

SMART GROWTH AND QUALITY OF LIFE: THE CASE FOR COMPETITIVE ADVANTAGE



Feature Illustrated by Tom Martix

Are they celebrating in your personnel department yet? Has the decline of the dot-com stocks and the well-publicized layoffs got them sitting fat and happy? When making location decisions, are you now saying: "To heck with quality of life issues. The bottom line is the bottom line. Whoever offers us the best deal will get our business."

The bad news is when it comes to facility location, quality of life still matters. Even if this "soft landing" becomes a recession, there is still a structural imbalance in the workforce. Quality employees who contribute the most to information age or New Economy companies will continue to be in short supply for at least a decade, if not longer. If you want to compete in this economy, you need the best people, and the best people are looking for a better quality of life.

Smart growth is all about quality of life. Smart growth is citizens and communities taking control of their destinies and creating better places to live. Real smart growth communities do not try to stop growth but promote the type of growth they want. The question is not "should we grow?" But, "how" and "where?" What does smart growth mean for your organization's location decision and how you can gain competitive advantage by using it?

In the past, facility location was based on proximity to market or proximity to raw materials. When those issues were addressed, the facility usually was located near where the boss wanted to live. This is still happening. Some would argue that the spread of the pharmaceutical cluster further west in northern New Jersey and into Pennsylvania is based on the "boss-lifestyle" paradigm.

In the information economy, the factors driving location decisions are changing. If your product is information, distance to market is less relevant.

You can send your product anywhere around the world in an instant as long as you have broadband technology. Raw

choices in housing, recreation and transportation is key to satisfying quality of life concerns of all employees. If a

"THE GOAL OF SMART GROWTH IS NOT NO GROWTH OR EVEN SLOW GROWTH. RATHER, THE OVERALL GOAL IS SENSIBLE GROWTH THAT BALANCES OUR NEED FOR JOBS AND ECONOMIC DEVELOPMENT WITH OUR DESIRE TO SAVE OUR NATURAL ENVIRONMENT."

— PARRIS GLENDENING, MARYLAND GOVERNOR

materials are still important but they have changed from physical items to ideas. Now it is important to locate near people with good ideas so you can hire them and use those ideas to competitive advantage. People with good ideas want to live in communities with two characteristics.

1. They want to live in an area where they can engage, share and compete with others who have similar ideas. This is the basis of industry cluster theory.
2. They want to live somewhere with a high quality of life. While quality employees are committed to the success of their companies, they are also committed to the success of their personal lives and are looking for ways to satisfy both.

Let's leave the discussion of cluster theory to Michael Porter and a horde of consultants and talk about quality of life and how location decisions can help attract the right people, improve competitiveness and, ultimately, boost the bottom line.

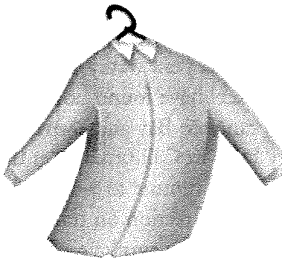
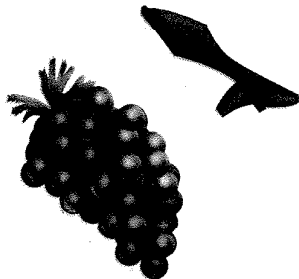
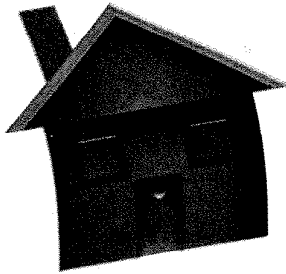
Quality of life is a relative thing. What is important to your quality of life changes as you age, create a family, and send children off on their own. It may appear that there is no one critical amenity in a community that can satisfy everyone. That appearance is deceiving. There is one key aspect of quality of life — choice. A community that is designed to offer a wide variety of

location or community allows people to choose which tradeoffs in life they want to make, they feel empowered and are more satisfied.

The lack of choice and the frustrations of traffic congestion and housing affordability that come with it are affecting many individ-

ual job decisions and some corporate relocation decisions. In the late 1990s, Hewlett Packard put a planned expansion in the north Atlanta suburbs on hold because workers complained about the horrible commute. The company eventually moved even further out into an outlying county. This type of relocation decision offers only temporary relief. When Hewlett Packard's new location becomes fully developed, it too will suffer the same congestion problems. In addition, this relocation has increased commuting distances and forced some employees to move further out. Bell South is addressing these same congestion problems in Atlanta with an innovative relocation/consolidation project that will offer employees a wide variety of transportation options. Bell South employees won't have to move from their current homes to be near the new site and they can choose how to get to work. (See the case study below for more details).

In Silicon Valley, the cost of housing has skyrocketed. When they speak about affordable housing, it means housing affordable to someone making more than \$50,000 a year. Many Silicon Valley workers have found homes across the San Francisco Bay and above the Berkeley Hills in California's Central Valley. They commute to work several hours in each direction on traffic-clogged roads. The employers in Silicon Valley realize that solving housing and



traffic issues are key to attracting and keeping skilled employees so they can maintain the growth in their companies. They have formed the Silicon Valley Manufacturers Association to lobby for more smart growth housing and transportation choices.

The cities of San Jose and Oakland, Calif. are creating mixed-use urban alternatives to the typical suburban high-tech campus. Adobe Systems was one of the first companies to occupy a "vertical campus"—office tower—in San Jose. Adobe's facility is located near San Jose's light rail line so its employees can choose not to drive into the city. In addition, many employees are choosing to live in the affordable condos and apartments that are being built within walking distance of the Adobe facility.

Some California high-tech people are skipping the Central Valley altogether and moving to the Sierra Mountains so they can hike, ski and work at the same time. This growth has reversed the sagging economies of a variety of rural communities. Business leaders in these communities are happy about this boost to their communities but are concerned this new development may have a negative effect on the area's quality of life. They have formed the Sierra Business Council to ensure future growth enhances the quality of life for them and their employees.

Partnerships, like the Sierra Business Council and the Silicon Valley Manufacturers Association, are a key component of smart growth. By partnering with each other, local government and community groups, businesses can create an environment that is conducive to economic growth and supports the quality of life that draws high-quality employees.

Balance is the second key component of smart growth. Bell South is planning new office buildings both in downtown Atlanta and in the nearby northern suburbs. When the private and public sectors follow this example and conduct balanced investment in a

region, everyone can benefit from the new growth. The even distribution of jobs, housing, good schools and services mean that people don't have to drive as far—if at all—to meet their daily needs. Fewer people on the roads for shorter periods of time means less congestion and better experiences for everyone.

The final key component of smart growth is choice. Communities that offer a wider variety of housing and transportation choices are more stable and better places to live. If people can choose to live in the same place when their lifestyles change, they forge closer links to their neighbors and develop a high sense of community. These quality communities attract quality people. If you want to attract and keep quality employees you need to become part of these communities. You become part of these smart growth communities by locating and designing your facility in ways that create more housing and transportation choices for your employees.

LOCATING IN SMART GROWTH COMMUNITIES

Where you locate your facility will determine where your employees choose to live and conversely what pool of prospective employees will see your company as a possible place to work. The U.S. Census Bureau's 1999 American Housing Survey found that the number one reason people choose to live in a certain neighborhood is that it is convenient to their jobs. By locating in an existing community within a metropolitan area rather than on a greenfield near the edge of a metro area, your employees will have better housing and commuting choices. Quality people already living in an area will only consider your firm as a prospective employer if they can conveniently get to your facility. More people can easily reach a facility located near the center of a region than one located near the edge.

Existing communities also have better developed transit systems with higher levels of service. If you do what

Starbucks has just done in Chicago and locate your facility near the stops of several different types of transit such as bus, light rail and commuter rail, your workers will have a greater choice of transportation options as well. Some will choose to drive and others will choose various types of public transit. On the other end of transit lines are an even wider variety of communities in which your workers can choose to live and still have a convenient commute to work.

However, offering the option of reliable, convenient transit is not enough for people to choose not to drive a car. During the day, as well as before and after work, employees run a variety of errands. Today, in many suburban commercial and office areas there is a third rush hour from 11 a.m. to 2 p.m. as workers get into their cars for lunch meetings and to run errands. This causes more congestion and gridlock, blocking any freight transportation serving the area's businesses.

Research in Southern California has shown that if people can't walk to restaurants and other daily services from their workplace, they will still drive to work so they can use their cars to do their daily errands. That means suburban office parks with a mall a mile down the road won't cut it. You need to integrate your facility into a mixed-use community that offers office space, retail and professional services, restaurants and daycare all within a 15-minute walk of your front door. In this type of community, workers who bicycle, transit, carpool or vanpool can comfortably walk to the services they need.

Going back to cluster theory; it is the restaurants, cafes, fitness centers and other meeting places created in a mix-use development that are the place of networking by your information people. The availability of these places enhances the knowledge your employees have about their field and makes them more valuable to you.

If your facility doesn't pollute or create other types of nuisances, the mix

of uses at your location should also include housing that is within walking and biking distance of your door. This creates even greater housing and transportation choices for your workers. If you locate in snowy climates, essential workers will find it much easier to walk, ski or snowshoe to work in a blizzard if they live less than 1/2-mile away. Integrating housing into the neighborhood also means that in the morning and in the evening there will be people using the streets, sidewalks, stores and restaurants. All this action means more "eyes on the street" and better security and comfort for workers who leave the job late in the evening.

PricewaterhouseCoopers and Lend Lease Realty call these mixed-use, walkable, and transit-friendly neighborhoods "24-hour cities" and "24-hour subcities—suburbs with an urban mix of uses." In their annual survey of real estate investment professionals called "Emerging Trends in Real Estate," they have recommended investment in these communities because they can draw higher rents and they are more stable investments.

DESIGNING FOR SMART GROWTH FACILITIES

If you find a good, smart growth location, you should not plan to just plunk down the same old facility you always build. Location and proximity alone do not make a neighborhood walkable, viable and transit friendly. Good design is essential. The way you design your facility will affect the way the rest of the community works.

Streets nearby need sidewalks that connect your facility with transit stops, homes and other buildings in the area. Streets should not be too wide to cross on foot and large parking lots should not bar a pedestrian's path. Most office and industrial parks are designed for cars not people. One key to taking advantage of a smart growth location is to design your facility and the neighborhood for people while still accom-

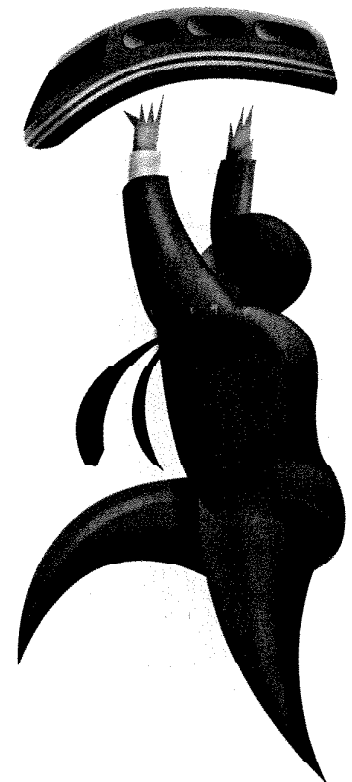
modating cars.

Urban designer David Sucher has three rules for Urban Design 101 (which can be found at www.city-comforts.com/3RulesFl.pdf). They are:

1. Build to the property line. This makes your facility more accessible to pedestrians.

2. Make building frontage permeable, i.e., no blank walls. This makes your facility and the entire street a more interesting, vibrant place to be, which makes it attractive to both your customers and employees.

3. Forbid parking between the building front and the sidewalk (i.e. put onsite parking somewhere, anywhere else). While parking is essential for those who drive, large parking lots in front of the building means that those who walk, bike, or take transit to work have to cross an alien zone to get into the building. This sends a signal



that you value cars more than you value your workers and customers.

The key principles to smart growth business location are:

1. Invest in existing communities.
2. Provide a variety of transportation choices.
3. Mix land uses at a pedestrian scale.
4. Locate in or create walkable neighborhoods.
5. Locate where there are housing choices for a range of household types, family sizes and incomes.

If you follow these five principles you will be creating the lifestyle choices that quality workers seek out and an environment where their ideas can be shared, compared and competed with. Smart growth will help you create and maintain a superior workforce and sustainable competitive advantage in the information economy.

The five principles listed above are half of the Smart Growth Network's "Ten Principles of Smart Growth." For more information about the Smart Growth Network and the principles, check out its Web site at

www.smartgrowth.org. Also contact its partners: The Smart Growth Business Partnership, www.nalgep.org; the Urban Land Institute, www.ULL.org; and the Congress for the New Urbanism, www.cnu.org.

SMART GROWTH CASE STUDIES

Bell South Tries Smart Growth to Relieve Employee Congestion Woes

In recent years, Atlanta has surpassed Los Angeles as the poster child of sprawl development. Recent studies have tagged the Atlanta area with some of the longest commute times, highest household transportation costs, and some of the worst air quality in the country. The air got so bad that the federal government stopped the flow of spending on highways.

The congestion has economic consequences. Several years ago, Hewlett Packard announced it was halting a planned facility expansion in the north Atlanta suburbs due to the bad congestion. Since then, the public and private sectors have responded with a variety of initiatives. Concerned that it may have problems attracting and retaining quality, high-tech employees, Bell South, the region's local phone company, responded with a massive corporate relocation program called the Atlanta Metro Plan.

The project consolidates 10,500 of the company's employees into three properties

located near the region's Lennox, Lindberg and North Avenue transit stations. In addition, Bell South is building parking decks at four stations near the end of the transit lines so workers who choose to live at the outer edge of the metro area can drive to transit and take the train to work. All 3.1 million square feet of office space will be integrated into existing or newly developed mix-used communities that provide housing, hotel and retail space within walking distance.

The many benefits Bell South attributes to this consolidation strategy include:

- Supports and enhances company aspiration as a great place to work.
- Helps attract and retain employees.
- Enhances communication and collaboration.
- Speeds decision-making and improves productivity.
- Provides amenities that help one's personal life.
- Provides flexibility to meet changing needs of business and gives transportation choices to employees.

For more information visit www.atlantametroplan.com.

Starbucks Moves Chicago Staff to Transit-Rich Neighborhood

Starbucks, the ubiquitous purveyor of high-end coffee and the savvy consumer of choice retail locations, has just announced that it is moving its Chicago-based marketing, real estate and business alliance staff to a new location in downtown Chicago's famous Loop. The new office location has pleased employees not only because of increased access to retail and entertainment opportunities, but also because they are within two blocks of both major commuter rail terminals and a block away from an El station. This location gives workers a variety of commuting choices that they did not have at their old location a mile away.

Brett Van Akkeren conducts research and provides technical assistance on smart growth development and financing for the Environmental Protection Agency and the Smart Growth Network. The opinions expressed in this article are his alone and do not necessarily reflect the policies of either organization. He can be e-mailed at Vanakkeren.Brett@epamail.epa.gov.

