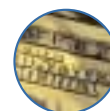
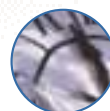


Special Advertising Section

BACK TO THE CITIES

The revitalization of the American city has been gaining in coherence and momentum during the past decade - and it continues apace, even as New York labors to clear the rubble and sets about healing its great wound.



Underpinning the process of urban revitalization has been the notion put forth by Michael Porter, Harvard professor and founder of the Initiative for a Competitive Inner City, that the greatest underdeveloped and underutilized market in the United States is its inner cities. "If you look at the inner city not as a social problem, but as a potential economic opportunity, you find it has very strong advantages as a business location," he explained at a 1994 conference sponsored by the Ford Foundation. These include logistical infrastructure, land availability and convenience for delivery; large markets for consumers and for business; an ample and available workforce; and a central location from which to serve the regional economy.

"What we're seeing," in Porter's view, "is a reversal of the long-term spread into the suburbs. We're seeing that the more efficient place to do business today is in the central core of the city."

The Ford Foundation has embraced his idea with enthusiasm. "There was a time when America's corporate leaders viewed low-income communities and the people who live in them primarily as the beneficiaries of philanthropy,"



observed Foundation President Susan V. Berresford. The new movement among businesses is "to go beyond corporate giving, and to invest in opportunities emerging in overlooked markets," which are "transforming themselves into some of America's most competitive places to do business."

Ford is supporting a network of business and community-development intermediaries that provide research, information, and strategic advice to corporations and business leaders - and facilitate deal making.

neighborhoods. They attend a mandatory 10-week training program in order to qualify for a no-down-payment mortgage at market-level interest rates. The bank has already provided \$150 million in home mortgages to 1,400 families in Atlanta, Baltimore, Washington and Charlotte.

Eaton Corporation decided not to leave a declining sector of Milwaukee, but to stay and rebuild the local neighborhood where its roots are deep. It joined with the Northwest Side Community Development Corp. to recruit entre-

SUCCESS STORIES

■ **Pathmark Stores** found its investment in a 44,000 sq-foot store as an anchor to a new shopping center in Newark's Central Ward so successful - second in sales in its 144-store chain - that it has opened a new supermarket in Harlem.

■ **Sears Roebuck** and **Target** are both tapping the fast-growing Hispanic market in East Los Angeles. Each retailer is enjoying in-store sales well above their national averages.

■ **Bank of America** is cooperating with the National Assistance Corporation of America in a \$3 billion, 10-year outreach program to attract prospective buyers from targeted

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We make things magical. At PSE&G, we're proud to deliver the power

to the city of Newark. After all, it helps keep the traffic flowing. The

factories and businesses humming. The local hospital operating. It

even helps create a bit of magic down at Riverfront Stadium. The

blazing lights. The brilliant green infield. It's an unforgettable sight

for most youngsters. A real field of dreams.



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preneurs to the area to provide customized products for Eaton's special needs, developed a community-based crime prevention program, and created a school-to-work program that teaches job skills and sends 60 percent of its graduates on to college.

■ **Chevron** has collaborated with Oakland's Freedom Fund to help reduce crime at inner city gas stations and increase sales through better public safety. It recruited and trained inner-city residents to run a marginal, crime plagued gas station, where crime has been cut to almost zero, and sales have gone up by 200 percent in three years. Freedom Fund has since bought a vacant lot with two abandoned liquor stores, and leased it to Chevron, which invested \$1.6 million to build its largest station in the city.

PSE&G - PRE-K THROUGH POST-12

Intense concentration for years on every aspect of urban revival has led PSE&G, Newark's giant utility, to turn to upgrading the city's labor pool as the best way to keep on gaining.

At the same time as New Jersey launches a statewide pre-school program, PSE&G is embarking on its own broad program of leadership, organization, and subsidy in order to extend the educational experience of Newark's children beyond graduation toward work - so, in time, the city's educational system will come to encompass both pre-K and post-12.

The corporation has learned much over the years through its deep involvement in the rebuilding of a single neighborhood. It has gained experience working with and supporting faith-based institutions, social services agencies for children at risk, programs to encourage and subsidize affordable quality housing, and community health. Its real estate development efforts helped build two efficient warehousing businesses in a previously run-down neighborhood.

As Newark benefited from an influx of capital into new civic centers and downtown revival, "one of the things that has become real obvious," observes Al Koeppe, President and COO, "is that without jobs, it doesn't matter how many great new spaces you build. People need to work.

"One of great things about the renaissance of Newark is that there will be opportunities for people who have the willingness to work. One of the great challenges for us is to make sure that they have the training to work in the skilled trades - iron workers, really good brick and mortar workers, electricians."

THE BOOMERS ARE AGING

PSE&G actually has no choice, Koeppe emphasizes. Of the 6,000 people in his division, 3,000 work outside the main office. "They are skilled, very skilled. But they are also getting older. The boomers are aging. What has hurt us in the past was the inability of our high school seniors to find that kind of employment.

"So we are reaching out to them, meeting with the senior classes and telling them that we are interested in bringing minority and diverse candidates into the outside-plant end of our business, that there are well paying, stable job opportunities there. We are telling them that there are opportunities for higher educational assistance in the form of subsidized work programs. We are also helping them pass skill tests - and providing mentoring once they are here so they won't leave us. It is active recruiting in the inner city."

Looking ahead toward further enrichment of the labor pool, Koeppe emphasizes the need to attract good teachers to the inner cities and to retain them. Teachers do leave the inner cities - they get good and they leave. One way "to crack that code," he suggests, is for private industry in concert with the state "to create opportunities for teachers to get specialized knowledge and

training from institutions like ours, to find a way to give them something extra, to advance their careers. That's what we are looking for the future."

PFIZER - DIAMOND IN THE ROUGH

Most examples of revitalization are modest in size and incremental in effect. Some, however, can be enormous in their immediate impact and long-term contribution to a city. Such was the decision by pharmaceutical giant Pfizer Inc. to build its \$308 million Global Research and Development headquarters on a 22-acre brownfield site in downtown New London, CT.

At 1.35 million square feet, on a campus of three six story buildings overlooking the Long Island Sound, the new research complex is projected to create 2,040 new jobs by 2004, increase the city's tax base by 15 percent, and spark an increase in personal income to more than \$500 million by 2009, from less than \$100 million today. In a city of just 24,000, this takes the art of city revitalization to new heights.

When Pfizer came looking at New London, among some 200 sites it was considering, it found "a diamond in the rough," in the words of the city's development chief, David M. Goebel. And New London was ready. It had suffered some deterioration in services over the years, as manufacturing moved out, but had kept up its basically sound social and educational infrastructure. The city had been disappointed at least three times on projects to build on the site Pfizer eventually bought, so it was in position to accept the Pfizer offer on very short notice. "You can usually measure the time for development on this scale in decades," observes Daniel O'Shea, Global Research and Development Vice President for Operations and Public Affairs. "We took about a month to make up our minds, and in two and a half years we were in business."

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At Pfizer, we're determined
to find the cures of the future.

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heart disease, your best friend's diabetes.

A cure for the ailments that touch all our families.

This year we're devoting nearly \$5 billion to research
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TOMORROW'S CURES

Special Advertising Section

BROWNFIELD OVER GREENFIELD

In a city of obviously large revival potential, brownfield was a clear choice over rural greenfield sites that lack the healthcare centers, the restaurants and theater district, and the educational system. The community's educational potential was such an important issue in the full decision that O'Shea reviewed the SAT scores from all the sites being considered. O'Shea explains, "while New London might no longer have held its once very elite position, the structures are certainly there, and we believe we can help catalyze the transformation of some of them."

The move into New London has already energized a cluster of small businesses and is expected to attract more. Printers and data entry services have set up shop. Construction and related businesses, of course, are doing well. And, O'Shea believes, "in time there will be other bio-tech types of companies that will make their way here."

One unexpected new arrival has added \$20 million to the cost of the building. When Pfizer acquired Warner Lambert in June 2000, 29 months after the project was first announced, the company's research staff grew from 7,000 people to more than 12,000 worldwide. Underscoring its commitment to New London, Pfizer simply added two more floors to accommodate many of them, O'Shea recalls. "In this business it pays to be nimble. And a little bit lucky."

NEW YORK'S COMEBACK

New York City and State have demonstrated resiliency in the face of unprecedented adversity. The attack against America and destruction of the World Trade Center, on September 11th, may have left devastation in its wake, but it also gave birth to a spirit of unity that has rallied America and the world

around New York. The outcome will be a city and state stronger and more competitive than ever before.

New York State has received national and international acclaim as a leader in new business investments and expansions. Over the last seven years more than 709,000 jobs have been created.

Since 1995, under the leadership of Governor George E. Pataki, New York has cut taxes more than any other state - 19 different taxes have been cut 57 times for a savings of over \$100 billion when fully implemented by 2005. Over 1,800 regulations have been streamlined or eliminated. Workers' Compensation costs are down more than one third, saving New York businesses over \$1 billion annually. The state's corporate tax rate is approaching the lowest level since 1970. The state eliminated the gross receipts tax on energy for manufacturers and industrial energy consumers.

In the aftermath of the WTC disaster, New York's strong city and state leadership has inspired confidence in both citizens and investors alike. From providing office space to displaced companies, extending tax deadlines, directing low-cost power to WTC businesses, earmarking cash grants to provide immediate help, to launching an unparalleled tourism campaign, the city and state have been responsive to the unique circumstances of residents, businesses and tourists.

In other cities around the state, revitalization continues with state support through Empire State Development (ESD). Its innovative Empire Zones, with tax benefits allowing, in certain locations, businesses to operate virtually tax-free is a popular incentive program.

KEY CITIES

■ In the **ALBANY** area MapInfo is investing more than \$18 million in the development of its new 210,000 square-foot headquarters and plans to add 400 new jobs.

■ In **BUFFALO**'s Towanda suburb, General Motors is investing \$500 million in its new 600,000 square-foot Vortec inline engine plant, the most technologically advanced plant of its kind in the world.

■ **ELMIRA** converted a former General Electric foundry into Trinity Industrial Park, whose seven businesses have invested more than \$5 million. Public and private investors have also put \$15.5 million into the Coach USA Center, a sports and entertainment complex.

■ **PLATTSBURGH** created a major opportunity from the closing of its air base in 1995. The Air-base Redevelopment Corporation brought in more than 60 tenants, including subsidiaries of Bombardier, and Pratt and Whitney. Net gain: More than 1,000 new jobs.

■ **ROCHESTER**, optics and imaging capital of the world, has experienced a boom in second-tier manufacturing and services, with major expansions by Heidelberg Digital, Paychex, and Citizens Communications.

■ In **SYRACUSE** Bristol-Myers Squibb is planning an expansion of its Center for Biotechnology Development with an investment of \$60 million and the creation of 60 new jobs.

Before the disaster, NYC had compiled its best economic record in half a century. "Businesses wanted to invest here," said Stephen Kagann, Chief Economist to the Governor. "Crime was way down, the city was clean and packed with tourists and young people coming to start careers. The same sound steps will be used in the rebuilding process - keeping taxes down, services effective and the climate conducive for business," he said.

According to Kagann, the state's mission is clear and its promise resolute. "The impact from the disaster was historic, but so will be our comeback." For more information, visit www.empire.state.ny.us. ★

For more information on Special Advertising Sections opportunities please contact Stacy Sass McAnulty at 212-512-6296 or stacy_sass-mcanulty@businessweek.com

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Our hearts, open.
Our mission, clear.
Our promise, sure.
Our industry, undaunted.
Our spirit, unbroken.
Our city, New York.

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