

Prospectus



The Initiative for a Competitive Inner City (ICIC) is a national, not-for-profit organization founded in 1994 by Harvard Business School Professor Michael E. Porter. ICIC identifies market-based growth opportunities through our world-class research, consulting and programs. Real growth leads to real jobs, income and wealth for inner city residents. ICIC changes perceptions and unites corporate and civic leaders to take action. An inner city renaissance is possible, and ICIC will help make it a reality.

The Competitive Advantage of the Inner City

ICIC advocates a paradigm shift in the approach to inner-city economic development. We seek to replace the traditional focus on urban blight and community deficiencies with a more constructive focus on market opportunities. The concepts behind ICIC were articulated by Professor Porter in his widely disseminated article, "The Competitive Advantage of the Inner City" (May/June 1995 issue of the *Harvard Business Review*).

The article argued that inner-city distress is as much an economic problem as a social one. There is a need for a new approach to inner-city revitalization that focuses on the creation of a sustainable economic base rooted in for-profit business growth based on a dual strategy of developing existing and often overlooked competitive advantages as well as ameliorating the disadvantages that exist. A key element of this approach is to reintegrate inner cities into the regional and national economies.

While inner cities differ in important ways, ICIC believes that most American inner cities possess a combination of the following competitive advantages:

- A strategic location at the core of major urban areas, transportation networks and communication networks that provide potent advantages in this increasingly just-in-time economy;
- An underserved local market with substantial purchasing power that can support many more retail and service businesses;
- A stable and underutilized workforce with entrepreneurial potential amid a tight overall labor market; and
- Opportunities for inner-city companies to link with and provide outsourcing for competitive regional industry clusters in areas such as healthcare and tourism.


ICIC's Strategy

ICIC distinguishes itself by the power of its ideas and its direct involvement with on-the-ground activities. We believe that local businesses, corporations, government, and community-based organizations must all play a crucial role in creating a dynamic inner-city business environment. ICIC's work involves:

- Encouraging local leaders to act on a new vision of inner-city economic development;
- Identifying business successes and high-potential opportunities;
- Stimulating private-sector activity and resource flows; and
- Facilitating business-to-business relationships between inner-city companies and the broader private sector.

ICIC engages private-sector resources through a new concept of corporate philanthropy that draws on the core strengths of nationally recognized companies to identify market opportunities and work with individual inner-city businesses. In addition to our corporate Founding National Partners, The Boston Consulting Group and PricewaterhouseCoopers, 232 corporations have worked with ICIC and its affiliates to enhance inner-city business growth.



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ICIC Programs

Our strategy currently encompasses four interrelated programs that address the essential requirements for vibrant inner-city companies and healthy economies.

(1) Research, Strategy and Communications

ICIC is recognized as a premier center of thought leadership on inner-city business development. We have conducted intensive research into the economic bases of numerous American cities and, in conjunction with The Boston Consulting Group and PricewaterhouseCoopers, have produced a new and highly sophisticated approach to analyzing the economic potential of inner cities. We have also accumulated a wealth of knowledge and data on best practices and new profitable business opportunities in inner cities. Our research is widely disseminated through the media, our own publications, speaking engagements, and the Internet. Please visit our website at www.icic.org to download our research reports.

(2) Business Development Delivery System

ICIC has a number of programs designed to directly influence local inner-city growth strategies:

City Advisory Practice

ICIC's City Advisory Practice (CAP) provides advisory services and training to cities on inner-city business development. CAP's key services include strategy development, business cluster research, and organization-building. Clients include local government, corporations, and community and business associations. CAP has completed projects in St. Louis and five Connecticut cities and is currently engaged in Louisville and the United Kingdom.

Inner City Advisors

Inner City Advisors (ICA) is ICIC's city-level affiliate operating program with permanently staffed offices in Boston, Kansas City, and Oakland. ICA is a catalyst for business growth, helping high-potential inner-city companies become more competitive. ICA services are delivered in partnership with area business schools and more than 150 corporate partners in the three cities to provide many of the actual services to clients. The ICA offices function as ICIC laboratories to test our models and methods. Proven concepts have been continuously incorporated into other ICIC applications.

National Business School Network

The National Business School Network (NBSN) has engaged over 100 of America's 150 urban graduate business schools to foster inner-city business development in their communities. Through the deployment of student field-study teams, the NBSN leverages students, faculty, and alumni expertise to stimulate inner-city vitality. Among other efforts, NBSN holds an annual conference of business school faculty, students and entrepreneurs to disseminate best practices and catalyze new program efforts.



(3) The ICIC-Inc. Magazine Inner City 100

In partnership with Inc. magazine, ICIC developed the first annual *Inner City 100*, a list that showcases 100 of the fastest growing companies in core U.S. urban areas. In its third year, the *Inner City 100* is the most ambitious project in America to uncover and celebrate inner-city entrepreneurship and business success.

The *Inner City 100* list is published in the May issue of Inc. Each year, *Inner City 100* winners are honored at ICIC's national Inner-City Entrepreneurship Awards Gala. Additionally, the winners are invited to participate in a day-long CEO Forum held at Harvard Business School. The success of the *Inner City 100* has spawned local lists such as the Inner City Connecticut 10, Baltimore 25, and U.K. 25.

Also partnering with ICIC are PricewaterhouseCoopers, the U.S. Conference of Mayors, The Rainbow Push Coalition, the Wall Street Project, the National Association of Manufacturers, New America Alliance and the Latin Business Association.



(4) Equity Capital ICV Partners, L.P.

In our effort to stimulate the flow of equity capital to inner-city markets, ICIC and American Securities Capital Partners have formed ICV Partners L.P., a private equity fund focused on inner-city and minority-owned growth companies. ICV Partners is for profit, seeks market rate returns and is managed by a team of experienced professionals. ICV Partners has raised \$125 million from institutional and private investors including: Bank of America, Citibank, Deutsche Bank, Fairview Capital Partners, Fleet/BankBoston, New York State Common Fund, The Croul Family Trust, Met Life, MONY Life Insurance, the Prudential Foundation, J.P. Morgan, First Union, the MacArthur Foundation, Utilicorp United, and the Heron Foundation.

Organization, Financing and Governance

Headquartered in Boston, ICIC and its three local affiliates have a combined staff of 44. ICIC's nationally recognized Board of Directors includes CEOs, mayors, scholars, venture capitalists, and community leaders. ICIC's 2000 operating budget is \$3.8 million, which is funded by program revenues and grants from corporations, foundations and individuals. Since 1994, ICIC has raised over \$13.7 million at the national and local affiliate levels.

Multi-year Commitments from Founding National Partners

- The Boston Consulting Group
- PricewaterhouseCoopers, LLP
- The Ewing Marion Kauffman Foundation
- The Bill and Melinda Gates Foundation

Corporate Contributors

- Bessemer Venture Partners
- Deutsche Bank
- Edward Jones
- FleetBoston Financial
- Foley, Hoag & Eliot
- Goldman Sachs & Co.
- Inc. magazine
- Liberty Mutual Group
- Monitor Company
- Parametric Technology Corporation
- Staples, Inc.
- Time Warner Inc.
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Foundation Contributors

- Annie E. Casey Foundation
- The Alfred P. Sloan Foundation
- The Charles Stuart Mott Foundation
- The Fannie Mae Foundation
- The Ford Foundation
- The Hitachi Foundation
- The MacArthur Foundation
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For Further Information

Initiative for a Competitive Inner City
727 Atlantic Avenue, Suite 600
Boston, MA 02111
Phone: 617-292-2363 Fax: 617-292-2380
E-mail: Initiative@icic.org
Web Site: www.icic.org