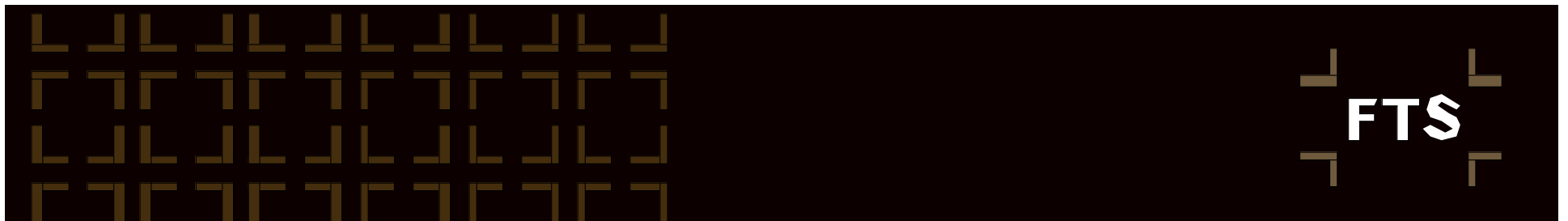


# Developing Vibrant Communities for the New Economy:

## How to Attract, Build, and Serve the Businesses of Tomorrow

New Partners for Smart Growth Conference  
February 07, 2012



**The World Has  
Changed**

**The “Nature of Work” is  
dramatically different.**



**Cities will transform completely in response.**

**&**

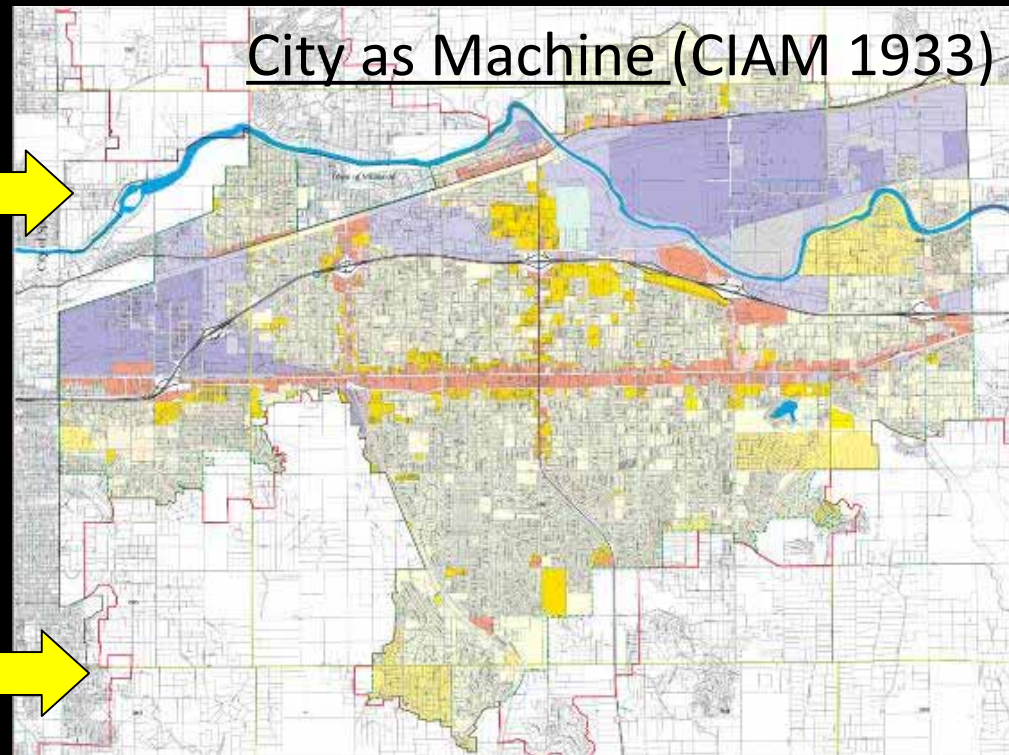
**We have a unique window of opportunity to  
look ahead and leverage these changes to  
develop vibrant communities.**

# The “Old” Economy: Assembly Line Organization



- Synchronized
- Low skill
- organized by component tasks
- Mass production

# Economy Focused on Making & Moving Goods: Cities re-organized using Industrial Principles



- Synchronized routines
- Segregated land uses connected by vehicle “conveyor belts”
- Mass consumption

# The Experiment FIT with the industrial economy of the Era.



**Business park**

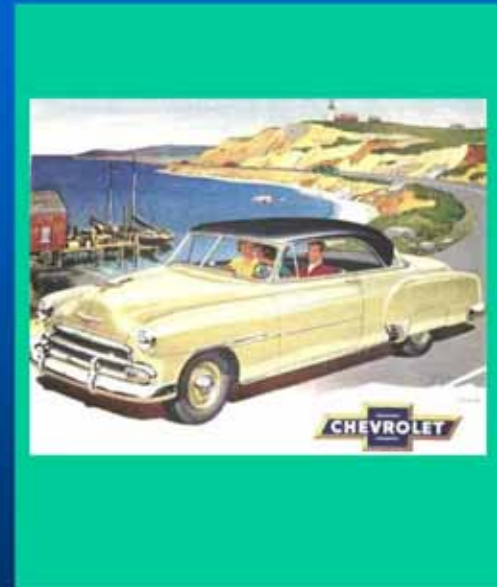


**Shopping Center**



**Housing Subdivision**

Industrial  
Economy



# The New Economy

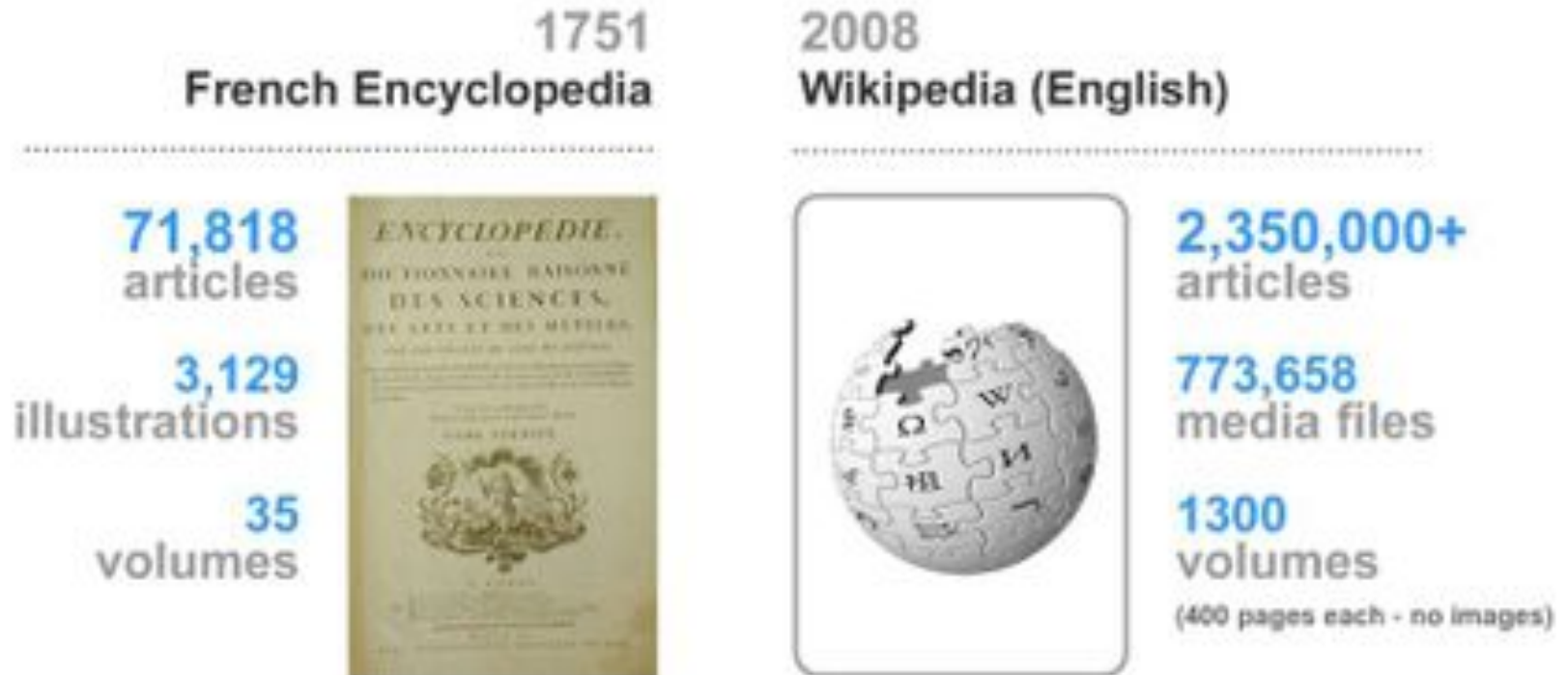
# Beginning in the 1980s: **Wide-spread Digitalization**





**1950 - 0% of information was digital**  
**2007 - 94% of information was digital**

“Gathering the whole of human knowledge”



Source: Manual lima

At first, many thought it was just a change in tools.  
But digitalization has led to  
**Fundamental changes in work activity**



With significantly less labor needed to move and make things, people can spend more time thinking, strategizing, and analyzing (augmented by computing power)

This process of combining ideas  
to create new possibilities...



+



=



+



=



...is called Innovation and it has become the primary wealth-generator in the new economy.

Saskia Sassen: this is not just about software and design, but also about mining and agricultural industries, **all industries.**

Occupation and industry	Total employed	Used a computer at work		Used the Internet at work	
		Total	Percent of employed	Total	Percent of employed
<b>OCCUPATION</b>					
Total, 16 years and over .....	138,823	76,986	55.5	57,892	41.7
Management, professional, and related occupations .....	48,252	38,398	79.6	32,391	67.1
Management, business, and financial operations occupations .....	19,600	15,842	80.8	13,938	71.1
Professional and related occupations .....	28,652	22,556	78.7	18,452	64.4
Service occupations .....	21,887	6,025	27.5	3,490	15.9
Sales and office occupations .....	35,492	23,874	67.3	16,990	47.9
Sales and related occupations .....	16,051	9,577	59.7	6,949	43.3
Office and administrative support occupations .....	19,441	14,297	73.5	10,041	51.6
Natural resources, construction, and maintenance occupations .....	15,003	3,965	26.4	2,497	16.6
Farming, fishing, and forestry occupations .....	1,270	140	11.0	79	6.3
Construction and extraction occupations .....	8,392	1,589	18.9	1,046	12.5
Installation, maintenance, and repair occupations .....	5,341	2,237	41.9	1,371	25.7
Production, transportation, and material moving occupations .....	18,189	4,723	26.0	2,525	13.9
Production occupations .....	9,736	2,878	29.6	1,577	16.2
Transportation and material moving occupations .....	8,454	1,845	21.8	948	11.2
<b>INDUSTRY</b>					
Total, 16 years and over .....	138,823	76,986	55.5	57,892	41.7
Private wage and salary workers .....	108,135	57,855	53.5	42,505	39.3
Agriculture and related industries .....	1,475	299	20.2	187	12.7
Nonagricultural industries .....	106,660	57,557	54.0	42,317	39.7
Mining .....	519	221	42.5	165	31.8
Construction .....	8,198	2,304	28.1	1,719	21.0
Manufacturing .....	16,420	8,521	51.9	6,416	39.1
Durable goods .....	10,179	5,540	54.4	4,192	41.2
Nondurable goods .....	6,241	2,981	47.8	2,224	35.6
Wholesale and retail trade .....	19,571	9,998	51.1	6,406	32.7
Transportation and utilities .....	5,167	2,462	47.6	1,741	33.7
Information .....	3,217	2,493	77.5	2,170	67.5
Financial activities .....	8,888	7,328	82.4	6,127	68.9
Professional and business services .....	11,485	7,850	68.4	6,554	57.1
Education and health services .....	17,063	10,620	62.2	7,297	42.8
Leisure and hospitality .....	10,288	3,126	30.4	1,815	17.6
Other services .....	5,844	2,635	45.1	1,907	32.6
Government workers .....	19,937	13,773	69.1	11,158	56.0
Federal .....	3,258	2,198	67.5	1,757	53.9
State .....	5,759	4,234	73.5	3,664	63.6
Local .....	10,920	7,341	67.2	5,737	52.5
Self-employed and unpaid family workers .....	10,751	5,357	49.8	4,229	39.3

2011

Lynda Gratton

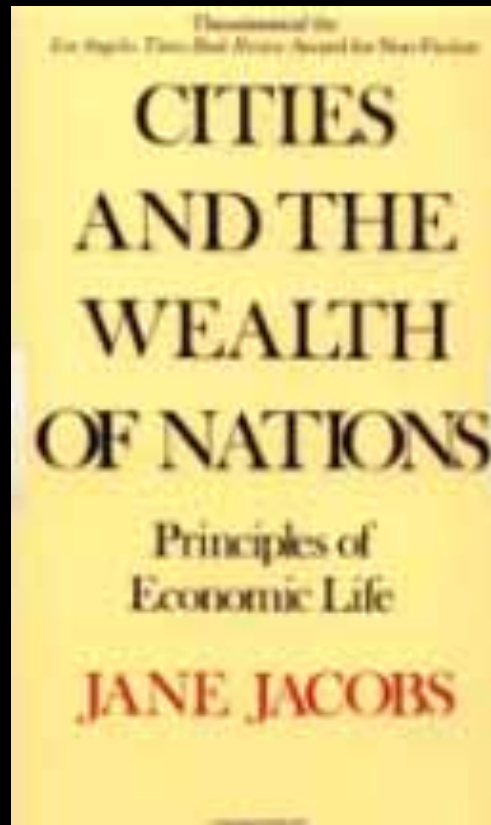
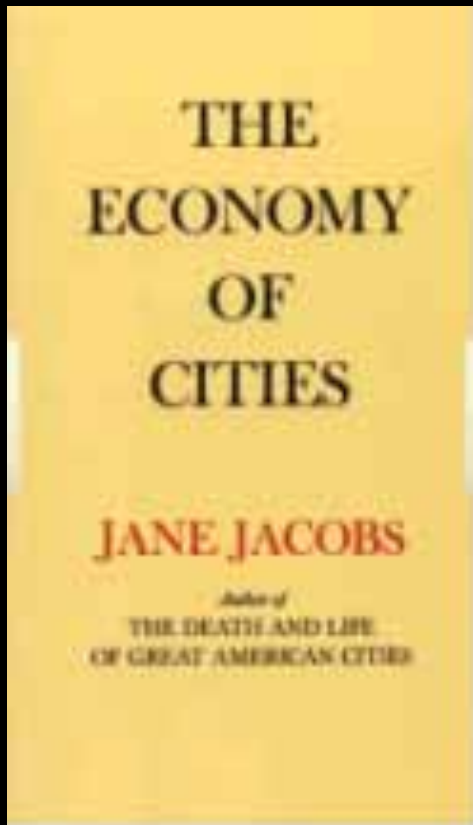
“We are witnessing now  
...a break with the past **as  
significant as that in the  
late 18<sup>th</sup> and early 19<sup>th</sup>  
centuries** when parts of  
the world began the long  
process of  
industrialization.”

LYNDA GRATTON  
**THE SHIFT**  
The future  
of work is  
already  
here

Have you made the crucial shifts for success?

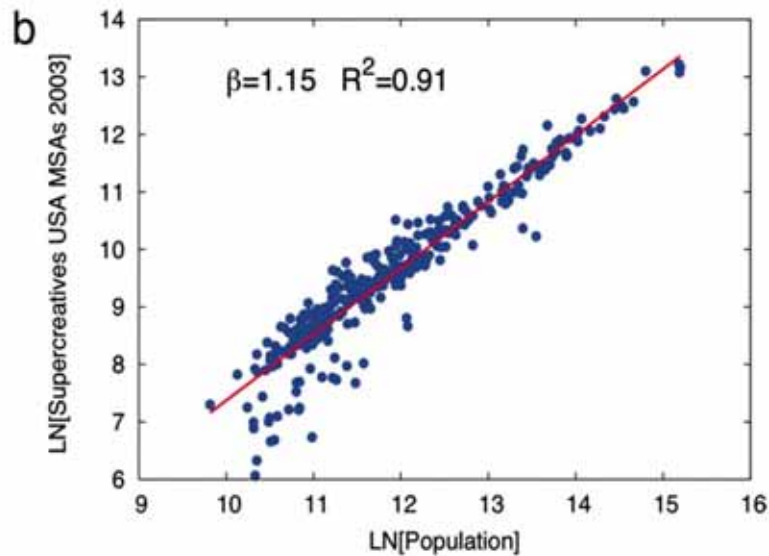
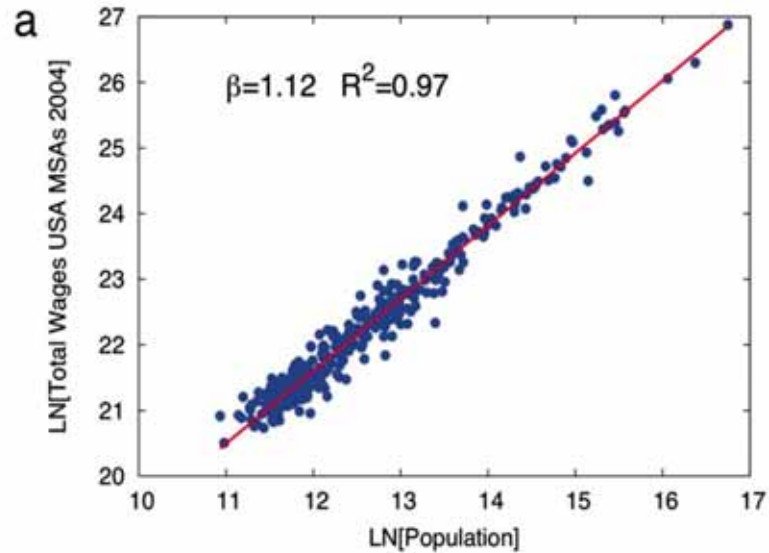


# Cities, not firms, are the wellsprings of innovation



“Whereas companies tend to specialize, cities give rise to a wide variety of talents and specialties, the broad diversity of which is a spur to innovation. **The City’s diversity is the true source of innovation and economic growth.**”

**Dense  
Clustering of  
people,  
productivity,  
talents and  
skills  
powers  
economic  
growth**



Bettencourt L M A et al. PNAS 2007;104:7301-7306

# Innovation is a social process



Source: analytics20.org

*Research has shown that innovation comes from:*

- Group collaboration rather than individual solitary effort.
- Interaction between people with different specializations, experiences, and perspectives.

Essential Principal: Innovation is fostered by providing **settings that bring people together** to collaborate and exchange ideas



- In the office and the lab
- In the conference room
- In cafes, bars and restaurants
- During breaks, recreation and leisure
- Especially while socializing

# Digital Sharing in SF

- Twitter
- Flickr
- Both



To foster creativity & innovation cities must provide “Vital Centers” with clustering, density, mix, and settings for interaction



Centerless Workplace



“Vital Center”

*Classifying and locating* these centers is a critical strategic decision cities must make

# The 20th Century CBD and Business Park models no longer fit the needs of the innovation economy





Simply adding a few floors to the same model  
will not get us where we need to go



The evolution of the most innovative districts and cities  
points the way to  
a new model of Vibrant Communities in the New Economy

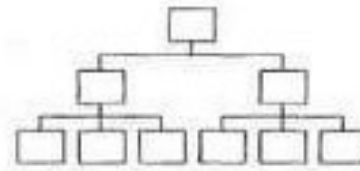


**Changes Inside  
the Workplace  
are Underway**

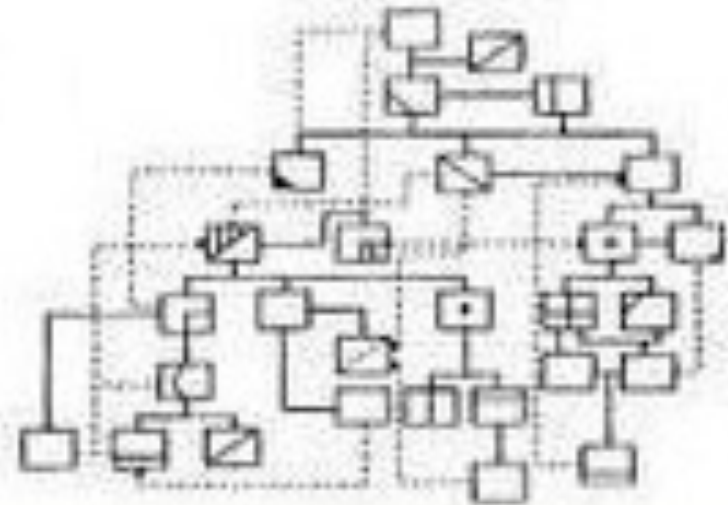
# Changes INSIDE the Workplace: **New work processes organized around collaborative teams**



Traditional

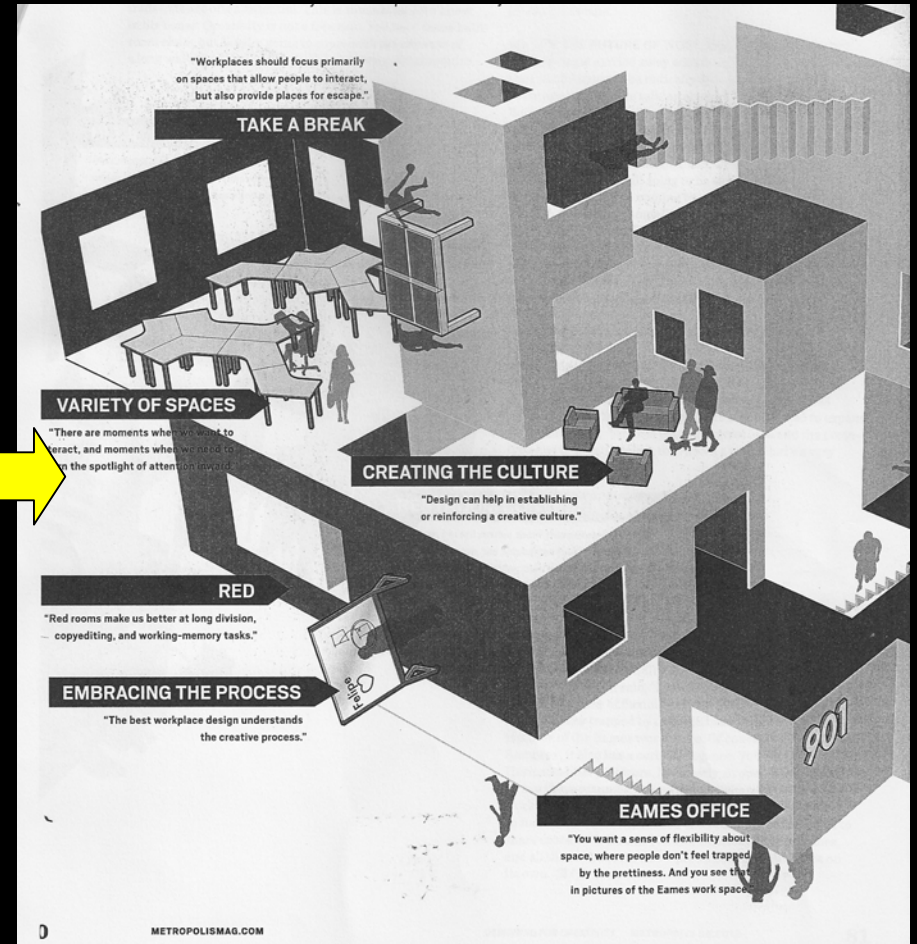


PeopleSoft



Decentralization, shared decision making, and skilled labor

# Changes INSIDE the workplace (2): Offices designed to force interaction (“collision”) and exchange



Leading examples: Pixar, 3M, Google, Amazon, Facebook

Changes INSIDE the  
Workplace (3):  
New workspace Formats  
are emerging in  
response to new  
company structures

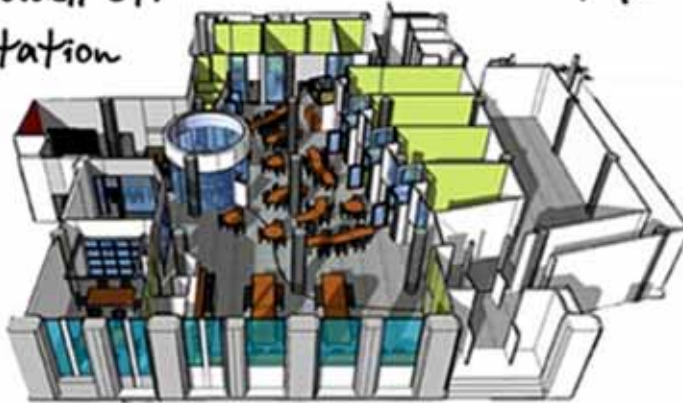


## Hub San Francisco

next to Powell St.  
Bart station

8500 sq. ft.

600+  
members



**But Changes  
INSIDE the  
Workplace are  
Insufficient**

To Attract, Build, and Serve  
the Businesses of Tomorrow, we must  
**Physically re-shape cities**  
to attract and accommodate the needs of  
innovators

# Reshape the City: Dynamic Mix of Uses

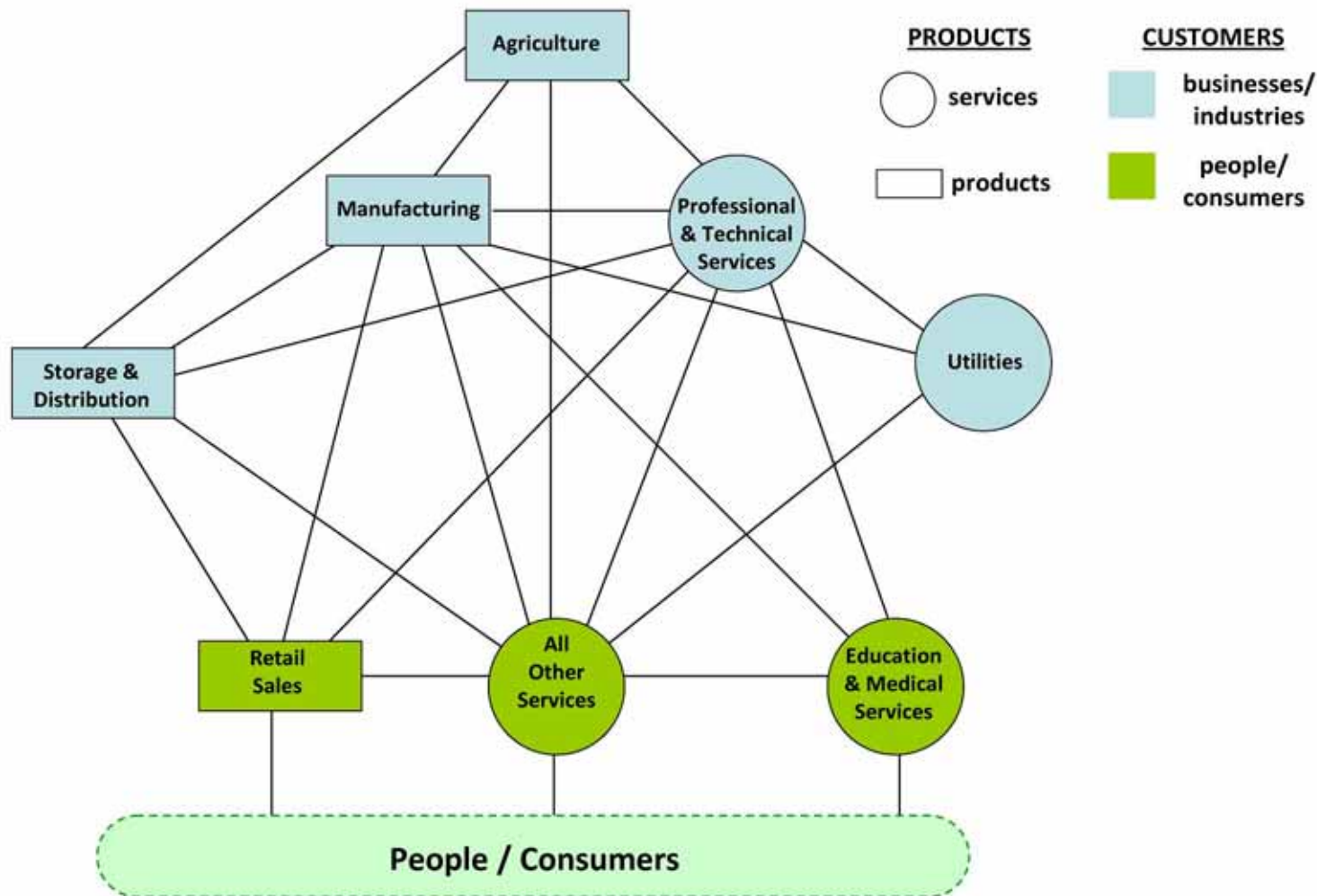


# The Workplace *District* remains out of synch

Segregated in *type of work*  
(office, R+D, manufacturing)  
with little variation

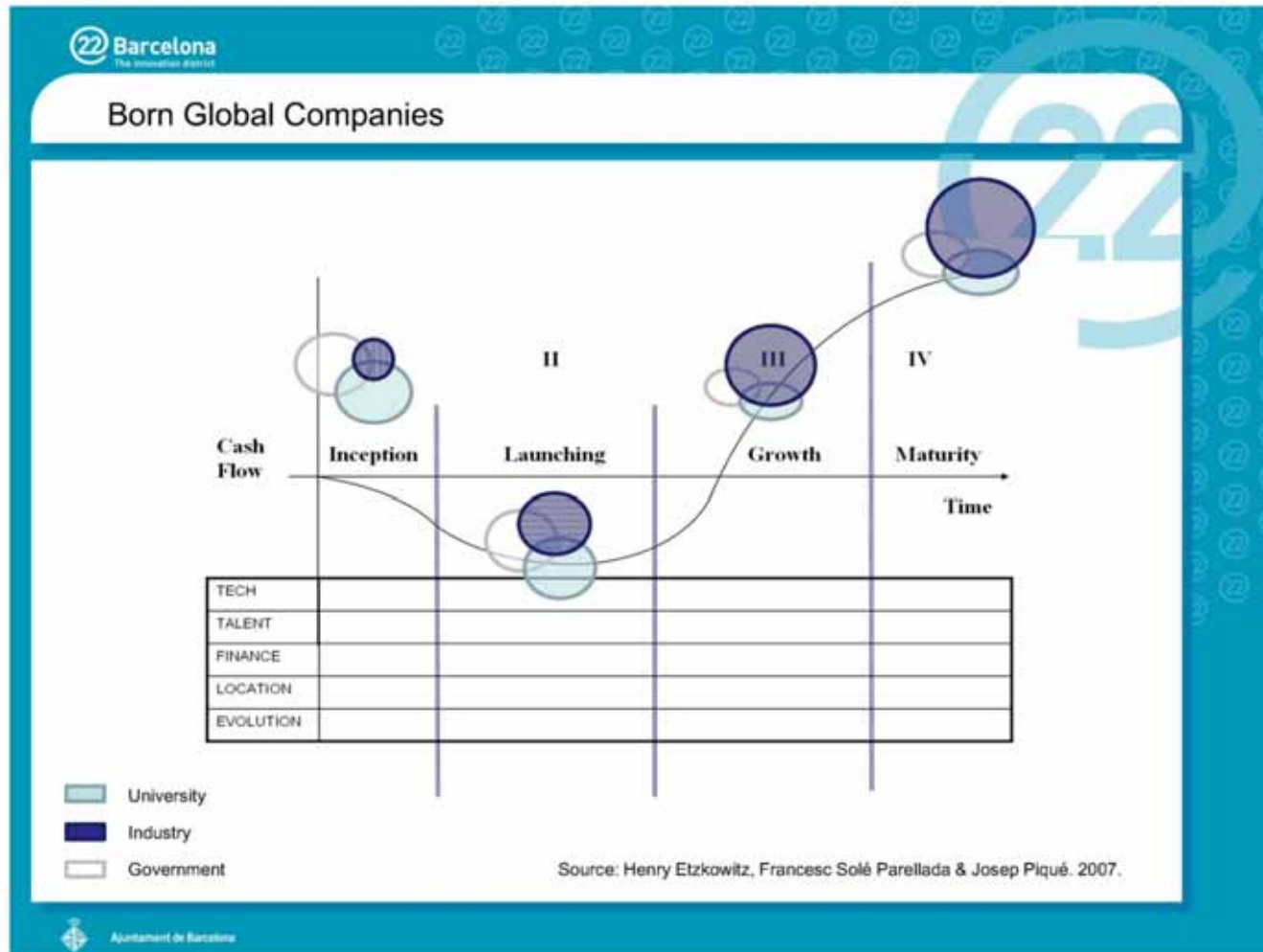


# Innovation Ecosystem: Dense Collaborative Network of Partners, Suppliers, Customers



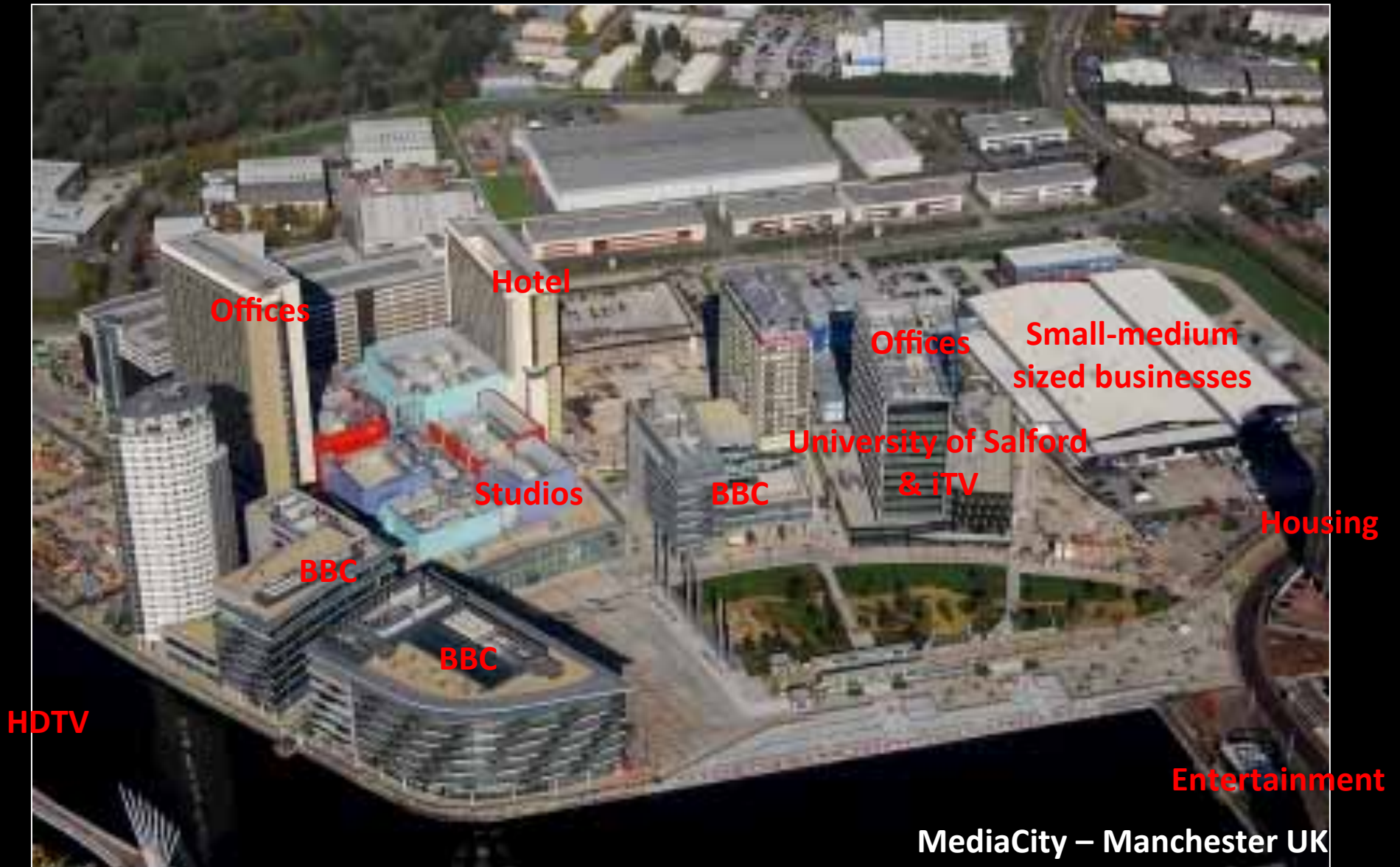
Primary Network of Workplace Activities

# Innovation Ecosystem: Companies at Different Stages in their Lifecycle



# A Dynamic Mix of Uses

(instead of the old habit of separating uses)



# Range of Building & Workspace Types

Mixture of space costs, sizes, and configurations to match the needs of different work activity **in close proximity**



Quality Medium Sized Space



New lower cost, small scale space



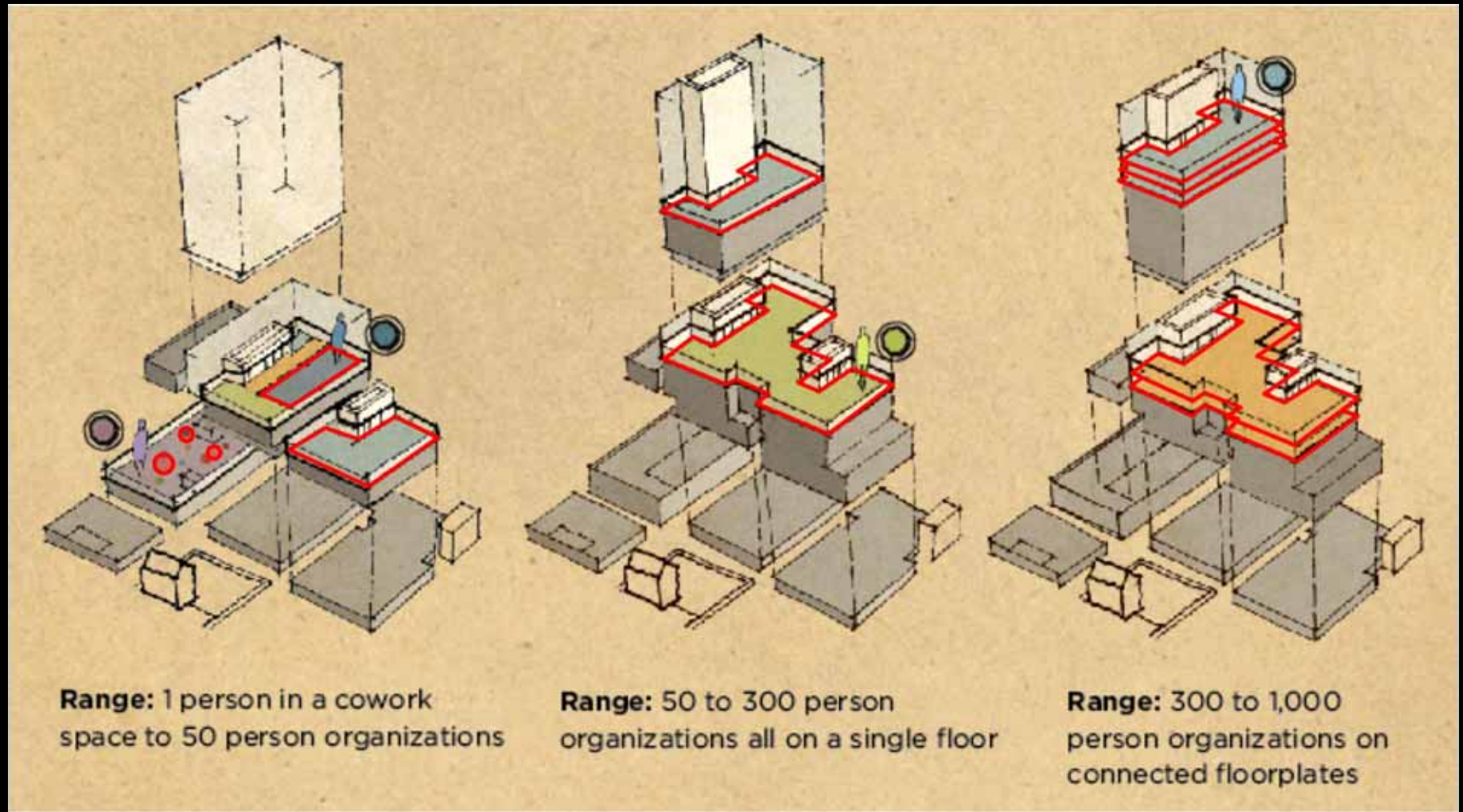
Creative rehab – lower cost spaces



Established Corporate Space

# A Building Type for diverse tenants under one roof

Example - Planned 5M complex, San Francisco: Principle of “curating” the tenant mix applied to the scale of a workplace building complex



# Reshape the City: Connectivity

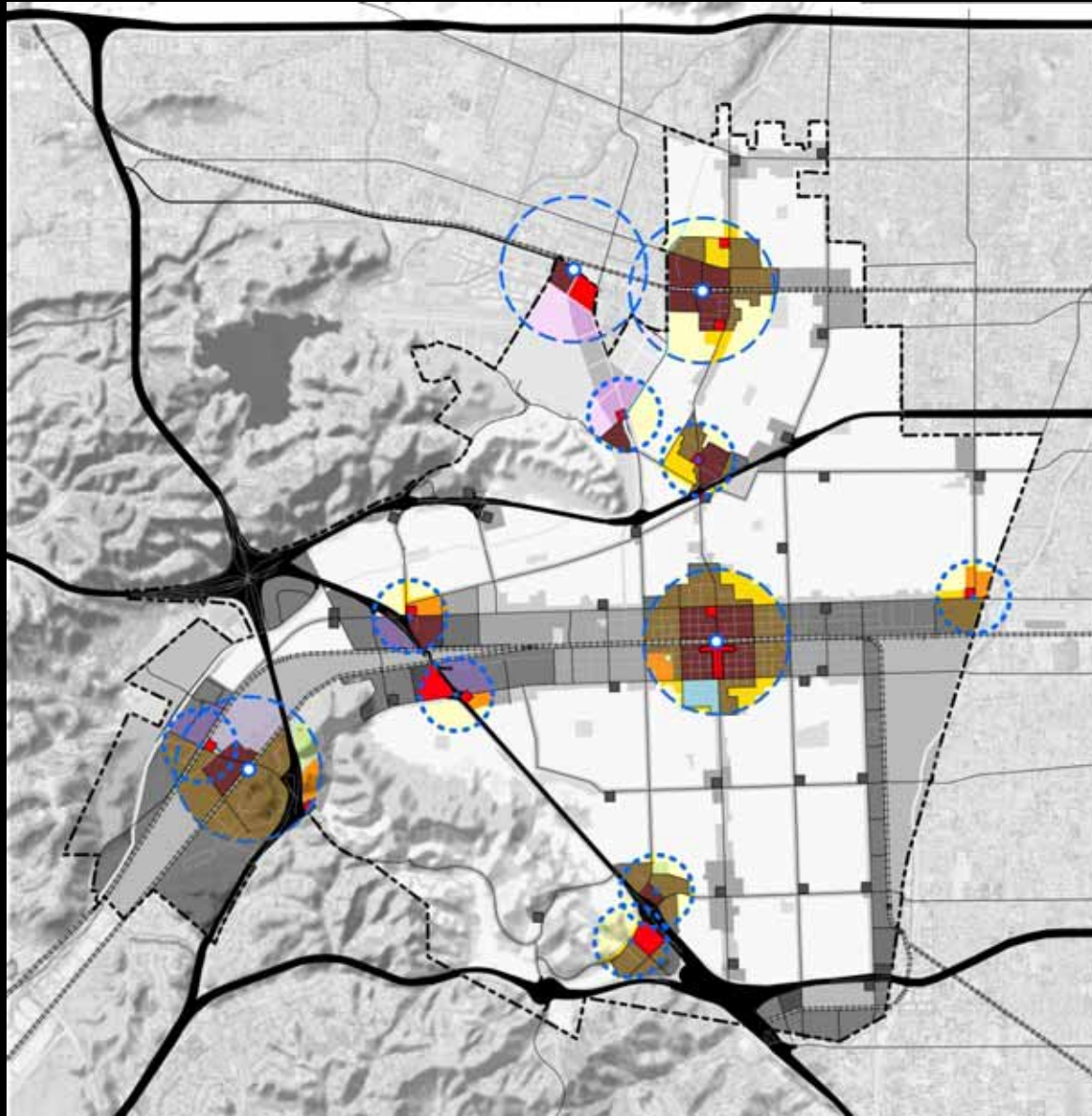
# The Workplace *District* remains out of synch



***Low Density and Auto Oriented***



# Transit-Connected Hubs of Activity:



Multi-Nucleated  
Pattern of walkable,  
mixed, denser  
development;  
Integrated with a  
Transit Network  
offering modern  
frequent service.

# Reshape the City: Activity

# The Workplace *District* remains out of synch



*No activity focus or center*

Activity generating retail is one of the most precious city building commodities. Urban vitality drives innovation and attracts “talent.”

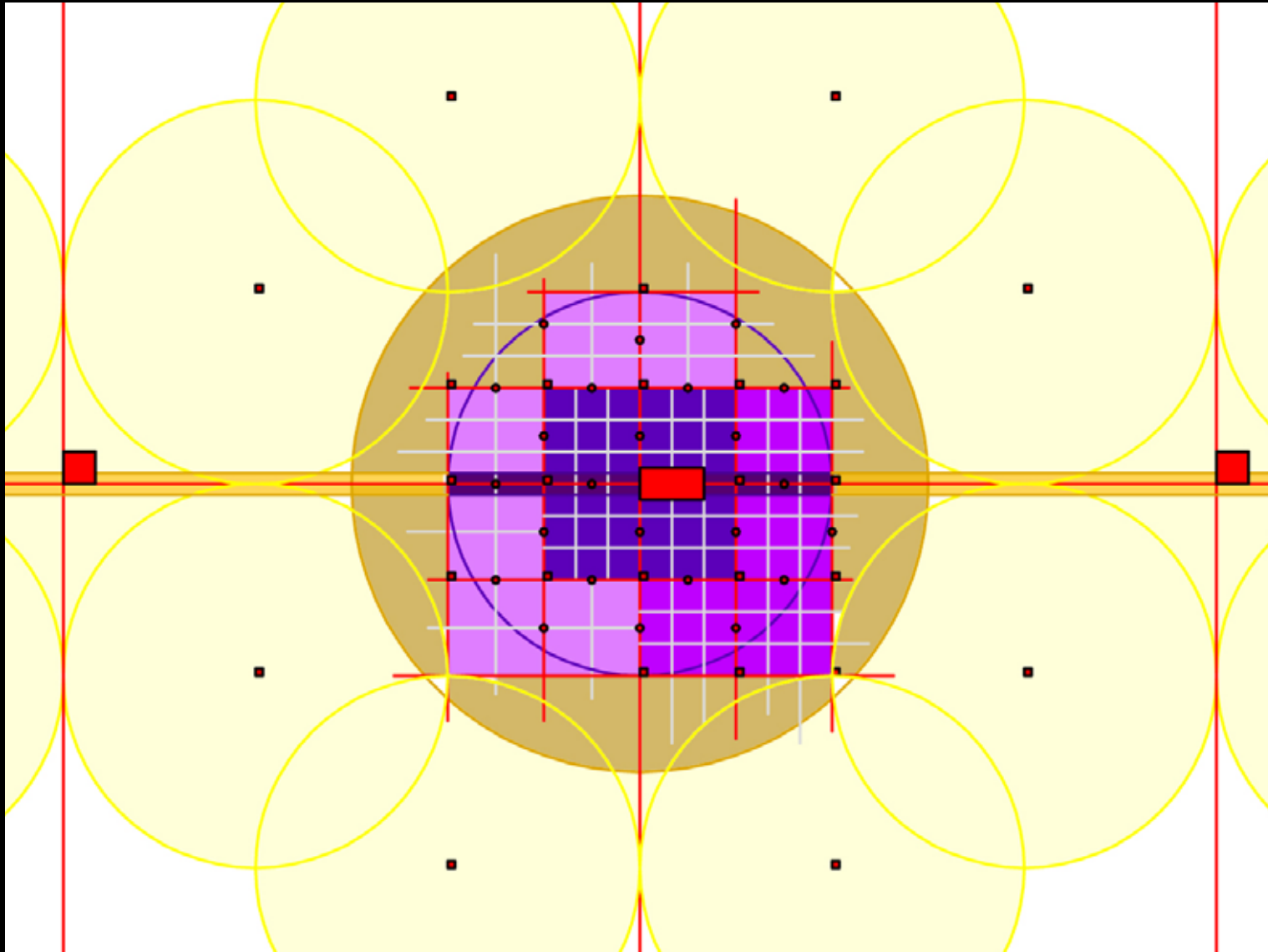
Acknowledge that the most important and most difficult decision in the design of the suburban metro area is **where (and how) to strategically build the retail.**

# ULI Emerging Trends 2011: Commercial real estate needs to cope with “Era of Less”



Most areas need less retail, not more. Endless strip construction is over. .... [we must] rethink how we deliver retail in better transportation-linked urban centers, moving away from car-dependent models

Workplace districts must have a well distributed pattern of **Activity Core(s)**



# Reshape the City: Amenity & Image

# The Workplace *District* remains out of synch



Plenty of Open Space but **no “Public” Space**



# The Emerging 21<sup>st</sup> Century Workplace District Model: Settings for Convenience, Interaction, Activity



SOMA near South Park, San Francisco

# The 21<sup>st</sup> Century City must balance transportation infrastructure with enhanced “Place-Making”



**Reshape the City:  
Put Ideas on  
Display**

# The Workplace *District* remains out of synch



*Ideas and activity are hidden*

# Put Ideas on Display: Architecture of Engagement & Information



CUSTOMER ENGAGEMENT  
TECHNOLOGY WORLD

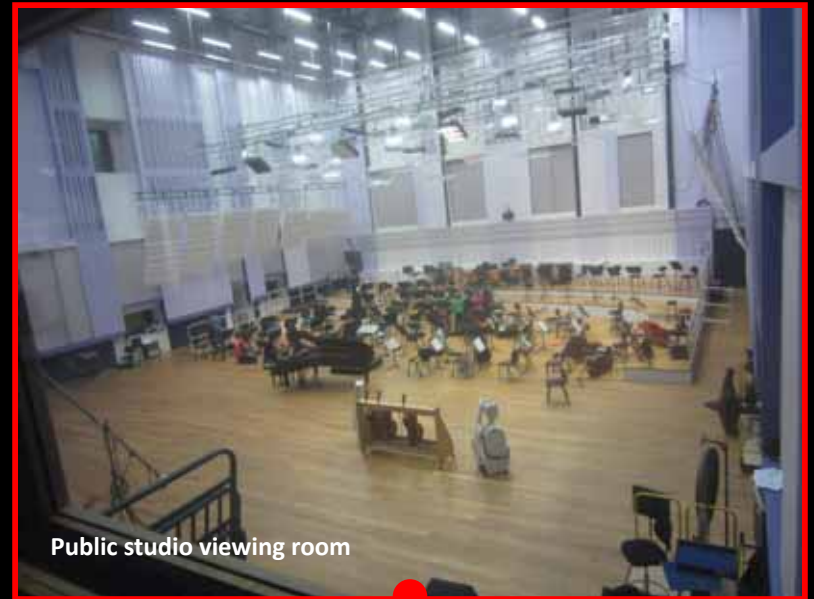
HOME REGISTRATION CONFERENCE



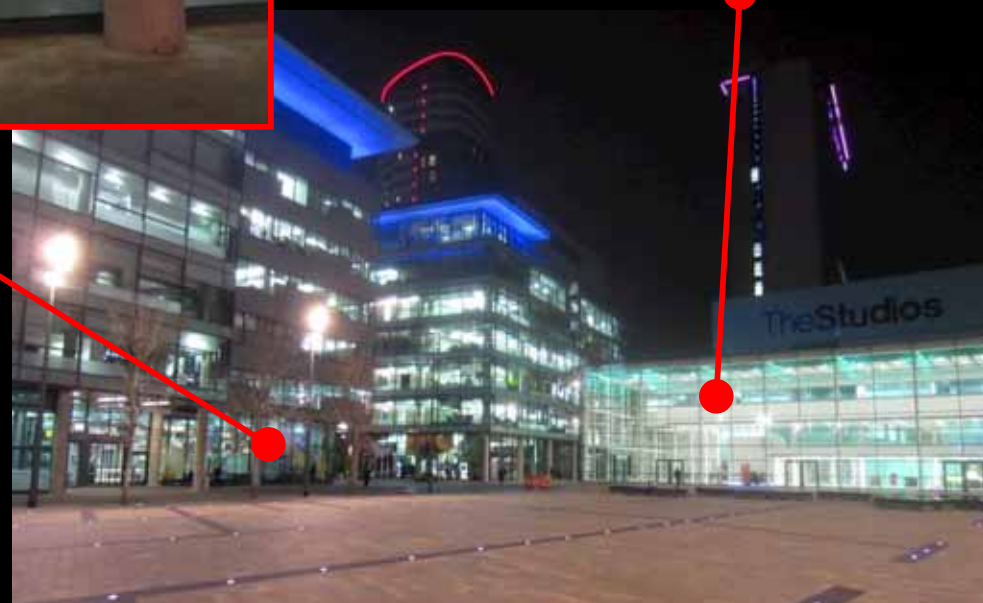
# Put Ideas on Display: Make Work More Visible



BBC Sport production activity



Public studio viewing room



The Studios

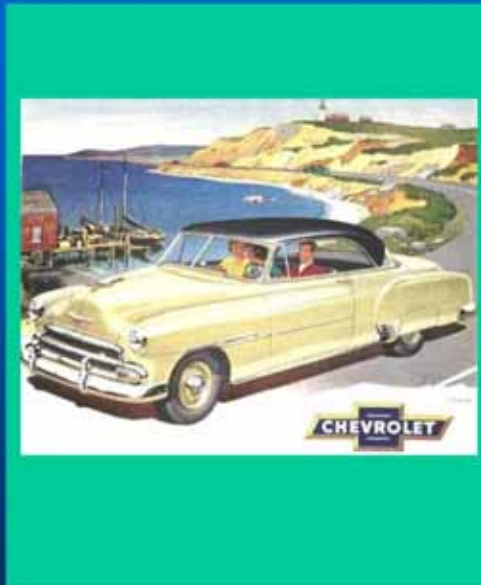
# New Economic Development in the Innovation Economy

# PREVIOUS ERA: Economic Value

Created by large corporate firms

- Attracting Talent
- Training
- Compensation packages
- Services
- Infrastructure/Building Investment

Industrial  
Economy

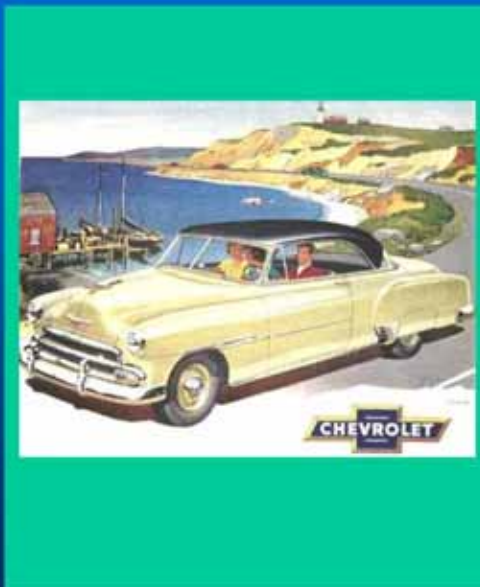




# PREVIOUS ERA: Economic Development

Tap into the “Big-Firm Ecosystem” by attracting large firms

Industrial  
Economy

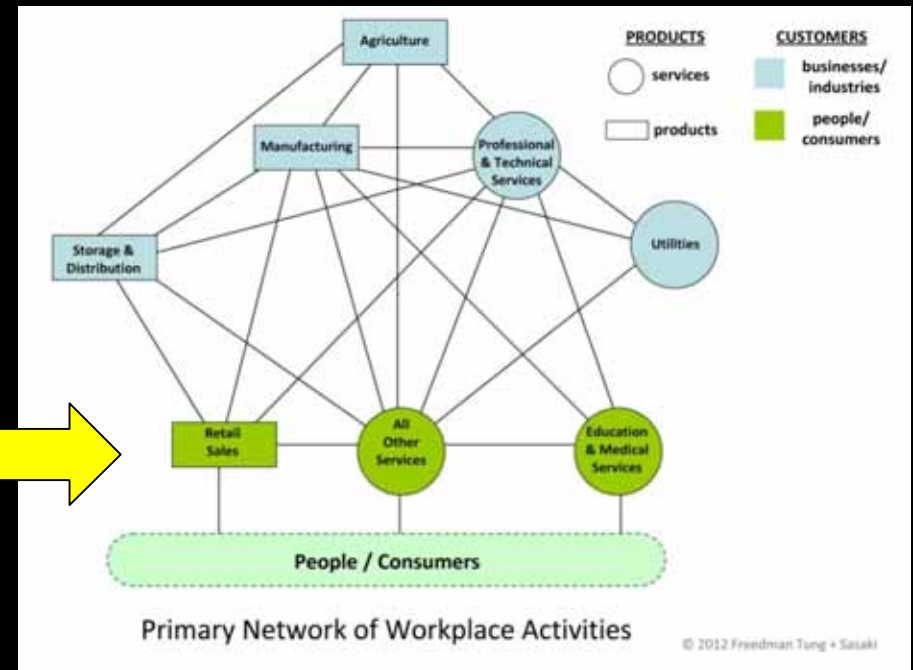
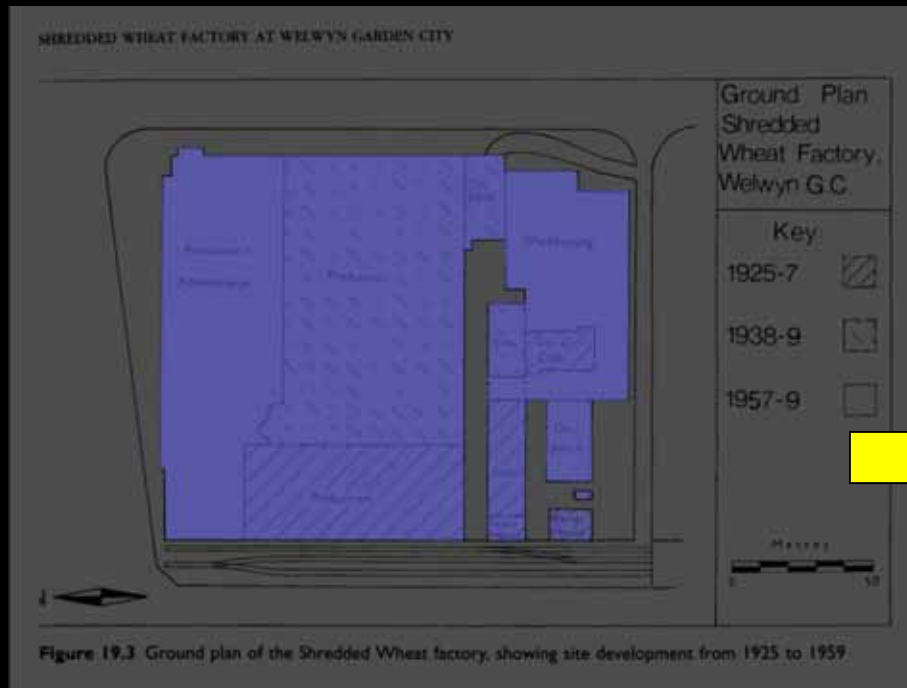


- Transportation access
- Financial incentives (tax incentives, land write-downs, etc.),
- Infrastructure improvements

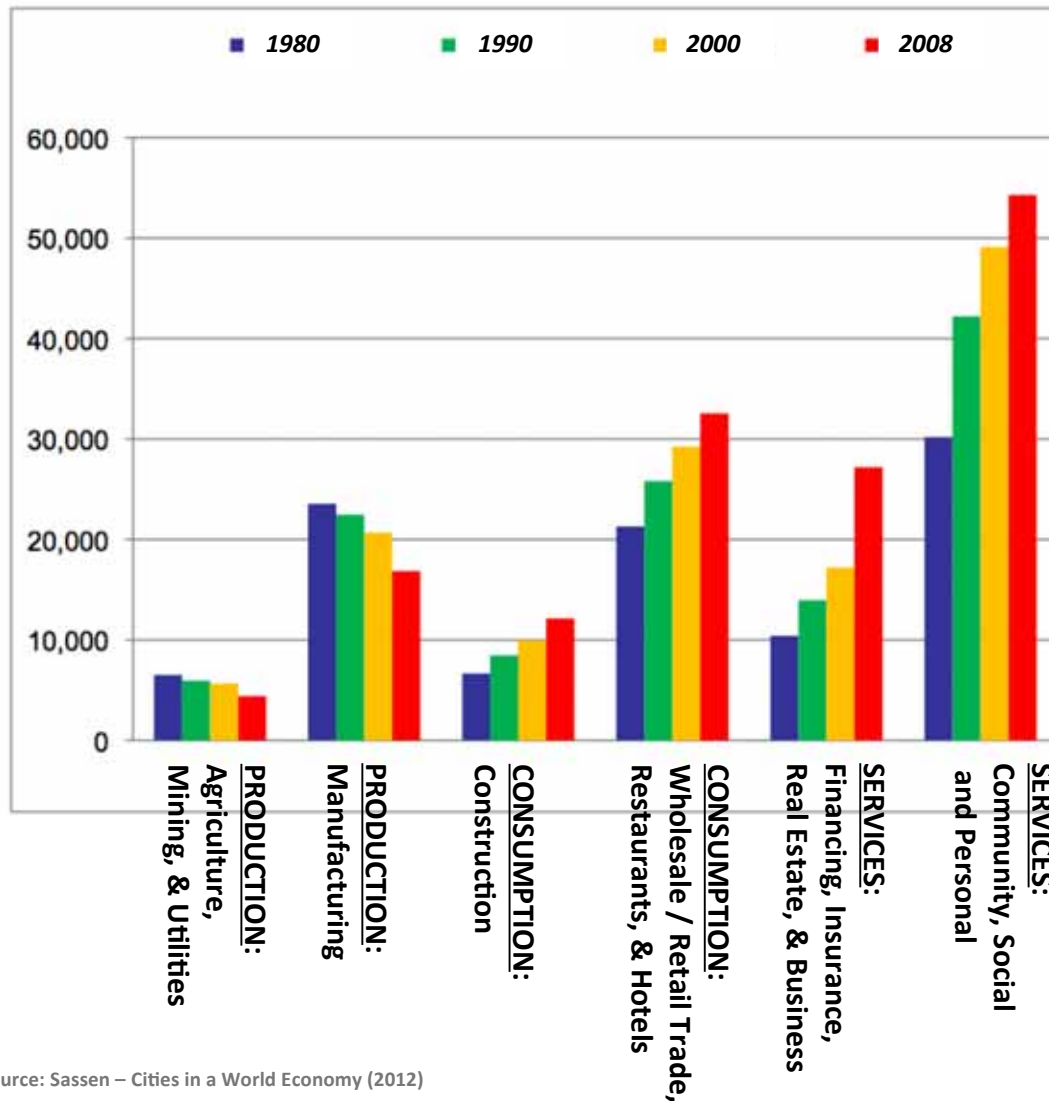
# Change#1: The scale & complexity of business operations has increased dramatically



# Change #2: Work is distributed among a highly connected network of specialized, collaborating partners



# Change #3: There has been sharp growth in producer services



to service the greater complexity of operating with a network of partners on global, national and regional scales.

**Change #4:** Small and medium-sized producer services firms have become the most dynamic component of urban centers.



Producer services are highly collaborative so they tend to cluster in urban centers to be near each other

To be successful in this transformed economic landscape, Cities must:

1. Attract and accommodate small and medium sized firms along with large ones.

# The Critical Role of Small Firms & Start-Ups in the Innovation Process



Over 100 including:  
Android, Picasa,  
Frommers, Zagat



Over 30 including:  
Instagram



Over 40 including:  
Siri

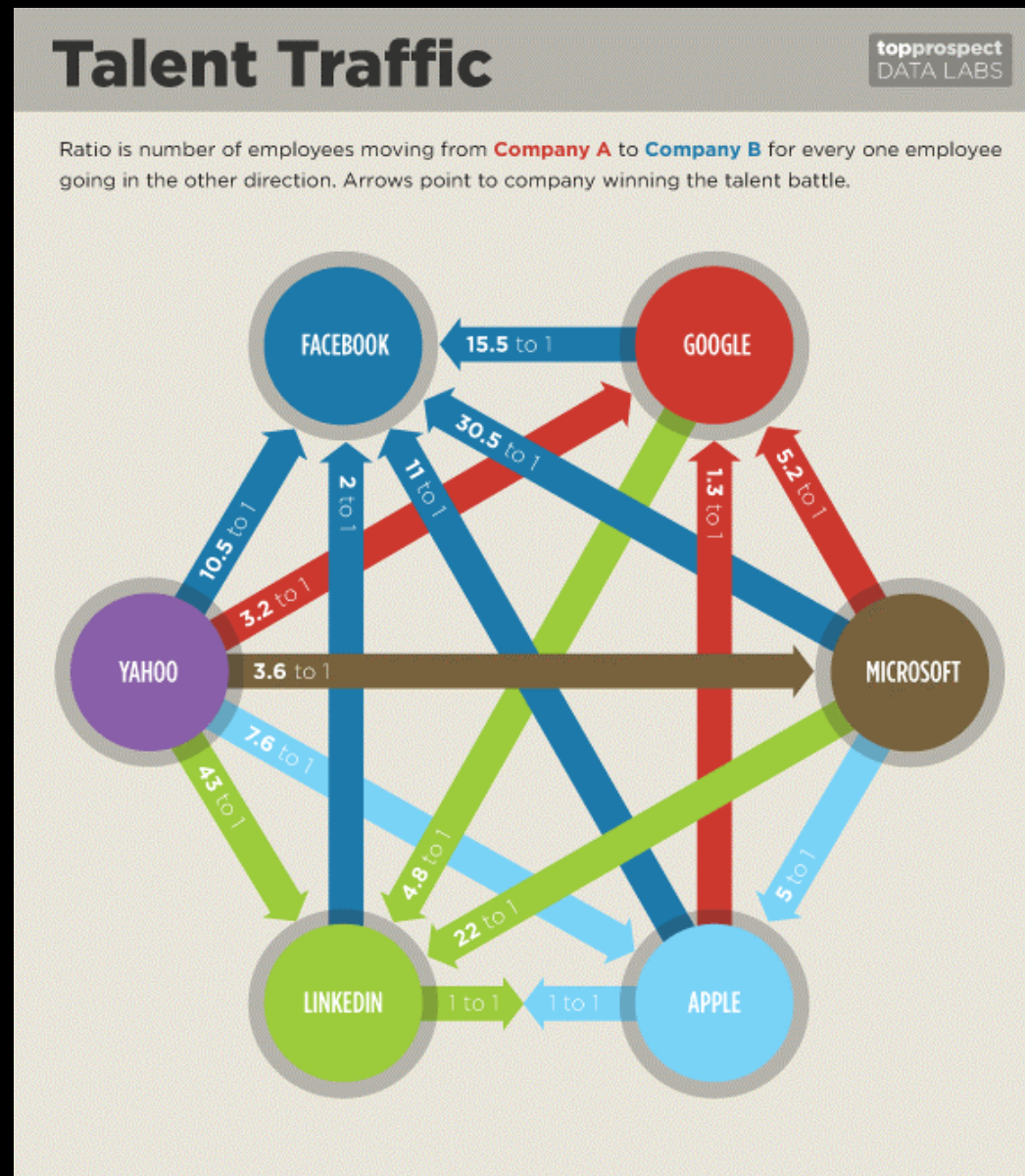
Large firms innovate by purchasing small firms

To be successful in this transformed economic landscape, Cities must:

2. Attract and produce a pool of Knowledge Workers.



# Major companies locate near “talent pools.”



**THE MONOCLE  
GLOBAL QUALITY  
OF LIFE SURVEY**

**Paris 10**

**HELSINKI 5**

**Munich 2 ↓**

**福岡 17  
Fukuoka 17**



**VANCOUVER 8**

**Copenhagen 1**

**Sydney 11**

**14 Berlin**

## CEOs for Cities survey of 25 – 34 year old college graduates:

- Almost 64 percent of them reported they pick where they want to live before launching a job search.
- They are about 90% more likely to live in close-in urban neighborhoods

# The “creative class” craves vital centers



Transit



Streetlife



Public Spaces

## Drivable Suburban



**70%-90% of Supply**

## Walkable Urban



**45% - 55% of Demand**

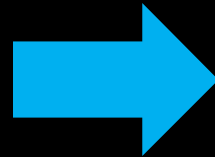
Source: Leinberger (2008)

Attracting, Building, and Serving  
the Businesses of Tomorrow requires  
**a new approach to Economic Development**

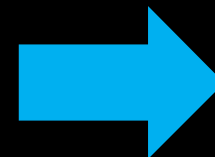
Industrial Economy

Innovation Economy

Focus Exclusively on  
Attracting Big, Vertically  
Integrated Firms




Physically re-shape cities  
to attract and accommodate  
the needs of innovators



Assemble knowledge districts  
that foster innovation and  
produce innovators

# Build on Local Strengths

1. Studies have shown that up to 80 percent of job growth is from **existing businesses**
2. In the new era of specialized, networked businesses, **proximity matters**  

3. Focus on strengthening **existing workplace districts / industry clusters**
4. Target industries related to **existing City assets**

# Make the District A “Knowledge Center”



Grow and improve the local population of knowledge workers

# Strategically Locating “Innovation Anchors”



University Media Department in 22@ Barcelona Innovation District



“Institutions” that actively facilitate innovation, collaboration, and knowledge exchange



Incubators, Accelerators, Training, Technical Assistance, Institutions, Regulators...

# 21<sup>st</sup> Century “Infrastructure”: Beyond Data, Energy, & Transportation

## MediaCity



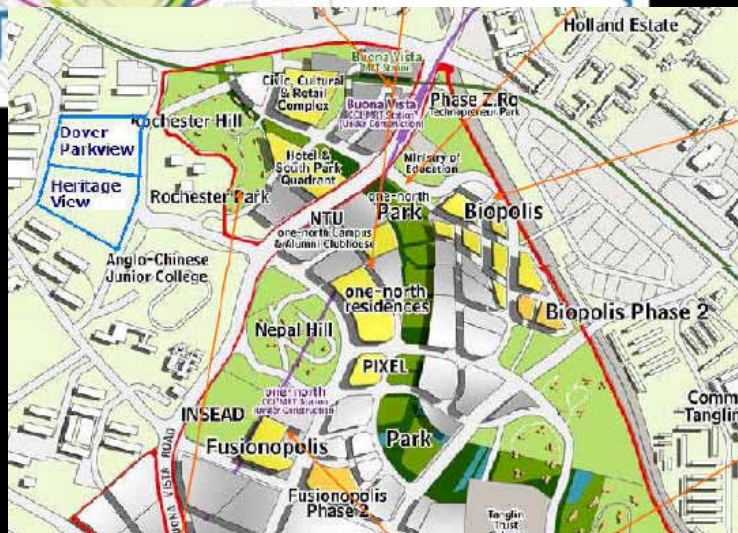
Shared Production Studio Facilities:  
logistics, management, and post  
production services, and satellite  
uplink.



Shared Research Facilities:  
technology centers that promote  
collaboration and education.

Facilities provide scientists with  
technical know-how and access to  
state-of-the-art instrumentation,  
technologies, and materials.

# Cities that can assemble these Innovation Districts are on their way to success in the New Economy



**media city:uk**  
space to be