

The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

OMAHA

GDP (country rank), 2012 ¹	Share National GDP, 2012 ²	GDP/Capita, 2012 ³	Population, 2012 (country rank) ⁴	Share National Pop., 2012 ⁵	GaWC Global City Ranking, 2010 ⁶	# Global 2000 HQs, 2012 ⁷	GDP/c Growth 1993-2012 ⁸
\$45,955,397,921 (57)	0.29%	\$51,747	888,083 (59)	0.28%	251	4	1.04%

1) Benchmarks — what is the city’s recent ranking performance in terms of global firms, connectivity, diversity, range of cultural assets, immigrants, visitors?

Greater Omaha is the 60th-largest U.S. metropolitan area, with a 2011 population of 877,110 in an eight-county region that spans portions of Nebraska and Iowa. It is located 167 miles from the geographic center of the continental United States, nearly as far as one can get from the mega-metros of the U.S. East and West coasts. While it is not often included in rankings evaluating top international cities, Omaha is frequently recognized as an attractive region for business and as a place to live: it is eighth in number of Fortune 500 companies; third for business-friendly tax climate by KPMG (for metros under one million population),⁹ top 10 best city for jobs by Forbes and *US News & World Report*; “best bang for the buck city” and 11th for business and careers by Forbes¹⁰; eighth best city for data centers¹¹; seventh most business-friendly city by CNN¹²; best cities for raising a family by *24/7 Wall Street*¹³; and best city for raising kids by *Kiplinger*, among many others. Omaha is located within a state, Nebraska, that also frequently earns high rankings for low taxes, best business climate, competitiveness, well-managed government, and low relative debt.¹⁴ The biggest downside is the lack of domestic and international air service.

2) Narrative – the city’s journey into and through globalization. What kind of economic and development trajectory has it taken? What has changed over time?

Omaha was founded along the Missouri River in 1854 and was dubbed the “Gateway to the West.” This

moniker was further cemented when the city hosted the 1898 World's Fair (the "Trans-Mississippi and International Exposition"), envisioned as a means to introduce the world to the U.S. West and attracting over one million people.¹⁵ Omaha's central U.S. location helped to make it a major rail transportation hub, with construction of the eastern portion of the first transcontinental railroad beginning there. The city was also home to one of the world's largest stockyards and emerged as a major meatpacking and brewing center.

The region experienced job losses as the manufacturing, meatpacking, and railroad industries restructured and declined in the 1950s to 1980s. This decline led to a focus on diversification, and today Greater Omaha has become a diversified finance (insurance and banking), telecommunications, agribusiness, transportation, and services center. Omaha has also become a strong tech center, with six of the nation's largest fiber optic lines running through the region and data and call centers supporting many of the nation's top tech-driven firms, including Google, Yahoo, PayPal, First Data, and LinkedIn.¹⁶ From Omaha, TD Ameritrade makes more online trades than any individual New York-based firm, providing a critical example of how the Internet has affected where economic activity takes place.¹⁷

Greater Omaha is unique among smaller U.S. metro areas in that it has a large base of globally important firms and business leaders, including five Fortune 500 headquarters (Berkshire Hathaway, ConAgra Foods, Union Pacific Railroad, Mutual of Omaha, and Kiewit Corporation); five other Fortune 1000 companies (Green Plains Renewable Energy, TD Ameritrade, West Corporation, Valmont Industries, and Werner Enterprises); and the headquarters of three of the top 10 U.S. architecture/engineering firms (Leo A. Daly, HDR Inc., and DLR Group) and of other well-known companies, such as the Gallup Organization.¹⁸ These firms have made Omaha home to an outsized number of high-wealth individuals, including three of the nation's billionaires: Warren Buffet (Berkshire Hathaway), the world's second-richest man; Joe Ricketts (Ameritrade); and Walter Scott (Kiewit). By comparison, Philadelphia has no billionaires.¹⁹

3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit?

Greater Omaha ranks only 65th among U.S. metro areas for export volume, has a relatively low foreign-born population, and lacks direct international air service.²⁰ Its identity is largely associated with domestic activities, such as back office operations and the College World Series, and its reputation as an attractive, Midwestern place to raise a family.

However, the region offers a solid example of how a smaller, centrally located U.S. metro area can be "global" and a critical part of the U.S. economic structure, and it strongly supports the case that cities have different and critical roles to play in the 21st century global economy. Greater Omaha provides a key supporting role for firms headquartered in major U.S. cities that allows them to be successful and competitive on a global scale. Its low-cost, high-value business proposition helps to maintain critical support jobs and functions in the United States, while keeping firm risks low. The region is also connected to the global economy through its major headquarters and high-profile business leaders. Berkshire Hathaway's annual meeting brings over 20,000 investors and stakeholders from around the world to Omaha each year, and its leader, Warren Buffet, provides periodic economic insights to the media that impact world markets.²¹ The region's exports align well with its leading sectors and major firms, led by food, freight, chemicals, and services.

4) To what extent is the city's international dimension inherited or intentional?

Greater Omaha has been highly intentional in both its regional and international business development. The region's economic development program is led by a true working partnership called GO (Greater Omaha), which is housed within the Greater Omaha Chamber of Commerce. The creed of GO is to operate as if there are no city limits or county lines, and four of the area's county economic development efforts are actually co-located within the regional office. In 2003, the chamber selected David Brown as its new president and chief executive officer. Brown came to Omaha after serving in the same role for the Greater Greenville Chamber of Commerce in South Carolina, a market that has been intentional and aggressive related to foreign direct investment since the 1980s. In 2005, under Brown's leadership and as a statement about the value the region

places on international business, the GO campaign provided the resources to add an international business manager focused on global trade and investment. There is also a strong civic pride in Omaha, exemplified by the preservation and development of the downtown and riverfront areas.²²

The region's relatively healthy, modern-day economy primarily grew out of the situations, successes, and efforts of people and firms in previous generations and from intentional economic diversification efforts starting in the mid- to late 20th century. Its business base, business climate, career opportunities, and low-cost lifestyle allowed the region to carve out a compelling and unique market proposition for businesses and people. A strong focus on the global element emerged with the establishment of the Midwest International Trade Association (MITA) in Omaha in 1968.²³ MITA's mission is to foster the development, expansion, and understanding of international trade in the Midwestern United States.²⁴ While many of the region's top leaders and innovators were homegrown, a key element of this story is that they chose to maintain their businesses and homes in Greater Omaha, even in the face of an often strong pull to relocate to other larger and more "global" cities.

¹ Brookings analysis of Moody's Analytics and Oxford Economics data.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ "The World According to GaWC; Classification of Cities 2010," September, 14, 2011.

⁷ The data were produced by G. Csomós and constitute Data Set 26 of the Globalization and World Cities (GaWC) Research Network (<http://www.lboro.ac.uk/gawc/>) publication of inter-city data.

⁸ Brookings analysis of Moody's Analytics and Oxford Economics data.

⁹ "Competitive Alternatives: Focus on Tax," KPMG, 2012.

¹⁰ Francesca Levy, "Best Bang-for-the-Buck Cities," *Forbes*, November 30, 2009.

¹¹ Steve Bos, "Area Cities Top List as Data Center Hosts," *World-Herald*, January 19, 2012.

¹² "7 Most Business Friendly Cities," CNNMoney, 2012, available at money.cnn.com/galleries/2012/smallbusiness/1206/gallery.best-places-launch-cities/7.html

¹³ Charles Stockdale, "10 Best Cities for Raising a Family," *24/7 Wall Street*, January 13, 2012.

¹⁴ Greater Omaha Economic Development Partnership, "Look Who's Talking About Greater Omaha..." 2013.

¹⁵ P.K. Beam, "The Last Victorian Fair: The Trans-Mississippi International Exposition," *Journal of the West* Vol. 33, No. 1, 1994, pp.10–23.

¹⁶ C.D. Kotok, "A New Brand of Tech Cities," *Newsweek*, April 25, 2001.

¹⁷ Del Jones, "Omaha Sprouts Unlikely Cash Crop: Corporate Titans," *USA Today*, August 7, 2005.

¹⁸ "International Business," available at www.selectgreateromaha.com/Top-Business-Sectors-International-Business.aspx.

¹⁹ Del Jones, "Omaha Sprouts Unlikely Cash Crop."

²⁰ Emilia Istrate and Nicholas Marchio, "Export Nation 2012: How U.S. Metropolitan Areas Are Driving National Growth" (Washington: Brookings Institution, 2012).

²¹ Del Jones, "Omaha Sprouts Unlikely Cash Crop."

²² Source for entire paragraph: Interview with Rod Moseman, Senior Vice President, Economic Development, Greater Omaha Chamber of Commerce, Greater Omaha Economic Development Partnership, February 8, 2013.

²³ Interview with Marisa Ring, Manager, International Business Development, Greater Omaha Chamber of Commerce, Greater Omaha Economic Development Partnership, February 6, 2013.

²⁴ Midwest International Trade Association, "About MITA," available at www.mitaonline.org/about_mita.html.

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