

# HOW TO BECOME A WORLD-CLASS CITY

*"The following article comes from a speech entitled, "Globalization and Development of International Cities of the Future," given by Rosabeth Moss Kanter author of the book World Class: Thriving Locally in the Global Economy. Kanter holds an endowed chair as professor of business administration at the Harvard Business School, and advises governments and businesses worldwide. The speech was given during the May 2000 World Competitive Cities Congress in Washington, D.C. The congress is an initiative for the promotion of global urban economic development organized by the World Bank and World Congress.*

Kanter contends that the global economy is a controversial subject; there are those who believe that it hurts local economies. Yet, globalization should be able to raise the standard of living, as well as the prosperity and health of international communities. Wherever a person is located, it is very important for him to meet these standards of global comparison.

According to Kanter, the modern global economy is 10 or 12 years old; it began in 1989 with the fall of the Berlin Wall and communism, and has grown through the deregulation of financial markets in Asia and in 1993 when the World Wide Web was available to the public. People are now a part of something larger and more frightening than what they are accustomed to on the local level. The global economy is the desire to go shopping. "Shopping" can be interpreted as exercising choices with an array of goods and services available to you with the best that the world has to offer; people want to have choices.

Some affluent cities capitalize on mobility to get better goods and services not available to them at home. In the Information Age, the affluent, because of the Internet, are less restricted in this sense. However, the true global shoppers are multi-national corporations shopping for the best suppliers that meet the highest standards. They have consolidated their suppliers and they can shop the world for the best.

Kanter said, thanks to the Internet, local government organizations, suppliers and manufacturers have to compete against international standards. Protectionism cannot last with the Internet. Foreign suppliers, investors and knowledgeable companies are shopping for skilled labor. This forms a competition among neighboring cities for world class standards. A strong

region must contain three main factors to be "world class." Concepts, competence and connections.

## CONCEPTS

*Concepts* represents the ideas, technologies, innovations and practices of an area. They are high-technology regions with a much more even distribution of wealth. These places attract and create the knowledge of the future. Examples of this can be found in Boston, Singapore or Silicon Valley. These are places with large migrations of talent and skills; 40 percent of the top management teams in Silicon Valley companies are from Asia. A "concepts" location also has institutions, colleges and universities, that are magnets of brainpower. Stanford University, MIT or federal government research centers create centers of talent.

## COMPETENCE

*Competence* encompasses all the skills necessary to create things, and is the second component to becoming a world-class city. These are places that rely on educating their workforce to attract foreign investment. A place with high quality cooperative training beyond high school can become a place where companies can locate. Today, cities become world class in the global economy with skilled labor, not just cheap labor.

## CONNECTIONS

The *connections* factor describes how cities become crossroads of commerce and deals. Cities of international character, led by private and public sector leaders, act as jumping off points into the region. They are created by investing in airports and seaports, like Miami or Singapore, developing banking institutions and making the goods flow. Cities have to ask themselves, "Where is it a connection to other places?" For example, Miami is one of the *de facto* capitals of Latin America with more than half of its purchases of goods and services made by foreign visitors.

These three factors are needed to form world class cities. Also, economic development led by development agencies, the private and public sectors, and citizen action creates an environment in which people want to improve their area. One has to tap formal economic development as well as the feelings of pride that people have in their community to accomplish these goals.

*Source: Economic Development Abroad, August 2000*