

POLICY ANALYSIS EXERCISE
THE FUTURE OF MEMPHIS

Findings & Recommendations

Presented to:

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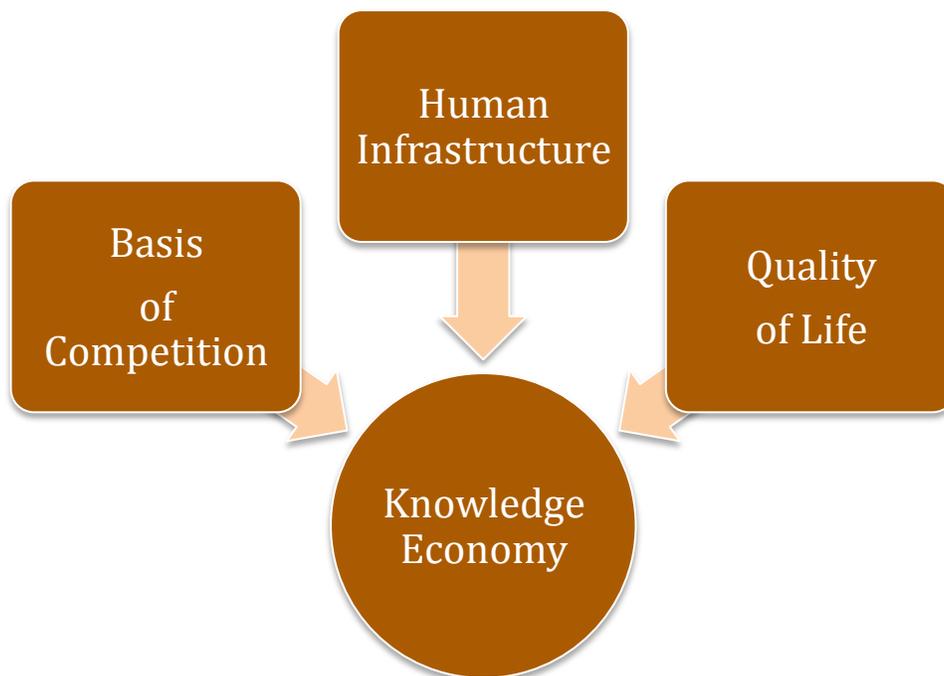
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Executive Summary

In the information age, knowledge is replacing physical and natural resources as the key ingredient of sustainable economic growth. The City of Memphis cannot escape this global economic shift and must redefine its competitive advantage. In this report, we propose strategies that the city can implement in order to successfully transition to a knowledge-based economy.

Our framework for knowledge-based economic development is based upon what we identified as the three essential components of the knowledge economy: 1) basis of competition—economic drivers that create a competitive advantage; 2) human infrastructure—human capital and the structure and facilities to needed to maintain or improve the education and skills of people; and 3) quality of life—the personal satisfaction (or dissatisfaction) with the environmental and social conditions of one’s location.



Using this framework, we analyzed the current conditions in Memphis – both the strengths and challenges - that support or impede the city’s ability to attract knowledge firms and workers. Based on our findings and research on what knowledge-based economic strategies have been implemented in other cities, we proposed recommendations for the city of Memphis to achieve its goal to transition to a knowledge economy. The key findings and recommendations of this study are summarized in the following table.

Summary of Key Findings & Recommendations

Findings	Recommendations
Basis of Competition	
Private firms and organizations coordinate innovation initiatives and accessible venture capital for R&D.	Increase the number of staff in the Office of Talent and Human Capital to enhance Memphis' capacity to set policy and strategy for innovation.
The private sector has limited capacity to promote more effective collaboration and clustering across industries.	Increase capacity for collaboration and industry clustering by seeking federal funds to support innovation and entrepreneurship in Memphis.
Memphis has ample commercial property available; however, tax incentives and property size make it more attractive to mass production firms.	Reassess tax codes in Memphis to align business incentives with knowledge-based economic strategy.
Human Infrastructure	
Memphis cannot develop a knowledge economy with nearly 50 percent of workers having just a high school diploma or less.	Partner with higher education and other postsecondary institutions to improve K-12 public school outcomes and increase the college attainment rate and skills level of the Memphis workforce.
The growth of knowledge jobs in Memphis has stagnated over the last decade.	Partner with businesses to increase workplace-based internships, mentoring, and job placement that provide a talent pipeline to knowledge firms.
Memphis is losing residents, especially knowledge workers, to the surrounding suburbs.	Explore ways to build a complementary economic relationship with Shelby County suburbs to mutually benefit all areas.
Quality of Life	
Poor core services within the city coupled with better alternatives in Shelby County prevent Memphis from being a city of choice for knowledge workers.	Improve public safety in Memphis.
Given its current quality of life factors, Memphis has the most capacity to attract knowledge workers aged 22-34 and workers 50 and older.	Target recruitment of knowledge workers to attract those most likely to choose to live and work in Memphis.
Despite relative improvements to quality of life factors, Memphis continues to be held back by poor public perceptions.	Create a brand strategy to identify and communicate the reasons people should choose to live and work in Memphis.

Background

Introduction

Memphis is at a crossroads. With many of its key industries projected to decline and nascent knowledge industries set for growth, the city of Memphis needs to adapt in order to position its economy for success in the future. To succeed and thrive, it is critical that Memphis transition to a knowledge-based economy, the primary driver of sustainable growth in the information age.

In order to make that transition, Memphians need to improve their basis of competition—economic drivers that create a competitive advantage; human infrastructure—human capital and the structure and facilities needed to maintain or improve the education and skills of people; and quality of life—the personal satisfaction (or dissatisfaction) with the environmental and social conditions of one’s location. As long as Memphis does not make this progress, it will remain a city that is optimized to supply and demand a low-wage, low-skills labor force that will slowly fall victim to the inexorable forces of globalization that are shifting manual labor jobs out of this country.

To avoid that outcome, we recommend that Memphis better align its economic initiatives in service of creating a knowledge economy to set itself up for stability and success in the future. In the following report, we identify Memphis’ strengths and challenges and recommend strategies the city can adopt to successfully transition to a knowledge-based economy.

The first part of this report provides a framework for knowledge-based economic development derived from our literature review and studies of how other cities have successfully transitioned their economies. We go on to identify the conditions under which cities with knowledge economies flourish and attract and retain knowledge workers.

In the next sections of this report, we analyze the current distribution of jobs and economic projections, population trends and demographic data, as well as quality of life in order to provide an overview of the current state of Memphis.

In the final part of the report, we evaluate the conditions in Memphis against the necessary factors for a city to successfully transition to a knowledge-based economy. Based on these findings, we recommend actions that the government of Memphis can take to leverage what the city has and improve in areas where it is lacking in order to successfully transition to a knowledge economy.

Context

Like other cities across the United States, Memphis is struggling to redefine its competitive advantage as the global economy becomes more integrated. Jobs have left Memphis that will likely never return. Local employment in agriculture and the natural resources industry has declined significantly. Though never a major local economic stronghold, the national decrease in manufacturing jobs has not left Memphis unscathed. Technological developments have rendered some occupations obsolete and have created efficiencies that allow the outsourcing of labor to those who earn lower wages overseas. Lower labor costs are poised to have dramatic consequences for Memphis.

Abundant natural resources, geographic location, and low-wage, low-skill labor have long been the drivers of Memphis' economy. In the 20th century, Memphis gained the distinction as the world's largest cotton spot, hardwood, and mule markets. The city's location on the Mississippi River, and its position at the intersection of four main railways helped the city become a major warehouse and distribution center for goods produced elsewhere. (Rushing, 2009) Memphis has always been primarily a low-skill service-based economy. While it remains the largest cotton spot market and a major U.S. distribution hub, it is clear that Memphis' former competitive advantage is eroding in the information era.



Moreover, the human infrastructure that has allowed the current Memphis economy to flourish is detrimental to city's future competitiveness. Throughout its history, Memphis has exploited the labor of poor, uneducated blacks and whites. As Historian Wanda Rushing writes, "The city counted on the regional labor cost differential, a racial division of labor, and an absence of unions in a right-to-work state to appeal to outside investors searching for cheap, docile, and 'safe' labor."¹

The Greater Memphis Chamber still touts low wages as one of the main reasons that companies should relocate and establish headquarters in Memphis.² Yet, the Memphis Area Economic Development Plan notes, "Remaining in the central core [in the city of Memphis] is a high poverty population of people, who are more reliant on social services and less likely to excel in school and the workforce. These trends leave Memphis-Shelby County with compromised workforce quality and competitiveness, and exacerbate issues of crime and educational performance."³

Memphis' significance in the national and global economy is declining; its basis of competitiveness is unsustainable in the era of knowledge-based economies. In the U.S., jobs that

¹ Rushing, Wanda, *Memphis and the Paradox of Place*, Chapel Hill: The University of North Carolina Press, 2009, 98.

² Greater Memphis Chamber, <http://www.memphischamber.com/Economic-Development/Site-Selection/Workforce.aspx>, accessed March 22, 2011.

³ Memphis Area Economic Development Plan, May 2009, 5.

require little education will not support a middle-class lifestyle, much less provide the type of economic stimulus that cities across the country need to pull out of the current economic crisis. The city of Memphis must transition to a knowledge economy that can attract and retain the highest caliber talent and human capital to create a sustainable competitive advantage in the information age.

Client

This Policy Analysis Exercise (PAE) was commissioned by Dr. Douglas Scarboro, Executive Director of the Office of Talent and Human Capital in the city of Memphis to assess its early efforts to develop, attract, and retain talent. In March 2010, Mayor A C Wharton appointed Dr. Scarboro to “play a critical role in maximizing the potential of our city’s workers and ensuring that our best, brightest and most talented workers find opportunities for employment and service right here in Memphis.”⁴ The Office of Talent and Human Capital has established working relationships with critical stakeholders through joint efforts to increase college attainment among its population, retain college-educated Memphians, and attract the best and brightest people to Memphis.

The theory of change driving the Office of Talent and Human Capital is as follows: if the City of Memphis has the best talent and human capital, knowledge jobs will follow these workers. The underlying assumption is that in today’s economy, successful cities are those with talent workers – young, college-educated men and women.



⁴ Dries, Bill, “Wharton: New City Office Will be City Funded,” *The Daily News*, March 18, 2010, http://www.chicagomanualofstyle.org/tools_citationguide.html, accessed March 22, 2011.

Memphis' belief that they need to increase college attainment rates and keep college-educated Memphians in the city while simultaneously attracting the best and brightest talent from outside the city is justified. This theory of change is logical but incomplete. It assumes a pre-existing local demand for more highly skilled workers, and thereby downplays the outcome for which the Memphis economy has been optimized throughout its history: inexpensive labor that drives the city's main competitive advantage—cheap production costs. Moreover, this theory does not address whether or not the economic conditions are sufficient to promote the growth of a knowledge economy in Memphis.

Questions

This analysis addresses the following key questions:

- What is a knowledge economy?
- Should Memphis transition to a knowledge economy?
- What are the conditions under which knowledge economies flourish, and which of these conditions are present in Memphis? Which conditions does it lack?
- What can the city of Memphis do to improve upon and develop the necessary components to support a knowledge economy?

Methodology

This study reviewed a wide range of reports, books, articles, and data on the knowledge economy, talent workers, networks, Memphis economic development and history, and case studies of peer cities. Focus groups and interviews were conducted with local young professionals and other talent workers to identify the factors associated with how and why knowledge workers choose to relocate to Memphis.

Part I: What is a Knowledge Economy?

Peter Drucker first introduced the foundation for the knowledge economy—the knowledge worker—in 1966 in his book, *The Effective Executive*. Drucker described the difference between the manual worker and the knowledge worker as well as the changing economy. “Modern society is a society of large organized institutions. In every one of them, including the armed services, the center of gravity has shifted to the knowledge worker, the man who puts to work what he has between his ears rather than the brawn of muscle or the skill of his hands.”⁵ Drucker advised, “The knowledge worker is the one ‘factor of production’ through which the highly developed societies and economies of today—the United States, Western Europe, Japan, and also increasingly, the Soviet Union—become and remain competitive.”⁶

Increasingly, research suggests that some of the new jobs that have been created over the past two decades are fundamentally different from the ones that have been lost.⁷ The new jobs tend to favor educated workers over those with less education and skills. Data on returns to education suggest a very divergent pattern of reward for those with educational credentials and those without them. Over the period 1975 to 1999, earnings differences increased markedly among workers with different levels of educational attainment.⁸ More education translates into higher earnings, but this payoff is most pronounced at the highest educational levels.

The increase in the education premium has often been explained by skill-biased technological change. Many technological innovations require workers with complementary skills and knowledge of that technology, which leads to an increase in demand for educated workers. At the same time, low-skilled positions are made redundant by technology, which decreases the need for less-educated workers. In the *Work of Nations*, former Secretary of Labor Robert Reich underscored the growing economic dependence on highly skilled human capital rather than the traditional factors of production—land, labor, and capital. Reich’s central thesis argues, “Government policy makers should be less interested in helping American-owned companies earn hefty profits from new technologies than in helping Americans become technologically sophisticated.”⁹

While there is consensus on the critical role that the knowledge worker plays today, there is no official definition of a knowledge economy. The Organisation for Economic Co-operation and Development (OECD) defines knowledge economies as “economies that are directly based on

⁵ Drucker, Peter, *The Effective Executive*, New York: HarperCollins Publishers, 2006, 3.

⁶ *Ibid.*

⁷ Morris, Martina and Bruce Western, “Inequality in Earnings at the close of the Twentieth Century,” *Annual Review of Sociology*, 25 (1999): 623-657.

⁸ Day, Jennifer Cheeseman and Eric C. Newburger, *The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings*, U.S. Census Bureau Current Population Reports, July 2002.

⁹ Reich, Robert, *The Work of Nations: Preparing Ourselves for 21st Century Capitalism*, New York: Alfred A. Knopf, 1991.

the production, distribution, and use of knowledge and information.”¹⁰ Walter Powell and Kaisa Snellman offer a more specific definition:

Production and services based on knowledge-intensive activities that contribute to an accelerated pace of technological and scientific advance as well as equally rapid obsolescence. The key components of a knowledge economy include a greater reliance on intellectual capabilities than on physical inputs or natural resources, combined with efforts to integrate improvements in every stage of the production process, from the R&D lab to the factory floor to the interface with customers.¹¹

Some scholars define the knowledge economy based on the decline of manufacturing jobs and the rise of the service economy. However, as Walter Powell and Kaisa Snellman point out:

Such a stark view of economic transformation misses an even more profound change in which the distinction between manufacturing and services has been rendered moot. Consider the automobile, the icon of the “old” Fordist, manufacturing economy. A new car today is less and less the product of metal fabrication and more a smart machine that uses computer technology to integrate safety, emissions, entertainment, and performance.¹²

From this perspective, one may attribute the decline of Chrysler and General Motors in Detroit to their failure to sufficiently use knowledge to improve their vehicles and gain a competitive advantage over other car manufacturers, such as Honda and Toyota, the makers of more fuel-efficient vehicle. Therefore, the presence of manufacturing does not preclude the knowledge economy.

Rather than define a knowledge economy, it is more useful to identify its component parts. Our literature review suggests that these components are as follows:

Basis of competition

- Innovation and investment in R&D as drivers of economic growth
- Effective competition policies to stimulate the demand for innovation
- The promotion of more effective collaboration across industries whether through business clusters or formal and informal business networks
- Access to venture capital for businesses and universities to ensure that research can be transformed into real products, services, and processes
- The availability of commercial property appropriate for a range of business types and sizes

Human infrastructure

- A highly skilled workforce
- Employers who have the capacity to fully utilize the skills of a highly skilled workforce

¹⁰ Organisation for Economic Cooperation and Development (OECD), “The Knowledge-Based Economy,” Paris: OECD, 1996, 7.

¹¹ Powell, Walter W. and Kaisa Snellman, “The Knowledge Economy,” *Annual Review of Sociology*, 2004.30, 201.

¹² *Ibid.*

- An infrastructure of world-class research universities with strong linkages to the business community
- High levels of social capital to promote trust between businesses; between employers and employees; and between residents and the city

Quality of life

- A combination of quality core services and amenities that are drivers of location choices
- Effective recruitment strategies to attract desired residents
- Clear understanding of the city's assets and strategies for how to communicate those to different audiences

It is important to note that it is unlikely for any one city to possess all these qualities. David Coats of The Work Foundation in the UK writes, "It is more a matter of devising a recipe that reflects the earlier path of economic development and allows policy makers to blend these elements to reflect the specific problems they face."¹³ This report suggests how the city of Memphis should blend these elements with its current economic conditions to begin to realize its goal to transition to a knowledge economy.

¹³ Coats, David, Ideopolis: Knowledge Cities Working Paper 1 – What is the Knowledge Economy?, UK: The Work Foundation, 2005, 5.

Part II: Knowledge Economy Development Framework

Cities succeed and fail in idiosyncratic ways. Similarly, economies and competitive advantages are shaped by culture, geography, industry, and other factors that are unique to each city. Based on our literature review and research on Memphis, we created a framework for knowledge-based economic development. Our analysis suggests that Memphis is more likely to successfully transition to a sustainable, knowledge-based economy if the city improves the following factors:

- Basis of competition
- Human infrastructure
- Quality of life

Basis of Competition

Cities like Memphis cannot continue to compete within the paradigm of the old mass production economy. Therefore, it is imperative that Memphis change its basis of competition in order to increase entrepreneurship and innovation, the critical economic drivers in the information age. This approach has worked in similar economies. According to Maryann Feldman and Lauren Lanahan:

Older industrial areas such as Pittsburgh, Cleveland, Akron, and Youngstown are places with substantial infrastructure and a proud industrial heritage that are struggling to redefine themselves in the global economy. The large corporations headquartered there that served as the backbone of the region's 20th-century industrial economy are neither as numerous as they were 50 years ago nor as central to the region's core economic competitiveness. In many different ways these companies have squandered their competitive advantages or watched as the forces of globalization overwhelmed those advantages. This leaves entrepreneurship (defined as new firm formation and scale-up) and innovation (defined as the creation of value in an economy no matter the size of the company or the source of the idea) as the most viable strategies for the economic future of the region.¹⁴

Human Infrastructure

Labor economists often distinguish between human capital accumulated during three distinct phases of life: early human capital mainly acquired at home, human capital acquired through formal education, and human capital accumulated through on-the-job training. All of these phases combine to form a human infrastructure development chain that provides cities with the workforce they need to drive their economies. According to Theodore Schultz, "...investment in

¹⁴ Feldman, Maryann and Lauren Lanahan, *Silos of Small Beer: A Case Study of the Efficacy of Federal Innovation Programs in a Key Midwest Regional Economy*, Washington, D.C.: Center for American Progress, September 2010, 2.

human capital accounts for most of the impressive rise in the real earnings per worker.”¹⁵ Human infrastructure improvement will be a critical part of Memphis’ transition to a knowledge-based economy.

Quality of Life

Memphis can make economic progress, but it is all for naught if it does not improve some of its quality of life factors. Improving core services and lifestyle amenities that affect the location choices of knowledge workers is an imperative for transitioning to a knowledge economy.

The Economist Intelligence Unit found that “[Of great] importance to city dwellers is the quality and availability of transport, roads and parking facilities—and some professionals indicate a willingness to pay more to fund them...But citizens care about more than simply the practicalities of getting around. Cities are also hubs for arts and entertainment, sporting events and social life—all things that are valued highly not only by tourists but also by the residents.”¹⁶

With our framework guiding our analysis, let us now turn to our research findings on the Memphis economy and the conditions that are present or need improvement in order for the city to transition to a knowledge-based economy.

¹⁵ Schultz, Theodore W., “Investment in Human Capital,” *The American Economic Review*, Vol. 51, No. 1 (Mar., 1961), 1-17.

¹⁶ Economist Intelligence Unit, *Liveable Cities: Challenges and Opportunities for Policymakers*, November 2010, 7.

Part III: The Memphis Economy

Factors of Production

Land: Memphis has an estimated population of 646,889, making it the biggest city in the state of Tennessee, the third largest in the Southeast, and the 19th largest in the United States.¹⁷ The greater Memphis metropolitan area, including adjacent counties in Mississippi and Arkansas, has a population of 1,280,533. This makes Memphis the second largest metropolitan area in Tennessee, surpassed only by metropolitan Nashville, which has only overtaken Memphis in recent years.

According to the United States Census Bureau, the city has a total area of 313.8 sq mi. Within this area, 46 percent of the total single-family housing stock is affordable to moderate-income households; 34 percent is affordable to low-income households; and 18 percent is affordable to very low-income households.¹⁸ Memphis had a 19.6 percent vacancy rate in office space in 2010 and had a 13.1 percent vacancy rate in 2010 for all industrial occupancy in that same year.

Labor: Memphis offers a workforce with a median age of 35 at wage rates that are lower than most other parts of the country.¹⁹ For the past 30 years, Memphis has had a higher percentage of logistics workers than any other metropolitan area in the country. Tennessee is a right to work state. The region is home to a number of higher education institutions, the largest community college in Tennessee, a number of public and private vocational and technical training facilities and a long list of quality private schools. More than 18 percent of Memphis' population aged 25 and older have not completed high school; 14 percent have bachelor's degrees; six percent have master's degrees; less than two percent have professional school degrees; and one percent have doctorates.²⁰

Capital: This paper refers to capital as the financial incentives that Memphis offers to businesses. This includes four primary municipal tax incentives that are important to Memphis' economic landscape.²¹ Like the State of Tennessee, Memphis' tax incentives tend to favor large, industrial businesses rather than the knowledge firms they would like to entice. Memphis' tax incentives are as follows:

¹⁷ U.S. Census Bureau, Annual Estimates of the Resident Population for Incorporated Places Over 100,000, Ranked by July 1, 2009 Population: April 1, 2000 to July 1, 2009 (CSV), 2007 Population Estimates, Population Division, <http://www.census.gov/popest/cities/tables/SUB-EST2009-01.csv>, accessed November 11, 2010.

¹⁸ Memphis Center City Commission, Downtown Memphis Housing Report 2000-2010 Highlights, March 2010.

¹⁹ Greater Memphis Chamber of Commerce, Full Survey: Greater Memphis Area Labor Supply Survey.

²⁰ U.S. Census Bureau, American Community Survey 3-Year Estimates, 2007 to 2009.

²¹ Greater Memphis Chamber of Commerce, <http://www.memphischamber.com/Economic-Development/Site-Selection/Incentives/Tax-Incentives.aspx>, accessed March 22, 2011.

Memphis/Shelby County Payment in Lieu of Tax (PILOT)

Projects involving large capital investment and high levels of job creation may qualify for a property tax freeze. Approval is based on a variety of performance standards, including the number and type of jobs created, annual base wage, capital investment in real and personal property, and the location of the project. Property taxes are frozen at the pre-development level.

Diversity Plan

Diversity Plan is an optional add-on incentive to the Memphis/Shelby County PILOT Program. One to two additional years can be added to the end of the initial PILOT term by meeting designated certified minority/small business hiring or contracting goals.

Renewal Community Tax Credits

The Renewal Community (RC) program provides incentives for businesses to locate or expand in any of Memphis' 68 economically distressed census tracts. Businesses located in the Renewal Community and hiring Renewal Community residents can qualify for a variety of federal tax incentives, including:

- RC Employment Credit, an annual federal tax credit of up to \$1,500 for each employee who lives and works for the business in a Renewal Community.
- Work Opportunity Tax Credits (WOTC), a federal tax credit of up to \$2,400 for each 18-to-39 year-old new employee who lives in an RC.
- Increased Section 179 Deduction of up to \$35,000 of the cost of eligible equipment purchases.
- Commercial Revitalization Deduction, an accelerated deduction on federal taxes to recover certain costs of new and/or substantially rehabilitated commercial buildings in an RC.
- Zero Percent Capital Gains Rate for Renewal Community Assets.
- Bond Financing - Qualified Zone Academy Bonds (QZABs).

Foreign Trade Zone

Memphis' Foreign Trade Zone Program can provide businesses engaged in international trade with significant advantages, including lower duties, reduced processing fees and quicker movement of goods. Goods can be stored, processed, manipulated and integrated with domestic goods, all before paying duties. The Memphis and Shelby County Office of Economic Development administers a General Purpose Foreign Trade Zone and assists companies with establishing subzones.

Let us now turn to a description of the jobs available in Memphis.

Employment in Memphis

The Memphis economy is shrinking; the city has had a net loss of jobs every year since 2000. After experiencing growth in the 1990s, employment in Memphis began to decline. Between 2000 and 2005, unemployment in Memphis increased from 4.9 to 7.1 percent while the total civilian labor force remained relatively constant. Table I below illustrates how the labor force of the city changed from 1990 to 2005.

Table I. Civilian Labor Force in the City of Memphis, 1990-2005

	1990	2000	2005
Total Civilian Labor Force	284,880	306,546	306,481
% Change Labor Force		7.6%	0.0%
Employed	268,868	291,406	284,613
% Change Employed		8.4%	-2.3%
Unemployed	16,012	15,140	21,868
Unemployment Rate	5.6	4.9	7.1

Source: County and City Data Book: 2007

A closer look at employment by industry and occupation during this period reveals that demand for low-wage, manual labor in particular has declined. Like most U.S. cities, manual labor jobs in industries from agriculture to manufacturing have left Memphis and are likely never going to return. Advances in technology have created efficiencies that allow the outsourcing of manual labor to those who earn a lower wage overseas or have altogether rendered some occupations obsolete.

As seen in Table II, by 2009, agriculture comprised just three percent of employment in Memphis. Employment in manufacturing dropped from 12.5 percent in 1990 to nine percent in 2009. Retail sector employment declined by a larger margin—6.3 percentage points—as more consumers purchase goods online, thereby reducing the demand for retail workers. Meanwhile, despite being a major distribution hub and FedEx as the largest employer based in Memphis, employment in transportation and warehousing grew by less than one half a percentage point between 1990 and 2009.

Top 10 Employers in the City of Memphis

Employer	Employees
FedEx Corporation	32,000
Memphis City Schools	15,240
U.S. Government	14,500
Methodist Healthcare	8,937
City of Memphis	6,909
Baptist Memorial Healthcare	6,791
Shelby County	6,513
Wal-Mart Stores	6,000
Tennessee State Government	5,000
University of Tennessee Health Science Center	3,822

Source: Memphis 101 and the Greater Memphis Chamber

However, the percentage of Memphians employed in knowledge industries did not increase significantly during this period. Only employment in the art/entertainment/recreation sector, which includes accommodation and food service, grew substantially from 1.2 to 10.1 percent of employment in the city. Education/health/social service sector's share of employment increased by two percentage points, but financial services/insurance/real estate sector employment only

increased by a third of a percentage point. Employment in the professional/scientific/management/administrative/waste management services sector dropped by almost six percentage points. Even the percentage of public administration jobs, generally a source of stable employment, declined by a percentage point between 1990 and 2009.

Memphis' employment trends reflect greater economic demand for knowledge workers relative to all other workers except those in service occupations. In fact, service occupations in Memphis have been growing at a faster rate than professional occupations for the last decade. Table III shows that employment increased in only two occupational categories: management/professional/related and service. Employment growth in the former increased by over five percentage points although it has remained constant since 2000. Over the same period, service occupations have continuously grown, netting just over a three-percentage point increase. In *The Rise of the Creative Class*, Richard Florida attributes the correlation between growth in these two occupational categories to their interdependence.

Florida divides all employment into Agriculture, Working Class, Service Class, Creative Class, and the Super-Creative Core. Memphis' professionals and managers fall into the Creative Class, which he describes as “‘creative professionals’ who work in a wide range of knowledge intensive industries such as high-tech sectors, financial services, the legal and health care professions, and business management.”²² Florida explains:

Growing alongside the Creative Class is another social grouping I call the Service Class—which contains low-end, typically low-wage and low-autonomy occupations in the so-called “service sector” of the economy: food service workers, janitors and groundskeepers, personal care attendants, secretaries and clerical workers, and security guards and other service occupations. . . . The growth of this Service Class is in large measure a response to the demands of the Creative Economy. Members of the Creative Class, because they are well compensated and work long and unpredictable hours, require a growing pool of low-end service workers to take care of them and do their chores. This class has thus been created out of economic necessity because of the way the Creative Class operates.²³

The disappearance of work has clearly not had the same effect on all workers in Memphis. Uneducated, low-wage, manual laborers have been disproportionately left jobless. Conversely, the demand for educated, high-wage knowledge workers has risen, as has the demand for low-wage service workers.

²² Florida, Richard, *The Rise of the Creative Class*, New York: Basic Books, 2002, 69.

²³ *Ibid.*, 71.

Table II. Employment by Industry in the City of Memphis, 1990-2009

	1990		2000		2005-2009	
Employed civilian population 16 years and over	267,129		280,121²⁴		297,642	
INDUSTRY		% Employed		% Employed		% Employed
Agriculture, forestry, fishing and hunting, and mining	2,951	1.1	594	0.2	864	0.3
Construction	13,119	4.9	15,507	5.5	16,570	5.6
Manufacturing	33,301	12.5	28,570	10.2	26,782	9
Wholesale trade	15,549	5.8	12,233	4.4	12,166	4.1
Retail trade	46,679	17.5	31,799	11.4	33,197	11.2
Transportation and warehousing, and utilities	29,307	11.0	31,957	11.4	33,466	11.2
Information	n/a	n/a	6,412	2.3	4,762	1.6
Finance, insurance, real estate, and rental and leasing	15,437	5.9	17,143	6.1	18,527	6.2
Professional, scientific, management, administrative, and waste management services	41,314	15.5	26,447	9.4	28,874	9.7
Educational, health and social services	51,544	19.4	56,417	20.1	63,617	21.4
Arts, entertainment, recreation, accommodation and food services	3,136		24,721	8.8	30,113	10.1
Other services (except public administration)			14,692	5.2	16,001	5.4
Public administration	14,542	5.4	13,629	4.9	12,703	4.3

Source: 1990 U.S. Census Data, 2000 U.S. Census Data, 2005-2009 American Community Survey Estimates

²⁴ This figure differs from the 2000 figure from the County and City Data Book on the previous page (306,546) because the former reflects governmental unit boundaries legally effective as of January 1, 2000, including any post-1990 corrections and other changes due to annexations, new incorporations, or mergers.

Table III. Employment by Occupation in the City of Memphis, 1990-2009

	1990		2000		2005-2009	
Employed civilian population 16 years and over	267,129		280,121²⁵		297,642	
OCCUPATION		% Employed		% Employed		% Employed
Management, professional, and related occupations	64,258	24.1	82,741	29.5	87,752	29.5
Service occupations	42,094	15.8	45,070	16.1	56,714	19.1
Sales and office occupations	91,074	34.1	83,245	29.7	82,542	27.7
Farming, fishing, and forestry occupations	2,624	1	355	0.1	433	0.1
Construction, extraction, and maintenance occupations	23,440	8.8	22,152	7.9	22,676	7.6
Production, transportation, and material moving occupations	43,689	16.4	46,558	16.6	47,525	16

Source: 1990 U.S. Census Data, 2000 U.S. Census Data, 2005-2009 American Community Survey Estimates

²⁵ This figure differs from the 2000 figure from the County and City Data Book on the previous page (306,546) because the former reflects governmental unit boundaries legally effective as of January 1, 2000, including any post-1990 corrections and other changes due to annexations, new incorporations, or mergers.

Nascent Knowledge Industries

In Memphis, demand for high-wage service workers is located in the biotech and medical research fields. These areas create a nexus around which innovation and entrepreneurship are developing, creating a biotech industry cluster. However, this cluster has evolved in the context of Memphis' current competitive advantage and includes biologistics, the distribution of medicine and medical supplies.

Clustering in this industry leverages Memphis' status as the health care corridor and medical distribution hub in the Mid-South, increasing its competitive advantage in the region. Our research identified a strong culture of entrepreneurship in this industry cluster. Specifically, a non-profit incubator, EmergeMemphis has taken the lead on stimulating biotech-related entrepreneurship in the city, having incubated enterprises such as Altaro, an expansive research institute intent on unearthing innovative uses for existing technologies; Coroutine, a software accelerator that provides custom software development; and Extracon Science LLC, a company that develops software to help users accomplish their exercise, diet, and smoking cessation goals.

Many of Memphis' industry clusters depend upon its aerotropolis. Learning from what has already been successful there, Memphis can begin to replicate that success in emerging knowledge-based clusters. In time, Memphis could build enough momentum to gain a critical mass of enterprises to shift their clusters from a mass-production to a knowledge economy.

Although there is some industry clustering in Memphis that has been effective, like the examples above, many clusters focused solely around distribution—an industry cluster predicted to experience a relative decline in the coming years.

Economic Projections

Tennessee’s industry projections look promising for knowledge workers in education, health, business, and other professional services relative to workers in all other industries. As seen in Table IV below, the state predicts the largest growth in Education & Health Services, which is already the fastest growing industry in Memphis.

Table IV. Tennessee Statewide Industry Projections, 2008-2018

INDUSTRY SECTOR	Base 2008	Projection 2018	Total 10-year Change	Percent Growth/ Decline
Educational & Health Services	582,490	685,320	102,830	17.7%
Professional & Business Services	321,060	368,640	47,580	14.8%
Other Services	140,860	156,660	15,800	11.2%
Leisure and Hospitality	273,740	298,600	24,850	9.1%
Government	213,030	223,230	10,200	4.8%
Natural Resources, Mining & Construction	169,910	177,880	7,970	4.7%
Transportation, Warehousing & Utilities	613,830	626,570	12,740	2.1%
Retail Trade	325,320	328,190	2,870	0.8%
Information	50,530	53,030	2,500	4.9%
Financial Activities	145,030	148,990	3,960	2.7%
Wholesale Trade	131,860	131,860	0	0%
Manufacturing	360,940	308,020	-52,920	-14.7%

Source: Tennessee Department of Labor & Workforce Development

Similarly, the U.S. Bureau of Labor Statistics predicts that the fastest growing occupations are knowledge jobs that require at least a college degree, while the quickest declining occupations are manual labor jobs that do not require postsecondary education or training. This news is bad for Memphis because it hosts a number of the jobs predicted to decline, such as hand packers in transportation and distribution, machinists and laborers in production, and administrative support. For a full list of these occupations, see Appendix 1.

However, Memphis is already a basin for many of the jobs predicted to grow the fastest. Three quarters of these occupations are in the field of medicine and health sciences; they include physician assistants, medical scientists, and biomedical engineers. The full list of these occupations appears in Appendix 2. Memphis is the home of a large medical district that employs 30,000 people and includes Le Bonheur Children’s Medical Center, St. Jude Children’s Research Hospital, and the University of Tennessee Health Science Center. Therefore, Memphis already has the infrastructure to support job growth in this area.

Furthermore, according to a regional workforce analysis conducted by the Greater Memphis Chamber, there is a large number of underemployed (177,604), and unemployed (483,440) workers in the Memphis region who are interested in workforce training; the leading fields of

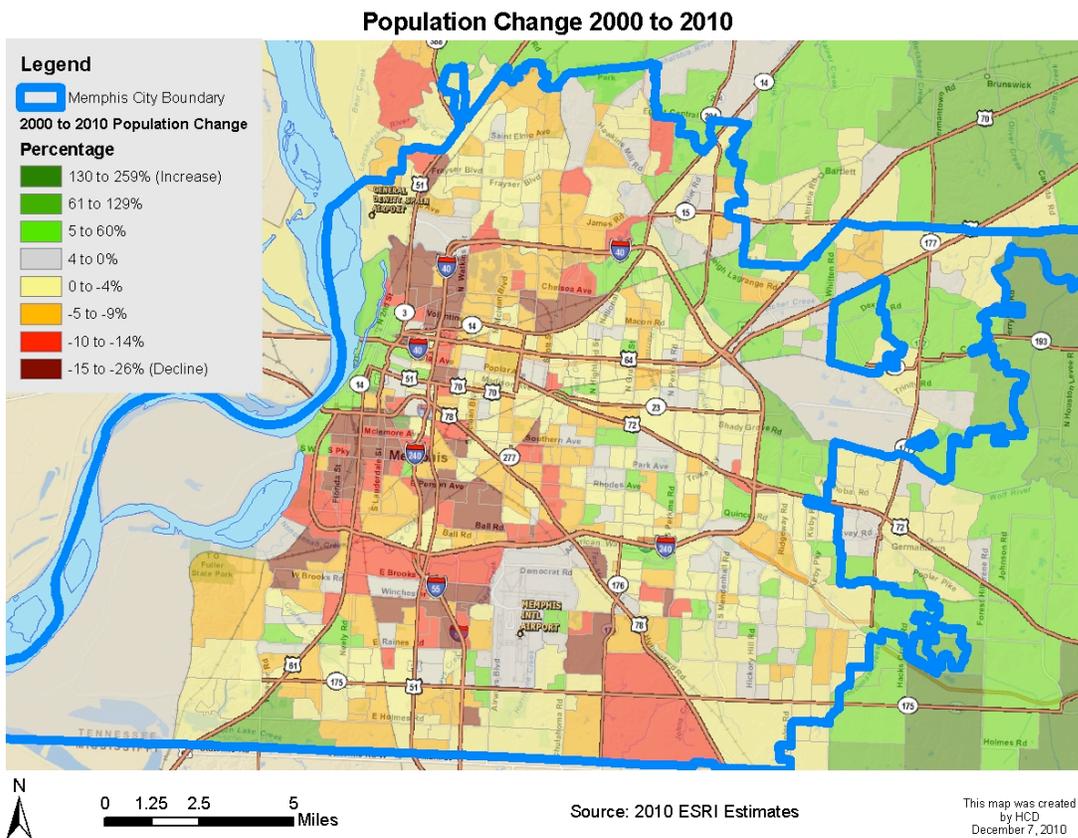
interest among them are nursing and other medical-related fields.²⁶ It is unclear how many of these workers are actually Memphis residents.

In a city like Memphis, where the economy has demanded a low-skill, low-wage workforce, the growing economic importance of knowledge workers requires that the skills of its own residents be improved to support knowledge industries. The next section of this report provides a closer examination of Memphis residents compared to residents in the rest of Shelby County.

²⁶ Greater Memphis Chamber, <http://www.memphischamber.com/Economic-Development/Site-Selection/Workforce.aspx>, Accessed May 2, 2011.

Part IV: Memphis Residents

The city of Memphis has experienced a 6.4 percent population decrease over the last decade.²⁷ The graph below compares the percentage population change throughout the city. There are parts of the city in which the population increased but not significantly enough to offset the losses in other areas.



Suburbanization is a big factor in Memphis' population loss. When we exclude Memphis, the population in the surrounding Shelby County has increased over the same time period by 36 percent from 206,542 in 2000 to 280,755 in 2010. Based on 2005 population estimates, the population in the Memphis Metropolitan Statistical Area, excluding all of Shelby County, also increased after 2000, though not as much as in Shelby County. Table V below shows this comparison.

²⁷ Social Explorer Tables (PL94), Census 2010 - PL94 Redistricting Data, U.S. Census Bureau, Social Explorer.

Table V. Population Change in Memphis, Shelby County, and Memphis MSA, 2000-2005

Year	Memphis City ²⁸	Shelby County (Excluding Memphis) ²⁹	Memphis Metropolitan Statistical Area ³⁰ (excluding all Shelby County)
2000	682,953 ³¹	214,519	993,812
2005	672,277	233,428	1,027,477
Change	-10,676	18,909	33,665
% Change	-1.6%	8.8%	3.4%

Furthermore, a comparison of the residents of Memphis and Shelby County suggests that the city lags behind the surrounding suburbs in attracting knowledge workers. According to American Community Survey's population estimates for 2007-2009, 11.7 percent of the Memphis population held management positions compared to 19.2 percent of residents in the surrounding Shelby County. Over 23 percent of suburban Shelby County residents were employed in professional occupations compared to 18.5 percent of Memphians. However, a larger percentage of Memphis' employed population is manual laborers or low-level service employees than their suburban counterparts. Table VI highlights these disparities.

Not surprisingly, families in Memphis are poorer on average than families in Shelby County. According to the 2007-2009 American Community Survey, 20.7 percent of Memphis families had an income in 2009 that was below the poverty level. In the Shelby County suburbs, only 4.4 percent of families lived in poverty.³² Based on the 2010 U.S. Census, nearly two thirds of Memphis households had an annual income of less than \$50,000, compared to less than a third of households in the rest of Shelby County and the state of Tennessee. For more details on Memphis income distribution relative to Shelby County and Tennessee, refer to Table VII.

²⁸ U.S. Census Bureau, *County and City Data Book: 2007(14th edition)*, Washington, D.C.: U.S. Government Printing Office, 728.

²⁹ *Ibid*, 65.

³⁰ U.S. Census Bureau, Annual Estimates of the Population of Metropolitan and Micropolitan Statistical Areas: April 1, 2000 to July 1, 2005 (CBSA-EST2005-01), <http://www.census.gov/popest/metro/CBSA-est2005.html>, accessed April 5, 2011.

³¹ This figure differs from the 2000 census figure above - 690,930 - because it reflects governmental unit boundaries legally effective as of January 1, 2000, including any post-1990 corrections and other changes due to annexations, new incorporations, or mergers.

³² U.S. Census Bureau, American Community Survey 3-Year Estimates, 2007 to 2009, Social Explorer.

Table VI. Employment by Occupation, Memphis & Shelby County, 2007-2009 Estimates

	Shelby County, Tennessee		Memphis city, Tennessee		Shelby County (excluding Memphis)	
SE:T47. Occupation For Employed Civilian Population 16 Years And Over						
Employed civilian Population 16 Years and over:	418,213		297,675		120,538	
Management, business, and financial operations occupations	58,077	13.9%	34,878	11.7%	23,199	19.2%
Professional and related occupations	83,283	19.9%	55,006	18.5%	28,277	23.5%
Healthcare support occupations	7,556	1.8%	6,046	2.0%	1,510	1.3%
Protective service occupations	12,634	3.0%	8,967	3.0%	3,667	3.0%
Food preparation and serving related occupations	22,304	5.3%	18,181	6.1%	4,123	3.4%
Building and grounds cleaning and maintenance occupations	18,475	4.4%	15,640	5.3%	2,835	2.4%
Personal care and service occupations	12,530	3.0%	9,303	3.1%	3,227	2.7%
Sales and related occupations	50,060	12.0%	32,869	11.0%	17,191	14.3%
Office and administrative support occupations	66,402	15.9%	47,953	16.1%	18,449	15.3%
Farming, fishing, and forestry occupations	920	0.2%	641	0.2%	279	0.2%
Construction, extraction, and maintenance occupations	29,579	7.1%	22,198	7.5%	7,381	6.1%
Production occupations	20,134	4.8%	16,487	5.5%	3,647	3.0%
Transportation and material moving occupations	36,259	8.7%	29,506	9.9%	6,753	5.6%

Source: ACS 2007 to 2009 (3-Year Estimates) (SE), Social Explorer; U.S. Census Bureau

Table VII. 2010 Memphis Income Distribution Compared to Shelby County & Tennessee

Income Category	City of Memphis		Shelby County (Excluding Memphis)			Tennessee (Excluding Memphis)		
	# Households	% Of Households	# Households	% Of Households	%	# Households	% Of Households	
Less than \$25,000	82,570	34.54%	9,722	9.15%		604,536	17.99%	
\$25,001 to \$50,000	73,858	30.89%	19,456	18.30%		396,057	11.78%	
\$50,001 to \$75,000	40,529	16.96%	22,717	21.37%		1,850,461	55.06%	
\$75,001 to \$150,000	33,231	13.90%	41,190	38.75%		409,889	12.20%	
\$150,000 or more	8,878	3.71%	13,218	12.43%		99,801	2.97%	
	239,066		106,303			3,360,744		

Source: TRF PolicyMap Community Profile Report of City: Memphis

Not only are Memphians poorer on average than their county counterparts but they are also less educated. As seen in the table below, Shelby County’s suburbs outperformed Memphis in educational attainment at every level of postsecondary education. Furthermore, nearly 50 percent of Memphis’ population has only completed high school or less compared to 28 percent in Shelby County.

Table VIII. 2009 Public School Performance in Memphis and Shelby County

	Memphis City School District	Shelby County School District
% 4 th graders proficient in reading	77.8	95.6
% 4 th graders proficient in math	83.7	95.1
% 8 th graders proficient in reading	85	95.1
% 8 th graders proficient in math	83.5	93.5
% High school students proficient in reading	73	90.5
% High school students proficient in math	38.1	69.4

Table IX. Educational Attainment, Memphis & Shelby County, 2007-2009 Estimates

	Shelby County, Tennessee		Memphis city, Tennessee		Shelby County (excluding Memphis)	
SE:T22. Educational Attainment For Population 25 Years And Over						
Population 25 Years and over:	580,704		423,334		157,370	
Less Than High School	88,857	15.3%	78,786	18.6%	10,071	6.4%
High School Graduate (includes equivalency)	159,869	27.5%	126,075	29.8%	33,794	21.5%
Some college	171,463	29.5%	121,499	28.7%	49,964	31.7%
Bachelor's degree	99,980	17.2%	59,716	14.1%	40,264	25.6%
Master's degree	42,055	7.2%	25,542	6.0%	16,513	10.5%
Professional school degree	11,823	2.0%	7,589	1.8%	4,234	2.7%
Doctorate degree	6,657	1.2%	4,127	1.0%	2,530	1.6%

Source: ACS 2007 to 2009 (3-Year Estimates) (SE), Social Explorer; U.S. Census Bureau

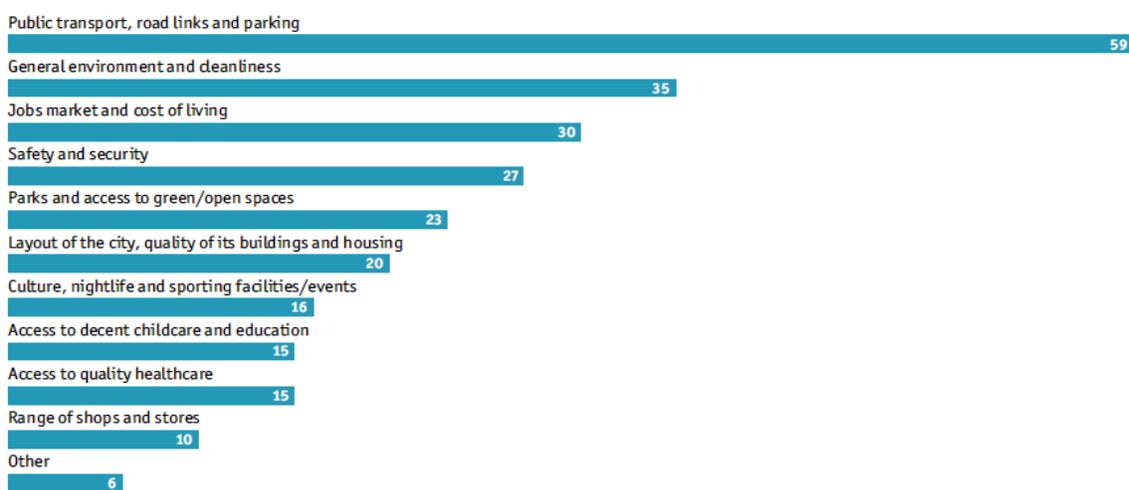
These disparities in income and educational attainment between Memphis and the surrounding suburbs result from migration trends over several decades. Planning analyst Frank Burhart explains, “I’ve noticed that workers are leaving the city. They may still work in the city but they chose to live somewhere else.”³³ These migratory trends underscore the fact that it requires more than just knowledge jobs to convince workers to live in Memphis. The city must also improve the quality of life factors that will persuade residents to make Memphis a city of choice to live and work. In the next section, we discuss these factors in detail.

³³ Burhart, Frank, E-mail communication, January 18, 2011.

Part V: Quality of Life in Memphis

Our research suggests that quality of life factors are absolutely vital in attracting knowledge workers and in supporting knowledge economies. Knowledge workers balance economic opportunity with quality of life in selecting a place to live and work. A recent study of 575 urban professionals around the world conducted by the Economist Intelligence Unit showed the most important factors to making a city attractive are as follows:

What would be the primary things you would improve/change in your city to make life less stressful and/or improve the quality of life there?
(% respondents)



Source: Livable Cities: Challenges and Opportunities for Policymakers The Economist Intelligence Unit 2010 International Survey—Sample Size 575

Of the 11 quality of life factors listed above, Memphis excels at less than half, according to a 2010 survey of young professionals in Memphis.³⁴ Though improvement is critical in many areas, Memphis most urgently needs to improve core services such as public safety, and public relations with residents. On the issue of public safety, Memphis has a compounded problem. Not only are crime rates higher than in other cities of its size, but crime also it is perceived to be worse than it actually is.³⁵

Poor perception of public safety is a continuous challenge for Memphis despite real improvements in crime statistics. Although Memphis' crime rates remain high, crime has decreased significantly over the last 5 years. The high concentration of crime within Memphis creates an incentive to live in the safer Shelby County and commute to the city for work.

³⁴ MPact Memphis, The Voice of MPact, a 2010 Survey of Young Professionals from Memphis, Tennessee.

³⁵ *Ibid.*

Table X. FBI Crime Statistics for the City of Memphis

Operation Safe Community - Monthly Crime Trend Report												
Memphis Police Department - TIBRS ¹ GROUP A OFFENSES												
January 1 - February 28, 2006-2011												
Selected Offenses of Interest												
Offense Type	2006	2007	% Change 2006-07	2008	% Change 2006-08	2009	% Change 2006-09	2010	% Change 2006-10	2011	% Change 2010-11	% Change 2006-11
Murder	20	20	0.0%	22	10.0%	19	-5.0%	14	-30.0%	15	7.1%	-25.0%
Forcible Rape ²	58	50	-13.8%	59	1.7%	35	-39.7%	62	6.9%	62	0.0%	6.9%
Aggravated Assault	1,024	1,000	-2.3%	966	-5.7%	1,042	1.8%	816	-20.3%	887	8.7%	-13.4%
Robbery	854	699	-18.1%	644	-24.6%	624	-26.9%	401	-53.0%	415	3.5%	-51.4%
MAJOR VIOLENT CRIME	1,956	1,769	-9.6%	1,691	-13.5%	1,720	-12.1%	1,293	-33.9%	1,379	6.7%	-29.5%
Burglary	2,243	1,989	-11.3%	2,270	1.2%	1,964	-12.4%	1,490	-33.6%	1,589	6.6%	-29.2%
Theft Offenses	4,894	4,512	-7.8%	4,754	-2.9%	4,259	-13.0%	3,519	-17.4%	3,050	-13.3%	-37.7%
Motor Vehicle Theft	1,067	1,020	-4.4%	818	-23.3%	665	-37.7%	550	-48.5%	393	-28.5%	-63.2%
MAJOR PROPERTY CRIME	8,204	7,521	-8.3%	7,842	-4.4%	6,888	-16.0%	5,559	-32.2%	5,032	-9.5%	-38.7%
Simple Assault	3,302	3,227	-2.3%	3,295	-0.2%	3,232	-2.1%	3,309	0.2%	3,311	0.1%	0.3%
Drug/Narcotic Violations ³	873	1,008	15.5%	790	-9.5%	939	7.6%	906	3.8%	854	-5.7%	-2.2%
Weapon Law Violations ⁵	271	268	-1.1%	244	-10.0%	256	-5.5%	209	-22.9%	174	-16.7%	-35.8%

Table XI. FBI Crime Statistics for Shelby County

Operation Safe Community - Monthly Crime Trend Report												
Shelby County - TIBRS ¹ GROUP A OFFENSES												
January 1 - February 28, 2006-2011												
Selected Offenses of Interest												
Offense Type	2006	2007	% Change 2006-07	2008	% Change 2006-08	2009	% Change 2006-09	2010	% Change 2006-10	2011	% Change 2010-11	% Change 2006-11
Murder	20	20	0.0%	24	20.0%	20	0.0%	14	-30.0%	16	14.3%	-20.0%
Forcible Rape ²	63	55	-12.7%	73	15.9%	46	-27.0%	70	11.1%	63	-10.0%	0.0%
Aggravated Assault	1,119	1,073	-4.1%	1,059	-5.4%	1,150	2.8%	897	-19.8%	972	8.4%	-13.1%
Robbery	883	726	-17.8%	654	-25.9%	651	-26.3%	421	-52.3%	429	1.9%	-51.4%
MAJOR VIOLENT CRIME	2,085	1,874	-10.1%	1,810	-13.2%	1,867	-10.5%	1,402	-32.8%	1,480	5.6%	-29.0%
Burglary	2,513	2,224	-11.5%	2,544	1.2%	2,182	-13.2%	1,713	-31.8%	1,753	2.3%	-30.2%
Theft Offenses	5,664	5,303	-6.4%	5,569	-1.7%	4,903	-13.4%	4,145	-15.5%	3,441	-17.0%	-39.2%
Motor Vehicle Theft	1,153	1,107	-4.0%	886	-23.2%	721	-37.5%	606	-47.4%	432	-28.7%	-62.5%
MAJOR PROPERTY CRIME	9,330	8,634	-7.5%	8,999	-3.5%	7,806	-16.3%	6,464	-30.7%	5,626	-13.0%	-39.7%
Simple Assault	3,762	3,722	-1.1%	3,747	-0.4%	3,658	-2.8%	3,715	-1.2%	3,680	-0.9%	-2.2%
Drug/Narcotic Violations ³	1,196	1,368	14.4%	1,120	-6.4%	1,201	0.4%	1,108	-7.4%	979	-11.6%	-18.1%
Weapon Law Violations ⁵	314	321	2.2%	287	-8.6%	300	-4.5%	248	-21.0%	195	-21.4%	-37.9%

The data above shows that crime has decreased dramatically in Memphis and Shelby County; for example, violent crime has decreased by nearly 34 percent in Memphis alone since 2006. This

suggests that while Memphis continues to improve its public safety, it also needs to improve the public perception of crime in the city.³⁶

These challenges, coupled with poor public education, are a powerful disincentive for knowledge workers with children to consider Memphis a city of choice. Therefore, Memphis is more attractive to knowledge workers aged 22-30 and 50 and older. See the table below for a demographic analysis of the most important quality of life factors by age group.

Table XII. Knowledge Workers’ Quality of Life Desirability by Age

Age	Desired Quality of Life Factors	Quality of Life Indicators Present in Memphis
22-34	Entry Level Jobs Upward Mobility Lifestyle Amenities <i>Nightlife</i> <i>Social Activities</i> <i>Affordable Housing</i> <i>Green Space</i> <i>Networking</i> <i>Opportunities</i> Core Services <i>Public Transportation</i> <i>Public Safety</i>	Entry Level Jobs Some Upward Mobility Lifestyle Amenities <i>Nightlife</i> <i>Social Activities</i> <i>Affordable Housing</i> <i>Limited Green Space</i> <i>Networking</i> <i>Opportunities</i> Core Services <i>Improving Public Safety</i>
34-50	Lucrative Jobs Upward Mobility Lifestyle Amenities <i>Family Friendly</i> <i>Social Activities</i> <i>Affordable Housing</i> <i>Green Space</i> <i>Networking</i> <i>Opportunities</i> Core Services <i>Public Schools</i> <i>Public Safety</i>	Some Lucrative Jobs Upward Mobility Lifestyle Amenities <i>Affordable Housing</i> <i>Limited Green Space</i> Core Services <i>Improving Public Safety</i>
50+	Employment Stability Lifestyle Amenities <i>Nightlife</i> <i>Social Activities</i> <i>Affordable Housing</i> <i>Green Space</i> <i>Networking</i> <i>Opportunities</i> Core Services <i>Public Transportation</i> <i>Public Safety</i>	Employment Stability Lifestyle Amenities <i>Nightlife</i> <i>Social Activities</i> <i>Affordable Housing</i> <i>Limited Green Space</i> <i>Networking</i> <i>Opportunities</i> Core Services <i>Improving Public Safety</i>

A targeted recruitment strategy will be especially important in the retention of young adults, particularly college-educated 25 to 34 year-olds who are the most mobile portion of the talent

³⁶ MPact Memphis, The Voice of MPact, a 2010 Survey of Young Professionals from Memphis, Tennessee.

workforce. Recruiting this group of knowledge workers is essential. Memphis is losing them at a rapid rate, but they are critical for the development of a knowledge economy. See the graphic below for the percent population change of this group from 1990 to 2000.

Table B **Change in Young Adult Population**
Change in 25 to 34 Year-Old Population by Metro Area, 1990 to 2000

Leading Metros		
1	Las Vegas, NV—AZ MSA	56.0%
2	Austin—San Marcos, TX MSA	28.0%
3	Phoenix—Mesa, AZ MSA	24.0%
4	Atlanta, GA MSA	21.0%
5	Raleigh—Durham—Chapel Hill, NC MSA	20.0%
CEOs for Cities Metropolitan Areas		
13	Miami—Fort Lauderdale, FL CMSA	2.2%
16	San Antonio, TX MSA	-2.0%
17	Seattle—Tacoma—Bremerton, WA CMSA	-4.0%
18	Columbus, OH MSA	-4.0%
19	Indianapolis, IN MSA	-4.5%
21	San Francisco—Oakland—San Jose, CA CMSA	-6.7%
23	Memphis, TN—AR—MS MSA	-7.5%

Source: *The Young and the Restless in a Knowledge Economy, CEOs for Cities, December 2005*

In summary, the lack of (and the perceived lack of) core services diminishes overall quality of life in Memphis. Without improvement of these factors, it is unlikely that knowledge workers will chose to live in Memphis. Based on these findings we now turn to our recommendations for how Memphis can begin to transition to a knowledge economy.

Part VI: Strategies for Transitioning to a Knowledge Economy

Key Findings: Basis of Competition

Finding 1	Finding 2	Finding 3
Private firms and organizations coordinate innovation initiatives and accessible venture capital for R&D.	The private sector has limited capacity to promote more effective collaboration and clustering across industries.	Memphis has ample commercial property available; however, tax incentives and property size make it more attractive to mass production firms.

Key Recommendations: Basis of Competition

Recommendation 1	Recommendation 2	Recommendation 3
Increase the number of staff in the Office of Talent and Human Capital to enhance Memphis' capacity to set policy and strategy for innovation.	Increase capacity for collaboration and industry clustering by seeking federal funds to support innovation and entrepreneurship in Memphis.	Reassess tax codes in Memphis to align business incentives with knowledge-based economic strategy.

Basis of Competition: Policy Options Analysis

	Political Feasibility	Administrative Feasibility	Equity	Impact on Knowledge Economy Growth	Cost Effectiveness
Status Quo	-	+	-	-	+
Set policy and strategy for innovation initiatives	+	-	+	+	+/-
Seek federal funds	+	+	+	+	+
Reassess tax code	+/-	+	+	+	+

Recommendation 1: Set policy and strategy for innovation initiatives.

Creating policy and strategy to promote innovation as an economic driver for Memphis is critical to its growth and sustainability. This growth will improve the city's competitiveness and its ability to increase the value of its enterprises, as well as enhance its ability to nurture the progress of local economic dynamism for the prosperity of its residents.

Political Feasibility: Getting involved in a substantive way to promote innovation in the Memphis economy should be achievable with few political barriers. However, Memphis will have to manage the tension between encouraging a new basis of competition in order to transition away from its current economic drivers. In a study of former industrial powerhouse cities in the Midwest, Maryann Feldman and Lauren Lanahan found that bottom-up, locally organized innovation programs that stitch together federal, state, and local economic development programs would serve our national economy best in the 21st century.³⁷

Administrative Feasibility: Increasing Memphis' role in policymaking and strategy of innovation initiatives will require more personnel and more time. The creation of the Office of Talent and Human Capital is a good first step towards realizing these goals, but this office's scope must be expanded and given more resources to affect the kind of economic overhaul the city requires to create the policies that will generate new knowledge industries in Memphis. The administration of these projects, including funding and staffing, may be contentious, given that it would likely mean additions Memphis city staff. However, a recent survey by MPact Memphis found that young professionals believed that Memphis should be spending tax to fund economic development in the city.³⁸

Equity: There is no inherent equity proposition to this recommendation. However, Memphis must be sensitive that adding staff or program costs to the city budget may be a point of contention with taxpayers. It is important that the city frame this action as part of a long-term strategy for economic prosperity and sustainability.

Impact on Knowledge Economy Growth: Creating a more centrally coordinated effort to build a knowledge economy will positively impact knowledge economy growth. Currently, initiatives are disjointed and misaligned; an effort led by the city of Memphis would help to align and coordinate efforts to create synergies among key stakeholders in this initiative.

Cost Effectiveness: There will be costs associated with increasing the city's direct involvement in policy and strategy for this initiative. However, over time, an increased tax base for the city should offset those costs. Recent studies of investments in local infrastructure in cities across the country have shown that cities with more knowledge workers have more money infused into the local economy through jobs, housing, and tax revenue.³⁹

³⁷ Feldman, Maryann and Lauren Lanahan, *Silos of Small Beer: A Case Study of the Efficacy of Federal Innovation Programs in a Key Midwest Regional Economy*, Washington, D.C.: Center for American Progress, September 2010, 2.

³⁸ MPact Memphis, *The Voice of MPact, a 2010 Survey of Young Professionals from Memphis, Tennessee*.

³⁹ *Cities Use Parks for Economic Development*, American Planning Association City Parks Forum Briefing Papers, 2010.

Recommendation 2: Seek federal funds to support innovation and industry clustering.

The American Recovery and Reinvestment Act (ARRA) provided an opportunity for firms to apply for a special category of grants and contracts aimed at stimulating economic activity. Working to secure federal funds for Memphis activities will help stimulate innovation and opportunities for industry clustering.

Political Feasibility: Seeking federal funds should be a relatively straightforward initiative for Memphis. Approximately 40 percent of the firms that received ARRA funds reported that federal funding allowed them to improve services. In a study of Akron, Ohio, researchers found that results that suggest that federal programs do contribute more to incremental innovation and enhance firm competitiveness rather than current business processes.⁴⁰

Administrative Feasibility: This recommendation requires Memphis to create capacity within its current structure to allow staff to research and write grants for federal stimulus funds for innovation, an endeavor that could be somewhat inefficient and cumbersome. However, getting federal funds should offset the additional opportunity costs of applying for them.

Equity: There is no inherent equity proposition to this recommendation for the city. However, Memphis must be sensitive that soliciting grants for certain industries may cause other industries to feel excluded or undervalued. Helping people, groups, and firms understand the overall vision for a knowledge economy in Memphis may help alleviate those concerns.

Impact on Knowledge Economy Growth: Securing funding for local innovation initiatives has proven successful for other cities making the transition to a knowledge economy. Specifically, federal funding helps local firms gain expertise that was not available elsewhere, secure additional state and local funding, and obtain additional private funding.⁴¹ All of this will have a positive impact on the creation of a knowledge economy.

The benefits of federal funding

New expertise and access to other sources of capital were the two significant benefits for firms

Additional benefits of federal funding	Percentage
Gained expertise that was not elsewhere available	39.7
Helped secure additional state and local government funding	38.2
Helped secure additional private funding	32.4
Provided contacts for federal procurement contracts and/or sales	11.8
Provided Industrial contacts	29.4
Provided help with business development	32.4
No other benefit than R&D funding received	19.1
Other	14.7

Source: Center for American Progress Regional Firm Survey

⁴⁰ Feldman, Maryann and Lauren Lanahan, Silos of Small Beer: A Case Study of the Efficacy of Federal Innovation Programs in a Key Midwest Regional Economy, Washington, D.C.: Center for American Progress, September 2010, 5.

⁴¹ Ibid.

Cost Effectiveness: Applying for federal funds to support innovation and economic revitalization initiatives may bring money into Memphis. Other than staff time to research and write grants, no additional resources will be necessary to implement this recommendation.

Recommendation 3: Assess tax code to ensure alignment with broader economic initiatives.

Tax incentives point away from Memphis' goal of creating a knowledge economy. Current incentives favor large industrial businesses rather than the knowledge firms that the city needs to attract.

Political Feasibility: Changing or assessing tax codes may be a difficult sell within Memphis. Mass production and distribution companies provide economic stability in the area. Some of those firms may perceive changes in tax codes to be a threat to their continued presence in Memphis. However, this step is imperative; many of the benefits that the companies reap through local tax breaks are paid for by a dwindling middle class. Although Memphis should not implement any sudden changes, it should begin to examine how its tax incentives align with its aspirations for a knowledge economy.⁴²

Administrative Feasibility: Assessing tax code should require little administrative capacity beyond what has already been mobilized in the city. However, changing the tax code would likely require larger governmental input and deliberation. The earlier Memphis can bring key stakeholders and decision makers into the process, the easier the administration of this recommendation will be.

Equity: There are different frames with which to view the equity proposition of this recommendation. One could say that the knowledge firms, who have not had the advantage of tax incentives in Memphis, would enjoy a more equitable environment if tax incentives were available to them. Conversely, mass production and distribution enterprises may feel as though they are losing power or influence. For the purposes of this analysis, we have focused on the outcomes for the residents of Memphis in relation to the equity proposition. A successful, sustainable Memphis economy is a more equitable proposition for Memphis residents. Therefore, we think this outcome will promote greater equity in the city.

Impact on Knowledge Economy Growth: Aligning tax code with economic strategies to increase the knowledge economy will create a favorable environment in Memphis for knowledge firms.

Cost Effectiveness: Any costs associated with assessing tax code should be framed within the context of increased long-term economic stability and prosperity for Memphis. Although there may be some initial investments in this activity, it should help to align Memphis' economic landscape in ways that will afford firms and people in Memphis a better standard of life.

⁴² Cragg, Michael and Stiglitz, Joseph E. (2011) "Should the Government Invest, or Try to Spur Private Investment?," *The Economists' Voice*: Vol. 8: Iss. 2, Article 1.

Key Findings: Human Infrastructure

Finding 4	Finding 5	Finding 6
Memphis cannot develop a knowledge economy with nearly 50 percent of workers having just a high school diploma or less.	The growth of knowledge jobs in Memphis has stagnated over the last decade.	Memphis is losing residents, especially knowledge workers, to the surrounding suburbs.

Key Recommendations: Human Infrastructure

Recommendation 4	Recommendation 5	Recommendation 6
Partner with higher education and other postsecondary institutions to improve K-12 public school outcomes and increase the college attainment rate and skills level of the Memphis workforce.	Partner with businesses to increase workplace-based internships, mentoring, and job placement that provide a talent pipeline to knowledge firms.	Explore ways to build a complementary economic relationship with Shelby County suburbs to mutually benefit all areas.

Human Infrastructure Policy Options Analysis

	Political Feasibility	Administrative Feasibility	Equity	Impact on Knowledge Economy Growth	Cost Effectiveness
Status Quo	-	+	-	-	-
Partner with higher education to improve the workforce	+	+	+	+	+
Partner with businesses to create a talent pipeline	+	+	+	+	+
Promote a complementary economic relationship with Shelby County	-	+	+	+	+

Recommendation 4: Partner with higher education to improve the workforce.

To develop a knowledge economy, a sufficient portion of the Memphis workforce must have at least a college degree and advanced skills. In *Triumph of the City*, economist Edward Glaeser observes “...among cities, failures seem similar while successes feel unique... But all successful cities do have something in common. To thrive, cities must attract smart people and enable them to work collaboratively. There is no such thing as a successful city without human capital.”⁴³

Political Feasibility: From the state to the local level, there is widespread support for partnerships with higher education and postsecondary education to improve the quality of the workforce. Tennessee has enacted the Complete College Tennessee Act of 2010, which funds state colleges and universities for degree attainment. The city of Memphis already has a representative at Leadership Memphis’ Talent Dividend Project, a collaboration of over 100 organizations to increase the number of college graduates in metropolitan Memphis. One example of a local partnership to improve public school outcomes is the University of Memphis’ Philosophical Horizons Program “to introduce the history and practice of philosophy to Memphis children, particularly those who are socio-economically disadvantaged and to those schools that are the least likely to have the resources to implement Philosophy for Children (P4C) into their curriculum.”⁴⁴ The Mayor’s Office regularly meets with the Association of Memphis Colleges. Hence, there is a potential for increased partnerships with other colleges and universities to help improve K-12 public education in Memphis.

Administrative Feasibility: The existing state-level support and local partnerships mentioned above provide the administrative capacity to support implementation of this recommendation. However, it does require focusing the objectives of these initiatives and partnerships on the pipeline to college rather than just completing college. Additionally, it calls for including other postsecondary institutions in these partnerships and together clearly tying their objectives to the ultimate goal of developing a workforce that can support a knowledge economy.

Equity: Increasing the college attainment rate and skills level of the Memphis workforce will improve the employment prospects for more Memphians and permit greater social mobility to residents, thereby creating a more equitable environment not only in Memphis but also between Memphis and the surrounding suburbs.

Impact on Knowledge Economy Growth: A more highly educated and skilled workforce in Memphis will help the city attract knowledge firms. In “The Changing Forces of Urban Economic Development,” Dennis Rodinelli, et al, point out:

The ability of Austin, Texas, to supply a skilled and educated work force gives it an advantage in attracting international companies. Salt Lake City is an attractive labor market because Utah has the highest literacy rate in the United States and because so

⁴³ Glaeser, Edward. *Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier*, New York: Penguin Press, 2011, 461.

⁴⁴ University of Memphis Department of Philosophy, <http://www.memphis.edu/philosophy/philhorizons.php>, accessed March 22, 2011.

many of Salt Lake City's residents have participated in Mormon missions overseas and are therefore more fluent in foreign languages than residents of most other American cities. Columbus, Ohio, and Baltimore, Maryland, remain attractive because their universities provide a steady supply of well-educated and technically trained people who can meet the needs of international companies. Phoenix, Arizona, has become a more attractive labor market because of its large, well educated, and productive work force and its excellent school system, which includes a community college network geared to providing skills that meet business needs.⁴⁵

Cost Effectiveness: Implementation of this recommendation would not require resources other than what the city of Memphis already spends as a member of these existing partnerships.

⁴⁵ Rodinelli, Dennis, James H. Johnson, and Jon Kasarda, "The Changing Forces of Economic Development: Globalization and City Competitiveness in the 21st Century," *Cityscape: A Journal of Policy Development and Research*, 3:3 (1998), 88.

Recommendation 5: Partner with businesses to create a talent pipeline.

To curtail the stagnation of knowledge jobs in Memphis, the local workforce needs both education and work experience to link academic studies with real work activities in knowledge firms. As Rodinelli, et al, explain, “American cities can improve the skills and productivity of young workers by eliciting the participation of employers in school programs that prepare young people for high-skill, high-wage jobs.”⁴⁶

Political Feasibility: Memphis’ business community is heavily involved in civic life and has a huge stake in preparing Memphians for knowledge jobs and retaining them. In 2009, Pinnacle Airlines started the Life Skills Program “to expose Memphis high school students to the numerous departments within a corporation and equip them with a hands-on training in day-today operations. The ultimate goal is to keep the city’s young talent in Memphis by exposing them to career opportunities in their home town.”⁴⁷ With such a high level of civic engagement, it is likely that other Memphis employers could be persuaded to sponsor similar programs.

Administrative Feasibility: The city of Memphis can leverage its existing relationship with the business community to implement this recommendation. The city would merely convene the corporate stakeholders and promote buy-in on the plan. The administration of the actual programs would be the responsibility of the corporate partners. Therefore, there should be few administrative barriers for the city.

Equity: Increasing opportunities for work-based activities will improve the employment prospects for more Memphians and permit greater social mobility for residents while enhancing their willingness to stay in the city.

Impact on Knowledge Economy Growth: By providing opportunities for Memphians to gain work experience in knowledge jobs to complement educational training, both the supply of and demand for knowledge workers will increase. Thus, the knowledge economy will grow in Memphis.

Cost Effectiveness: The city of Memphis would not incur any additional costs to implement this recommendation.

⁴⁶ *Ibid.*

⁴⁷ Pinnacle Airlines Inc., Life Skills Program Information Sheet.

Recommendation 6: Promote a complementary economic relationship with Shelby County.

In “City Relationships: Economic Linkages in Northern city regions-Sheffield City Region,” the authors explain:

When local areas have economic relationships that create advantages for both areas we have defined them as complementary economic relationships: labour market and firm links between two urban areas that generate mutual economic benefit. However, not all economic relationships are complementary; some places appear to be less likely to benefit from links with one another.⁴⁸

Because of Memphis’ loss of knowledge workers to the suburbs in the surrounding Shelby County, the Memphis-Shelby County relationship is non-complementary. Many people, especially knowledge workers, work in Memphis but live in the suburbs.

This study suggests that by exploring opportunities to collaborate, rather than compete, with its surrounding suburbs, the city of Memphis can begin to make their relationship more complementary. “In the Sheffield City Region past decisions [to link neighboring towns and cities within the city region] seem to have increased complementarities between Sheffield and its neighboring towns and cities.”⁴⁹

Political Feasibility: The negative reaction from residents of Shelby County suburbs to Memphians’ vote to disband its public school system and turn it over to the county highlights the tensions in their relationship. Decades of political corruption in Memphis caused a great deal of distrust for the city’s government throughout the county. Although Mayor Wharton helps reduce the level of distrust having served as the mayor of Shelby County before, gaining the political support of its suburban counterparts to change the dynamics of their relationship will be difficult.

Administrative Feasibility: The regional economic development planning process and authorities make implementation of this recommendation administratively feasible. The Memphis Economic Development Plan is not just a citywide plan but also a regional plan including all of Shelby County. In addition, the Greater Memphis Chamber and the Memphis/Shelby County Office of Economic Development recruit firms and oversee economic planning for all areas. These joint efforts create opportunities to explore ways to start the conversation about how to establish a more mutually beneficial relationship.

Equity: Exploring ways to make Memphis a city of choice for knowledge workers on par with the surrounding Shelby County suburbs could help reduce the economic and social inequities between the areas.

Impact on Knowledge Economy Growth: If Memphis can reduce the out migration of its population, particularly knowledge workers, to the suburbs, the city can attract more knowledge

⁴⁸ “City Relationships: Economic Linkages in Northern city regions-Sheffield Region,” Newburn Riverside: The Northern Way (November 2009), 6.

⁴⁹ *Ibid.*, 41.

workers and firms. This growth will have positive spillover effects across the entire region.

Cost Effectiveness: The city of Memphis would not incur any additional costs to implement this recommendation.

Key Findings: Quality of Life

Finding 7	Finding 8	Finding 9
Poor core services within the city coupled with better alternatives in Shelby County prevent Memphis from being a city of choice for knowledge workers.	Given its current quality of life conditions, Memphis is most likely to attract knowledge workers aged 22-34 and workers 50 and older.	Despite relative improvements to quality of life factors, Memphis continues to be held back by poor public perceptions.

Key Recommendations: Quality of Life

Recommendation 7	Recommendation 8	Recommendation 9
Improve public safety in Memphis.	Target recruitment of knowledge workers to attract those most likely to choose to live and work in Memphis.	Create a brand strategy to identify and communicate the reasons people should choose to live and work in Memphis.

Quality of Life Policy Options Analysis

	Political Feasibility	Administrative Feasibility	Equity	Impact on Knowledge Economy Growth	Cost Effectiveness
Status Quo	-	+	-	-	+
Improve Core Services & Amenities	+	-	+	+	+/-
Targeted Recruitment	+/-	+	+	+	+
Brand Strategy	+	+	+	+	+/-

Recommendation 7: Improve public safety in Memphis.

Public safety in cities is vital in attracting knowledge workers and in cutting knowledge firms and industries. In *Triumph of the City*, Edward Glaeser noted no matter how attractive a particular job is, few knowledge workers would relocate to an unsafe city.⁵⁰ The availability of job and career opportunities is a necessary but insufficient condition to attract knowledge workers.⁵¹

Political Feasibility: Many Memphis residents have identified public safety as a concern. Given the importance of core services in successful cities, improving the crime will be viewed in a positive light.⁵² Funding these improvements may be politically difficult. However, research suggests that people are willing to fund projects that they feel will improve their quality of life.⁵³

Administrative Feasibility: Implementing this recommendation, including issues funding and staffing, may be controversial. However, not addressing the issue is even more costly in broader terms. Matt DeLisi, an economist from Iowa State University, conducted a study of the monetization of crime and found violent crime, such as murder, costs about \$17.25 million per homicide.⁵⁴ Over time, the costs and effects of crime should outweigh the financial burden of improvements to core services such as public safety are an investment that Memphis should make.

Equity: Improving public safety is a positive equity proposition. Making this improvement would benefit the city overall, not just as it pertains to knowledge workers.

Impact on Knowledge Economy Growth: Given that knowledge workers have more job mobility than other workers, they have the ability to choose cities and regions that are attractive places to live and work. Improving public safety in Memphis creates an environment that is hospitable to knowledge workers and competitive with other cities that court them.

Cost Effectiveness: Improving public safety may be costly. However, once improvements are made, real increases in economic gains and sustainability should offset the initial investment of capital into the city infrastructure.⁵⁵ Memphis could seek federal funds to help offset some of the costs associated with these improvements, as other cities undertaking economic transformation have.⁵⁶ It is important to understand the cost of doing nothing: Memphis could continue to lose knowledge workers, leading firms to leave with them.

⁵⁰ Glaeser, Edward. *Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier*. New York: Penguin Press, 2011.

⁵¹ Florida, Richard, *Competing in an Age of Talent: Quality of Place and the New Economy*, 2000.

⁵² MPact Memphis, *The Voice of MPact*, a 2010 Survey of Young Professionals from Memphis, Tennessee.

⁵³ *Ibid.*

⁵⁴ Cost includes victim costs, criminal justice system costs, lost productivity estimates for both the victim and the criminal, and estimates on the public's resulting willingness to pay to prevent future violence.

⁵⁵ Murder by numbers: monetary costs imposed by a sample of homicide offenders, *The Journal of Forensic Psychiatry & Psychology*, Vol. 21, No. 4, August 2010, 501–513.

⁵⁶ Feldman, Maryann and Lauren Lanahan, *Silos of Small Beer: A Case Study of the Efficacy of Federal Innovation Programs in a Key Midwest Regional Economy*, Washington, D.C.: Center for American Progress, September 2010.

Recommendation 8: Focus recruitment efforts on knowledge workers aged 22-34 and 50 years and older.

Memphis needs to build on the resources it has before begins building new ones. Given Memphis' current resources and infrastructure, the city should to recruit young knowledge workers (age 22-34) and older knowledge workers (age 50+) until it is able to make the improvements to core services and human infrastructure that would support a broader influx of knowledge workers.⁵⁷

Political Feasibility: Although there may be challenges from the firms that depend upon mid-level knowledge workers, overall support for this initiative should be strong. Focusing recruitment efforts will help Memphis to use the resources and economic infrastructure it has to build a base from which the next steps of the recruitment plan can be developed.⁵⁸

Administrative Feasibility: This recommendation requires Memphis to create a specific recruitment strategy to reach different segments of the knowledge worker population. This is a task that could be outsourced or an opportunity to involve other local thought leaders to develop the strategy as a group, as Siler City, North Carolina, recently did.⁵⁹ Regardless of the approach, there should be few administrative barriers to this recommendation.

Equity: There is no inherent equity proposition to this recommendation; however, Memphis must be sensitive that recruiting certain demographics of knowledge workers may cause some residents or firms to feel that their demographic is being excluded. Helping people, groups, and firms understand the overall vision for knowledge workers in Memphis may help to mitigate some of these reactions.

Impact on Knowledge Economy Growth: Given that knowledge workers have more job mobility than mother workers, focusing on those populations that are most mobile will have a significant impact on Memphis' knowledge economy, as Philip Brown and Anthony Hesketh found in their study of knowledge workers.⁶⁰ These mobile sub-groups also value the resources and infrastructure that Memphis has (short commutes, nightlife, arts, etc.) higher than they value the resources that Memphis does not have (quality public education, for example).

Cost Effectiveness: Drilling down to understand and communicate more effectively with target demographics will save Memphis time and money.

⁵⁷ "Access to higher education: Targeted recruitment reform under economic development plans in the People's Republic of China," *Higher Education Volume 25*, Number 2, 169-188.

⁵⁸ *Ibid.*

⁵⁹ "UNC study to develop business-recruitment strategy for Siler City," *Chatham Journal*, May 12, 2009, <http://www.chathamjournal.com/weekly/business/localbusiness/unc-study-to-develop-business-recruitment-strategy-for-siler-city-90512.shtml>, accessed May 2, 2011.

⁶⁰ Brown, Phillip , Hesketh, Anthony, *The Mismanagement of Talent: Employability and Jobs in the Knowledge Economy*, New York: Oxford University Press, 2004.

Recommendation 9: Create a brand strategy for the City of Memphis.

A brand — clear, compelling and unique — can help make Memphis a city of choice for knowledge workers and firms.⁶¹ Development of a brand strategy for Memphis can leverage its strengths, articulate improvements, and communicate vision for the future to provide a relevant and compelling promise to a target audience.

There are many reasons why it is critical for Memphis to have a unified brand strategy, but the most important one is to stimulate economic growth. A strong Memphis brand strategy can:

- Shift the poor internal and external perceptions of Memphis⁶²
- Create a common vision for the future of Memphis
- Provide a consistent representation of Memphis
- Enhance Memphis' local, regional and global awareness and position
- Shed unfavorable stereotypes associated with Memphis and make it more appealing

Political Feasibility: Creating a brand strategy for Memphis should not be politically challenging. However, because many of the industries and organizations have competing ideas of what the brand should be, it is likely that there will be some debate over what the future brand of Memphis should be.⁶³ This discourse is positive and healthy for Memphis, and it should be encouraged.

Administrative Feasibility: A comprehensive brand strategy should not be difficult to coordinate. Many consulting firms would consider doing this strategy work pro-bono. However, this might be an opportunity to pull Memphis colleges and universities into this initiative to help build buy-in among them.⁶⁴

Equity: There is no inherent equity proposition to this type of analysis for the city; however, Memphis must be sensitive that rebranding Memphis may de-emphasize certain parts of its identity that some people hold dear. Helping people, groups, and firms deal with those perceived losses would be part of the leadership proposition for the city of Memphis.

Impact on Knowledge Economy Growth: Clearly articulating Memphis' strengths, improvement, and vision for the future can only help the city grow its knowledge economy. Memphis' understanding of its value and communicating that value is a large part of the challenge that the city currently faces. A brand strategy is a tool to overcome this set of perceptions.⁶⁵

⁶¹ Anholt, S., "Competitive Identity: A new model for the brand management of nations, cities and regions," *Policy & Practice: A Development Education Review*, Vol. 4, Spring 2007, 3-13, <http://www.developmenteducationreview.com/issue4-focus1>, accessed April 25, 2011.

⁶² MPact Memphis, The Voice of MPact, a 2010 Survey of Young Professionals from Memphis, Tennessee.

⁶³ Focus Group Result Findings, Members from Leadership Academy, Leadership Memphis and MPACT Memphis.

⁶⁴ "Fenton Communications Provides Pro-Bono Work for NonProfits," *Earth Watch*, May http://www.earthwatch.org/australia/our_work/companies/corp_support/, Accessed May 2, 2011.

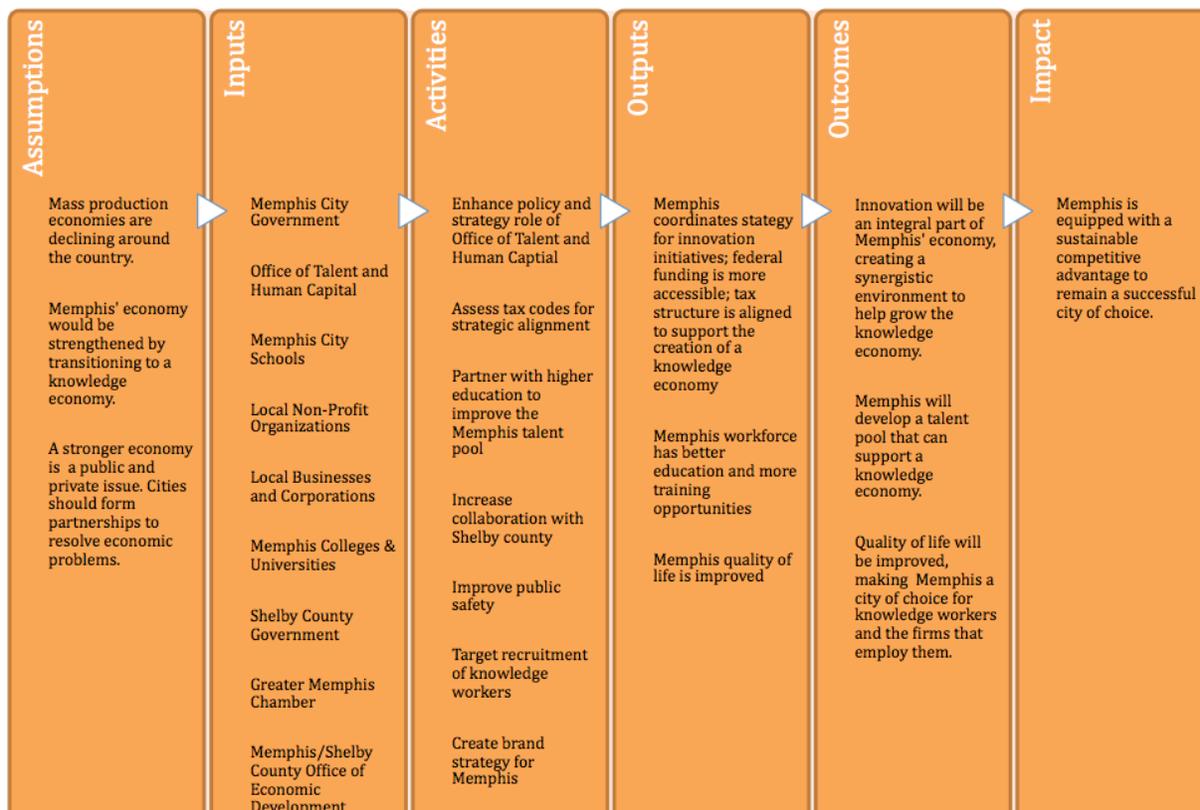
⁶⁵ Anholt, S., "Competitive Identity: A new model for the brand management of nations, cities and regions," *Policy & Practice: A Development Education Review*, Vol. 4, Spring 2007, 3-13, <http://www.developmenteducationreview.com/issue4-focus1>, accessed April 25, 2011.

Cost Effectiveness: Brand strategy consulting can be costly, however, having a better idea of what Memphis wants to communicate and to whom could help it better allocate its current marketing and communications resources. After the initial cost of rebranding, the ongoing cost should be nominal, and be offset by the overall benefit of the brand strategy.

Part VII: Conclusion

In addition to considering the recommendations outlined in this report, the Office of Talent and Human Capital should consider conducting surveys in Memphis to better understand the priorities and perspectives of Memphis residents with respect to economic development generally, and transitioning to a knowledge economy, specifically.

With that information and using this report’s findings and recommendations as scaffolding for future economic development initiatives, Memphis will be further along in its goal to achieve a transformation to a knowledge economy. The theory of change chart below gives an overall vision of the type of change Memphis can affect with our recommendations.



Memphis has good reason to be hopeful for the future. Over the course of the PAE, we have found that, despite the challenges within Memphis, people still love their city. That affection and pride, coupled with the recommendations suggested in this PAE should help Memphis orient itself towards a better future.

Part VIII: Appendices

Appendix 1

Table 1.5 Occupations with the largest job declines, 2008 and projected 2018 (Numbers in thousands)

2008 National Employment Matrix title and code	Major occupational group	Employment		Most significant source of postsecondary education or training
		2008	2018	
Farmers and ranchers	Management, business, and financial	985.9	906.7	Long-term on-the-job training
Sewing machine operators	Production	212.4	140.9	Moderate-term on-the-job training
Order clerks	Office and administrative support	245.7	181.5	Short-term on-the-job training
Postal service mail sorters, processors, and processing machine operators	Office and administrative support	179.9	125.3	Short-term on-the-job training
File clerks	Office and administrative support	212.2	162.6	Short-term on-the-job training
Shipping, receiving, and traffic clerks	Office and administrative support	750.5	701.2	Short-term on-the-job training
Telemarketers	Sales and related	341.6	303.8	Short-term on-the-job training
Office and administrative support workers, all other	Office and administrative support	306.7	271.0	Short-term on-the-job training
First-line supervisors/managers of production and operating workers	Production	681.2	645.5	Work experience in a related occupation
Packers and packagers, hand	Transportation and material moving	758.8	724.8	Short-term on-the-job training
Cutting, punching, and press machine setters, operators, and tenders, metal and plastic	Production	236.8	203.5	Moderate-term on-the-job training
Electrical and electronic equipment assemblers	Production	213.3	182.0	Short-term on-the-job training
Machine feeders and offbearers	Transportation and material moving	140.6	109.5	Short-term on-the-job training
Door-to-door sales workers, news and street vendors, and related workers	Sales and related	181.6	154.7	Short-term on-the-job training
Information and record clerks, all other	Office and administrative support	226.9	200.1	Short-term on-the-job training
Paper goods machine setters, operators, and tenders	Production	103.3	81.0	Moderate-term on-the-job training
Computer operators	Office and administrative support	110.0	89.5	Moderate-term on-the-job training
Machinists	Production	421.5	402.2	Long-term on-the-job training
Laborers and freight, stock, and material movers, hand	Transportation and material moving	2,317.3	2,298.6	Short-term on-the-job training
Miscellaneous agricultural workers	Farming, fishing, and forestry	807.0	788.8	Short-term on-the-job training
Data entry keyers	Office and administrative support	284.3	266.9	Moderate-term on-the-job training
Switchboard operators, including answering service	Office and administrative support	155.2	138.3	Short-term on-the-job training
Inspectors, testers, sorters, samplers, and weighers	Production	464.7	447.8	Moderate-term on-the-job training
Mail clerks and mail machine operators, except postal service	Office and administrative support	141.4	124.8	Short-term on-the-job training
Lathe and turning machine tool setters, operators, and tenders, metal and plastic	Production	55.7	40.8	Moderate-term on-the-job training
Grinding, lapping, polishing, and buffing machine tool setters, operators, and tenders, metal and plastic	Production	92.7	77.9	Moderate-term on-the-job training
Textile winding, twisting, and drawing out machine setters, operators, and tenders	Production	34.9	20.7	Moderate-term on-the-job training
Postal service clerks	Office and administrative support	75.8	62.1	Short-term on-the-job training
Multiple machine tool setters, operators, and tenders, metal and plastic	Production	86.0	73.4	Moderate-term on-the-job training
Photographic processing machine operators	Production	51.3	38.8	Short-term on-the-job training

Source: Employment Projections Program, U.S. Department of Labor, U.S. Bureau of Labor Statistics

Appendix 2

Table 1.5 Occupations with the largest job declines, 2008 and projected 2018 (Numbers in thousands)

2008 National Employment Matrix title and code	Major occupational group	Employment		Most significant source of postsecondary education or training
		2008	2018	
Farmers and ranchers	Management, business, and financial	985.9	906.7	Long-term on-the-job training
Sewing machine operators	Production	212.4	140.9	Moderate-term on-the-job training
Order clerks	Office and administrative support	245.7	181.5	Short-term on-the-job training
Postal service mail sorters, processors, and processing machine operators	Office and administrative support	179.9	125.3	Short-term on-the-job training
File clerks	Office and administrative support	212.2	162.6	Short-term on-the-job training
Shipping, receiving, and traffic clerks	Office and administrative support	750.5	701.2	Short-term on-the-job training
Telemarketers	Sales and related	341.6	303.8	Short-term on-the-job training
Office and administrative support workers, all other	Office and administrative support	306.7	271.0	Short-term on-the-job training
First-line supervisors/managers of production and operating workers	Production	681.2	645.5	Work experience in a related occupation
Packers and packagers, hand	Transportation and material moving	758.8	724.8	Short-term on-the-job training
Cutting, punching, and press machine setters, operators, and tenders, metal and plastic	Production	236.8	203.5	Moderate-term on-the-job training
Electrical and electronic equipment assemblers	Production	213.3	182.0	Short-term on-the-job training
Machine feeders and offbearers	Transportation and material moving	140.6	109.5	Short-term on-the-job training
Door-to-door sales workers, news and street vendors, and related workers	Sales and related	181.6	154.7	Short-term on-the-job training
Information and record clerks, all other	Office and administrative support	226.9	200.1	Short-term on-the-job training
Paper goods machine setters, operators, and tenders	Production	103.3	81.0	Moderate-term on-the-job training
Computer operators	Office and administrative support	110.0	89.5	Moderate-term on-the-job training
Machinists	Production	421.5	402.2	Long-term on-the-job training
Laborers and freight, stock, and material movers, hand	Transportation and material moving	2,317.3	2,298.6	Short-term on-the-job training
Miscellaneous agricultural workers	Farming, fishing, and forestry	807.0	788.8	Short-term on-the-job training
Data entry keyers	Office and administrative support	284.3	266.9	Moderate-term on-the-job training
Switchboard operators, including answering service	Office and administrative support	155.2	138.3	Short-term on-the-job training
Inspectors, testers, sorters, samplers, and weighers	Production	464.7	447.8	Moderate-term on-the-job training
Mail clerks and mail machine operators, except postal service	Office and administrative support	141.4	124.8	Short-term on-the-job training
Lathe and turning machine tool setters, operators, and tenders, metal and plastic	Production	55.7	40.8	Moderate-term on-the-job training
Grinding, lapping, polishing, and buffing machine tool setters, operators, and tenders, metal and plastic	Production	92.7	77.9	Moderate-term on-the-job training
Textile winding, twisting, and drawing out machine setters, operators, and tenders	Production	34.9	20.7	Moderate-term on-the-job training
Postal service clerks	Office and administrative support	75.8	62.1	Short-term on-the-job training
Multiple machine tool setters, operators, and tenders, metal and plastic	Production	86.0	73.4	Moderate-term on-the-job training
Photographic processing machine operators	Production	51.3	38.8	Short-term on-the-job training

Source: Employment Projections Program, U.S. Department of Labor, U.S. Bureau of Labor Statistics