and economic development in the city. Even though Philadelphia suffered a net loss of only one Fortune 500 company between 1980 and 2000, Philadelphia First's leadership base was narrow, and when its executive officer ran for mayor, a majority of the CEO members began to look for a different model of civic engagement. In 2003, the 5,500-member Greater Philadelphia Chamber of Commerce became the new umbrella organization for business participation in the region's civic affairs. Today, the 62 CEOs of large corporations and nonprofit institutions in the three-state area who had belonged to Greater Philadelphia First participate through the CEO Council for Growth, a standing committee of the chamber. Mark Schweiker, the CEO of the chamber, described the CEO council as executives who want a role in setting some of the chamber's agenda and want to have a voice in the community, but who do not always have the time to devote to such efforts. He termed it as providing "high-impact cameos" for the busy CEO who wants to be involved.[3]

Cleveland's business organizations took a slightly different course, merging the boards of Cleveland Tomorrow, the 50-member CEO organization, the 12,000-member Greater Cleveland Growth Association, and the Greater Cleveland Roundtable (a private-public group with a focus on economic inclusion and social justice). The new organization, the Greater Cleveland Partnership (GCP), is governed by a 60-member board that blends CEOs of major corporations and nonprofit institutions, small business executives, and a sprinkling of community leaders. It works through commissions that pair executives of large and small businesses, and an executive committee of 15 members that includes the co-chairs of each commission. GCP established a business advocacy arm that pursues a unified policy agenda on behalf of small and large businesses, and it supports regional economic development programs through a number of organizations that it or its predecessor organizations created, steering them through overlapping boards and staff. Notably, it has a major initiative on minority economic inclusion, which promotes development of minority businesses, managers and executives, and board memberships.

Each of these mergers follows a different model of business civic action. However, each responded to the declining time CEOs could devote to civic affairs, a perceived loss of effectiveness and focus by the organizations or the chamber, and the increasing costs in time and money of serving on boards and committees of business groups with overlapping and occasionally conflicting goals.

The Pittsburgh and Philadelphia mergers might be more appropriately described as realignments of the civic functions of the organizations. In Pittsburgh, the merger made a reconstituted Chamber of Commerce and the Pennsylvania Economy League-Western Division affiliates of the Allegheny Conference. The CEOs of the top companies, joined by foundations and

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[3] Philadelphia Business Journal, February 28, 2003.

large nonprofit institutions, set the agenda and control funding. In Philadelphia, the regional chamber became the more prominent organization after the merger, and its CEO Council for Growth provides an outlet for participation and visibility of top executives, while demanding little of them beyond substantial financial contributions. The Greater Cleveland Partnership is a true merger of organizations, in which top executives must work together with small business leaders to fashion and pursue a common agenda. Similar to the Greater Houston Partnership, however, the larger corporations are major financial contributors, hold the key offices, and exercise greater influence in setting the civic agenda. The Houston and Cleveland groups have maintained a strong emphasis on K-12 education reform in the central city than the other groups.

The four mergers also share important commonalities. Each organization maintains a robust service function for its small-business members. All have adopted a strong regional emphasis, even though the initial corporate CEO focus was primarily, if not exclusively, on central-city issues. All appear to have recognized that in policy advocacy at regional and state levels, it is important to have small-business leaders working in concert with major corporations; while small and large businesses have divergent views on some issues, it is in their joint interests to focus on those issues on which they can agree. Finally, their agendas are much more sharply focused than in the past. Their public policy initiatives tend to focus on regional transportation improvements, economic development initiatives, business tax policy, support for education, and regulatory issues that they believe affect the regional business climate. All four merged organizations have also concentrated on areas in which business can have a substantial effect, independent of government policies, such as workforce development, regional marketing, diversification of business leadership and employment opportunities, and investment in new and expanding businesses.

5. Paid Professional Managers Are More Common

Perhaps the most pervasive consequence of economic restructuring and corporate reorganization, regardless of whether a region's elite business association remained exclusive or has merged with others, is a shift in leadership from key corporate CEOs to paid professional managers. The extent of this shift varies, but it reflects both the dramatic changes in the corporate environment and CEO roles, and the growing complexity of the issues with which business organizations must grapple.

Although the degree of responsibility exercised by presidents or executive directors of peak business organizations varies, and all insist that their boards and executive committees make the governing decisions, it is clear that the locus of leadership and policy entrepreneurship has shifted from a few prominent CEOs to the professionals hired to run their civic organizations. These professional executives are not mere implementers of CEO decisions. Rather, they are expected to propose policies and programs to their boards, recruit new members, identify "champions" to lead projects and staff them such that CEOs, with minimal effort, can be "the right faces in the right places" representing the organization. The professional executives work primarily behind the scenes, providing staff, follow-up, and developing strategy. They want their CEOs to take ownership

of the issues and to be at the table when major decisions are made. As one of the professionals put it:

> [The CEOs] see the senior staff as the glue that holds the whole thing together. The volunteers do not want to be on the hook for all activities. They want us to identify champions, brief them on what is going on…they trust and respect us for what we can bring to bear. We know the strength [of the association] lies primarily in the members and volunteers, and you need to hold them together some way, to keep the meetings happening, getting the right people in front of the right people. When we lobby, our staff is behind the scenes, briefing the volunteers to go get them. That's how we operate; when they come back, we get huge accolades for being well taken care of. Setting up the meetings, teeing it up for them is our main job.

Executive directors of these organizations tend to be entrepreneurial and have considerable flexibility. They supervise small professional staffs—typically fewer than 10 members—and focus on ways in which the economic power and prestige of their member CEOs can be used to leverage major economic development projects or move public policy to achieve the organization's goals. Table 4 lists the number of staff in eight of the organizations surveyed. A professional association executive noted that the agenda for his organization was "predominately a product of staff work, and occasional use of consultants." When a project is approved by his board, staff form advisory committees, usually composed of board members and other stakeholders. Staff also create programs and formulate a strategic plan for board approval. The executive director typically remains the spokesperson for the organization, but member CEOs run meetings, and officers and board members may propose chairs. "Civic work takes executives away from their jobs," the association executive explained, "so staff organize things so they can be called on when needed, but do not have to be involved in details."

In initiating a new project or program, association executives may commission a report from a respected consulting firm—occasionally produced free or at reduced cost—or a nonprofit or university research center. If the project requires continuing attention, it is frequently assigned to an existing or new free-standing organization for implementation, after providing seed funding and designing its board of directors to interlock with the parent organization. This arrangement frees the small staff from routine management chores and allows it to focus on future endeavors.

Table 4. Number of Staff in Selected CEO-Only Organizations

Organization	Staff
Greater Baltimore Committee	20
Federal City Council	11
Detroit Renaissance	10
Greater Milwaukee Committee	8
Civic Council of Kansas City	6.5
Greater Phoenix Leadership	6
Greater Columbus Partnership	5
Central Indiana Corporate Partnership	3

Source: Interviews; Questionnaire Responses

Although board members want to believe their organizations are member-run, a more realistic view is that the professional executive works with the board chair to identify emerging ideas and issues, set them in global context, stimulate thought, and create an agenda. Once the agenda

is adopted, the professional executive meets with individuals and committees or the board to advance it, and provides the committee or project chairs with staff support, background material, and briefings for meetings.

"When dealing with executives with little time and high expectations, one needs to be responsive, because without them there is no [organization]," said another CEO association president. "But you have to recognize that these things cannot be done by the corporations themselves. It is important to get to know the government relations staffs of the CEO members and other staff that are close to them, and go out of the way to work with them."

In organizations that have merged with a chamber of commerce or other local or regional business group, the professional presidents generally play an even larger role. They must supervise staffs ranging from 80 to more than 100 members and oversee large bureaus that provide group health insurance and other services for small-business members. They must act as intermediaries between large corporate CEOs and small-business owners in negotiating a unified business position on public policy issues. They are also more visible to the media and other interests as the point of contact with and voice of the business leadership of the area.

However, given that most mergers of business-civic organizations are relatively new, no clear pattern of roles has emerged. For example, the Allegheny Conference's president/CEO wears three hats: President of the Allegheny Conference, the Greater Pittsburgh Chamber of Commerce, and the Pennsylvania Economy League-Western Division. The Greater Philadelphia Chamber of Commerce established the CEO Council for Growth as a separate subsidiary with its own professional executive; a new vice president has been appointed to run the chamber's day-to-day operations, to leave its CEO time to work with business leaders, policymakers, and other external groups. The merger of Cleveland Tomorrow with the Greater Cleveland Growth Association integrated their boards and altered the role of Cleveland Tomorrow's executive officer from policy entrepreneur for an elite CEO group to manager of a large staff serving small businesses and a set of commissions responsible for the partnership's programs. Although several Cleveland CEOs remain active in leadership roles, the GCP president is increasingly a principal public figure rather than a behind-the-scenes operative. Rather than working with a membership of 50, with a small and cohesive executive committee, he now works with a board of 60, composed of corporate CEOs, small-business executives, community leaders, and an executive committee of 15 members.

Whether managing an elite or merged organization, the professional presidents, rather than the CEO, are increasingly the point of contact for mayors, governors, and other public officials. It is they who regularly meet with foundation executives, other interest groups, and the media. Their legitimacy runs two ways. In dealing with government officials and other interest groups, it is drawn from the confidence the CEOs have in them. With CEOs, their legitimacy depends on their effectiveness in dealing with officials and external groups. Translating and mediating between the two realms, said one association executive, "is a good description of my day."

6. Organizational Agendas Have Shifted Focus to Regional Issues

The shift toward a regional agenda has been pervasive among CEO-led civic associations, whether they have merged with other groups or have retained their independence. The number that have added "Greater," "Regional," "Metro" or "Area" to their names is indicative of the regional emphasis and reflects dispersion into the suburbs of members' corporate headquarters and other major facilities, as well as the growth of metropolitan areas.[4]

Members recognize that the economy functions on a regional scale, and therefore have concluded they can be effective in matters of economic development only if they work on a regional, statewide, or multi-state scale. It is also probable that the lack of CEOs with long and deep attachments to the central city makes the region a more comfortable environment for more transient executives. Regional issues are more transferable to new venues than central-city issues, making them more attractive to executives who rotate through several places in the new corporate environment.

A few organizations, such as the Bay Area Council and the Central Indiana Corporate Partnership, have never considered themselves to be anything but regional organizations, and they have no "city" agenda. Both organizations work largely with state and federal officials, and only incidentally with local officials, leaving individual city and county issues to the local chambers of commerce. The MetroHartford Alliance chose the region as the only scale at which it could mount an effective strategy for economic competitiveness in an area that contains a proliferation of small local governments.

Only a few peak business organizations continue to define their mission primarily in central-city and "downtown" terms. These include Central Atlanta Progress, the Federal City Council (in Washington, DC), and Detroit Renaissance. Each may be involved in some regional activities, but they are generally supportive of their central-city mission. The Federal City Council, for example, is strongly focused on improving schools and libraries in the central city and on major urban development projects, such as the Anacostia waterfront and a new baseball facility. Detroit Renaissance and Central Atlanta Progress have focused on central business district and major in-town redevelopment projects.

7. Governing Alliances with Mayors Have Weakened

Regionalism is both a cause and effect of weakened alliances between some business-based civic organizations and mayors. These informal alliances in cities such as Pittsburgh, Atlanta, Dallas, Cleveland, and Baltimore produced historic achievements in urban development and public policy. They often endured over many years and different mayoral administrations and were

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[4] Examples are the *Greater* Baltimore Committee, Charlotte *Regional* Partnership; *Greater* Cleveland Partnership, *Metro* Hartford Alliance, *Greater* Houston Partnership, Civic Council of *Greater* Kansas City, Council, *Greater* Milwaukee Committee, *Greater* Philadelphia Chamber of Commerce, *Greater* Phoenix Leadership.

founded on the recognition that, as one mayor put it, "I could get elected without the business leaders, but I could not govern without them." In turn, only city government could provide much of what business leaders needed, whether land, zoning, infrastructure, tax changes, or investments in safety, education, and other services. Their support was also critical in extracting help from state and federal governments.

However, over time, mayors have varied substantially in their ability to relate to CEOs, and as a result civic organizations have grown increasingly disenchanted with the mayoralty, despite occasionally rekindled romances with specific mayors. Among organizations surveyed whose mayoral alliance was once a defining feature, none have sustained those alliances. While some continue to have a good, even warm, relationship with mayors, even in these cities, the relationship appears to depend heavily on the approach of the incumbent mayor toward business leadership.

Those whose agendas are exclusively focused on regional issues, such as the Bay Area Council, the Citizens League of the Twin Cities, and the Central Indiana Corporate Partnership, largely bypass mayors and work primarily with governors, state legislators, and members of Congress. Their local relationships tend to be built around various regional organizations, such as transportation authorities, and they work with city and county elected officials on a case-by-case basis rather than as continuing partners.

An association executive summarized his long experience with mayors, which spanned two cities:

> The relationship differs based on the official. There are two categories of officials: those who are for things and those who are against things….Some make a career of being opposed to bad things, rather than those who work for the good things.…In cities, it's increasingly important to have a good relationship with the mayor [and the] governor, and . . .it's important to have a relationship with Congress to get your share of federal earmarks. …One of the trends of the future will be to go after more federal help than ever before.

Another said:

> There is an interdependent relationship of the highest order with political leaders. They can't do much without us. The [CEOs] can support or oppose tax issues effectively. There are also many things the [organization] wants—downtown redevelopment, better state funding of education—that have to have support of political leaders. At times, the relationships are difficult. The [organization] will sometimes support things about which it is not enthusiastic to avoid the risk of damage to more important things that are high on its agenda. The quality of the relationship varies with the officeholder. The previous mayor had not been supported by most of the . . . members, but after his election he came to the [organization] and said we needed to work together. A close working relationship was established. He took advice and consulted . . . before undertaking major projects. The current mayor had lots of support from business leaders, but tends to take them for granted. [This mayor] has a very different style

> and does not have a big circle of advisers. The big change has been that there is no longer an accepted power structure in the city.

These comments were typical of opinions expressed by most other association executives, even those with strong central-city and downtown agendas. The change in relationship with mayors appears to be idiosyncratic rather than follow any historical trend. Describing his organization's relationship with four successive mayors, one association executive said it was "poisonous" with one, "good" with another, "OK" with a third, and "wonderful" with the current incumbent, "who has been able to exist comfortably in both the political and business communities, has brought business into the fold, and [has] taken advantage of services donated to the city."

The remarks of an association executive and a former mayor capture both the sensitivity and importance of the relationships between elected officials and business leaders. The executive observed: "In political areas, it's important for politicians to take maximum credit. The connections that our members have to officials in all sectors of government are very important. They help us to open doors and bring people to the table."

The former mayor, when asked his advice to successors assuming the office, said: "You have to become the biggest ass-kisser in the city, and your job is to get everybody fired up and get people involved. I understood that I couldn't do it by myself and when I needed something, I went to them." He also pointed out that, "They have to have a feeling that this is in their self-interest—to have a better community is good for their corporations." He also said that many retired executives who became engaged in civic projects, "would tell me it was the best thing that they'd ever done."

These remarks suggest that it is vital that mayors and CEOs understand the others' world well enough to both appreciate the prospective partner's needs and how to accommodate them, as well as know how to ask for those things the other can effectively deliver. They also reflect the recognition that each potential partner can provide an essential component for success. Unfortunately, this has not led to closer alliances in most cities in recent years, as the distance between most CEO-based civic organizations and central city mayors has instead widened.

V. Corporate CEOs and the Future of Cities

The institutional autonomy, time, and personal connections to the central cities of many CEOs have diminished. The civic organizations through which they work have become less cohesive, shifted their focus, and have lost capacity for sustained action. Leadership in agenda-setting has drifted toward the association's professional managers and staffs. The focus of business-led civic associations has shifted toward regional affairs, reflecting both the increased geographic dispersion of an area's major firms and a more meaningful scale for addressing issues of direct concern to their firms and employees. Well-endowed local foundations are playing larger roles in some cities, using their resources to move issues onto the agenda and operating in arenas that were once the almost exclusive domain of business and government, such as housing and economic development. Finally, informal governing alliances with mayors have weakened, as business leaders increasingly collaborate with governors and legislative leaders on regional issues, such as transportation systems, education reform, and business taxes.

These trends suggest that although many CEOs and their firms will continue to commit their time and their firms' slack resources to civic enterprises, the problems they address will differ from those tackled in the past. This shift holds important implications for the future of corporate civic engagement in urban problem solving and for the practice of urban governance.

First, CEO's reduced autonomy and their declining familiarity with the region's political system, combined with executive suite turnover and demands on their time, create impediments to swift, bold, and sustained civic action. Dispersion of headquarters across the region, the consolidation of banking, and the loss of dominant, "home-grown" CEOs finds many cities without a self-conscious and cohesive economic "establishment." There simply are fewer "go to" corporate leaders who can mobilize their peers in support of major projects. These conditions inhibit action on central-city issues, where attempts to ameliorate the issues can often beget new problems that escalate the stakes and widen the conflict. Although it may be in their firms' interests to solve such problems, engaging them can be a major drain on time and do little to enhance the career of a branch executive. Buying the naming rights to a sports facility, leading the United Way campaign, or becoming a patron of a museum, university, hospital, or zoo is less hazardous to the reputation of both the firm and its local CEO.

Second, the trend toward regional issues seems well established and likely to continue, for several reasons. Improved infrastructure, workforce development, regional marketing, and high-quality higher education, health care, and cultural opportunities are all directly related to corporate performance. These issues are similar across all urban regions. Thus, transient executives can readily transfer knowledge gained in prior posts and add value by bringing their experience into regional policy discussions at their new locations. Moreover, the vacuum of regional political leadership provides an opening for CEOs that is important, visible, and relatively benign. There is a natural symbiosis between the needs of major corporations and the interests of state and federal officials in retaining and attracting their largest employers, yet these officials are less particular than mayors about where economic growth occurs in a region. Consensus across different firms is also

more easily attained on regional issues than on many central-city problems. These trends do not mean that CEO support for city projects will disappear, but it can be expected to decline as the focus shifts toward regional projects and those having a clearer nexus with the economic welfare of the involved firms.

CEOs who retain strong attachments to their central city and to solving its problems can increasingly be expected to exercise those interests through more specialized organizations, such as Central Atlanta Progress, the Central Dallas Association, and the Federal City Council. Because of their direct interest in the economic vitality of the central business district and its environs, such organizations must maintain a close working relationship with city government. Some operate private governments, like business improvement districts, financed through both member dues and tax increment districts, providing public services as well as fostering redevelopment and revitalization projects. Even in these cities, CEO turnover and time constraints limit their ability to champion these long-term projects, and their capacity to undertake them.

Third, increased reliance of CEOs on their associations' professional executives to initiate agendas, mobilize corporate resources, and staff projects reinforces the tendency toward cautious action. Although they typically assume broad responsibility, association executives are not free agents, nor are they peers of their members. They are employees. Their influence in dealing with policymakers rests in the reputation of their associations and their own reputations for representing it effectively and guiding its members to support or oppose a project with its prestige and their firms' money. In a growing number of places, the association executives are the public face of the business leadership and a critical bridge between the economic and political elites of their region. Their role and influence seems destined to expand, but they do not have at their disposal the economic power that the CEOs of hometown banks or utilities could exercise in earlier times. Instead, they must rely on well-developed position papers and their skill in identifying areas where business interventions can have a strategic impact, identifying and staffing CEO champions to serve as formal leaders of projects, raising money from corporations and foundations to fund them, and producing the right CEO or public official at the right time, in the right place, with the right message. Where they are imaginative, resourceful, and retain the confidence of their boards, they are displacing the passing generation of industrial titans and bankers as the true, if institutionally constrained, catalysts of business engagement in urban and regional affairs.

Fourth, mergers of CEO-led civic associations with regional chambers of commerce have further dampened impulses for bold or imaginative action at the same time as it has strengthened interest in regionalism. In many respects, these mergers represent a search for relevance in a rapidly changing urban political economy. They are tacit—sometimes explicit—admissions that the old ways of operating were not producing results that left CEOs confident they were spending their time wisely or receiving a reasonable return on their investments in civic projects. There is some risk, however, that the cultures of traditional chambers of commerce, with many small-business members who joined primarily for the services, will not blend well with the more clubby and decisive culture of the CEO associations. Although some interests of large and small businesses coincide, there are areas of public policy and economic strategy on which they sharply disagree. Attending to

the needs of the merger can sap the time and shift attention of its governing board and professional staff away from major issues in need of private-sector initiatives and resources, and dilute or circumscribe action in the interest of reaching consensus among a diverse membership. Also, it seems likely to take such organizations longer to reach decisions.

In the name of efficiency and economy, several exclusive CEO organizations may be experiencing the classic dilemma of collective action: the larger the group, the less cohesive and effective it tends to be, as the cohesion of small, flexible groups is replaced by more formal decision-making procedures and bureaucratic routines. Whether they have retained an exclusive CEO membership or merged with a chamber of commerce, the civic associations of business leaders seem less likely to operate, as many did in years past, at the cutting edge of urban change and innovation. As the scope of their interest expands to the region, managerial regents assume greater leadership roles, their bureaucracies grow, and they risk becoming less innovative and more risk-averse. The need for more discourse, mediation, and time to reach decisions could lead to more aloof CEOs. There are already signs of CEO withdrawal in some of the larger organizations where more second-tier executives are allowed to represent their firms on boards and committees.

The role of CEOs in urban problem solving is clearly evolving in both form and focus. The shift in the economic power base of cities will require a countervailing shift in the strategy of political leadership to maintain effective regimes of urban governance. Mayors of central cities, if they are to govern effectively, must become more skillful in mobilizing corporate time and talent in the city's interest. This requires them to take on both inside and outside leadership roles and set an agenda to which a less certain and more fragmented economic elite can respond.

First, their "inside game" must anchor alliances with individual executives who are committed to the city, and where possible with their civic organizations. Learning how to ask CEOs for help with issues for which they can readily provide assistance, giving them prominent recognition, and bringing the professional executives into the mayoral orbit as respected informal advisers has worked well for some mayors. If anything is clear from the discussions with CEOs and their association executives, they want their involvement to make a difference. Mayors are more likely to build enduring alliances if they emphasize substance over form when dealing with CEOs, and find ways of engaging them in an agenda that matters and produces tangible results. A few mayors come to office with business experience or an instinctive understanding of both the importance of business to the city's success and how to work with CEOs to gain their confidence and support for important initiatives. Others seem never to get the knack of building a working alliance, or even maintaining one nurtured by a predecessor. It is easy even for CEOs who are devoted to their cities to justify spending their civic time elsewhere if they or their peers have had unpleasant or unproductive experiences with a city's officials. When corporate leaders withdraw or withhold their participation, important projects may still go forward, but leaders' reluctance can affect timing, location, and financing. The lesson for mayors is that although corporate executive engagement may be essential to urban success, it is not a guarantee of it. However, failure to engage corporate resources can exacerbate the economic problems of a city and produce political trouble for its mayor.

Second, mayors must engage in an "outside" game at a regional scale in ways that emphasize the connection between the fate of the central city and its region. Some key central-city problems require regional or statewide responses. Regional business alliances and partnerships are instrumental in obtaining state and federal funding for a wide range of programs and projects. Mayoral participation in deliberations that involve them can help steer public and private resources to benefit the central city. Some of the new regional partnerships either do not include local officials, including the mayor, or treat all local officials as a class of members, which is problematic. Central-city mayors may not serve on executive boards where decisions are made on program priorities, or even attend general membership meetings of such organizations. These organizations are by no means the only access for mayors to corporate CEOs, but they can be useful forums for building alliances between public and private sectors.

Foundations, universities, health centers, and other large nonprofit institutions are of growing significance in a mayor's inside and outside game. As the economic power and slack resources of independent-sector institutions grows, these organizations offer mayors new opportunities to devise governance strategies that leverage private, nonprofit, and public resources to address major city issues more effectively. A city's economic development projects and its "regional" cultural, health, and educational institutions depend on corporations headquartered in the suburbs for a major portion of their support. They are among a city's largest employers, and their CEOs are now often included in the leadership of peak business associations. As community institutions, they are attached to the city in ways that private industry headquarters are not. Foundations are often mandated by their founders to support projects or activities that benefit the area and its residents, and they are more likely to concentrate on issues of social justice and advocacy, which are of less direct interest to corporations. Although their CEOs may have even less discretion than business executives in the civic use of organizational resources, these institutions can serve as anchors for major economic development and revitalization programs, which can attract corporate and government capital. Foundations are often the direct or indirect catalysts of significant policy initiatives. Because their boards usually include a region's economic notables, they provide mayors with alternative avenues for keeping even those CEOs headquartered in the suburbs engaged with central-city problems.

Mayors who cannot or will not perform both inside and outside roles risk being relegated to municipal housekeeping within the bounds of their city budgets, especially if CEOs and their organizations view city and other local officials as irrelevant, or worse, as impediments to their economic goals and policy interests. More than ever, urban leadership and problem solving require both an understanding of the corporate landscape of city and region and continued outreach, negotiation, and crafting of tailored alliances with the changing cast of corporate and independent-sector chieftains in order to govern successfully and make a difference in today's urban political economy.

APPENDIX

ORGANIZATIONS INCLUDED IN THE STUDY

Central Atlanta Progress

Greater Baltimore Committee

Charlotte Regional Partnership

Greater Cleveland Partnership

Columbus Partnership

Dallas Citizens Council

Detroit Renaissance

MetroHartford Alliance

Greater Houston Partnership

Central Indiana Corporate Partnership

Civic Council of Greater Kansas City

Greater Milwaukee Committee

Minneapolis-St Paul Citizens League

Greater Philadelphia Chamber of Commerce

Greater Phoenix Leadership

Allegheny Conference (Pittsburgh)

Portland Business Alliance

Bay Area Council (San Francisco)

The Federal City Council (Washington)