



## SEATTLE BUSINESS STARTUPS EXAMINER

### Who's Your City? (and, where have all the small businesses gone?)

A few weeks ago I went to [Town Hall](#), one of my favorite venues, to see Richard Florida discuss his new book: [Who's Your City?: How the Creative Economy Is Making Where to Live the Most Important Decision of Your Life](#). Catch him on [YouTube](#) if you have a chance, he is on to some interesting trends.

*In this post:*

- The Decision About Place
- Impacts of Migration
- Meeting Opportunity
- Cities Are People Too, They Are Alive
- Impacts to Small Businesses
- What Do We Need To Do?
- Consequences of Success (The Balance of the Whole)

#### **The Decision About Place**

Florida offers the premise that most people do not put nearly the same amount of effort in choosing where they want to live as they do in choosing a spouse and choosing a career, but that location seems to be more predictive of our all-round personal happiness. As he talked about the importance of place and the magnitude of choice, I thought back to a previous lecture I attended with Thomas Friedman, who argued that the world is flat – that globalization was making the world effectively smaller.

#### **Impacts of Migration**

Florida agrees with Friedman's premise, but suggests that by nature of having a worldwide competition pool, the economic growth is increasing concentrated in certain mega-regions. He refers to these as "superstar cities." Smaller cities and towns are starting to feel the effects of brain drain much like international countries did when their youth went to the US for business school and stayed in the states. Now, those international students come here for business school and are seeing opportunities around the world – not just The States – and it's equalizing the playing field (but not equally *across* the playing field). He cite that roughly 40 million people make a "big move" each year and that the areas where we live are also affected by our increasingly mobile culture.

#### **Meeting Opportunity**

I can vouch for this, I've moved over 20 times in my life, all for education or economic opportunities and in doing so, I gave up "being rooted." Sometimes, that is what you have to do to experience and enjoy an opportunity – you have to go after it. He argues that (on average) those who choose to stay rooted in their communities due to friends, family or other choices, do so at the risk of giving up such opportunities. Most people agree that personality types tend to cluster—type A to urban areas, type B to rural. Florida argues there are three types of people now: those that can move, those that are rooted in the communities and those that are stuck (want to move, but financially cannot). The "stuck" are part of the ever-widening class gap and digital divide issue we are facing, and it is growing faster than ever before. But technology and education alone cannot power the economy – cities do.

### **Cities Are People Too, They Are Alive**

Florida made the point that cities are living organisms, with a metabolism. They shrink and grow as opportunities arise. Some continue to grow and grow – those that can sustain such uber-growth (those with high metabolisms, like New York, Hong Kong, Beijing) have found a way to not collapse under the pressure. However they also have a very polarizing class system. While those with the latest skills are contributing to that growth enjoy a nice life, there are increasing amounts of people living in substandard conditions. This affects trends. Take real estate. Housing priorities change as we age (from starter homes to family-friendly suburbs to empty nests and finally retirement centers).

"...the world is composed of innovative peaks and valleys. The leaders are the metropolitan regions around Tokyo, Seoul, New York, and San Francisco. Boston, Seattle, Austin, Toronto, Vancouver, Berlin, Paris, Stockholm, Helsinki, Osaka, Seoul, Taipei and Sydney stand out." "There are still at most two dozen places worldwide that generate significant innovation. These regions have ecosystems of leading-edge universities, high-powered companies, flexible labor markets, and venture capital that are attuned to the demands of commercial innovation—and there aren't many of them."

"The global system of cities and regions is going through the same kind of consolidation and restructuring that reshaped global industries like steel and autos and electronics around a smaller number of larger and more efficient players worldwide. Smaller cities and regions may be particularly hit hard, as both global and domestic mega regions up the ante, accelerating their rates of innovation while drawing more top talent. The Clevelands and the Pittsburghs will find themselves increasingly squeezed between twin pincers as to business functions gravitate to larger regions like Chicago, while production shifts to centers like Shanghai."

### **Impacts to Small Businesses**

One last point on this topic...The *Shanghai Daily* features some Q&A with two leading sociologists of world cities, Saskia Sassen and Chen Xiangming. Here's Sassen on the contradictions of global cities.

My research suggests that ultimately cities are better off being dynamic (and hence global cities) but they do need political and civic leadership to balance out the extreme outcomes that markets left to themselves can produce. European cities are much better than US cities. New York, the ultimate market town, has the highest share of very rich people and very powerful firms in the US and the highest share (over 20 percent) of officially counted poor ... and, according to the most recent count, over 100,000 homeless. That shows something about matters left to markets. Global cities are two-edged swords. They bring economic dynamics - and that means jobs, life on the streets at night, vibrant restaurants, and so on. But they do create 20 percent of the population which is extremely prosperous and a risk that they will take over key areas of the city with luxury office buildings, luxury housing and consumption spaces. This displaces smaller shopkeepers, the old modest middle classes. They lose. [More on this article...](#)

### **What Do We Need To Do?**

In [a previous post](#), I had asked the question of Social Entrepreneurism being a fad. [Americans can be so trendy sometimes](#) and when it comes to conscious buying and living, I hope that this greater good we are supporting by developing sustainable businesses, working toward better business practices and investing in our communities isn't simply a flash in the pan. The Divide (both here and abroad) needs to be served in some way, my argument is that sustainable business or social entrepreneurship is a "movement" in that direction. We can argue that the Darwinian aspects of a free market economy (let the successful thrive and the weak go out of business) are good and should be allowed to follow their course, but we have to consider the big picture even for the long term viability of those who are successful today. Consider the masses who have suffered through white collar layoffs and not had the means to go through job retraining, they are suffering on a small scale what small cities and towns are going through now – they are being left behind and will eventually tax the system. Social entrepreneurship is a "preventative medicine" for this inevitable condition. Triple bottom lines serve the whole.

### **Consequences of Success (The Balance of the Whole)**

All this made me wonder about the climate of the small business, their much needed function and their place in society. Something to consider when driving past unrecognizable strip malls and some suburbs with disorientingly similar cross streets - what is the impact of that kind of town planning, where is the money being spent in these communities going? To shareholders, or to local services? Small businesses are necessary to our economic ecosystem, help fill in the niches large companies leave and provide an alternative option in a free market.

If the economic centers are going to be increasingly concentrated, and an increasing number of people are "stuck", we will have to face the question of how to raise society as a whole. How does this affect "The (political and economic) Center of the US, and what sorts of support is needed to help small businesses succeed to benefit their immediate communities?

**I've a few questions for all of you out there:**

- What market are you in now (local, nationwide or international)? If you are local, what is stopping you from expanding to other “like” markets?
- If you were to move, could you take your business with you? Was this a consideration for you when you developed your business plan?
- Was the community benefit a conscious effort for you to include in your business model or a natural by-product of your business plan?