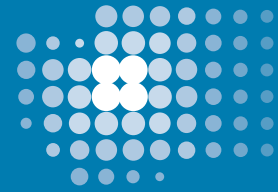


# A Bold New Action Strategy For Our Region's Economic Future



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## The Challenge of Change

The way the world does business is changing. Old business models are giving way to new markets and trading alliances and emboldened competitors. Long-standing consumer preferences are being replaced by new product and service demands. New technologies are rapidly replacing earlier versions. Locally, many of our region's leading firms are responding to these challenges with new and improved products, higher productivity, and sophisticated strategies to succeed in new markets. Government is responding as well and is making progress on many fronts. But we as a region must do even better. Even with limited resources, we must find ways to invest in the foundations of the new knowledge economy and seize opportunities that come along once in a generation.

*"What we are witnessing in America and the rest of the world is the emergence of a new society and a new culture – indeed a whole new way of life".*

**Richard Florida, *The Rise of the Creative Class*, 2002**

## Responding to the Challenge

The boundaries that define – and divide – our region's four counties and over 80 cities are becoming less relevant for addressing the most critical issues. Today, the metropolitan region has emerged as the framework for setting priorities and solving problems. In response, smart regions, including many of those we compete with for new investment and for human talent, have recognized this and are changing the ways they operate. The *Prosperity Partnership* is the Puget Sound region's forum for developing and implementing our region's strategic economic vision, in the face of both accelerated global competition and an increasingly challenging economic environment.

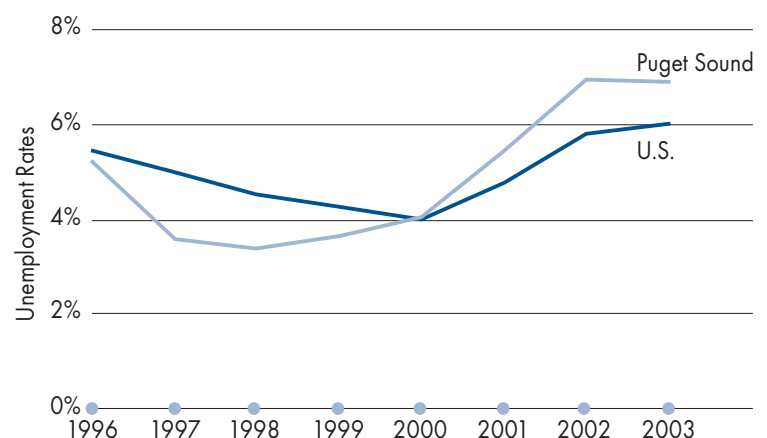
*"Political boundaries are a major obstacle to tackling competitiveness issues ... Business leaders, local officials, and economic developers (must) transcend local interests to find common ground and take action on regional concerns."*

**Karl F. Seidman, *Northeastern Economic Developers Association*, Autumn, 2004**

## Why You Should Participate

Our region's economy has a history of ups and downs; not surprising given the cyclical nature of our largest employer. Only a few years ago, we were recording high rates of growth, approaching 10% compounded annually, when the rest of the U.S. was closer to 3%. In the late 1990s, our region accounted for two thirds of the jobs added to the state's economy. Unemployment was at 3.4% in 1998, 1.4 points below the state and 1.1 points below the national average.

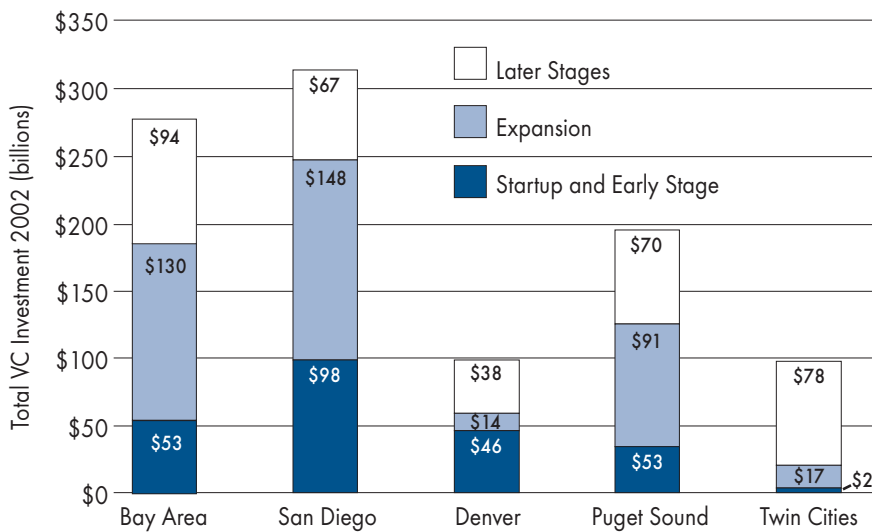
**Regional unemployment remains higher than the U.S. average**



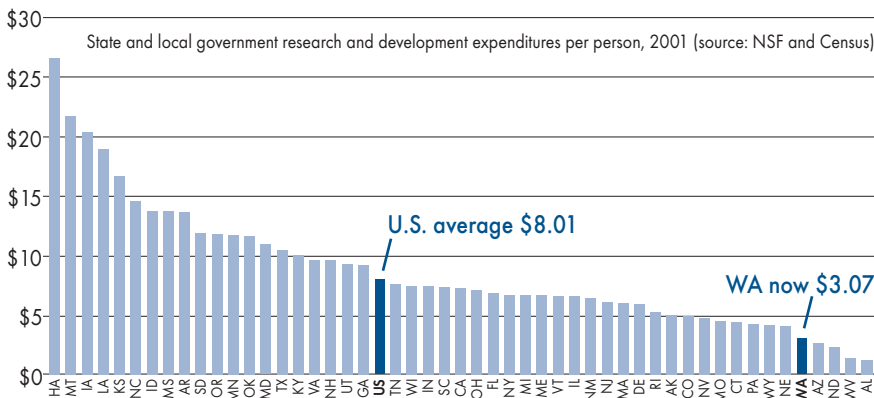
But almost overnight, the picture changed. Weighed down by a national recession, the dot.com bust, and the extraordinary impact of 9/11 on the commercial airplane business, central Puget Sound has lost 60,000 jobs in three years. Unemployment has reached beyond 7% for the region as a whole and is significantly higher in some segments of the population. Manufacturing employment has continued to decline through mid-2004. And while the economy has been recovering for over a year, for many of our region's residents, it has been a "job-less" recovery.

Predicting with certainty where today's trends will lead is impossible, but "business as usual" is not a prudent course of action. We know from experience in other regions that regional leadership and bold strategic actions can have profound positive effects on our economy. In our region, the Boeing 7E7 example speaks for the potential economic benefits of leadership mobilization, goal setting, strategic planning and action.

**Last year, the Puget Sound received the sixth largest share of total U.S. venture capital, but early stage investments lagged**



**Only four states spend less per person than Washington for higher education research and development**



When faced with the prospect that the 7E7 might be assembled out of the state, leaders from throughout Washington rallied to keep the Puget Sound as the world's home for commercial aerospace. We now see other challenges – other warning signs such as access to higher education – on the horizon. There are also economic opportunities – such as creating a life sciences hub in the region – that are ready to be seized. Addressing the warning signs and capitalizing on the opportunities before us will require collaboration around new strategies. It will require mobilization of our region's collective ability just as we mobilized to keep the 7E7 in Washington. And most importantly, it will require that we focus our actions and resources on our highest priorities.

Doing so will not be easy. One should not assume that it is solely the job of government, or private sector organizations, to develop a strategy and take the necessary actions. Creating jobs is everybody's business and our region's success depends on our ability to bring all of our assets to the task. This means you!



## The Regional Economic Summit

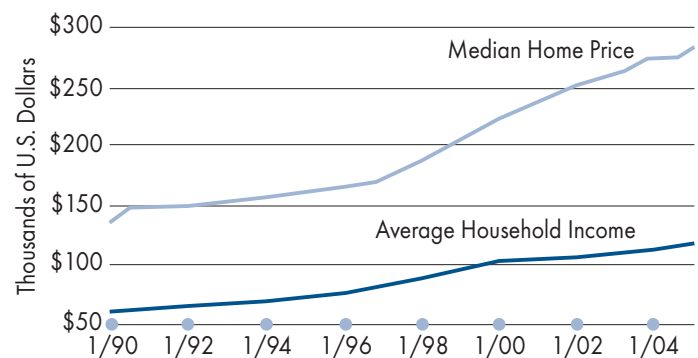
On November 19, 2004 an historic "Regional Economic Summit" will be held at the Qwest Field Event Center. The Summit will be informative, interactive and designed to engage our region's leadership in tackling the primary economic challenge we face – adapting to the changing global economy and creating good jobs. It will bring the region's political and business leaders together with leaders of the area's economic development organizations, its workforce development groups, labor, non-profits, education providers, and others with an interest in keeping the central Puget Sound economy strong.

The event will provide a forum to learn more about and become involved in the *Prosperity Partnership*. It will also explore opportunities of which we need to take full advantage to ensure economic vibrancy in the next decade and beyond. This event sets in motion the first long-range regional economic strategy, which will play a large role in creating 100,000 new jobs for us.

## From Talk to Action

The *Prosperity Partnership's* strategy is not a study. It uses analysis, communication tools and small group processes to quickly focus on priorities and design and implement selected action initiatives – in public policy, in the private arena, and through new collaborations. It will lead to an agreed upon set of investments and public policy changes that we as a region will make to give ourselves a competitive edge. Instead of individual communities competing with one another for economic activity, the Prosperity Partnership will pursue a single agenda for the benefit of all us in the Puget Sound region.

**The gap between incomes and housing costs continues to widen**



Immediately following the Summit, some of our most knowledgeable leaders will come together around issues and opportunities in five pilot "clusters" – a few of our region's most important economic wealth generators.

### Existing Clusters

- Aerospace
- Information technology
- Life sciences
- Logistics and international trade

### Emerging Cluster

- Environment and alternative energy

In a series of workshops between now and March, leaders from these pilot clusters will identify critical issues facing their cluster as well as opportunities for greater growth and development. The working groups will develop concrete action plans that when implemented will overcome impediments to growth or take advantage of opportunities.

*"We need to capitalize on every opportunity with new strategies and new ideas" ...*

*"We must fund higher education at the levels needed to remain competitive"*

**Economic Strategy Interviews**



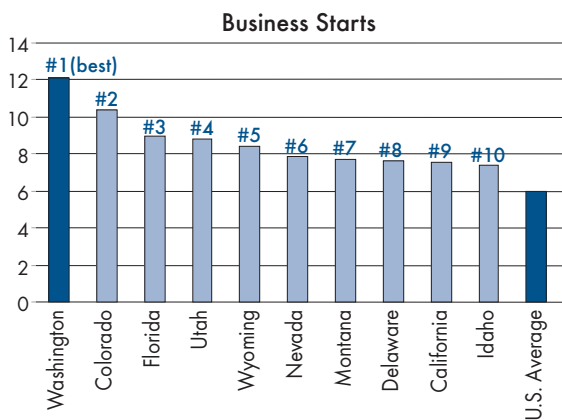
"We need to focus on building up the next Boeing and Microsoft, in future industries."

Economic Strategy Interviewee

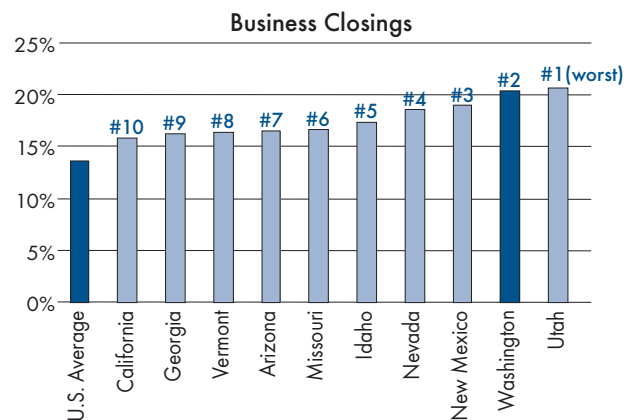
When the small group process is completed for the pilot clusters, a new, action-oriented strategic plan will be in place, under an embracing economic vision for the region. Additional clusters will be a part of this vision and action strategy and new efforts will be launched for leaders in each to help design and implement their own cluster-specific initiatives.

You've already taken the important first step to join 1,000 leaders from King, Kitsap, Pierce and Snohomish counties at the Regional Economic Summit. Visit [prosperitypartnership.org](http://prosperitypartnership.org) for more information prior to the Summit and come prepared to start developing strategies and get involved as we work to add 100,000 new jobs in the Puget Sound region.

**Washington is the best in the nation at starting businesses but, unlike some peers, it is also near the worst at keeping them open**



Companies applying for new employment ID numbers, per 1000 workers in 2002 (top 10)



Percentage of firms terminating operations in 2002 (bottom 10)



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For more information about, or to get involved in the Prosperity Partnership, contact:

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