

World Report

A panoramic view of the Chicago skyline at dusk or dawn, with the dark, textured Willis Tower (formerly Sears Tower) as the central focus. Other skyscrapers are visible in the background, and the city lights are beginning to glow. The foreground shows a body of water, likely Lake Michigan, with a sandy beach area.

CHICAGO

IT'S A BREEZE

Big business blows
into the Windy City

SILICON PRAIRIE

Fast forward development
for hi-tech firms

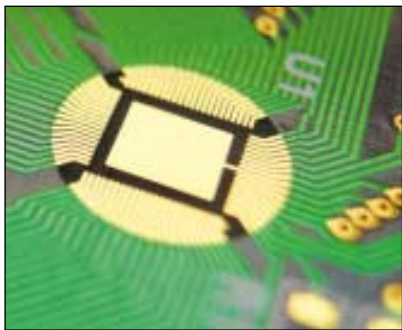
SKY'S THE LIMIT

Cash boost for America's
best connected air hub

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Hi-tech sector is diversified, growing and taking the local economy forward



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The big food corporations have all the ingredients to win customers and profits



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The conference capital of America offers high-quality facilities and transport links



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23 JUNE 2001

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The decision by Boeing last month to move its corporate headquarters to Chicago is a high-profile indicator of the extent to which the Windy City is coming to be regarded as the business heartland of America.

Chicago is the city of choice for a growing number of corporations. *Fortune* magazine ranks it third on its list of America's Top Cities, after New York and San Francisco, based on factors such as the overall business environment and quality of life. Significantly, *Fortune* also asked top-level executives where they actually enjoyed doing business.

There are certainly few places that can match Chicago's impressive list of blue-chip companies, with big names such as Ford, McDonald's, Sara Lee, Motorola and Wrigleys.

The city is second to Washington DC in terms of the number of foreign consulates based there, a recognition of its standing overseas as one of America's leading business hubs.

Over the past decade, Chicago has witnessed considerable change. Around half a million new jobs – 50 per cent in the business services sector – have been created in the metropolitan area. Downtown housing construction has risen from almost zero to 5,000 units annually, and there has been a rash of massive new offices appearing on the skyline, with more to come. The city is also enjoying a retail sector boom

Recognised as the number one spot in the US for conventions, conferences and exhibitions, Chicago's growing reputation as a hot tourist destination is aided by its vibrant art and culture, and striking architecture – the country's very first skyscraper has its origins here. The city's musical heritage harkens back to the famous jazz and blues clubs of the 1920s.

Its Midwest location on the shores of Lake Michigan, makes Chicago an ideal base for both American and foreign companies. There are excellent road and rail networks and O'Hare International Airport, the second-largest in the country, has been voted Best Airport in North America by readers of the US edition of *Business Traveler International Magazine*. Chicago's mayor, Richard Daley, says he is committed to maintaining the city's position as "the nation's transport hub".

The attraction of Boeing to Chicago is a personal triumph for Mayor Daley and for the governor of Illinois, George Ryan. They joined forces to pursue the aerospace giant with the same determination they used to win commitments to the city from Ford Motors, Solo Cup and American Trans Air (ATA).

Boeing picked Chicago for its move from Seattle over two other contenders, Denver and Dallas. The firm's new corporate HQ, to be located in downtown Chicago on the banks of the Chicago River, is expected to be operational in September.

"We are continually looking for new opportunities to get businesses to start

Convention centre, transport hub, focus for hi-tech industry and a great place to work or just to visit, more and more companies are coming to see Chicago as their kinda town



The city that WORKS

up, expand and relocate to Chicago," says Mr Daley. "ATA and Ford were persuaded to expand here through the joint efforts of the city and the state of Illinois."

Governor Ryan says: "The central location, global access, cultural diversity and strong work ethic make this an ideal place for companies looking to expand.

Real estate is in its eighth year of record-breaking transactions

Boeing's decision underscores the fact that we have a tremendous quality of life and terrific people in the workforce."

He quotes consulting firm Arthur Andersen's estimation that Boeing's presence in Illinois will contribute almost \$5 billion to the local economy over the next 20 years. Chicago officials are already working to build on their success, targeting a further 20 companies whom they hope will follow in Boeing's footsteps.

"A shakeout is taking place among the great cities of the world to determine

which one will dominate business and the cultural climate for the foreseeable part of this century," says Paul O'Connor, executive director of economic development group World Business Chicago.

ATA has opted to build a \$110 million training and operations centre near the city's Midway Airport, which has become the airline's hub. Meanwhile, Ford is to build a \$400 million, 155-acre park, which will provide a home for its automotive parts suppliers. It will be located close to its assembly plant on Chicago's southeastern side.

In a further vote of confidence in the city, Sears, the nation's second biggest retailer, opened a new full-line store in the middle of downtown Chicago last month – not quite the company's biggest but certainly one of its most visible and prestigious.

Chicago is home to about three million people. A further eight million live in the greater metropolitan area, making it the third-largest metropolis in the US. It also likes to call itself the City of Broad Shoulders because the name Chicago originates from an Indian word meaning 'strong' or 'great'.

Mayor Daley emphasises the diversity of the city's economy, ranging from manufacturing, finance, conventions and

Marketing a great place for doing business



Photo: Chicago Board of Trade

Fair share: action on the trading floor of the Chicago Board of Trade

Chicago's success story is relatively unknown around the world, according to Paul O'Connor, executive director of World Business Chicago (WBC). "Everything is here that you could need to run your business," he says. "It is also the perfect place to run a North American headquarters, especially if you're counting in euros."

WBC is a non-profit organisation linking the public and private sectors headed by Mayor Daley. Its board of directors comprises some of the top multinational corporate bosses in the country, and its mission is to build

a large and diverse measure of customers. Technology is allowing us to maintain our competitive edge."

It has a long tradition of using hi-tech in the manufacturing sector to promote wealth generation. "Our historical roots are the application of technology to profitable purpose," he adds. "We quietly go about making money with it."

Gerald Roper, president of the Chicagoland Chamber of Commerce, which boasts a membership of 2,600 companies, says the presence of international firms is helping to promote the city around the world.

"The diversity of this economy is our strongest point. When there is a downturn, like Silicon Valley and the financial markets of New York are experiencing, Chicago is the Steady Eddy. The city has always been strong because we have a good manufacturing and services base."

The need to attract more foreign investment from Europe and Asia is the next step towards raising Chicago's profile. "Our focus is to position Chicago as the most business-friendly city in the world," Mr Roper says.

David Kay, president of the British-American Chamber of Commerce, says: "During the past 18 months there has been an increase in the number of British firms looking at the Midwest and the Chicago markets.

"There is big potential here and Chicago has the advantages that it's an extremely well-run city and it

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S

Photo: Mark Black/Daily Herald/Corbis/Sigma

tourism, to transport and high technology. In office since 1989, he has won a national reputation for developing innovative, community-based programmes to address crime education and neighbourhood regeneration.

Chicago has grown to become the fourth-largest hi-tech region in the US. Since unveiling his Chicago Technology Initiative a year ago, the mayor has invested \$50 million in the development of the industry. In return the private sector has invested in excess of \$500 million, creating more than 3,400 new jobs.

"When it comes to hi-tech, Chicago has made impressive progress in the last two years alone," says Mr Daley. "We have become competitive in a volatile marketplace with other states and cities that have been successful for years, if not decades.

"Chicagoans believe in our city – and the world is excited about Chicago," he adds. "Many of our neighbourhoods have undergone a rebirth, helped by the investments we've made in community anchors – our schools, parks, libraries, police and fire stations.

"Our downtown, which not so long ago was floundering, is alive with new energy and new activity. Commercial and industrial estates, which had declined with fading industries, have been revived

thanks to opportunities provided by our diverse economy and the new economy."

Chicago is in its eighth consecutive year of record-breaking real estate transactions – totalling \$6.2 billion. Millie Rosenbloom, president of Habitat Brokerage, one of the city's largest estate agents, says: "We are experiencing a lot of new developments in all types of property.

"No high-rises have been built in Chicago since the early 1980s, but today 30 and 40-storey buildings made up of 200-300 apartments are being constructed. We are also seeing the conversion of old industrial loft buildings, retail outlets and offices into flats."

Ms Rosenbloom, who is also president of the 7,500-member Chicago Association of Realtors, the third-largest in the US, says commercial office buildings are almost entirely occupied, with a vacancy rate of eight per cent.

David Latvaaho, senior managing director of Cushman & Wakefield estate agency, says: "Chicago is fortunate to have a very diversified economy and strong economic underpinnings. You are never going to see the dramatic swings that you get on the west and east coast." ■

Photo: Mayor Daley (right) and Boeing's Phil Condit announce the airline's move

Scheme funds cutting edge research

Described as “one of the most ambitious technology agendas in the country”, the VentureTech fund is the keystone of Illinois Governor George Ryan’s commitment to a long-term comprehensive strategic plan for technological growth.

The five-year, \$1.9 billion programme involves investing state resources in education, advanced R & D, health sciences, biotechnology and cutting edge information technology.

One of the aims of the scheme is the creation of a virtual meeting place for universities, colleges, schools, libraries, museums, government agencies and businesses, enabling them to interact regardless of geographic location. Others include I-Wire, an advanced optical network, Illinois Virtual Campus and a digital library. The programme also provides educational grants for advanced technology training.

VentureTech will be used to create a number of hi-tech centres, including a computer and engineering building at the University of Illinois and a national centre for supercomputing applications. A \$500 million rare isotope accelerator is also on the drawing board, which will provide unparalleled research capabilities into the fundamental role of atomic nuclei.

The scope of VentureTech is very

broad and a key area of investment will be health services and biotechnology. Funds are being made available for rural centres to expand health care services in central and southern Illinois, including telemedicine. Centres that focus on eliminating diseases such as Alzheimer’s will get grants, as will agricultural and veterinary projects.

A \$10 million state investment in a technology incubator on the west side



MCDONOUGH

‘It made sense in good economic times to invest’

of Chicago is expected to leverage a tenfold return in private sector financing. In addition, a \$50 million medical research facility is being privately funded by Rush Medical Centre in the same area.

The US Department of Commerce projects that the country will need 1.3 million new technology workers by 2006, and Illinois is determined to attract some of the best.

Pam McDonough, director of Illinois Department of Commerce and Community Affairs (DCCA), says the DCCA has been in “high-growth mode”

ever since new legislation enabled companies to gain tax credits for job creation and capital investment.

“This law enables firms to get the EDGE tax credit, which stands for Economic Development for a Growing Economy,” she says. “All of our surrounding states have had it, which was an incentive for us.”

The DCCA finances technological research and has poured millions of dollars into industrial training programmes. Ms McDonough says venture capital investment in Illinois increased 850 per cent during the past year, a substantial portion of it going into hi-tech companies and start-ups. She adds that this was unusual because the state has a fairly conservative financial market.

The department is also funding a major scheme to upgrade regional transport networks. “We are building the infrastructure from the bottom up and it made sense in good economic times to invest,” says Ms McDonough.

“We did not build one mile of new road in 10 years because we could barely keep up with the repair and maintenance. Now we have an explosion of construction.

“We have just completed a project in the Joliet area south of Chicago that is going to be the largest intra-modal transport facility in the country.”

A great place for business

continues from page 3

changes with the trends. Another major advantage is that we speak the same language.”

In April the British-American Chamber of Commerce held its annual convention in Chicago – the first time that it had staged it outside New York.

America’s fastest-growing stock market is supporting a flourishing financial services sector. The Chicago Stock Exchange (CHX), founded in 1882, is the second most active in terms of share and trade volumes in the US, trading more than 4,400 New York, Nasdaq and Chicago-exclusive issues.

Recently appointed chief executive AD Frazier Jnr, the former US head of Investco, is naturally keen to continue this success. Mr Frazier, who took on his new role in March, says he wants to promote the exchange as a type of brand name.

He aims to build on its ability to offer efficient, inexpensive and high quality services to investors, as well as raise its overall profile.

Above all he is determined to retain the elements that have enabled the stock exchange to post record-breaking

results year-on-year for the past five years. In the firm’s most recent annual report, the CHX reported \$3.8 million in cash and equivalents, while net income was \$4.5 million on revenues of \$71 million.

He has effectively ruled out any plans to make the market public, a growing trend elsewhere.

The Chicago Board of Trade, the world’s oldest derivatives exchange, was founded to trade in grain commodities. Established in 1848, the CBOT listings were later expanded to include financial futures and options.

Last year, CBOT installed an electronic trading platform, although the open outcry method of trading continues. Chairman Nicholas Neubauer says: “We are going to offer and support two platforms for trading and let the customer choose, but because open outcry is a core business we’re going to make sure that that is technologically enhanced to the greatest degree we can.”

At the heart of the thriving local economy is the banking sector, a counter to the financial powerhouse of New York. James Dimon, chairman of



DIMON

‘Creativity has always been a big part of financial services’

Bank One Corporation, America’s fifth-largest bank, says it is important for a big city to have a vibrant banking community. “Creativity has always been a big part of financial services, and Chicago has been a hotbed of originality during the past 20 years,” he says.

LaSalle Bank, part of the ABN Amro Group, has been serving small businesses and mid-ranking firms in the city for more than 70 years. Chairman Norman Bobbins says that it has been positioned as a local bank with an international parent.

“In 1980 you could not find LaSalle Bank in anyone’s statistics, as we were so small,” he says. “In 2000, we are the number-two bank in the city.”

LaSalle Bank has just notched up its 17th consecutive year of record earnings. “We have come a long way because we have had a strategy and we have stuck to it,” adds Mr Bobbins. “We know where we want to go and we have been very focused.”

Digital f flourish Silicon

Chicago’s rapidly expanding hi-tech sector is expected to power the local economy for decades to come

The concept of a Midwest version of California’s Silicon Valley is taking shape on the shores of Lake Michigan. Already the fourth-largest hi-tech region in the US, the greater Chicago metropolitan has been dubbed the ‘Silicon Prairie’.

The five-year budget for hi-tech development is nearly \$2 billion and the industry is expected to drive the city’s growth in the decades to come.

Katherine Gehl, Mayor Daley’s technology tsarina, says: “Chicago’s tech economy is strong, diversified and growing.”

The region boasts more than 11,600 hi-tech companies that employ 288,000 workers, and Chicago is the first major city in America to design a detailed

Firms on the Prairie

trade group AeA (formerly the American Electronics Association), says Chicago's strength has not been in dot coms. Instead it draws vitality from essential industries that support the new economy. "As long as these companies continue to reinvent themselves and create new firms, the Chicago market will remain strong in the hi-tech sector," he adds.

Among the businesses benefiting from the global demand for cellular networks is Andrew Corporation, a leading manufacturer of telecommunications systems, equipment and services. The Orland Park, Illinois-based organisation, founded in 1937, employs nearly 6,000 people at its plants, marketing offices and research laboratories around the world.

The firm completed construction of the first broadband wireless internet system in South America last December, which brought high-speed, data and web connections to Lima and Callao in Peru. One month later, the company returned to seal a contract for a network in Argentina.

The corporation's lightning flash logo has become a familiar feature in every corner of the globe – on broadcast towers, antennae, cables, communications and computer equipment, as well as its factories, R & D centres and offices. Last year was exceptional for sales, which rose 29 per cent, topping the \$1 billion mark for the first time.

Chairman Floyd English says: "All of us are using more data and have much more at our fingertips than five years ago. Obviously this is good for business. We have become so accustomed to the convenience and mobility of wireless phones that they are now a necessity. We are also spending considerably more time surfing the internet."

Customers are demanding increased bandwidth to provide a wider range of services to end-users, he adds. "The next step in this telecommunications revolution is the 'last mile'. Business and residential users are tired of waiting for the picture to slowly come up on the screen – now they want it to appear instantaneously."

Andrew Corporation has been operating in the UK for more than 40 years



ENGLISH

'We are well positioned in Europe for the roll out of new technologies'

now, from its offices in Wokingham and a manufacturing plant in Lochgelly, Scotland. This makes the plant one of the longest established of its 70 facilities in 27 countries.

"We are well-positioned throughout Europe in preparation for the roll out of new technologies – 3G is going to happen there very soon. European licences have already been awarded, and our wireless subsystem components will be available to ensure the new

networks are constructed quickly and cost-effectively," says Dr English.

A universal standard for mobile telecommunications (UMTS) has been adopted for high-speed internet access. A technology known as Bluetooth easily enables fast interconnections between different networks at home or in the office using a digital short-range wireless connection.

"The concept of bringing together voice, data, email, internet and all of the other variations in some standard form is vital if an international system is ever to be built," he says. "We are starting to see the effects of Bluetooth in the products

The city has the resources to be a leader in biotech

available from Ericsson, Motorola, Nokia and many others. From our perspective, however, the signal still needs to be delivered to the proximity of whatever device needs it."

Europe already has GSM (the global system for mobile communications), a standard for cellular telephony that has been adopted widely throughout the world. The US is the exception, as a different standard was adopted. "I just

wish there could be an international standard," says Dr English.

"We are seeing more GSM in the US. Change will probably come when we start looking at refinements in equipment that uses the spectrum differently, rather than forcing equipment to be developed that conforms to traditional bandwidth slots."

Illinois-based Tellabs, which designs, makes, markets and services fibre-optic networks, next-generation switching and broadband access solutions, is another manufacturer with a global presence. The company has a manufacturing plant in Shannon, Ireland, as well as large R&D centres in Finland and India.

One of the fastest growing firms in the US, and recently ranked first in a 100 best corporate citizens poll, Tellabs has just signed an agreement with Sweden's Ericsson to provide carriers with the power that is needed to create 3G networks. Under the deal, Ericsson will market Tellabs products to provide the bandwidth needed for 3G networks and help carriers monitor, control and manage communications traffic.

Chief executive Richard Notebaert says: "The demand for bandwidth throughout the world has increased. There have been a few pundits who have said there is a glut, but they are wrong. The demand continues to rise for bandwidth and for higher bit rates for transport." ■

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ANDREW

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business plan aimed at bringing more technology into schools.

There are also plans to create an extensive fibre-optic infrastructure, bringing the potential for inexpensive, high-speed broadband access to virtually every address within the city limits.

The diverse nature of Chicago's economy helps to underpin hi-tech development. The city is a leading producer of machinery and equipment, metals, electronics, publishing and foods, as well as being the country's top retail trade centre.

"One thing Chicago knows how to do is business, which is why technology companies are growing here," says Shaye Mandle, president of the Illinois Coalition, a public-private group that is dedicated to building up the hi-tech economy. He believes that Chicago has the resources to become a leader in the burgeoning biotechnology industry. "Nobody has cornered the biotech business yet."

Larry Kolek, executive director of the Midwest Council of technology industry

Centre of excellence for healthcare and research



Photo: Rush-Presbyterian-St. Luke's Medical Centre

Doctors' orders: around 40,000 people work in the Illinois Medical District square mile

□ Two miles from the 'Loop' – the area encircled by the route of the Transit Authority's elevated train – is the huge research centre of Illinois Medical District (IMD), credited with helping to revitalise the west side.

In an area of one square mile, around 40,000 doctors, nurses, research scientists, academics and technicians are employed at IMD member organisations, their joint payroll amounting to \$750 million. They are reckoned to contribute \$5 billion to the local economy.

The IMD has come a long way since it was founded 60 years ago by the University of Illinois as an institute of medical teaching and research. Executive director Thomas Livingston says the original idea "was that people would spend most of their time in the laboratory, and the mission was to bring intellectual property rights back to the university.

"It would also serve as a regional economic development asset for the state," providing new jobs and opportunities.

The IMD has been developed through the cooperation of the public sector and private enterprise. Mr Livingston says the partnership has worked for practical reasons: "The private sector seems to have greater acumen in running the hospital whereas public institutions have an ability to put together excellent academic programmes."

The district is also home to the Chicago Technology Park, the state centre for hi-tech, biotech, cancer research and health-related environmental development.

"Management of the technology park was turned over to the IMD,"

says Mr Livingston. "We manage it and market it, and the collaborations that have flowered out of this have been wonderful. We are very pleased with it."

The area is also home to state, county and university public health facilities, where 70 per cent of the population of Illinois receives medical care. Every year, about \$250 million in federal funds and research grants is poured into the region.

Some of the biggest names in the pharmaceutical and healthcare business have a well-established presence such as Baxter International, Pfizer and Glaxo-SmithKline Beecham.

Abbott Laboratories, among the top three companies in Chicago, is one of the largest employers in the city. Founded as a pharmaceuticals firm, it now provides medical treatment. "We are a very large, very strong and diverse company," says chairman Miles White.

He aims to turn Abbott into a world leader in the healthcare industry. "To do that, you must make significant investments in science. We

looked for opportunities that fitted our strategic mission."

The firm puts its considerable financial strength into the research and creation of medicines, forms of treatment and scientific innovations.

"Developing new drugs is expensive and challenging, but they hold great promise in terms of their impact on treating people and improving health," says Mr White.

"Medicines and devices make a huge difference in the treatment of patients – you can extend the lives of people who might otherwise not have lived very long."



LIVINGSTON

'A regional economic development asset for the state'



Passionate about food

Changing consumer patterns are leading companies to focus on what they do best, merge or enter innovative markets

The slowing US economy may have dampened consumer spending, but it has not affected dining habits. A staggering 79 percent of Americans eat out every week and food service sales are expected to hit \$400 million this year.

Chicago-based Kraft Foods, the nation's biggest food business, is preparing for what could be the second-largest initial public offering (IPO) in US history after last year's \$10.6 billion AT&T Wireless Group deal.

The company took the unusual step of promoting the move in large newspaper advertisements. The ads told readers that 280 million shares will be offered at an expected price of \$38-\$42 a piece in the \$8 billion IPO, scheduled for the week of June 11. Kraft is a unit of food and tobacco giant Philip Morris.

In February, Mayor Daley backed a financial deal to ensure Quaker Oats, a major employer in the city, did not relocate. The firm plans to move 1,100 staff to a new headquarters in downtown Chicago next September, following the \$9.75 million tax rebate from the planning and development department.

The company, which opened its doors in Chicago in 1879, had a net income of \$455 million in 1999. Its business includes the market-leading Gatorade sports drink, oatmeal and other cereals, snack foods and pasta brands such as Rice-a-Roni.

PepsiCo's \$14.3 billion acquisition of Quaker, announced last December and scheduled to close by the end of June, is set to create a firm with annual revenues of \$25 billion that will rank among the top five food and beverage businesses. The merged entity will keep the PepsiCo name.

A major presence in Chicago is the giant McDonald's Corporation which has its headquarters there. Chairman Jack

Greenberg says the two are intertwined. "In the Chicago area, McDonald's has more than 460 restaurants and we're employing 25,000 people."

It all began in 1948 with the opening of the first McDonald's in California. In 1954, owners Dick and Mac McDonald signed a franchise with malt machine salesman Ray Kroc, who opened his first restaurant in Des Plaines, Illinois. In 1961, he bought out the brothers for \$2.7 million.

Today, the corporation has more than 28,000 restaurants in 120 countries. Everyone takes a pride in the company's success, says Mr Greenberg. "We feel the legacy strongly, and just want to continue the quality and reputation of the business."

Competition has prompted McDonald's to branch out and customers in Chicago are just as likely to be served tiramisu and a cappuccino following the opening of the first McCafe coffee bar. The firm also owns or has invested in other non-hamburger concepts like Aroma Cafe, Donatos Pizza, Boston Markets restaurants, Food.com and the UK's Pret a Manger chain.

In a move to secure customer loyalty, McDonald's has started the FreedomPay electronic payment trial in Chicago. Using a credit card, participants can load their account via the internet or phone. Benefits have been introduced for restaurant-level staff, ranging from health, home and car insurance to credit-union memberships, to retain them.

Despite its \$40 billion annual sales, McDonald's has had a sagging share price, declining earnings and problems with its overseas business. Mr Greenberg points to rising commodity prices and concerns over food safety after the outbreaks of BSE/CJD and foot-and-mouth disease in Europe.



Photo: Scott Olson/Corbis Sygma

Similar competitive pressures face another of Chicago's residents – Sara Lee Corporation, whose products range from cakes to underwear and shoe polish. It boasts 27 'megabrands' and recorded a \$12 million rise in pretax income in the third quarter ending in March 2001.

March also saw Sara Lee announce the sale of its Champion Europe unit, and in



BRYAN

'A sure sign of the progress made in the US standard of living'

May it unveiled a major restructure of its portfolio to focus on food and beverages, underwear and household products. The foods division, which includes packaged meats and bakery products, reports slight increases in sales, but chairman John Bryan, who retires this October, believes the firm has more work to do.

The firm's roots go back to Baltimore, 1939, when Nathan Cummings bought coffee and tea wholesaler CD Kenny Co. He turned it into the biggest wholesale grocery firm in the US and renamed it Consolidated Foods Corp (CFC) in 1954. Two years on, he bought the Kitchens of Sara Lee, a Chicago bakery founded by Charles Lubin in 1951 whose most popular product was the Sara Lee cheesecake, named after his daughter. Using its most respected brand to enhance public awareness, CFC decided to change its name to Sara Lee in 1985.

"There's an old line that Chicago is the city that works," says Mr Bryan. "That emanates from the fact that we've often had strong management or strong leadership in the city, and we do indeed have that today."

The company has a leading share of the European coffee market, including a dominant position in France, with brands such as Douwe Egberts and La Maison du Cafe. Ironically, although it sees the UK as a relatively undeveloped market, the Sara Lee brand is recognised more here than in most other countries, he adds.

Mr Bryan says patterns of consumerism have changed in the West and continue to do so. "Today, more than half of food is consumed outside the home. Having said that, it has also become less expensive. It is one of the sure signs of the progress we've seen in the standard of living here in the US. The fast food business is extraordinarily efficient."

Headquartered on Michigan Avenue is the number-one maker of chewing gum, WM Wrigley Jr. Co. With products such as Doublemint, Juicy Fruit and Freedent, the firm has half of the US market and sells in 140 countries. It employs 9,000 people and last year's annual sales were \$2,145 million.

Providing the ingredients for the world's food chains is grain-processing giant Archer Daniels Midland (ADM), whose "customers include Coca-Cola, Nestle, Unilever, Procter and Gamble, PepsiCo, General Foods and Kraft", says chairman Allen Andreas. Headquartered in Decatur, Illinois, ADM has 23,000 staff, 368 processing plants, and net sales for the year ending June 2000 were \$18.6 million.

The firm has been taking advantage of the wave of consolidation washing over



ANDREAS

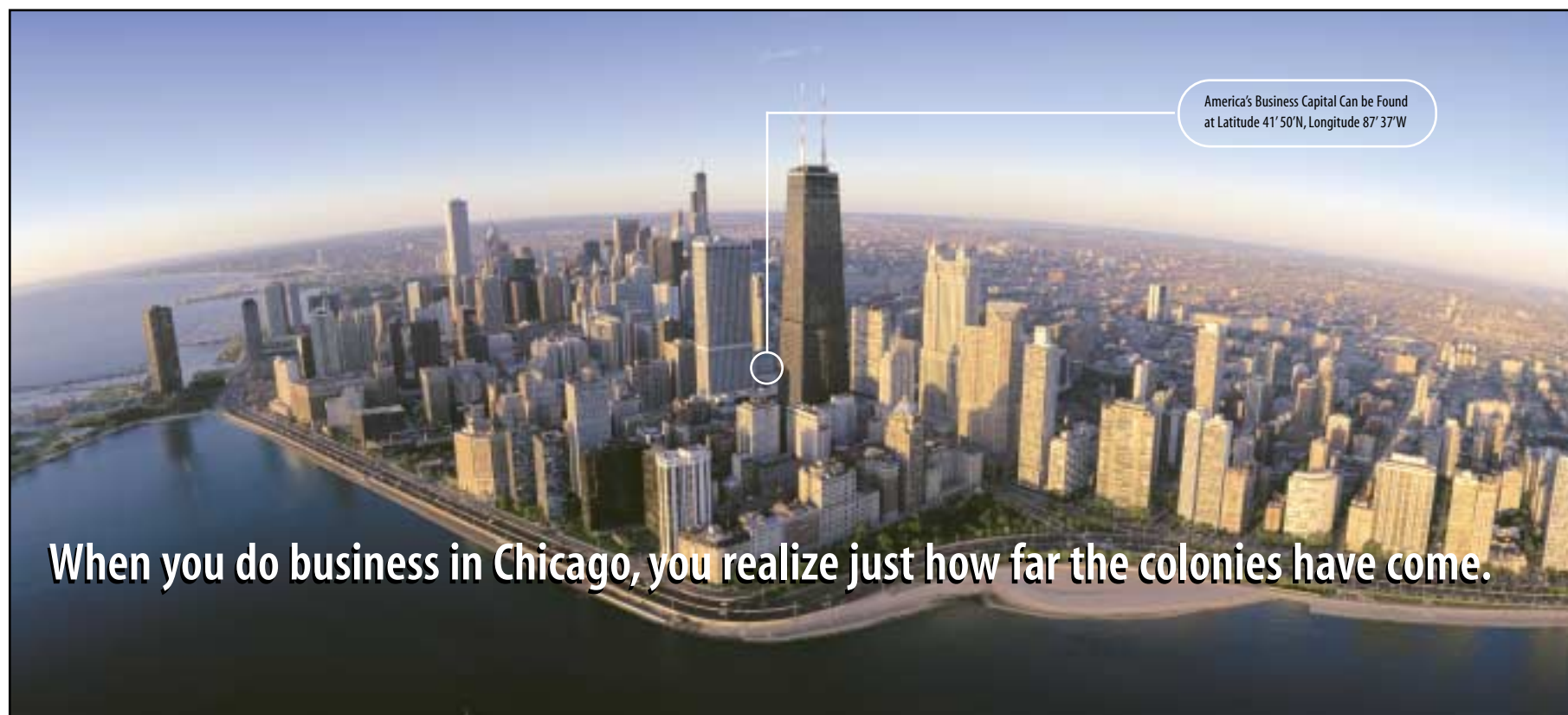
'Improved products will provide better nutrition and health benefits'

the US agricultural sector. Already the world's largest processor of soya beans, corn, wheat and cocoa, ADM enhanced its position recently with an agreement to take control of the 24 grain elevators owned by Farmland Industries, the largest US farmer-owned co-operative.

"By limiting our focus to agriculture, we bring unique efficiencies to each link in the food chain from origination to destination," says Mr Andreas.

Looking ahead, the firm has bought a web-based enterprise business system to enhance communications with supply chain partners. In February, it announced plans to form a joint venture with Kao Corporation to make diacylglycerol, an anti-obesity aid, to be used in vegetable oil spreads and home cooking oil.

"ADM's businesses will change significantly in the coming two or three years," says Mr Andreas. "Opportunities to grow and expand into new markets will open. Improved products will provide better nutrition and additional health benefits. ADM will be utilising its most innovative resources to add value to the world's agribusiness industry." ■



When you do business in Chicago, you realize just how far the colonies have come.

The metropolitan region around Chicago has a GDP of \$280 billion. Roughly equivalent to the world's 18th largest country. Sixteen percent of the U.S. population lies within one day's drive of Chicago. Thirty-six Fortune 500 companies call it home. Thirty-two international airlines provide direct service from here to the world's major business centres. As you'll see when you do business in Chicago, letting go of America wasn't such a bad move after all.

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Unbeatable facilities, prime location and good transport links give Chicago the lead in a highly competitive industry

The conference capital of the world, Chicago hosted a record-breaking 35,000 conventions, trade shows and smaller business meetings last year, attended by 30 million people.

Its impressive array of high-quality venues, meeting and exhibition facilities, are backed up by a lively hospitality industry. Heavy investment has been targeted at hotels and restaurants to serve the swelling ranks of business visitors who, together, spend an annual \$5.3 billion.

Chicago's conference credentials have been established largely on the back of its prime location. The city lies at the intersection of the busiest interstate highway system in the US and the nation's railways. The surrounding area is also one of the most densely populated, with 16 per cent of all Americans located within a 300 mile radius. O'Hare International airport, one of the world's busiest, serves as a gateway between the east and west coasts.

The conference business is fiercely competitive and to retain its coveted position as number one location in the US, Chicago must fight off the competing attractions of Atlanta, Las Vegas, Orlando and others.

The very first convention in Chicago was held in 1847. The Chicago Convention and Tourism Bureau (CCTB), which is responsible for bringing conventions, trade shows and meetings to the city, dates back in one form or another to 1943.

Its president, James Reilly, says Chicago



Show time: the city hosted an impressive 30 million people at 35,000 conventions last year

needs to build on its strengths. "We are a bedrock convention and trade show town and we must not forget that," he says. "We should keep developing it, so we will probably need another building – not so much for the big shows but to give us alternatives for the medium to small ones. We're good at this, so we need to do as much of it as we can."

Supercomm, the premier annual communications and information technology show, recently announced its decision to move from Atlanta to Chicago from 2004, a vote of confidence in the city.

Proposals to expand the massive McCormick Place facility by up to

800,000 sq ft will create additional exhibition space, meeting rooms and a ballroom. The \$800 million programme is likely to be financed through a bond issue.

The McCormick Place centre is the country's largest exhibition and meeting facility. Last year it hosted 82 shows and attracted 3.3 million visitors. It already has a staggering 2.2 million sq ft of space.

The former East Building, now known as Lakeside Centre at McCormick Place, is designed to meet the needs of small to medium-sized conventions and trade shows with 44 meeting rooms, two event halls and a ballroom.

A landmark on Lake Michigan since



REILLY

'We're good at this, so we need to do as much of it as we can'

1916, Navy Pier re-opened as a world-class recreation and exposition centre in 1995. It is promoting its alternative venue, the Festival Hall, which is designed to serve small to medium-sized meetings.

Many of the larger hotels in Chicago, such as the Hilton, Hyatt and Marriott, have their own facilities. The Hyatt Regency McCormick Place Conference Centre, scheduled to open its doors in the autumn, is another addition to the McCormick campus and will offer 25 meeting rooms.

"The Millennium was a flop in many ways, but for the meetings business it was like gold as everyone wanted to stage a meeting at this unique time. We captured a lot of that business," says James Reilly.

A key part of the CCTB's job is to entice more tourists into the city. "Trade shows fill hotel rooms, and the shows do much better in the spring and autumn, so from a business point of view we have to pump up our leisure business to fill the hotel rooms," says Mr Reilly.

The tourism authorities are trying to capture a bigger share of the short trip or long weekend market.

Mr Reilly believes there is plenty of scope for attracting more non-business visitors. "Chicago has always done leisure business, but we can do a lot more. The hotels can fill 25,000 rooms with radiologists, but they must also cater to the leisure market and they are ready to do that." ■

Rich symphony of sights and sound greets visitors

□ Surprisingly for one of the biggest cities in the US, Chicago's Office of Tourism, part of the Department of Cultural Affairs, opened only in 1985.

Perhaps the city didn't really need to blow its own trumpet too much – that role was perfectly played by the countless musicians who made Chicago the nation's jazz centre in the 1920s.

Chicago is still renowned for clubs where you can hear some of the finest jazz anywhere in the country. One of the oldest is the Green Mill, which opened in 1907 and where to Louis Armstrong played.

The Blues was born in the Mississippi Delta and then migrated north to make its home in Chicago. The city is also the base for the world-famous Chicago Symphony Orchestra.

The Art Institute of Chicago has an astonishingly rich French Impressionist

and post-Impressionist collection, while works by American artists Grant Wood and Edward Hopper are US treasures.

"We have great entertainment," says Office of Tourism director Dorothy Coyle. "This city is an incredible combination of things – it has stunning architecture, a beautiful waterfront, great music and a vibrant cultural community."

Visitors will be awestruck by the city's design. The world's first skyscraper, the Home Insurance Building, was built here in 1885. Long since demolished, it was the catalyst for innovative new architecture such as the Sears Building which, for some years, was the world's tallest building at 1,450 ft.

It is still there, as are several other skyscrapers over 1,100 ft, while the 90-acre Merchandise Mart is America's



COYLE

'We are bringing people together in a multicultural city'

largest municipal building after the Pentagon. For shoppers there is the Magnificent Mile, otherwise known as North Michigan Avenue, arguably the premier retail strip in the US.

A Chicago landmark since 1916, Navy Pier on Lake Michigan is one of the top tourist attractions in the Midwest. A huge Ferris wheel looms over the pier, which re-opened six years ago as a recreation and exhibition centre.

The pier's newest addition is the

gleaming \$24 million Chicago Shakespeare Theatre. Modelled loosely on the Swan in Stratford-upon-Avon, the seven-storey building has balconies that look out over Lake Michigan.

The theatre launched its inaugural Shakespeare season two years ago and has been shattering box-office records ever since. Drama is popular in Chicago and new venues have been carved out of old buildings. The venerable Goodman Theatre, for example, has been given a new \$46 million complex.

We have Chicago to thank for the deep pan pizza, but the city's gastronomic reputation does not rest on this. Its multi-ethnic population is reflected in the huge variety of restaurants, which range from Chinese to Ukrainian cuisine. And Chicago's reputation for steaks and ribs brings in diners from near and far.

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City airports are in the top flight

Expansion plans will consolidate Chicago's position as the country's leading air hub

America's best connected city gained its reputation from the amazing success stories of its O'Hare and Midway airports, which have led to Chicago becoming the busiest single airspace in the world. Together, they generate billions of dollars in economic development for the region and employ more than half a million people.

O'Hare International, named after Second World War pilot Butch O'Hare, boasts more connections to more cities, more often, than any other airport and has been consistently voted America's best. It is the only US airport to house two major airlines under its roof: United, the world's largest operator, and American Airlines.

Ten miles from downtown Chicago, the Midway Airport Terminal has recently opened, the result of a \$760 million refurbishment to sharpen its competitiveness.

Commissioner Thomas Walker says: "The terminal will offer greater efficiency for airlines and provide the conveniences and services that travellers expect from the nation's premier point-to-point airport."

In 1999, Midway served 13.5 million



Photo: City of Chicago - Department of Aviation

Firm favourite: O'Hare International has been consistently voted best in US passenger polls

passengers on 297,000 flights. The airport development, scheduled for completion in 2004, will provide 41 new gates on three concourses, capable of serving 17 million passengers a year. Nine additional airlines have signed up, bringing the total to 13.

Mayor Daley says: "I am proud that Chicago is home to one of the fastest growing airports in the nation. The new Midway will create 94,000 permanent

and temporary jobs, and generate close to \$4 billion for the local economy in the next 10 years.

UAL, the holding company for United Airlines, which has been based in the area since it was set up 75 years ago, has grown with Chicago's airports. Chairman James Goodwin says the roots of the company are essentially domestic, principally as an east-west and Chicago-west coast airline.

"In the late 1980s, it became obvious to the management of the company that we needed to reach out into the global marketplace, and consumers were wanting access to more of the world," he says. "The domestic market was basically well served, so our company had to go elsewhere for growth opportunities."

United Airlines started expanding in the late 1980s by acquiring some Pacific routes. Since then it has moved into Europe, where it has an operations centre

Midway to generate almost \$4 billion for the local economy

at London's Heathrow, and also into Latin America. In the early 1990s it acquired Pan Am's London routes too.

Today, United has a fleet of some 600 aircraft, making 2,500 flights a day to more than 130 destinations. It is also an anchor partner of the global Star Alliance, which also includes Germany's Lufthansa and British Midland.

United has responded better than most to the hard challenges posed by the modern air transport business, forming strategic alliances to service markets that it could not naturally handle alone. "You can't serve everybody, everywhere – the economic and political constraints of this business are real," says Mr Goodwin.

The Star Alliance has been beneficial to United, offering greater route flexibility

and options at the international level. At home, in a bid to better serve its eastern coast customers, United has also moved to acquire US Airways.

Mr Goodwin says it has been gratifying to watch United grow from a highly regulated company limited to the US market to spreading its wings worldwide in the era of deregulation. "This industry has found ways to adapt fast. The transport business is highly competitive, dynamic and very cyclical, and over the years it has had to learn to be very adaptive."

O'Hare airport appears to have grown up alongside United, undergoing two major expansions in the last 15 years,



GOODWIN

'The business is highly competitive, dynamic and very cyclical'



WALKER

'Technology will allow us to make the most of our capacity'

with the promise of more to come. A new terminal facility was built in the 1980s, while the last decade saw the completion of the new international terminal.

Historically, Chicago has always been a transport crossroads for railroads, shipping and trucking, and now it has also become a natural hub for air traffic. Back in the days when aircraft technology did not permit long-distance travel in one go, the city became a natural stopover point between the east and west coasts.

Last year, US air carriers transported 670 million passengers in the domestic market, which is forecast to grow to one billion over the next decade. That means finding the capacity to handle a 50 per cent increase in passengers.

Thomas Walker, Chicago Airport System commissioner at the City Department of Aviation, says every effort will be made to maintain the city's standing as the country's leading air hub.

As well as upgrading Midway, Mr Walker says the aim is to make sure O'Hare is recognised as the country's premier gateway every year. This will involve the construction of the new terminal and "making sure that we are putting in place those incremental improvements and technology which will allow us to make the most of the capacity we have".

He adds: "Ultimately, the main goal for us is to achieve a higher level of economic activity and more jobs supported by the activities at the airport." ■

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