

Kansas City Tomorrow 2016-2017

The Story of KC Rising

A Case Study produced by The Civic Council of Greater Kansas City

September 2016



RISING

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Introduction

This case study tells the story of KC Rising, a broad-based, collaborative civic initiative to change the trajectory of the Kansas City regional economy. Written through the lens of the Civic Council of Greater Kansas City, this case study has three goals:

- (1) to inform readers about the formation and development of KC Rising and the people and organizations involved;
- (2) to stimulate thought and grow understanding about the processes and leadership required to implement such complex civic undertakings; and,
- (3) to engage over time a broader set of stakeholders necessary to support, advocate for and participate in the implementation of strategies necessary for success.

The case study begins with an introduction to KC Rising and explains the history of the Civic Council and its role in the initiation of KC Rising. The historical background is followed by a discussion of civic leadership within a variety of contexts, including economic development, the role of business in the community, and public-private partnerships. The narrative includes examples of the strategies used to navigate among sometimes non-aligned interests and agendas, and details the current initiatives and potential future strategies for achieving success.

The KC Rising story is set against the backdrop of community, which makes it a story about people, their aspirations, their cultures, their histories and their relationships, as well as the time, thought and effort they contributed to the development and early implementation of KC Rising. The case study includes thoughts and opinions (quotes edited for clarity) expressed by the initiators and early implementers.

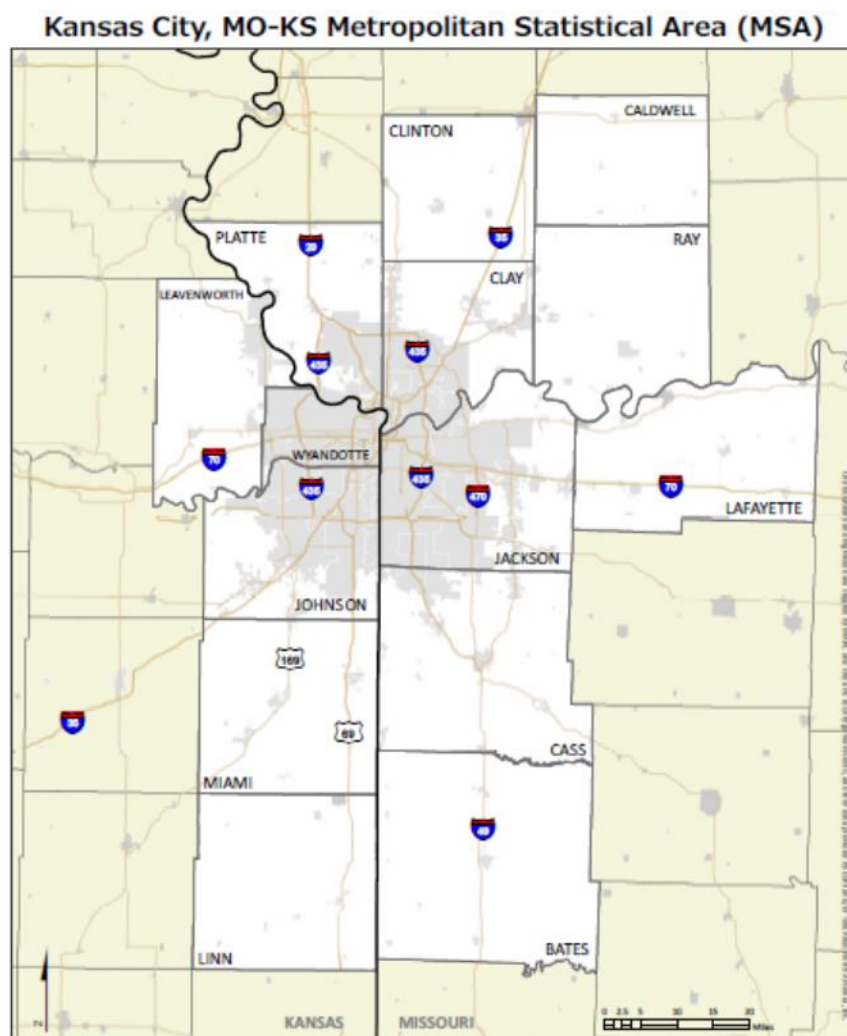
Their narrative is not the end of the story, however, but the beginning. The future of KC Rising will be built upon the foundation created by their efforts, but will include the voices and efforts of many additional individuals and groups.

Overview

In October 2013, the Civic Council of Greater Kansas City's Board of Directors convened in Dallas, Texas, for a two-day strategic retreat. The focus of this retreat was the development of a new Civic Council strategic plan.

Before considering the elements of a new plan, the board members reviewed and discussed economic data and trend lines for the region. The information showed that Kansas City was exiting from the great recession of 2008-2009 at a slower pace than past downturns. Although earlier discussions about the Kansas City economy had raised some warning flags, the board members were concerned about the degree to which the Kansas City Metropolitan Statistical Area (KCMSA) (Exhibit 1) had fallen behind its peers in a number of economic and demographic measures.

Exhibit 1



“The Fall of 2013 we went to Dallas [for the retreat] and that was the genesis to me... The region could benefit from someone putting together a metropolitan business plan... Where are we? Where is the region? Where are the opportunities? What could a focused effort, a regional business plan, do to help jump start things that could perhaps help the region get to another level, and most importantly, improve the quality of life for all of our citizens and spur economic growth?” – John J. Sherman – CEO, MLP Holdings, LLC, Civic Council Chairman 2014-2016

The Civic Council Board retreat did not result in the development of a strategic plan for the Civic Council. Rather, the Board members concluded that action must be taken to reverse the negative economic trends in order for the region to remain competitive in the global economy. They left the retreat committed to the development of an economic business plan for the region. Although the Board members were convinced of the need for a metropolitan business plan, they recognized the effort would be successful only if other civic groups and organizations concurred with that conclusion and felt ownership of the process as well as the outcomes.

“We recognized that we needed to do something and formulate a long term plan that would help not only guide our actions, but would hopefully help influence and guide a lot of resources in this region... There wasn't a comprehensive strategic plan that we could point to that would be sustainable over a long period of time. We felt that that was the role we needed to play... to create a long term strategic plan that would be the kind of thing that would help shape the resources we have in the region.” – Donald J. Hall, Jr. – President and CEO, Hallmark, Past Chair of Civic Council

After returning to Kansas City, follow-up discussions with a number of business and civic leaders were initiated with the goal of sharing the information the Board had reviewed at the retreat and soliciting from other leaders reactions to the proposal to develop a business plan for the region. As the Civic Council Board of Directors was considering next steps and discussing the need for a plan with other leaders, an independent effort was underway to develop a comprehensive, research-based assessment of the regional economy. This report was developed with support from the Kauffman and William T. Kemper Foundations by the Mid-America Regional Council (MARC), and the Brookings Institution.

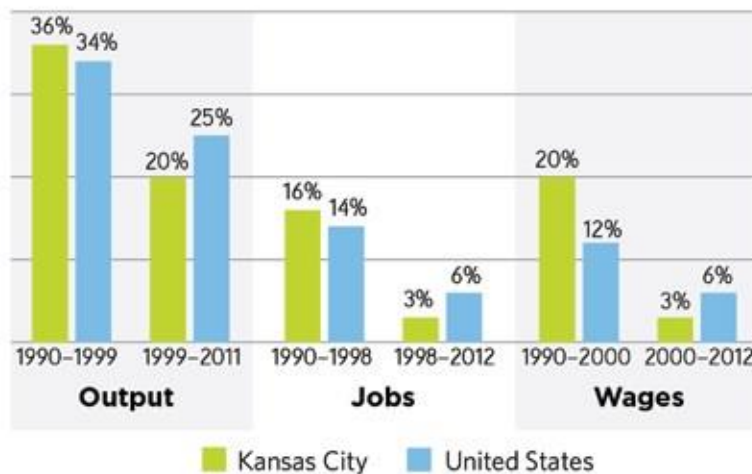
“MARC's role in engaging the Brookings Institution in creating Prosperity at a Crossroads, was important, if not pivotal to helping civic interests rally around this framework... That report helped create a coherent but accurate and succinct framework for how to think about regional economic performance.” – David Warm – Executive Director, Mid-America Regional Council (MARC)

The findings from the MARC and Brookings work were published in a formal report, *Prosperity at a Crossroads, Targeting Drivers of Economic Growth for Greater Kansas City* and presented to the community at the MARC annual meeting in June 2014. Among the facts highlighted were the following:

- The KC region outperformed the nation in output, jobs and wages in the 1990s, but slipped behind the nation in the 2000s (Exhibit 2). While the region historically lagged the nation into and out of recessions, most of the KCMSA peers performed significantly better coming out of the 2007 recession.
- Median household income was falling, and after adjusting for inflation was no higher than it was in the 1980s.
- Local demand for educated workers was exceeding supply, especially in Science, Technology, Engineering and Math (STEM) related fields.
- Trade outside the region was a declining share of the region’s economy, in part due to insufficient commercialization and firm growth in innovation sectors and industries.

“The Brookings Institution report was kind of a kick start for why we thought we needed to do something. We came to the conclusion, based on the Brookings data, that our economy was not what it once was and it certainly was not performing as well as some of our peer cities.” – John F. Murphy - Chair, Shook, Hardy, and Bacon, L.L.P, KCADC Co-Chair, KC Rising Steering Committee Member

Exhibit 2

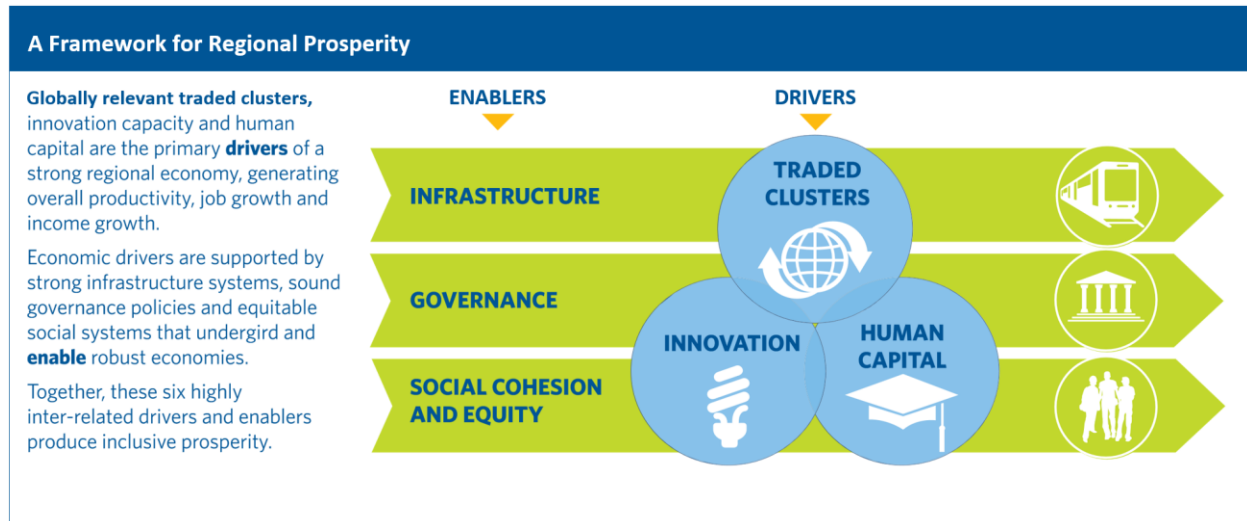


In addition to these worrisome findings, *Prosperity at a Crossroads* highlighted two key points that provided guidance for improving the region’s economic future:

1. Metropolitan Revolution – The 100 largest U.S. metropolitan areas accounted for two-thirds of the U.S. population, three-fourths of jobs, and four-fifths of economic output. In addition, gridlock at the federal and state levels of government created the need for tactical, intentional action by metropolitan leaders. **Organizing as a region would allow the creation of strategies to enhance the metropolitan area’s ability to compete nationally and globally.**

2. Economic Drivers – The most effective way for metropolitan areas to improve their economy was found to be through the core drivers of regional economies (Exhibit 3). **A regional effort focused on the core drivers---Traded Clusters (Trade), Innovation and Entrepreneurship (Ideas), and Human Capital (People)---would leverage the expertise and skills of business leaders and provide focused, strategic attention on economic growth.**

Exhibit 3



“As we looked at the economic drivers and enablers, there probably was less going on with the economic drivers because they don’t fit neatly into somebody’s responsibilities. There is probably more going on with the enablers, particularly among the public sector...As we got into things and focused on the drivers we felt that was where the business community had expertise.”

– Scott M. Smith – President and CEO (Former), HNTB Infrastructure, KC Rising Co-Chair

Public reaction to the MARC/Brookings report initially was mixed. The community’s leaders had become complacent about the economy, based on historical performance, and some found it difficult to accept that current trends were inconsistent with expectations. One initial reaction was to focus on localized measures that were not indicative of the overall regional economy. Others pointed to the region’s strong enablers and expressed concern that shifting the focus to the economic drivers would set back efforts to create the infrastructure and social and cultural amenities important to economic development.

As the dialog continued through the media and meetings with a variety of leaders in both the public and private sectors, business and civic leaders clarified that what was contemplated was not an either-or approach to the drivers and the enablers. Rather, they emphasized the importance of the public sector continuing to focus on the enablers and the business and civic leadership putting new emphasis on the economic drivers.

“The question Civic Council leaders asked was, ‘What would we as business people do if our business looked like the economy of Kansas City?’. The decision was made to move forward focusing on the economy using a business-led approach, putting good business practices behind our thinking and the strategies we developed.” – Jewel D. Scott – Executive Director, The Civic Council of Greater Kansas City

The Kansas City Area Development Council (KCADC) and MARC agreed to join the Civic Council as sponsoring partners for the development of a regional business plan to address the issues laid out in Prosperity at a Crossroads. These three regionally focused organizations committed staff and funding to the initial research and development of the metropolitan business plan and began to recruit a cadre of community volunteers to lead the effort, including Scott Smith, retired CEO of HNTB Infrastructure and Vice-Chair of the Civic Council, who agreed to co-chair the initiative. The second co-chair, Doug Girod, M.D., Executive Vice Chancellor of the University of Kansas Medical Center, joined the team during the summer of 2014.

One of the first decisions by the sponsors was a name for the effort. The KCADC team, which markets the region nationally and internationally, lent its expertise and creative talent to the naming/branding of the initiative.

“We wanted [a name] that would tell the story of what we were trying to accomplish with the effort...We wanted to raise up the economy to where we thought it should be.” – Dr. Douglas Girod – Executive Vice Chancellor, University of Kansas Medical Center, KC Rising Co-Chair

“We went through the traditional branding approach...It was clear that “Metropolitan Business Plan” didn’t hit anybody very well. The need for a name or a brand was really important...This indicated that a rising tide lifts all ships.” – Scott M. Smith

Throughout the fall of 2014, KC Rising began to take shape. A community announcement and media event publicly launched KC Rising in November of 2014, and was followed within weeks by a meeting of a 23-member Steering Committee (See Appendix) recruited to guide the effort. This Steering Committee was comprised of business and civic leaders and elected officials from across the metropolitan area. The Steering Committee included two appointees from each of the sponsoring organizations. Other members were recruited on the basis of recommendations from the region’s business and elected leaders. As a group, their ages ranged from Millennials to Baby Boomers; their home addresses were located across the region; their occupations ranged from entrepreneurs, to CEOs of large and small businesses, to mayors and a school superintendent; and, they were race and gender diverse. Because the effort focused on recruiting a diverse group of Steering Committee members, many of them had never met before the first Steering Committee meeting.

The first challenge to this group, in addition to reaching a level of trust and comfort among themselves, was to define the goals and desired outcomes for KC Rising. A priority consideration in these discussions was the desire to improve the economy and access to opportunity across stakeholders and constituencies. The committee also considered at length the peer group of metropolitan areas against which progress should be benchmarked.

“A big part of this was making sure there was discipline around priorities and that we would have metrics to measure our success and progress along the way.” – John J. Sherman

The benchmarking that led up to the formation of KC Rising was against a group of metropolitan areas selected for a variety of reasons, ranging from size to location to whether they were actual peers or aspirational peers. The Steering Committee began the work of identifying peers by articulating the need to select peers on an objective basis. The group selected was deemed to be in the Kansas City Metro’s “weight class,” and was comprised of the 15 metropolitan areas larger than the KCMSA and the 15 metros smaller than the KCMSA.

The selection of the working goals, or what became known as the “Three Big Dots,” followed extensive discussions about the need for outcomes that could be measured over time on a consistent basis. The Steering Committee also deliberated at length on the definition of success. For example, could success be defined as a percentage of growth, rank in comparison to peers or some other metric?

“From the outset, neither Scott nor I was interested in doing this unless we could really be impactful... You can only know if you are moving the needle if you are transparent and have metrics.” – Dr. Douglas Girod

The Steering Committee ultimately selected as key measures the following:

1. Metropolitan Gross Regional Product (MGRP)
2. Median Household Income
3. Number of Quality Jobs

The Steering Committee deemed these “3 Big Dots” appropriate for determining progress in creating a more globally competitive region and improving the region’s quality of life for all residents. The goal is for Kansas City to be in the Top 10 among the 31 peer metropolitan areas. (Appendix) Although the KCMSA already is ranked at 12 or 14 in these comparisons, its annual rate of growth will have to increase significantly just to remain at the current rank.

“(The creation of) quality jobs was clearly important. Gross Metro Product is important because we wanted a bigger pie for everyone... The one that came along later was Median Household Income. There was some debate about that. If you’re looking at it clearly from a business perspective, do you really care what the median household income is? As a group we said, “Yes, we do.” That was reinforced very heavily by discussions with public officials.” – Scott M. Smith

The Steering Committee also approved the formation of three workgroups to focus on the economic drivers and to identify priority strategies for growing the regional economy. Although the *Prosperity at a Crossroads* report had delved into underlying problems in the economy and outlined some opportunities and challenges for the future, more research and analysis were needed.

“We wanted to have a structured, focused, business-like approach to things, driven by metrics.” – John F. Murphy

Workgroup participants (Appendix) were identified through an extensive process focused on recruiting individuals with expertise and knowledge relevant to their workgroup's mission; a regional orientation; experience working in civic endeavors; strong networks in their profession and their community; leadership skills; and, the ability to think creatively about the future. These workgroups---Globally Competitive Sectors (Trade), Innovation and Entrepreneurship (Ideas), and Human Capital (People)---began meeting in early 2015. Each workgroup was co-chaired by two or three leaders in relevant fields, who were staffed by teams from the sponsoring organizations.

The workgroups were tasked with researching the current state of these drivers in Kansas City, evaluating for action both the needs and opportunities identified, and developing strategies for implementation. More than 200 community volunteers stepped forward during this year-long process to serve on committees, task forces and workgroups, participate in focus groups and interviews or in some other way contribute to the work.

The results of this intensive first year of research, opportunity identification and strategy development were rolled out to the community on February 29, 2016, at a One-Year Update event attended by a standing-room-only crowd. During this report-out event and celebration, committee co-chairs described the preceding year's work, announced signature strategies, and introduced their plans for the next year. While they paused for a brief moment to celebrate, the volunteers and staff for KC Rising recognized this event was not an ending but, rather, a beginning.

The Civic Council and Community Leadership

The Civic Council of Greater Kansas City was founded in 1964 by 15 CEOs of major Kansas City companies. They believed that by bringing together their civic leadership, resources and influence they could accomplish goals that would not be achieved through the action of any single business or individual. Throughout its 52-year history, the Civic Council has given birth to significant initiatives that have contributed to the community's quality of life and economic well-being. Examples include creation of a plan for redeveloping Kansas City's downtown and growing the life sciences research and development in the region. A hallmark of the Civic Council is its commitment to long-term agendas that are strategic and informed by research. The value placed on educated decision-making is a legacy of the organization's founders. These values of the Civic Council were vital to the development of KC Rising.

When the Civic Council met for its retreat in October 2013, the goal was to create a five-year strategic plan for the Civic Council. Those who attended were presented information about the state of the KCMSA economy. The trends were discouraging. The KCMSA's economy was growing but at a pace slower than its peers and the national average for metropolitan areas. Specifically, the KCMSA was lagging both in terms of Metropolitan Gross Regional Product (MGRP) growth and Exports as a percentage of MGRP. These results created concerns about the long-term economic future of the Kansas City region. This information, coupled with the findings reported in *Prosperity at a Crossroads*, made it clear a five-year plan for the Civic Council would not achieve the broad-based, communitywide action necessary to change the trajectory of the regional economy. The board members left Dallas without a Civic Council strategic plan, but returned to Kansas City with a commitment to undertake the work necessary to research and develop a Metropolitan Business Plan in collaboration with other key civic and business leaders and groups in the community.

"KC Rising was born out of the recognition that...other than the existing initiatives the Civic Council has, probably the most important thing they can do is convene a focused effort around how to make the region more competitive over the next 10 or 20 years." – William C. Gautreaux – President – NGL & Crude, Crestwood Midstream Partners LP, KC Rising Steering Committee Member

The values of the Civic Council were instrumental in helping to bring KC Rising to life. KC Rising is a collection of people, businesses, politicians, and organizations that all have their own, goals and agendas. Bringing these diverse groups together required a focused effort to identify where their individual mission, vision, goals, stakeholder interests, and expertise intersected. Civic Council's past experience and commitment to building collaborative initiatives provided a framework for developing the partnerships necessary for success. The Civic Council's members knew that a successful effort would require a shared leadership model in which decisions would be made by individuals and groups outside of the Civic Council and no single organization or group would be credited with any successes. The lack of control over the process and outcomes, however, would not lessen the responsibility the Civic Council's leaders felt for the success of the initiative and the need for strong lines of accountability.

“We recognized that the Civic Council needed to take the leadership role and provide the ongoing support to convene a very broad base of the community.” – Donald J. Hall, Jr.

One of the critical decisions by the Civic Council Board of Directors was to delay a formal public rollout of the initiative until after a series of conversations could be held across the region with other business and civic leaders and key elected officials. Scott Smith, a Civic Council Vice-Chair, was appointed as the first co-chair of KC Rising and participated in many of these discussions and the planning for the initiative. They were joined later in the summer of 2014 by Co-Chair Dr. Doug Girod.

These listening sessions were aimed at sharing with other leaders the concerns about the economic trends in the region and the concept of developing a regional business plan with broad participation and input. Regional leaders were asked for their reactions to a collaborative effort and recommendations for potential participants in the process. Emphasis was placed on using a business-led, fact-based approach to understanding the region’s economy and developing strategies to improve its performance; engaging a diverse group of leaders from across the region; focusing on achieving a 20-year vision with short- and mid-term milestones; sharing responsibility for the process and the outcomes; and, committing to rigorous evaluation and assessment of the results.

Participants in the discussions with regional revealed some reservations. Questions included:

- Could the focus be elevated above ongoing concerns about the “Border War” over the use of economic development incentives?
- Would the effort really be metropolitan and not focused solely on the issues and solutions important to a single or small group of communities/stakeholders?
- Would the effort be “all talk and no action,” with the results compiled in a report that would sit on the shelf with other reports?

Mr. Smith and Dr. Girod acknowledged the legitimacy of these concerns, and the history that generated them. They asked the regional leaders to keep an open mind, be engaged and help to ensure the effort yielded the intended results.

These discussions also yielded information about the organizational partners that might add value to KC Rising. They were interested to learn that the Civic Council truly was perceived as having a regional focus and credibility to undertake the initiative as proposed. Two other region-serving organizations surfaced as important partners----the KCADC and MARC. Both were viewed as credible organizations that would bring expertise and knowledge, as well as broad networks, to the effort. This information validated the need to bring KCADC and MARC into the collaboration as full partners.

“From the very beginning, we felt it could not just be a Civic Council initiative. We really needed to create a collaborative that brought other talents and skills and networks to the table. This led to the partnership with MARC and KCADC, all regional organizations, accustomed to working in broad coalitions, bringing unique but complementary skills and expertise to the table.” – Jewel D. Scott

The Civic Council had previously engaged in successful collaborations with both MARC and KCADC. The scope, scale and anticipated longevity of KC Rising demanded, however, a level of integration and coordination of effort that exceeded past efforts. Each organization was able to bring something entirely unique and beneficial to KC Rising, but the management of the process, the balance of effort each contributed to KC Rising in addition to their ongoing commitments to members and stakeholders, and the logistics of the day-to-day work required commitment from the volunteer and staff leaders of each of the organizations.

“MARC has considerable research and data analytics strengths and we have brought that to KC Rising...KCADC has incredible marketing and communications strengths that they have brought to the table. That has been very important...The Civic Council has brought convening power among leadership of the community...They brought organization and financial resources when we have needed it.” – David Warm

The Civic Council recognized the importance of having an individual solely responsible for staffing the volunteer leaders of KC Rising and working hand-in-hand with the partner organizations. In August, 2014, a KC Rising Program Manager joined the Civic Council staff. In addition to staffing the Steering Committee and serving as the liaison among the various organizations and staff members, the Program Manager also provides support to the Globally Competitive Sectors Workgroup and task forces. Along with the Steering Committee co-chairs, the Program Manager ensures the many participants remain focused on the goals of KC Rising and any concerns are quickly addressed.

The collaboration around KC Rising is not only a challenge at the Steering Committee level, but also within the organizations, each of which has a unique mission and expertise and very different cultures. While the Civic Council is often described as the civic R&D operation that does thoughtful research and behind-the-scenes efforts to long-term strategies to improve the region’s quality of life and economic competitiveness, the KCADC is the regional go-to organization for branding, marketing and communicating the region’s value as an economic development site to the U.S. and the world. Both require high performing teams of mission-driven professionals; however, their teams are comprised of individuals with very different skills and motivations, leading to different organizational cultures. MARC also is a well-respected organization that gets high marks for the quality of its work and the contributions it makes to the quality of life in the regional community. Its stakeholders and constituents, however, are local government elected officials, and its culture reflects the reality of its role in working with local government professionals and the many agencies and organizations that partner with and provide services to government. These differences have been challenging, but also have contributed to the depth of knowledge and expertise, the broad networking and the diversity necessary for the success of KC Rising.

“I think the business community looks to our three organizations to lead efforts like this as it relates to growing the regional economy...I think it’s a great opportunity for all 3 organizations to align and work together and come up with something that will hopefully benefit the region for many years to come.” – Tim Cowden – President and CEO, Kansas City Area Development Council

A decision was made early in the development of KC Rising not to include the Greater Kansas City Chamber of Commerce as a founding sponsor. There were several reasons including the Chamber's focus on its Big 5 initiatives. Additionally, the Chamber's World Trade Center had been selected to participate in the Brookings Institution/J.P. Morgan Chase Global Cities Initiative (GCI), which required a major commitment of staff capacity and other resources at the same time KC Rising was getting underway. The decision was made to wrap the GCI work under the Globally Competitive Sectors efforts in KC Rising. As a result, the World Trade Center focused on developing strategies for growing exports from the region to the rest of the world, and the Globally Competitive Sectors Workgroup was able to focus on developing the sectors and clusters that could export either domestically or globally.

As the specific strategies have emerged from the three KC Rising workgroups, the role of the Greater KC Chamber has expanded, and the Chamber has become a fourth partner in KC Rising.

“One of the most helpful aspects of KC Rising is the degree to which it has enabled three organizations, and now increasingly the Chamber, to become more fully aligned and integrated in their work.” – David Warm

The increasing collaboration among the Civic Council, KCADC and the Chamber is an important goal of the leaders of each of these three civic organizations. Following a period in which extensive discussions were held regarding a potential merger of the three, a decision was made to retain separate organizations. A Civic Alignment Committee was created to ensure the three separate groups more fully collaborated and integrated activities as appropriate. The Civic Alignment Committee, comprised of the chairs and vice chairs or incoming chairs of each of the three organizations, meets periodically to evaluate the overall coordination and cooperation and to discuss community issues on which collaboration is required. The level of collaboration and the integration of work around KC Rising have been closely monitored by the Civic Alignment Committee, and are supported by that group as an example of the deep and broad leverage of organizational capacities they expect from civic organizations.

As important to the Civic Council's value around collaboration is its commitment to equity and access to opportunity, regardless of race, gender, ethnicity, or geography. The Civic Council's emphasis on these themes is apparent throughout its history, and led to its development of the Kansas City Neighborhood Alliance and the Minority Supplier Council in the 1970s, its focus on the funding and quality of education in the urban core, and its more recent advocacy against proposed state legislation to allow certain groups to be denied services.

In approving the launch of KC Rising, the Civic Council Board of Directors recognized the emphasis on growing the regional economy could be perceived as, or could develop into, an initiative targeted toward the more advantaged populations in the region. Their message to the co-chairs has been that KC Rising strategies must create pathways to success across geography, race, ethnicity, gender and socio-economic status. This admonition is reflected in many of the strategies, especially in the Human Capital area, and is reflected in the goals adopted for increasing household income and the region's quality jobs, defined as those requiring a post-secondary certificate or degree or paying above the median income for positions not requiring a post-secondary certification.

“[KC Rising] isn’t about providing social services. We recognized early on that’s a part of the enabling strategies in any economy and many of our members engage in those efforts. What we really needed to be about in KC Rising was creating an economy within which there is opportunity and access across broad and diverse populations.” – Jewel D. Scott

The Role of Business in the Community

“The role of business in the community is first and foremost to be successful... and to provide a good opportunity for people to work... The role goes beyond a business’s self-interest. [The business community] has an obligation to participate in that community and help to fashion strategies and align resources in ways that can improve the quality of the community.” – Donald J. Hall, Jr.

“The broad role of business in the community, at its most basic, is to provide jobs and economic benefits to their employees and help families all over the region live more meaningful lives.” – Kristi Wyatt – Senior Vice President of Public Policy and Programming, Greater Kansas City Chamber of Commerce

The founders of the Civic Council believed their businesses had a responsibility to improve the community they lived and worked in and provided a quality place for their employees. That core belief was a motivating factor in the establishment of the Civic Council. The initial members of the Civic Council also thought they brought a unique set of personal and corporate resources to their role in supporting a community that offered a high quality of life and economic opportunity.

One of the most important elements in KC Rising is its development as a business-led initiative. As Co-Chair Scott Smith explains the conceptualization of KC Rising, “It was clear from the data that KC, Inc., was struggling. The obvious response for us as business leaders was to take a business-like approach to understanding why it was failing and to developing a strategic turnaround plan.” Although collaboration with many organizations and groups, including elected officials, would be important in the long-term success of KC Rising, the engagement of business leaders and the expertise they brought to the table was a critical factor in gathering support for its launch.

“The primary role is to run a successful business for your employees’ benefit and your clients’ benefit...Anything meaningful in the region typically isn’t achieved just by the public sector, or businesses, or by not for profits. The notion of the three-legged stool and business playing its role effectively as the third leg of that stool is very important.” – Scott M. Smith

Kansas City has a long history of civic engagement by business leaders. The history of the Civic Council, the Greater KC Chamber and other organizations includes a roll call of business leaders throughout the years. What makes Kansas City unique is the personal engagement of these individuals. As a business leader commented in a meeting about membership in the Civic Council, “Kansas City is unique in our company’s experience across the United States. If you are going to do business here, you have to be involved.” Other business leaders who have moved to the region have echoed those comments, noting the peer pressure that is exerted by business leaders.

This history of personal engagement helped to create the expectations of business leaders for KC Rising and for themselves as supporters and participants. Although a strong and diverse staff team has been developed across the collaborating organizations, the volunteer leaders provide

ideas, determine the direction of the work, and contribute their time and resources, as well as those of their companies, to the effort. This roll-up-your-sleeves type of leadership reflects a significant level of commitment to KC Rising.

“The role of business in the community is to lead...Any community plan of merit has to have the business community at the lead. Any future job growth is going to be generated by the business community. If the business community is not involved with a business plan to grow the regional economy there is a major disconnect there. So the business community had to lead this because they have the greatest ability to grow the economy and they have the most at stake.” – Tim Cowden

The selection of a name for the initiative was an important early decision. The business leaders recognized that calling for a communitywide effort to develop a Metropolitan Business Plan was unlikely to generate excitement or the level of buy-in necessary to sustain a long-term initiative. The KCADC’s marketing team was commissioned to undertake a branding effort. Among the key concepts in selecting KC Rising’s name was “a rising tide lifts all boats.” This phrase and the visualization of “rising” economy helped to communicate the message that KC Rising was not about dividing up the existing economic pie, but, rather, growing the pie so that everyone has a chance at a bigger piece.

More quality jobs and higher median income means more money spent in the region. More money spent means higher MGRP. Higher MGRP means more jobs and more profits. The combination of these factors makes it easier to attract talent, to grow business outside of the region, and ultimately improve the bottom lines of business and the people who live in the community.

“I see business as the engine of economic activity...Ultimately it is about people and it is about the quality of life that people derive from commerce. I think business has an important role in supporting and contributing to the community.” – William C. Gautreaux

“Once you start talking about what creates wealth and opportunity, there is really only one answer and that is the private sector...It was critical that the business community lead the conversation and pull in the public sector leadership to understand and participate.” – David Warm

The idea that a CEO would work on an initiative that might attract competition, or help grow talent for competitors, could be a tough sell in an environment with fewer corporate leaders who believe what is good for the community is good for their bottom line. That understanding of the value to companies of doing good for the community is critical to the success of KC Rising. Additionally, KC Rising can be successful only if it has the support of many businesses and business leaders working in tandem with a broader set of community stakeholders.

“Even though it was business driven we wanted the buy in from the elected officials and the chambers from the outset.” – Dr. Douglas Girod

The role of business leaders in obtaining and maintaining the buy-in of other constituent groups in the community is critical. The importance of the decision to delay rolling out KC Rising until listening meetings could be held with other business, civic and political leaders in the region cannot be over-stated. People are more likely to support an effort if they feel that they have a say in it, and they are more likely to invest their time and resources if they understand the goals and potential outcomes.

“What KC Rising is doing and continues to do is promote dialog and interaction... We always want to do business with people we know.” – Mayor Michael Boehm – City of Lenexa, KS

The individuals and groups that were included in the early discussions about a Metropolitan Business Plan were given the opportunity to help shape the process and define potential outcomes for KC Rising. These efforts ensured that even those leaders who chose not to be involved, or who were less enthusiastic, would be aware of the initiative and know their opinion was valued.

The decision for the business community to take the lead on KC Rising was the result of considerable thought. When it was conceived in 2013, the economy nationally was still at less than full recovery from the devastating recession of 2007-2008. The national mortgage crisis, bailouts of the auto industry and restructuring of the financial services sector had created a national narrative about Main Street vs. Wall Street and a back lash against the 1 Percent of wealthy individuals in the nation. The negative attitude toward “big business” was further exacerbated by the layoffs and wage and benefit reductions that had occurred as companies restructured and reined in costs in response to reduced business activity.

As the Civic Council considered the environment in which KC Rising would have to be developed, it was apparent the outreach to the community was a critical prerequisite. The Civic Council Board also recognized the effort would require absolute fidelity to the concept of collaborative, transparent and accountable action, and the Civic Council’s traditional, and more comfortable, position behind the scenes and outside the public and media eyes would be sacrificed. Although the initiative was to be business-led and focused on growing the economy, it was important early in the process to initiate discussions with diverse groups of stakeholders in the metropolitan area, including public officials as well as business and civic leaders.

“I think that [KC Rising] did a really good job of having everyone at the table and rounding it out to where there was a very diverse group.” – Sheila Tracy – President, Northland Regional Chamber of Commerce, Past KC Rising Steering Committee Member

In addition to sprawling across two states, multiple counties and dozens of municipalities, the KCMSA is comprised of a diverse population.

“We recognized that being divided by a state line, numerous county and city governments all played a role in this mosaic.” – Donald J. Hall, Jr.

“We have everything from farms and rural areas to inner city neighborhoods. We have small businesses, large businesses... We have places in this community where 50 languages are spoken

in the schools and then we have other places that are very homogenous. The region is very diverse and as we think about how we go forward in crafting strategies that uplift everyone in the community is important that we recognize these differences.” – Jewel D. Scott

The decision to have industry lead the effort, rather than government, had both advantages and disadvantages. Although the region is home to a number of public officials who maintain a regional perspective and are supportive of efforts that reach across jurisdictional boundaries, they still are elected, and re-elected, by local constituents who often care more about their police and fire services than the economic health of the region. These local realities make it more difficult for governmental leaders to initiate and implement long-term, strategic and systemic changes that entail a degree of risk and produce outcomes that benefit the larger metropolitan community over a number of years or even decades.

The business leaders could not, however, lose sight of the need to maintain a strong link with the region’s government leaders. As Co-Chair Douglas Girod observed, “Policy influences a lot of things... We knew that the public sector was going to be critically important.” An important first step in communicating the importance of public sector support and participation was the decision to engage the Mid-America Regional Council as a sponsoring partner of KC Rising. This partnership not only benefited the initiative through the research and regional facilitation resources available through MARC, but also provided tangible evidence the public sector had a seat at the table. Through meetings with public sector leaders KC Rising also was able to tap into the broad regional networks of elected officials to identify and recruit talented leaders from across the metropolitan area to participate in committees and task forces.

“When we talked to elected officials, they were very supportive from day one. They did not see this as infringing on their territory. They saw the enablers as what they do on a day to day basis. They were glad the business community was finally stepping up to do this. There was some thought that this had been a shortcoming of the business community... We thought it was really important to bring [public officials] along. Particularly so that when we get to policy and advocacy issues, they are familiar with what we’re doing. That they believe what we are doing really has value to their jurisdiction and the entire region.” – Scott M. Smith

Economic Development – Drivers and Metrics

The findings from *Prosperity at a Crossroads* showed troubling trends for Kansas City’s economy. Kansas City was lagging behind national growth rates in terms of Jobs, Output and Wages. Future changes in the global economic landscape and disruptive technologies would affect the regional economy as well. The region lacked a coordinated economic development plan for the future. There was a clear need for a focused, intentional economic development plan centered on three key economic drivers: Trade, Ideas, and People.

“We needed to be very clear about what would drive economic value in the community... [The drivers] are the catalyst for change and real economic improvement.” – Donald J. Hall, Jr.

The Brookings’s Institution developed a framework for Regional Prosperity focused on economic drivers (Traded Clusters, Innovation, and Human Capital) and enablers (Infrastructure, Governance, Social Equity and Cohesion). KC Rising made a conscious decision to focus on the drivers instead of the enablers.

“We had to focus on the things that were really going to move the needle, and it was the drivers that were going to do that... The drivers were where we thought the business community could focus, and where we thought the business community could really make a difference.” – Dr. Douglas Girod

The business and civic leaders who launched KC Rising stressed in meetings with public officials and private leaders that it was important to address both the enablers and the drivers of the economy. Their decision to emphasize the drivers in KC Rising was not intended as criticism of the excellent work across the metropolitan area on initiatives related to the enablers. Rather, the decision reflected their recognition that little had been done to address the drivers, one of the factors in the declining performance of the regional economy

“It became clear that what was missing in this town and was unattended to, was the drivers... We were explicit that this was not about the enablers, but we want to pay attention to those... On the enabler’s side, there is so much inertia and so much work already.” – David Warm

The founders of KC Rising also believed that by addressing the economy through the drivers they would be more likely to have a significant impact on the lives of all residents throughout the community. A question raised while KC Rising was still in the conceptualization stage was whether KC Rising was about improving economic conditions and the future of just the “1 Percent” and their companies. The Civic Council Board of Directors and the partner organizations were clear in their responses that a vibrant and economically successful community required KC Rising’s economic outcomes to have broad and deep impacts.

Their focus on improving the access to opportunity, as well as creating new opportunities, was top of mind for the KC Rising Steering Committee members as they discussed the goals of KC Rising and the metrics that would be used to measure success. Although they recognized individual strategies would require the development of several sets of measurements of both activity and strategic success, the Steering Committee left the creation of those “nested goals” to

the groups that were convened for the purpose of strategy development and tactical implementation. The Steering Committee instead focused on articulating goals they believed would reflect not only the success of the initiative but would also be emblematic of the commitment to improving the lives of the region's residents across boundaries.

"It was driven by the question of, "Five or ten years from now, how do we know if this has been successful?" – Scott M. Smith

A key point in these discussions was the importance of measuring progress against peers, as opposed to simply evaluating success or failure against the KCMSA's historical performance. This part of the discussion was informed by the data from Brookings and others, which showed that even if the KCMSA's performance improved year-over-year at the same pace as in the recent past, the region would continue to fall farther behind the more successful peer metros across the United States. After much discussion about other metros, and whether they were peers or aspirational peers, the decision was made to compare Kansas City's performance against the performance of other metros in the same "weight class," or the 15 metros larger and the 15 metros smaller than the KCMSA.

The Steering Committee determined that three "Big Dots" would reflect success in growing the economy and in doing so in a way that benefited the entire region. These three key measures are: Quality Jobs, Median Household Income and Gross Regional Product. The goal will be for the KCMSA to be in the Top Ten of the peer group in each of these measures, which will be the touchstone for the KC Rising Steering Committee, sponsoring organizations and the community as they evaluate progress over time.

"The Gross Regional product is really the measure of whether we are successful...But we wanted to do more than just that. We really wanted that to translate into jobs. You can create a lot of revenue without creating jobs. That doesn't necessarily help your population. We also wanted an equity component. We wanted to make sure that we were intentionally impacting the broadest swath of people possible and that we weren't leaving anybody behind." – Dr. Douglas Girod

"[The three big dots] are things that impact every citizen in our region...These are metrics that everyone can understand and we can measure success over time." – Tim Cowden

"[The 3 Big Dots] are as succinct as you can get for what we care about, which at the end of the day is the joint notion of growth and opportunity." – David Warm

"The Big Dots needed to reflect high level achievement for the initiative...It seemed that the combination of Metro GDP, Household Income, and Quality jobs got to our ability to increase exports or sales outside of the region, which was absolutely critical. But also, through household income and quality jobs, we were looking at change that was sustainable and spread across socioeconomic levels within the community so that no single group of stakeholders within the region was going to benefit while others were left behind." – Jewel D. Scott

In addition to these Big Dot quantitative metrics, the nested goals for strategies will include both quantitative and qualitative, or tactical and strategic measures. Progress on the Big Dots will be the result of action in many arenas, on many fronts, and likely will not be evident in the short-term future. The nested goals will provide more opportunities to see progress in the short- to mid-term, and may relate to process and activity levels as well as the quantitative outputs of the work.

Co-Chair Scott Smith has noted in discussions with community leaders that Year One of KC Rising was dedicated to building understanding and support in the community for a collaborative process, creating a framework for action and engaging in the work a diverse group of individuals from across the region. He has noted that one of the most important outcomes is ongoing discussion among individuals and groups which previously might have been focused on more parochial and local issues rather than the opportunity to collaborate on achieving big, long-term goals affecting the entire region. The results are evident in the growing numbers of organizations and individuals seeking out opportunities to become involved in KC Rising and associated strategies, the strong collaboration and alignment of agendas among the sponsoring organizations, and the positive and constructive tone of discussions with the region's business, civic, academic and political leaders.

More focus has been placed during the second year of KC Rising on the development of the nested goals for signature strategies and the establishment of a process for evaluation. The co-chairs promised the community that an objective and ongoing evaluation of both performance and outcomes would be undertaken and the results would be reported annually. This commitment to both transparency and accountability is considered to be an essential component of the effort to build trust in KC Rising. It also represents for the business and civic leaders who support the effort a much higher profile than in past endeavors.

In addition to the Steering Committee, which set overall direction and goals, the first year of work was carried out by three workgroups, one for each of the drivers. These workgroups included industry leaders and subject matter experts who could provide expertise, contacts and strategic direction to the development of strategies.

The Globally Competitive Sectors (Trade) workgroup focused on researching the important sectors of Kansas City's economy and the local and global trends affecting these sectors. The Human Capital (People) workgroup developed a deeper understanding of the education and workforce development systems in the region and the needs of business and industry for trained and educated workers. The Innovation and Entrepreneurship (Ideas) workgroup analyzed the entrepreneurial and investment sector of Kansas City's economy. All of these workgroups were tasked with researching both the gaps and potential opportunities in their respective areas of focus.

The workgroups were tasked with analyzing the Kansas City economy, but they did so with an eye to events across the U.S. and around the world. Economies are connected, often across both time and space. Benchmarking performance against other metros and knowing about disruptive technologies and events globally provided information at a level that often is lacking in local economic development initiatives.

Trade – Globally Competitive Sectors

The Globally Competitive Sectors (GCS) workgroup was charged with identifying the key industries in the KCMSA, analyzing their potential for growth, and developing strategies for those which represent the highest level of opportunity for meeting the Big Dot goals.

“In order to meet the three overriding goals of KC Rising, the GCS workgroup determined there was clearly a need to choose one or more sectors that would allow us to meet our Big Dot goals.” – Timothy W. Triplett

The GCS workgroup initially identified six sectors that historically had been important to the Kansas City regional economy and had the potential for producing higher levels of growth in the future:

- Architecture, Engineering, and Construction
- Advanced Manufacturing
- Information Technology and Telecommunication
- Finance and Insurance
- Life Sciences and Animal Health
- Logistics

The focus on future growth was critical. The leaders at the table recognized dramatic changes in the business environment were already underway, and a reliance solely on past performance or dominance in the local economy would not produce the desired growth.

“We would have never reached the 3 overarching goals of KC Rising without focusing on the future.” – Timothy W. Triplett – President of Legal, Risk Management, and Government Affairs, Black and Veatch, GCS workgroup Co-Chair

The GCS team began its work with research into the perspectives of local business leaders in the key regional industries and into the current and projected state of these industries globally. KC Rising conducted multiple focus groups with local industry leaders to hear their perspectives on questions that included:

“What makes it easier or harder to do business in the KC region?”

“What is the future of your industry in the global economy and in the KCMSA?”

“What could result from KC Rising that would strengthen your industry’s ability to compete nationally and globally?”

While the focus groups were meeting, KC Rising also commissioned a study of global trends in Kansas City’s key industries. This study not only analyzed the relative opportunity for targeted industries to grow but also identified the technological and other changes that were likely to have either a positive or negative impact on their future. Key findings included the following:

- Human Capital – A prerequisite for success is the presence in metropolitan areas of a human capital pool that is talented, flexible, creative, and globally engaged. A shortage of

talent already exists in the KCMSA in areas of high demand, particularly STEM fields. Partnerships between business and education will be necessary to close the gaps in knowledge and skills.

- Consolidation in the Architecture, Engineering, and Construction (AEC) Sector – A bevy of mergers and acquisitions after the Great Recession of 2007-2008 created a new playing field in this industry. Small and medium size firms will need to collaborate and innovate in order to compete successfully.
- Disruptive Technologies – The Internet of Things, Big Data, and 3D printing are all projected to have profound impacts on most industries.
- Life Sciences Growth – The Life Sciences industry continued to grow, even during the recession, in both the human and the animal health segments. There was a global push, centered on the concept of “One Health,” for collaboration between human and animal health experts to solve problems in both fields.
- Logistics and Transportation – Changes in technology, including driverless automobiles, and new transportation options (Uber, Lyft, etc.) are changing transportation. In the logistics industry, increased competition and new technology (drones, 3D printing) already have begun to alter the competitive landscape.

After the initial round of focus groups, the decision was made to add sessions on cyber-security and with Millennials. Cyber-security was raised by every industry group as a concern because of the risk it posed to their businesses and their clients, its impact on the cost of doing business, and the difficulty of attracting talent in the cyber-security field. Although no immediate strategy in cyber-security was identified, it was prioritized as an important cross-cutting issue that should be further explored in Year Two of KC Rising.

Discussions with focus groups of Millennials were designed to hear their reactions to the initial findings of KC Rising and to elicit their perspectives on living and working in the KCMSA. They represented a range of industries and were recruited in three groups: Those who grew up in Kansas City and stayed; those who came to Kansas City from somewhere else; and, those who left Kansas City and remained elsewhere. Their comments and suggestions in some ways were similar to those of the industry leader groups, focusing on the need to attract a young, talented workforce and the importance of being seen as an innovative and lively community. They also emphasized that although the KCMSA had made significant strides in meeting the desires of their generation, continued emphasis on communicating progress and building a competitive base of both jobs and talent was critical.

“I think the biggest challenge was trying to get down to what were the two or three most critical outputs in the first year. I think the focus groups and the research really helped identify those opportunities.” – Dan Krouse – VP Logistics and Indirect Procurement, Hallmark Cards, GCS Workgroup Co-Chair

The information provided by the sector analysis and focus groups, suggested two industries that Kansas City should focus on when developing strategies to benefit the economy of the region: (1) Architecture, Engineering, and Construction (AEC), and (2) Life Sciences. The decision was made to focus on a “cluster” strategy, similar to the Tech cluster in Silicon Valley and the local Animal Health Corridor, for these industries.

“As a signature cluster, one of the criteria was, where do we already have strengths? Certainly we have that in the Design and Construct area, and we certainly have that in the Life Sciences, particularly in the Animal Health area, but also in health informatics and other areas... [These clusters] seemed ripe for a focused effort to leverage the great success we’ve already had.” – Dr. Douglas Girod

Strategies

Design + Construct Cluster

This cluster was chosen as an initial area for focus because of its numerous obvious strengths in the region. For example, the KCMSA is in the top 10 of all U.S. metros for large architecture and engineering firms, has employment growth above the national average, and opportunities for growth.

“It was natural for us to pick the Architecture, Engineering, and Construction sector because Kansas City has such a critical mass of those companies that are growing and are vibrant in our community. We felt that these companies could form the base of something that could grow even further. Our goal was to figure out what we could do together that we couldn’t do as well separately. Without a doubt, the most important element [for success] will be the support and backing from the leaders within the design and construct industry. Their participation and time will enable us to help showcase the Design + Construct sector in our community on a national and global level.” – Timothy W. Triplett

This group held its first meeting in June 2016 and included senior executives from the region’s top engineering, architecture and construction firms. That first gathering of these industry leaders was focused on hearing their reactions to the proposal to create a strategy and soliciting their ideas about what might be included in such a strategy. Their suggestions included a focus on a branding/marketing/communications initiative to define the KCMSA as a national/global center for Design + Construct; collaborative efforts with industry groups to build the regional brand; strengthened alliances with international business organizations; education and workforce pipeline enhancements to meet human capital needs; business-to-business collaboratives; and public policy initiatives to improve the region’s attractiveness as a Design + Construct center.

The task force is developing a business plan for this industry-specific effort and plans to roll out the specifics at the Year II report to the community in February 2017. The initial work will involve the development of the branding/marketing/communications plan; stronger ties with industry groups; and collaboration with the Human Capital workgroup on the Talent to Industry Exchange for the Design + Construct industry. Members of the task force also have initiated efforts to bring additional industry leaders into the task force and other groups to advise the task force on its work.

“We looked at the Animal Health Corridor and their branding and the fact that it created a lot of synergies, recognizing there may be an opportunity like that for Design + Construct.” – Dan Krouse

The Design + Construct group initially reviewed the history and tactics of the Animal Health Corridor, which provided an example of steps that can be taken to develop a brand around a

strategic strength of the region. Although there are similarities in the two, such as an existing group of influential industries and CEOs, there also are differences. The strength of the animal health industry's presence in the Animal Health Corridor truly has no peer globally. When the Animal Health Corridor was created, and the claim was made to being the "Animal Health Capital" of the world, there were no challengers. Kansas City's strength in the Design + Construct industry is less obvious, requiring the telling of multiple stories about local firms' dominance in sports architecture, green design, water engineering, innovative bridge design, and power plant design and construction. Despite these differences, and the slightly different directions each industry strategy will take, the Animal Health Corridor remains a strong example of the success the region can enjoy when it selects an industry that represents an existing strength, engages the leaders of that industry and the economic development/civic/business communities in growing the region's brand, and remains intently focused on implementing the strategy over an extended period of time.

Life Sciences Nexus

Life Sciences also stood out as an obvious sector for an industry focus. In addition to the Animal Health Corridor, the KCMSA is the home of numerous other assets that are acknowledged nationally and globally, and this was the one sector that grew in the region through the 2007-2008 recession.

"Life Sciences historically have been the only sector that continues to grow throughout the multiple recessions we have had. The period after the real estate bubble, the period after the internet bubble, the life sciences comprised the only sector that continued to grow after both of those tumultuous times." – Dr. Wayne Carter - President and CEO, Kansas City Area Life Sciences Institute

The Kansas City Area Life Sciences Institute (KCALSI) was a natural partner, having just completed a new strategic plan for the region's life sciences. Deloitte, which was the consulting partner on the life sciences plan, undertook extensive benchmarking of the life sciences industry in the U.S. and around the world to identify opportunities for the Kansas City region. The consultants from Deloitte noted the leadership of Kansas City in the animal health industry but also suggested Kansas City had an opportunity to develop a niche market in the nexus of animal and human health. They also pointed to the region's strength in analytics and health outcomes research as opportunities for growing the life sciences presence in the regional economy. On the cautionary side, Deloitte questioned deficiencies in the region's approach to STEM education and identified the need for focused strategies to develop the human capital necessary to fuel the industry's growth.

"There are a few areas we are focusing on and they overlap quite nicely with what KC Rising is working on (Exhibit 5), one of which is workforce development, another is capital formation... We are working with both of those areas to ensure that needs are being met" – Dr. Wayne Carter

Exhibit 5 – KCALSI, KC Region Life Sciences Strategy



The KC region, when defined with geography similar to that of the Animal Health Corridor, which reaches through Kansas City and runs from Columbia, Missouri, to Manhattan, Kansas, has a unique opportunity at the intersection of animal, plant, and human biosciences. Among the assets that create opportunities in this nexus are the Animal Health Corridor, the University of Missouri, the University of Kansas, Kansas State University, UMKC and the Kansas City University of Medicine and Biosciences, the Stowers Institute for Medical Research, a cadre of experts in Health Outcomes Research and Analytics, the future National Bio-Agro Defense Facility under construction in Manhattan, and a host of clinical research organizations and other biosciences companies, including Cerner, NetSmart, Teva, Ceva, Bayer and Boehringer-Ingelheim.

Global shifts toward value- and outcome- based healthcare, have created opportunities for regions that focus on efficient and synergistic programs. The KC region has 30,000 life sciences jobs and the world’s largest concentration of animal health industry assets.

“From 2009-2012 we had about a 17% increase in employment. From 2012-2015 we had over a 20% increase in employment...” – Dr. Wayne Carter

The KCALSI is working closely with KC Rising to determine the optimal positioning for the Nexus and to develop a business plan that can be implemented. The statistics clearly demonstrate there are regional strengths on which to base expansion of this sector of the economy; however, the articulation of the “Nexus” will be challenging. As efforts continue to more clearly define the Nexus and related strategies, efforts are well underway on the Life Sciences Talent to Industry Exchange. Research into critical current and future life sciences talent requirements and the capacity of regional institutions to meet those needs is underway. Industry and education/workforce leaders will meet in the fall of 2016 to develop solutions.

Global Cities Initiative

A priority component of the Globally Competitive Sectors work for KC Rising has been led by the Greater Kansas City Chamber of Commerce's World Trade Center, which was selected to participate in the Global Cities Initiative (GCI) of the Brookings Institution and JP Morgan Chase. The early data from the Prosperity at the Crossroads report had noted a substantial decline in the share of the KCMSA's GDP attributable to exports, or sales, outside of the region. The GCI was designed as a multi-metro initiative to provide technical assistance for increasing a region's exports.

“The Timing with GCI application and KC Rising rollout was terrific...It became obvious that GCI would be a great piece of the pie of KC Rising.” – Kristi Wyatt, Vice President, Greater Kansas City Chamber of Commerce

Although the GCI had its own Steering Committee, the volunteer co-chairs of that committee served as well on the Globally Competitive Sectors workgroup of KC Rising, and the leadership and staff teams from the sponsoring organizations of both closely coordinated the data gathering and other related work. This was consistent with the decision early in the development of KC Rising that staff and leadership capacities would be shared across the initiative as necessary and appropriate.

During the research phase of the GCI initiative, it was found that a variety of organizations and agencies in the region provided a range of excellent services to companies that wanted to export; however, many small and mid-size companies were comfortable marketing and selling their goods and services to their current markets. Others might be interested in exporting, but needed assistance.

The World Trade Center is focusing its efforts over the next year on identifying small and medium size companies ripe for export expansion, providing export assistance to these companies, and engaging other KC entrepreneurs to think globally from day one. The export plan was unveiled on April 7, 2016. The primary strategy that developed from this was an Export Concierge service. The World Trade Center will provide hands on concierge services for business trying to navigate the complexities of exporting to markets around the world. More than 20 businesses have already signed up for the initial concierge services.

“We are building exports one at a time. That's what the concierge service allows us to do.” – Kristi Wyatt

When work began on the export plan, it was envisioned Kansas City would apply for participation in the next phase of the GCI work, which was the development of a Foreign Direct Investment plan to bring investments from abroad to the KCMSA. Applications for that process were due shortly after the rollout of the export plan and as Year II of KC Rising was beginning. The decision was made, based on a commitment to make significant progress on the signature initiatives of KC Rising during 2016 and an assessment of available staff capacity within the sponsoring organizations, to forego application for the FDI. The leadership team agreed to place discussion of the FDI on hold, but to re-visit its development after Year II.

The GCS Workgroup also identified additional industries and technologies that cut across the economy and provide unique strengths and target-rich opportunities for future consideration. These included Smart Transportation and, as previously discussed, Cyber Security.

Transportation is an important part of the Kansas City story, dating back to the role of the community as a jumping-off point for wagon trains headed west. The railroads are, an important element of Kansas City's development as a transportation and logistics hub, as are the interstate highways. These transportation assets create a backbone of infrastructure for moving both people and freight into, across and from the region. The region's ability to strategically address both the opportunities and the challenges of maintaining a strong transportation and logistics center will be an important factor in future success.

The community's leaders know, however, that transportation is changing. The impact of technologies, such as the Internet of Things and the introduction of drones that are operated remotely to deliver products on a regional basis, has the potential to be highly disruptive. Challenges also exist for incorporating new types of vehicles to the transportation system and providing the smart infrastructure that will be necessary in the future. Rather than addressing these separately, KC Rising is supporting a public discussion and ongoing planning around these issues through Kinetic, a look at the future of public transportation. Kinetic is sponsored by the Civic Council, MARC and MRI Global, in collaboration with a host of other organizations and companies with a stake in the future of transportation.

Just as the Internet of Things, by which more products and services can be designed, produced and delivered digitally, has affected the movement of freight, the collection, analysis, and dissemination of Big Data is expected to affect nearly every industry. Both the accumulated data and the services and products affected by these developments have created unprecedented opportunities but also risks, creating the need for ever higher levels of cyber-security measures to be implemented.

As KC Rising moves through Year II, increasing attention will be given to these technology disrupters, not only in terms of their impact on the Design + Construct and Life Sciences Nexus strategies but also as they offer challenges and opportunities to other sectors of the economy.

People – Human Capital

The Human Capital (HC) workgroup addressed the need to develop a workforce pipeline driven by business demand and public/private education partnerships. The focus is on attracting the best and brightest talent from around the world and taking full advantage of the existing educated and educable population in the region. The work world of tomorrow will require flexibility, adaptability, and a realistic and informative way to expand existing skills and develop new expertise and skills in the working age population.

“There is a lot of energy in Kansas City around people. There is a broad based, common understanding that business doesn’t work without having the talent that it needs.” – Sandra Price – Vice President (retired) of Human Resources, Sprint, Co-Chair, Human Capital workgroup

The Human Capital workgroup conducted research to determine the needs of businesses in the region as well as the programs that were already in place to help these needs. They looked at expected future trends in employment demand and the estimated supply of talent. They reviewed education and training from the pre-school level to adult learners.

“We spent two months inventorying and understanding the assets already in this community. That was an important step for us... We looked at what was already occurring that could be leveraged, maximized, or accelerated to achieve the goals [of KC Rising].” – Sandra Price

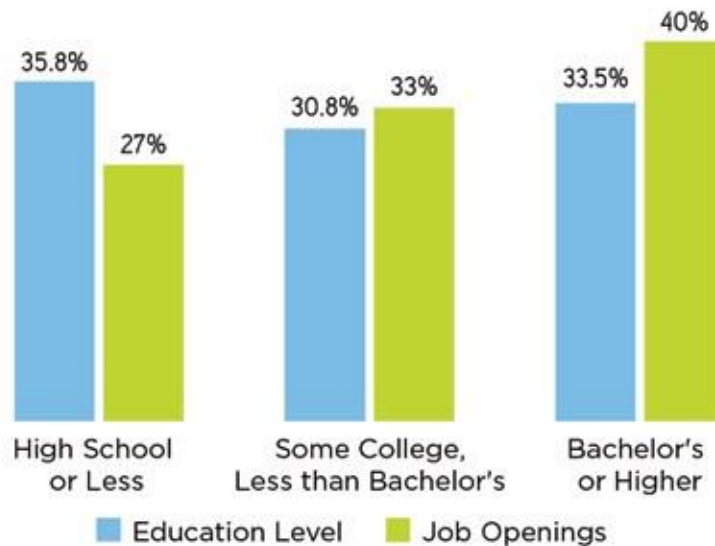
A Metrics and Analytics sub group was created within the Human Capital workgroup to ensure success was measured and aligned with the overarching goals of KC Rising. Key findings included:

- (1) Local demand for educated workers exceeded supply (Exhibit 6).
- (2) There was a lack of coordination between the various constituents involved in human capital work.
- (3) According to the 2014 American Community Survey, over 315,000 adults in the KCMSA had completed some post-secondary education but had not completed a degree or certification.

“Alignment with the Big Dot outcomes was important. What does it really mean to be a Top 10 city amongst our peers from a Human Capital perspective? What does it mean to have high quality jobs? What does it mean to be inclusive from an access perspective? What will success look like? Not only what will it look like qualitatively and quantitatively, but at what rate do we have to make change happen to close the gap with peer cities?” – Sandra Price

Exhibit 6 – From Prosperity at a Crossroads

Kansas City's Educational Mismatch, 2012



Source: Jonathan Rothwell, "Education, Job Openings, and Unemployment in Metropolitan America, Brookings, 2012.

After carefully analyzing the data, the workgroup determined that in order to create a skilled workforce with greater potential fulfill the needs of businesses now and in the future it would develop strategies in three categories: Alignment, Attraction, and Access.

"The biggest challenge that emerged was our triple A's. We categorized our challenges and opportunities as: Alignment, first; Number Two, Attraction, which includes retention; and Number 3, Access, because it's not just about a few people succeeding. This is about an entire region's workforce, and potential future workforce, succeeding." – Sandra Price

Alignment strategies focus on more efficiently integrating existing assets in the Kansas City region. The Human Capital workgroup found that many organizations, agencies, groups, and individuals, as well as education institutions, were engaged in thinking about, planning for, or offering education and workforce development services. These groups often worked together, but the workgroup perceived that greater success in aligning assets would increase the likelihood of synergies and success for multiple parties.

"Alignment is first and foremost because without that the other two, Attraction and Access, don't have a chance to succeed...Alignment means that all the assets work together optimally. For a region our size, we have all the assets we need and then some. It's how these assets work together to grow our people, and our people potential [that matters]...How do we make these many assets that we have work for Kansas City?" – Sandra Price

Although success on alignment is critical, the workgroup did not hold up the development of Attraction and Access strategies. The Attraction strategies take aim at positioning the KCMSA

to both attract and retain top talent. They recognize that metros across the country, and even around the world, are competing for the same workers. This hyper-paced competition for talent requires strategic actions on several fronts. Access strategies focus on broadening the scope of the human capital work in the Kansas City region and creating opportunities for all. Access was an important goal for the Human Capital workgroup, which recognized the overall priority for KC Rising to provide access to opportunity across the many stakeholders in the region. The attention to Access also responded to the data, which revealed there were more than 300,000 working age adults in the region with some post-secondary education but no certificate or degree. If even a fraction of this group is identified and responds to opportunities to obtain additional education and training, they could see improvements in employment and compensation levels and the community could, in return, quickly see a group of motivated and trained/educated workers ready to move into high demand positions.

Strategies

“We wanted to launch initiatives that tied to the big dot outcomes, that leveraged Kansas City assets, and that would accelerate progress and success so that we would feel momentum...The approach for year one was building on success of things that were already in place.” – Sandra Price

Talent to Industry Exchange (TIE)

TIEs are replicable public/private partnerships that bring industry and education groups together to solve workforce challenges. This Alignment strategy will harness the expertise of leaders in business, labor, education, and economic development. The TIEs provide a coordinated and comprehensive approach to identifying opportunities and solving problems in talent development. In 2016, KC Rising will pilot two TIEs, one for the Life Sciences sector and one for the Design + Construct sector.

Talent Recruitment Tool Kit

The Talent Recruitment Tool Kit is an assemblage of the most popular lifestyle marketing tools developed by TeamKC: Life+Talent, a program of KCADC. These tools have been repackaged as “America’s Creative Crossroads” and are available on the KC Rising website for any employer to use in its recruiting processes. The Tool Kit is available for free and showcases the many things Kansas City has to offer. This Attract strategy is useful for local businesses in recruiting talent from outside the KCMSA and in its first few months of availability has received positive reviews.

KC Scholars/Graduate! Network

The Kauffman Foundation and other members of the community have developed an innovative access to post-secondary education model called KC Scholars. KC Rising has endorsed this model as part of its Access strategy. KC Scholars includes traditional scholarships to be awarded to high school juniors, incentives for college saving accounts, and pathways for adults to finish post-secondary degrees or work training credentials. In addition, KC Rising will provide the counseling and advising support necessary for the adult education arm of KC Scholars by establishing a Graduate! Network affiliate in Kansas City. This program, KC Degrees, is to be

launched simultaneously with KC Scholars in September 2016. It takes specific aim at helping the 300,000+ adults in Kansas City who have some college, but no degree, to complete their post-secondary education.

“For the Human Capital workgroup, the biggest challenge is ready-now talent...How do we move faster to have ready-now talent and shorten the time to fill [open jobs]?” – Sandra Price

Ideas – Innovation and Entrepreneurship

An Innovation and Entrepreneurship (I&E) workgroup, populated with serial entrepreneurs and investors, drew from their extensive experiences and focused on building a tightly-woven, well-integrated, and results-oriented regional ecosystem for innovation and entrepreneurship. This sector has become increasingly important in a modern regional economy.

“The way to solve a lot of economic problems is to grow jobs...The only way in the 21st century to create jobs is to be the innovators...You’ve got to have people who are willing to take risks to grow companies.” – Darcy Howe – Managing Director, KCRise Fund

“Innovation and entrepreneurship is the key to growing jobs and the future economy. The majority of job growth is coming from new small and medium companies.” – Ronald LeMay – Managing Director, Open Air Equity Partners and Former President and COO, Sprint

They met with investors and entrepreneurs to gather information about what Kansas City had to offer and what it was lacking. From entrepreneurs, the general perception was that Kansas City investors were very risk averse and that there was little capital available.

“The reality is Kansas Citians are generally risk averse. The reality also is that there is more capital available and more capital at work in early stage companies than many people realize... The perception that there is no money is only partially correct. There is a large amount of money with a small number of people that are very connected. But the rest of Kansas City doesn’t know about it...” – Darcy Howe

The investors came from a different perspective. They perceived the problem was less the availability of willing investors and more a lack of quality ideas in the region. Again, the perception did not necessarily match reality.

“There are world class ideas being built in Kansas City that could have traction in a very big way.” – Darcy Howe

There was a major gap in connectivity between the investors and the entrepreneurs in the region. The workgroup identified the need to create an environment that facilitates creative collisions and is more forgiving of failure, using it as an opportunity for learning.

“I saw the disconnect between the entrepreneurs and the funders... The reason [Entrepreneurial systems] work is because of connectivity... It’s all built off of trust.” – Darcy Howe

There was a need to not only change the reality of the entrepreneurial environment, but also the perceptions. The I&E team determined a key would be to create opportunities for both the entrepreneurs and the investors to connect more often and more naturally in order to share information and to create trust.

Although neither the narrative about the lack of funding or the belief there was a shortage of good companies/ideas to fund was totally accurate, the team members did see an opportunity to

bring more funding to the table to support company formation, growth and retention in the region. They also identified that need to be more intentional about educating and informing potential investors about the opportunity to help grow the community while they also grew their own assets.

Strategies

KCRise Fund

The KCRise Fund will be a vehicle for individuals, businesses, institutions and organizations in the region to co-invest with institutional investors in early stage companies based in the Greater Kansas City area. In addition to providing an opportunity for additional investments in local companies, the KC Rise Fund will collaborate with other organizations to educate investors and entrepreneurs in how best to partner for success.

“We tried to reduce friction for investors and make [investing in Kansas City startups] as low risk and low cost as possible.” – Ronald Lemay

The investors in the fund will expect to make money. The fund will reduce the individual investor’s risk and cost by relying on experienced venture capital firms and other institutional investors with a track record of success. The goal is to have an early close of the fund at \$10 million, with the potential to grow the fund in the future to \$20 million. Calls on commitments will occur as deals are determined appropriate for investments. The cost of administering the fund will be paid by the investors.

“We won’t ask for the money until we find a deal that meets our very high standard.” (Companies receiving investments must possess a Venture Capital term sheet.). – Darcy Howe

The effort to develop a larger base of investors through education, information and networking will be operated under the guidance of an advisory board within KC SourceLink. Grants and private contributions will fund this effort, which will be coordinated with other organizations, such as the Greater Kansas City Chamber of Commerce.

Innovation Hub

KC Rising is working on a hub concept with large companies to bring dormant, innovative ideas to markets and to promote a strong “local customer” ethic among existing larger businesses. These efforts can work across small and medium-size firms, as well as entrepreneurs.

“Numerous examples show that having a physical space where connections can be made is important for innovation.” – Ronald Lemay

A re-thinking of the existing Sprint Accelerator is one idea being considered as a way to jumpstart the Innovation Hub. The goal is to bring large and small companies and entrepreneurs under one roof to increase the likelihood of idea generation.

“[We want to] create systems for [companies] to speak to each other and begin to share and cross-pollinate ideas.” – Darcy Howe

Entrepreneurial Ecosystem

The KCMSA has a rich history of entrepreneurship and innovation. H&R Block, Hallmark, Cerner, Garmin, Tension, BATs, Inergy and other global brands were created by entrepreneurs in Kansas City. The Innovation and Entrepreneurship workgroup are challenged by the opportunity to re-cast the innovation narrative in the region to a positive one about the opportunities that exist rather than the more popular version of Kansas City as a risk-averse, conservative culture unsupportive of new company formation and growth.

“If you think about our history... We have had a lot of innovation in Kansas City. But those companies aren’t necessarily the ones leading the growth in Kansas City now... The new way to do that is you have to build an entire infrastructure around fostering new companies.” – Darcy Howe

Ensuring the Rising Tide

KC Rising held its one year update on February 29, 2015. The event celebrated the successful completion of the initiative's first year, but it also served as a reminder of the work yet to be accomplished. As Scott Smith and Dr. Doug Girod emphasized to the crowd of 300 in attendance, KC Rising is not a short-term project but, rather, a long-term strategic commitment to take the steps necessary to ensure the region remains economically competitive.

The feedback from both supporters and observers following the first year was positive.

"We are off to a terrific start due to the executive participation with these strategies. These participants clearly get it and understand there is a bigger opportunity than what they can pursue on their own." – Dan Krouse

"Everyone from politicians, to CEOs, to entrepreneurs, I think across a broad spectrum, people are positive about KC Rising. But the proof is in the pudding. We are going to have to accomplish the [Three Big Dots]." – John J. Sherman

The leaders of the effort recognized that success in ensuing years would require great organization and continued focus on the priorities.

"Our biggest challenge going forward is that now each priority takes on a life of its own... We run the risk of not keeping our eye on the Three Big Dots and staying focused." – Dr. Douglas Girod

A business plan was developed in the spring of 2016 to provide a more concrete framework for the operations of KC Rising. The business plan highlighted the importance of metrics and accountability and a shift in the role of the workgroups to focus more specifically on their responsibility for monitoring and implementation of business plans.

"We have to demonstrate success. It was very important that we had tangible projects come out of the initial work... [But we] have to constantly refresh the strategy. We have to pay attention to what's next." – David Warm

"The biggest challenge is to now begin focusing on things that can really make a difference... [KC Rising needs to] become successful at being able to operationalize and execute." – Donald J. Hall, Jr.

Additionally, continued support and collaboration from the Civic Council, MARC, KCADC, the Greater Kansas City Chamber of Commerce, and the Area Life Sciences Institute will be vital to success. These organizations will help unite their various constituencies around this broad effort.

"I don't think the biggest challenge is all the organizations staying in partnership...I think everyone is on the same page and there seems to be a positive unity of direction and opinion...The biggest challenge is keeping the momentum." – Kristi Wyatt

Maintaining momentum will be vital to keeping the community engaged and supportive of this effort. KC Rising was never intended to be a one-year plan. Many of the strategies will take several years to fully develop. The ability of the leadership team to clearly articulate goals, evaluate progress both qualitatively and quantitatively, and maintain the sense of accountability for success with which they launched the effort will be important.

“The challenge is that these things take a long time...It takes a lot of work to make sure that you convene as many people as you possibly can to get the most informed and diverse perspective on where we need to go. It is a challenge for a broad undertaking like this, which is really a volunteer effort, to keep momentum, stay engaged, execute over time, and ultimately deliver results.” – William C. Gautreaux

The work continues. Year One strategies are being implemented while new strategies are simultaneously being developed. External factors constantly change and innovation continues to disrupt the economic landscape. KC Rising and its leadership also must adapt and change as the landscape around them shifts. There is risk that the early successes and enthusiasm will wane as other opportunities and challenges appear, leaders move on, or strategies have to be modified.

The ultimate success of the effort will depend on people, those who conceive and carry out the work and those who support them.

“When we started out we got asked a question by probably 75 percent of the people we met with: ‘Who’s the champion of this?’ At the end of the day, whose job is it to go out and make all of this happen?’...That challenge remains. It is going to take great civic attention from the Civic Council, MARC, KCADC, and the [Greater Kansas City] Chamber, and for all of us to hold each other accountable to make this work over the next five to ten years.” – Dr. Douglas Girod

Appendix

Kansas City Peer Metros by Fastest Growing

| | 2010 | 2013 | 2010-13 % Chg & Rank | |
|-----------------------|------------------|------------------|----------------------|-----------|
| Austin TX | 1,716,289 | 1,883,051 | 9.7% | 1 |
| San Antonio TX | 2,142,508 | 2,277,550 | 6.3% | 2 |
| Orlando FL | 2,134,411 | 2,267,846 | 6.3% | 3 |
| Denver CO | 2,543,482 | 2,697,476 | 6.1% | 4 |
| Charlotte NC | 2,217,012 | 2,335,358 | 5.3% | 5 |
| Oklahoma City OK | 1,252,987 | 1,319,677 | 5.3% | 6 |
| Nashville TN | 1,670,890 | 1,757,912 | 5.2% | 7 |
| Seattle WA | 3,439,809 | 3,610,105 | 5.0% | 8 |
| San Jose CA | 1,836,911 | 1,919,641 | 4.5% | 9 |
| New Orleans LA | 1,189,866 | 1,240,977 | 4.3% | 10 |
| Portland OR | 2,226,009 | 2,314,554 | 4.0% | 11 |
| Las Vegas NV | 1,951,269 | 2,027,868 | 3.9% | 12 |
| San Diego CA | 3,095,313 | 3,211,252 | 3.7% | 13 |
| Jacksonville FL | 1,345,596 | 1,394,624 | 3.6% | 14 |
| Indianapolis IN | 1,887,877 | 1,953,961 | 3.5% | 15 |
| Columbus OH | 1,901,974 | 1,967,066 | 3.4% | 16 |
| Minneapolis MN | 3,348,859 | 3,459,146 | 3.3% | 17 |
| Tampa FL | 2,783,243 | 2,870,569 | 3.1% | 18 |
| Richmond VA | 1,208,101 | 1,245,764 | 3.1% | 19 |
| Sacramento CA | 2,149,127 | 2,215,770 | 3.1% | 20 |
| Kansas City MO | 2,009,342 | 2,054,473 | 2.2% | 21 |
| Baltimore MD | 2,710,489 | 2,770,738 | 2.2% | 22 |
| Louisville KY | 1,235,708 | 1,262,261 | 2.1% | 23 |
| Virginia Beach VA | 1,676,822 | 1,707,369 | 1.8% | 24 |
| Memphis TN | 1,324,829 | 1,341,746 | 1.3% | 25 |
| Cincinnati OH | 2,114,580 | 2,137,406 | 1.1% | 26 |
| Milwaukee WI | 1,555,908 | 1,569,659 | 0.9% | 27 |
| Saint Louis MO | 2,787,701 | 2,801,056 | 0.5% | 28 |
| Providence RI | 1,600,852 | 1,604,291 | 0.2% | 29 |
| Pittsburgh PA | 2,356,285 | 2,360,867 | 0.2% | 30 |
| Cleveland OH | 2,077,240 | 2,064,725 | -0.6% | 31 |