

**Testimony of John Grady
President, PIDC**

**Before the
Republican Policy Committee**

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Good Morning, Madam Chair and Members of the Committee. My name is John Grady and I am the President of PIDC, Philadelphia's public-private economic development corporation. Thank you for your visit to Philadelphia, and I appreciate the opportunity to offer testimony today and participate in the discussion about attracting businesses to Pennsylvania.

As you may know, PIDC is a private, non-profit corporation created in 1958 as a partnership between the City of Philadelphia and the Greater Philadelphia Chamber of Commerce. Our mission is to spur investment and support business growth. We invest both public and private resources in small business growth, community-based development, and real estate developments that create jobs, revitalize neighborhoods, and drive growth to every corner of Philadelphia. We support the efforts of the Commonwealth's Department of Community and Economic Development, the City of Philadelphia's Commerce Department and our Chamber of Commerce's Select Greater Philadelphia to attract new businesses to Philadelphia by deploying our financing, real estate, and local market knowledge and relationships.

As we discuss attracting businesses to Pennsylvania, our recent experience with the Amazon HQ2 competition offers several key lessons and takeaways about successful business attraction in today's competitive marketplace regionally, nationally and internationally. PIDC was proud to play a leading role in the Amazon HQ2 bid, as Commerce Director Harold Epps and I served as co-chairs for a broad-based coalition of government, business owners, and residents that came together to market our assets to Amazon. We were particularly appreciative of the support we received from throughout state government as both Philadelphia and Pittsburgh pursued this opportunity.

There were four main lessons that we learned from this process:

1. **Philadelphia's "product" is far better than our "perception"**- Amazon didn't know much, if anything, about Philadelphia and the region before the process. That seemed especially true of our economy and the main elements of our pitch, including labor pool, transit, affordability, quality of life and capacity for growth. They were surprised by everything they learned, and we hope that provides an

opportunity to leverage future discussions with them and other employers. But their lack of awareness reminds us that we must invest more in our brand as a destination for talent and employers and broadcast that message more widely. We market this way successfully, and invest significant resources, for tourism and conventions, and we need to fund and execute similar campaigns for Philadelphia, and Pennsylvania, as a place to work and grow a business.

2. **We were and will continue to be a real contender-** Philadelphia competed really well in the process, going from not being on Amazon's radar at all and into the final 20. Indications are that we ranked highly in their final list. As did Pittsburgh. We competed well, in part at least, because we had a strong story to tell relative to their needs, we spoke with one voice on behalf of the city and region, and we let them see and feel what it would be like to be part of our community. Engaging a broad base of public and private interests, including diverse organizations with experience in economic development, tourism, hospitality and talent retention and growth combined with regional employers and residents made for a stronger story and performance. We need to sustain this broad-base of support for growth initiatives to be competitive going forward.

3. **We will win or lose on talent-** Amazon's decision was all about talent, especially deep, diverse talent pools that combined existing tech talent in a relatively narrow band of job classifications in computer science and engineering, including hardware and software developers, UI/UX, animators and data science with a platform to grow and attract more talent. Amazon liked our ideas to build pipelines to grow and attract tech talent and had confidence that we had the people and systems in place to do that, but they did not have confidence that we had enough Day One talent to support their needs relative to places like NY and DC. Amazon was clear that they did not see us as an "engineering" or "computer science" city at all, despite the presence of strong engineering schools like Penn, Drexel, Lehigh, Penn State, Carnegie Mellon and others in the Commonwealth. Regionally, we are actually a net exporter of tech talent, so it was clear that we are not retaining enough of that talent due to insufficient critical mass of tech employers. We need the Commonwealth, Higher Ed and employers to help us develop a strategy to grow and attract talent and employers, particularly in tech fields. This starts with high quality, high school options in technology, community colleges and certificates at an intermediate and workforce repositioning level and supporting investments in Higher Ed faculty and programs to grow talent and reputation. Virginia's decision to invest more than \$1B in new engineering, computer science and tech campuses for Virginia Tech and George Mason Universities on the new Amazon campus in Northern Virginia, as well as New York's investment in the new Cornell Tech Campus in New York City, were key investments and should be instructive for our efforts.

4. **Our location is a huge asset that we cannot waste.** Amazon's decision reaffirms that the Northeast corridor is where large and fast-growing employers see the biggest opportunities for talent and growth. That's good for us given our location, connections and advantages relative to cost and capacity for growth. As Boston, New York, and Washington, DC's metro areas get more expensive and congested, Philadelphia is the natural next Northeast Corridor innovation hub, already well ahead of places like Providence, Stamford, Newark, and Baltimore. If being in the Northeast corridor is a good thing, we need to stand out more. We need to invest in our core messaging on a few things that will define us and are meaningful competitive advantages. We can build from the Philadelphia Delivers core messages of talent, quality of life, capacity for growth, diversity and affordability, but we need the support of our state government in building this brand and distributing it widely, consistently and over a sustained period.

We appreciate the support and spotlight that you are shining on our opportunity to make Pennsylvania and Philadelphia more competitive to current employers seeking to grow, as well as attracting new employers and jobs. Thank you for this opportunity to testify. I'm happy to answer any questions you may have.