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PHOENIX

GPEC born out of need for unified community voice

“From Cowtown to Wowtown” was the tourism slogan that greeted newcomers and visitors to Phoenix in 1985 — the year that I moved to the Valley of the Sun.

After a very intense recruitment process through a national search, I was drawn to Phoenix from Washington, D.C., because of the majesty of the Sonoran Desert and the compelling case made by Mayor Terry Goddard and members of the newly formed Phoenix Economic Growth Corp. board of directors.

My CEO mentors in Washington thought I had taken leave of my senses to move from the sophisticated, technology economy that I had helped build in Montgomery County, Md., to the “Wild West,” where the three sacred rights were ownership of a pickup truck, shotgun and a dog.

The private sector in Arizona was distrusting of government, an institution viewed by many as a necessary evil with only three virtues: tax collection, garbage pick-up and employment of last resort.

The Phoenix Economic Growth Corp. was Arizona’s first public-private partnership for economic development and, like anything new, its beginning was painful.

The PEGC entered a densely populated landscape of more than a dozen economic development organizations. Attempts to work cooperatively were largely cosmetic — each local chamber and municipal economic development organization had its own agenda.

At that time, Phoenix was viewed nationally as a third-tier distribution economy. Developers and builders wore “white hats.” Money to buy and develop property



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was abundant, and even those of questionable financial means readily could get nonrecourse loans from Phoenix’s financial institutions.

America West Airlines still was in its infancy. The recently constructed Palo Verde Nuclear Generating Station and the Central Arizona Project

represented critically important, multibillion-dollar investments in our state’s future.

The PEGC achieved an unprecedented milestone by creating a strategic plan for economic development — in this case, for the city of Phoenix. Among the top priorities: downtown development; strong residential neighborhoods; expanded arts and cultural offerings; more high-value added companies and less dependence on growth.

This was a great time to steer a new course for the economy; voters had approved a half-cent sales tax to construct a new freeway system, polls were favorable for an unprecedented \$1 billion-plus quality of life bond issue, and Phoenix placed in the top 10 of *Fortune* magazine’s annual ranking for best places to do business for three consecutive years.

On all fronts, Phoenix was on a roll. The euphoria of the “go-go growth” years was severely dampened in late 1988, when *Barron’s* ran a front-page story titled, “Phoenix: Has Boomtown Gone Bust?”

Predicting the demise of the growth economy and the collapse of the S&L industry, the *Barron’s* piece enraged business leaders. Plans were hatched to pur-

chase full-page ads in *The New York Times* and *Wall Street Journal* to blast *Barron’s*.

Fortunately, cooler heads prevailed. Through the PEGC, Goddard convened an economic summit to bring together business leaders to discuss how to soften what promised to be a hard landing when the house of cards — the region’s growth economy — came toppling down.

Overnight, the titans of our community — principally bank and S&L presidents — vanished from their executive suites. The Resolution Trust Corp. became one of the largest land holders in our state.

Surely, I thought, if we had New York-scale skyscrapers, people would be jumping to their demise, just as they did in the stock market crash of 1929.

The economic summit gave rise to the first serious discussion about creating a unified economic development focus for the region. After nine months of shuttle diplomacy between the Valley’s cities, led by Don Bliss of US West and Jim Simmons of Valley National Bank, a historic agreement was reached between the mayors of Phoenix, Scottsdale, Mesa, Chandler, Tempe, Gilbert, Glendale, Peoria, Goodyear, Surprise, Buckeye and Tolleson. The Maricopa County Board of Supervisors brought strong political and financial support to this accord.

Thus, the Greater Phoenix Economic Council was born. I likened it to a shotgun wedding — the parties really did not want to get married but had no choice. That momentous occasion gave rise to what became and remains one of the most respected economic development organizations in the world.

For the first time, our thinking was orga-

nized around the most competitive economic clusters having the highest potential for long-term wealth creation, and growth was not among them.

Today, we again are experiencing unprecedented growth. We were in this place before. Twenty years ago, growth was our No. 1 industry, as it is today. But there are some major differences.

First is the Translational Genomics Research Institute, one of the most seminal developments in recent years and a fundamental cornerstone for building a competitive 21st century economy.

Second is the transformation of Arizona State University into the new American university, a critical driver to elevate our intellectual prowess in the New Economy.

Third is the establishment of private foundations that are helping to transform the major institutions of our community.

Our present quest to build a world-class biotech sector and knowledge-based economy, elevate the well-being of our children and youth, and improve the quality and output of public education is to be lauded. Let us hope that these endeavors transcend the tenures and terms of those who are in positions of leadership today so that our future generations can reap the benefits 25 years hence. ■

Ioanna Morfessis was the founding president and CEO of the Greater Phoenix Economic Council from 1989 to 1997, when she was recruited to Baltimore, Md., to start a regional economic development organization there. She moved back to the Valley in April 2004 to launch her own consulting company, IO.INC. She can be reached at ioanna@ioworldwide.com.

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