

**Chicago's Economic Standing in the Global Marketplace**  
**Jerry Roper Speech to the Mid-America Club**  
*Wednesday, January 9*

It's great to see so many friends from the business community here today. As many of you know, the Chicagoland Chamber of Commerce has a significant advocacy role fighting for or against public policy being considered in the region. But we also serve as a hub or network bringing the business community together to confront important issues.

Whether considering environmental policy, healthcare or the talent crunch confronting certain sectors of the economy – we are on the front lines working on solutions. Promoting entrepreneurship and innovation in local businesses? We're doing it. And day after day, we're providing opportunities for business owners to make connections to help grow their business.

For Chamber members who are with us here today – thank you for your support because you help to keep our

business climate strong. For those who are not Chamber members, please consider joining the Chamber to help make Chicago's business climate stronger. All of us are stronger together than each of us acting as individuals. There is power behind our collective effort.

Several weeks ago, I was asked by the Mid-America Club to give this presentation about 'Chicago's Economic Standing in the Global Marketplace.' As many of you know, this is something that I have thought about a lot since I came to lead the Chamber fifteen years ago.

Over the years, we've seen our economy change, with several periods of sustained economic growth and several periods where our economy suffered alongside the national economy. But throughout that time – and almost everyone in this room would agree – we've seen the Chicago region's economy grow stronger.

But are we doing enough, especially as competition in the global marketplace continues to accelerate?

Last fall, Glenn Tilton from United Airlines gave a speech at a global forum in Tokyo, and several of the points that he made really resonated with me, especially considering the transformation his company has seen in recent years. In his speech, Tilton said there was a need for his company to quote “accept the reality of doing business in the global marketplace. The reality that all of us compete in the world as it is – not the world as it was – or the world as we wish it to be... the reality of our world is that globalization is relentless... as the world gets flatter, industries will continue to be transformed by technology, global mobility and communication.”

Tilton went on to say, “If there is one imperative for every business in the global economy today, it is simply this: evolve, adapt, reinvent... or risk irrelevance in the global marketplace.” End quote.

I couldn't agree more that **every** business – regardless of size, profit margin or industry – must

evolve, adapt, reinvent. And I'll ask rhetorically: what are **you** as business leaders doing? This is the key to economic success in these exciting times: **Evolve, adapt and reinvent.**

Chicago has a lot of things going its way. We are a global city that has evolved, adapted and been reinvented. We've survived fires, the transformation from a meat packing city, to a manufacturing center, to a regional hub in the services economy, to the global city we know today. We know that there are many things that business leaders in the region are doing right.

A recent story in Crains Chicago Business discussed economic trends from the past thirty years, and showed which sectors are performing well compared to the national economy and others that aren't keeping up.

In terms of Gross Regional Product, the Finance and Insurance industries and the Professional, Scientific and Technical Services industries have both experienced

exceptional growth and are particularly strong – exceeding the national growth rate.

Our economy has also shown strength in sectors like Healthcare and Social Assistance, Arts, Entertainment and Recreation, and Educational Services.

All of these industries round out what I consider one of our greatest strengths: our economic diversity. And we must continue to support businesses that compete in these areas and foster innovation, and help them be the most competitive they can be.

But we must do even more to support industries where we haven't kept up with other places in the nation. The Transportation and Warehousing, Retail, Wholesale, and Information industries have experienced some growth, but we should be making greater gains in these areas considering the benefits that the Chicago region brings to the table for these industries.

In our rapidly shrinking world and growing global economy, we cannot rest on our laurels. The economy we see today has new and greater demands, and we must meet these challenges head on. To remain competitive, I believe there are seven key strategies for success:

- **Number 1: Innovate and Accelerate.**

The foundation of American Industrialism and eventual rise to global leader is rooted in ingenuity and innovation. This is a culture we must continue to foster.

John Kao, a leading business strategists and author of *Innovation Nation: How America Is Losing Its Innovation Edge*, notes that the United States is in the fight of its life and that countries around the globe are striving to become world-class players, while the US “squanders our long held advantage.”

Kao observes that, and I quote, “It is a critical moment in time, a historic tipping point perhaps. Just as we are beginning to slack off, other countries are stepping on the gas. And, at some point—sooner than we might think—the curves of our decline and the rest of the world’s ascent will cross. In tomorrow’s world, even more than today’s, innovation will be the engine of progress. So, unless we move to rectify this dismal situation, the United States cannot hope to remain a leader. What’s at stake is nothing less than the future prosperity and security of our nation.” End quote.

Because we at the Chamber recognized the local innovation deficit compared to other regions, in 2006 we embarked on a mission to foster an innovation movement in our region. The theme of the movement is, “Innovate Now! – Taking Charge of Our Future”, which encourages those in business,

government and academia to work together to innovate better and faster because we need to make Chicagoland a globally recognized center for innovation.

There is significant research from the Washington, D.C.-based Council on Competitiveness and other entities which shows that regions that use innovation as a foundation for their economic development strategy are more successful and experience higher economic performance than others.

While the Chamber and the Chicagoland Entrepreneurial Center are making incredible strides in supporting new innovative developments, this needs to be part of our culture – a pervasive mindset of entrepreneurs, business leaders, residents, civic leaders and elected leaders alike.

The second component of bringing new innovative products to market is *access to capital*. While the Midwest has not historically been known for easy

access to venture capital – especially at the early stage and seed level – we need to foster more investment to accelerate the growth of high-growth businesses.

The recent launch of the Illinois Innovation Accelerator (i2A) Fund is a step in the right direction. This \$10 million seed fund launched by the Chicagoland Entrepreneurial Center, a Chamber affiliate, has attracted the investment from some of the State's most well known entrepreneurs and civic leaders including, JB Pritzker, Larry Levy, Craig Duchossois, Jim Gray, and Mesirow Financial. Each is making investments in the next generation of innovators and providing the necessary startup capital to fund the dreams of our region's future stars.

- **Number 2: Inspire the entrepreneurial spirit.**

Entrepreneurs are the heart and soul of our economy, and we must do more to sow the seeds of business success.

We have seen an explosion of entrepreneurial activity in Chicago through this past year in the creative industries. From fashion designers like Maria Pinto who is making national news designing clothes for Oprah, to boutique entrepreneurs like Jake who is expanding into new cities, to new music labels starting in Chicago, to the opening of Flashpoint Academy which will be training the next generation of video game developers and digital film directors. Chicago is continuing its rich tradition of enabling innovate entrepreneurial industries which keep our young dreamers here to build businesses and at the same time make our neighborhoods vibrant and diverse.

We expect this trend to continue along with real growth in local green technology businesses. We

also see continued growth in new company formation around the financial exchanges including companies like Archipelogo and OptionsExpress. These disruptive new technology businesses are changing the global financial markets and tapping into one of Chicago's historic industries in the financial exchanges.

We can't let the entrepreneurial spirit die – we can do more to help it flourish – and increase the number of small businesses that can grow to become large businesses.

- **Number 3: Increase our exports.**

The results of America's entrepreneurship and innovation have been exported around the world – dynamic new products, innovative new services. But we must continue to look to new markets to capitalize on what we do best.

Currently, the U.S. dollar is the lowest it has been in relationship to other world currencies in recent

history. This is an opportunity that local businesses shouldn't overlook. There are many emerging markets, that with the right approach, should be pursued aggressively as a means to grow your business. Already, many Illinois businesses are having incredible success in competing, with Illinois exports increasing between 15 and 20 percent this year alone.

In our rapidly shrinking world, foreign markets need to be chased. Now is the time to do it.

- **Number 4: Encourage educational achievement (both young and old).**

There has been a great deal of progress on this front – both at the national and state levels. While 'No Child Left Behind' has some detractors, it is raising the bar for achievement in our schools and holding them accountable for their performance. But the federal government should do more to fund it. At the same time, the state has really stepped up in recent

years to provide incredible new investments into our education system and this progress should be noted. We must continue to demand high achievements from our students, teachers and administrators – and they must realize that their achievements will determine our nation's future success.

Students in our region aren't competing for jobs against high school or college graduates in Indiana or Wisconsin; instead they are competing for jobs against people around the world. The business community is crying out for more skilled workers to address the talent crunch and an increased focus on education will help meet both the current and future demand.

Currently, there are a great number of presidential candidates from both sides of the aisle who are using rhetoric about 'restoring America's middle class.' And I believe this should be something we strive to accomplish. But I believe the decline of the middle

class comes because educational opportunity hasn't been fully embraced. The reality is that education isn't yet complete when you're handed your high school or college diploma.

Education is a mindset that people need to carry with them always – both for employees and their employers. Ongoing education is critical, worker training a necessary investment, and advanced degrees becoming more and more important each and every day.

Education is necessary to retool and rebuild our region's middle class, to meet our workforce challenges of the future, and to retain our economic competitiveness.

- **Number 5: Invest in transportation and infrastructure.**

As a first step, our Senators and Congressmen have delivered significant federal investments to our region to improve mass transit, roads, bridges and other

infrastructure. But Springfield has failed to provide the matching funds needed to get these projects underway. *This is a priority.* Our elected officials don't seem to understand that the gridlock we see on issues like mass transit, casinos and capital construction is undermining the economic underpinnings of our state.

At the same time, we need to be prioritizing projects to include in the transportation bill Congress will be passing in 2009. We need to think and dream big. What do we want our region to look like in 15, 50 and 100 years from now? What steps can we take to expedite O'hare construction? What more needs to be done to fix mass transit, to streamline and reduce congestion on our highways and railways? How can this be achieved without asking the business community to tax ourselves in order to solve this critical issue?

- **Number 6: Market Chicago to the world.**

The Chicago region has tremendous attributes that continue to be recognized both domestically and internationally. We have incredible assets like McCormick Place and O'Hare airport, our vibrant central business district that drives the economy of our city and the region, and our civic and cultural assets.

According to studies by *Site Selection* magazine, Chicago has been the #1 U.S. metropolitan region for corporate investment in commercial and industrial projects for 5 of the past 6 years. This is a notable accomplishment. However, we need to continue to scratch the rust off our sometimes tarnished image to make sure the world sees Chicago as it exists today, and what it will be in the future.

Hosting the 2016 Olympics in Chicago would be an important step in the right direction, but additional efforts are needed to market the region as a destination for global trade and investment. We also

need to come together to develop a post-Olympic strategy to insure that the investments made to attract the Olympics will continue to pay-off in the 10-15 years following the games, similar to the incredible economic benefits that Barcelona continues to experience today.

- **Number 7: Enhance our business climate (tax and regulatory policy).**

I must admit, this may be our biggest challenge. For those of you who closely follow public policy, you know this past year was quite a boxing match for those of us representing the business community. On any given day, it felt like punches were being thrown from just about every direction.

Many punches came from the state capitol in Springfield through the proposed gross receipts tax, and as the 7% property tax 'cap' was extended another three years. Other punches came from the City and Cook County Board as they both proposed –

and the city passed – unprecedented tax increases on businesses and residents alike. And I remind you that we continue fighting against the needless tax increases being considered by the Cook County Board.

Interestingly, today is the first day of the 2008 session of the General Assembly. And what does this New Year have in store? More onerous taxes and regulations?

The fact of the matter is that the business community in our state and our region is under siege and our economic competitiveness continues to be threatened.

Our elected officials seem to forget that having a friendly business climate is the best way to put people to work to enhance everyone's prosperity and improve our overall quality of life.

It is imperative that our governmental leaders recognize that they must help create an environment that fosters entrepreneurship and innovation – whether it’s tax climate, regulatory climate, or perhaps, most importantly, political climate. They have a stake in our success because the business community provides their constituents with the salary and benefits they need to raise a family and get ahead.

So again – these are the seven strategies I believe we should pursue so that Illinois and the Chicago region can be more tomorrow than it is today.

- **Innovate and accelerate**
- **Inspire the entrepreneurial spirit**
- **Increase our exports**
- **Encourage educational achievement**
- **Invest in transportation and infrastructure**
- **Market Chicago to the world**

- **Enhance our business climate**

These are tangible and actionable topics where we should strive for more. Many academics and researchers, and business leaders have issued reports and studies on ways to strengthen these areas. And it seems to me that every week or so, another group releases a new report, study or plan about these issues, and ultimately, the future of Chicago.

But I ask you: what good is it when organization after organization issues plan after plan that's simply being added to the file cabinet, *if few of the plans are actually implemented?*

But there are other issues that we are confronted with today that don't make it into many of these plans. And these themes really get to the heart and soul of Chicago's current and future place in the Global Marketplace. These are issues that I'm concerned about; issues that

the business community today should be concerned about; issues that our elected officials too often overlook.

- Strategies, technologies, products, management systems will come and go. But what does it take to build and sustain an enterprise, a culture, our communities, and our region? Are we doing enough to make and keep Chicagoland a vital hub of commerce?
- How do we differentiate ourselves in a global economy? Whether you're an individual, a company, a community, a region, or a nation, how can and should we be special and unique in this rapidly changing world?
- How will we identify and prepare a new generation of business, civic and elected leaders? The demand for continual innovation, the global integration of economies, and society's changing expectations of business all require completely new skills,

experiences, and acumen. Where will this next generation of leaders come from?

These are the questions that I and many others are now wrestling with. But after giving them a little thought, I don't know that these questions are much different than those facing community leaders several generations ago.

In the early part of the 1900s, political leaders also weren't stepping up to the plate to make decisions about the city's future. But in 1909, it was business leaders that commissioned what we know as The Burnham Plan. The business community took the lead and rallied around a single plan and *demand*ed that it be implemented. This is a plan that in many ways sets a vision for our city even today. "Make no little plans" is the mantra we've come to know and revere.

But is this the single, overarching strategy that we'll continue to look to for the next 100 years? Or must the business community come together to constitute a

renewed vision for our region's future? Are the plans sitting in our filing cabinets back in our offices big enough? Bold enough? And does that matter if so many of the plans simply end up in a drawer.

Given the current political atmosphere, perhaps the business leaders need to coalesce around a new plan or adopt an existing plan. And I'm not talking about a plan to file in the cabinet. Maybe we need a new, cohesive, business-backed plan that builds on the Burnham Plan, and secures our prosperity and quality of life for generations to come.

I believe we can build on our city's great success, and strengthen areas where we must become stronger. To generate a new level of civic pride. To increase the beauty and quality of life in our city. To promote the entrepreneurial spirit that will lead to a new generation of innovators and inventors. To demand educational achievement. To provide a tax and regulatory

environment that will enable job creation. To accomplish our 'wish list' of economic investments and heighten the prosperity of our region. To increase Chicagoland's prominence on the World's Stage.

But lately, it has struck me that the business community is too often playing defense against elected officials in the state capitol or City Hall, when we could and should be playing offense. Do we as business leaders take defensive positions when pursuing market share or launching new products? I think not.

What are we as a business community for? Do we always have to be against? Maybe we need to offer alternatives. To possibly say, '*yes, and*' or '*no, but*'. To instead be the source of solutions, rather than the root of opposition.

The Chicago region has a strong, storied and proud position in the global marketplace. And I will always argue that the best is yet to come. But I will end my

speech with an important question that again touches on the remarks that Glenn Tilton gave in Tokyo. Except today I leave this as a question to you. What are we as business leaders doing to ensure our companies, and our region is **evolving, adapting and reinventing?**

The answer to that question gives insight into whether we are prepared for the sweeping global changes that are to come. As you leave here today, I challenge each of you here to *'make no little plans'*, and to evolve, adapt and reinvent to the best of your abilities. Our future depends upon it.

So, what can you do to insure our success as a strong vibrant business community in the years ahead?

**1)Bring your experience to the table and get involved.**

**2)Be a champion.** Adopt an issue as your own.

**3) Offer solutions.** We all know about the problems that exist in our system. And we need to remain focused on solutions... on change. Not change for change sake – but as a necessary part of evolving, adapting, and reinventing in our rapidly changing world. The most important thing to realize is that each of you has ideas to help meet looming challenges. We want to hear them. Your elected officials want to hear them. Be engaged.

**4) Take charge of your future!**

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