



ALFRED CHANDLER AND THE DYNAMICS OF BUSINESS HISTORY

DOING WELL,

For many HBS graduates, community involvement has become an integral part of a well-rounded and successful life. Whether as part of their job, or after hours as volunteers, on a grand scale or in one-to-one relationships, HBS alumni are rolling up their sleeves and applying their personal and professional talents to some of the most difficult social problems facing the country today.

Two outstanding examples of such dedicated individuals are Xavier Richardson (MBA '83) and Daniel Biederman (MBA '77). In addition to his full-time administrative duties at the U.S. General Accounting Office in Washington, Richardson has organized a program that encourages minority secondary-school students to stay on the college track. Biederman, the leader of two nonprofit urban preservation and development organizations, is working to revive and humanize declining landmark areas in midtown Manhattan. The *Bulletin* recently caught up with these two energetic alumni — movers and shakers on behalf of their communities — and accompanied them on their rounds.

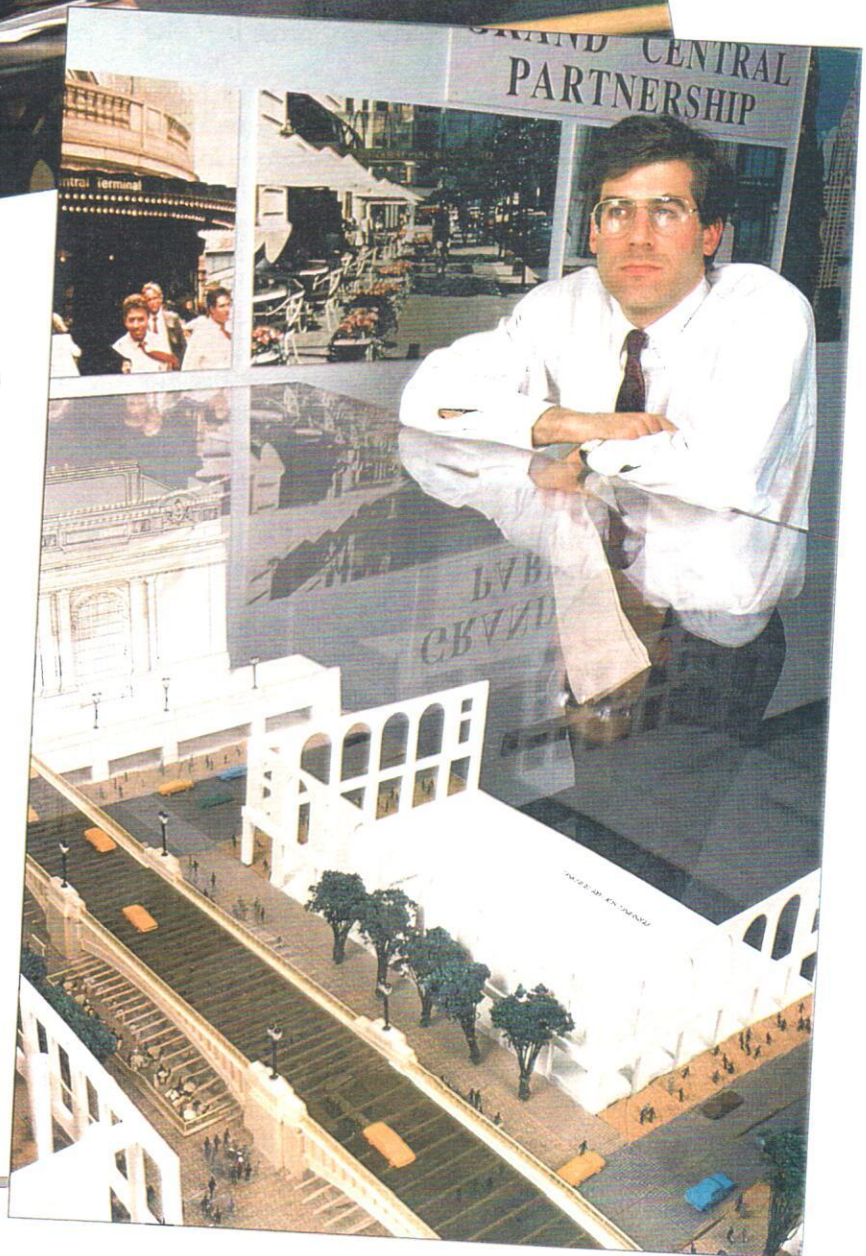
DOING GOOD

BY NANCY JACKSON & SUZANNE SITEMAN WILSON



Above: Xavier Richardson and Fredericksburg High students Joby Coakley (left) and Anthony Edwards look over college catalogs and college application materials.

Daniel Biederman (right) with a model showing proposed improvements to the area surrounding New York City's Grand Central Station.



**Daniel
Biederman:
“Energizing”
Public
Spaces**

It's late winter in New York City: the last traces of gritty black snow linger in untidy heaps along the edges of the sidewalks as pedestrians with turned-up collars lean into a biting February wind. Balanced precariously on a mound of frozen

dirt in midtown Manhattan's Bryant Park, Daniel Biederman (MBA '77) seems oblivious to the weather. As executive director of the Bryant Park Restoration Corporation (BPRC), he is preoccupied with the details of the construction activity that is transforming this seven-acre tract of land — until recently, a haven for drug dealers — into a model urban park.

The BPRC is one of two nonprofit midtown redevelopment projects co-founded by Biederman to help make New York a cleaner, safer, more livable city. Born out of neighborhood disgust at flagrant drug activity, graffiti, and trash, since 1980 the project has involved Biederman and co-founder Andrew Heiskell (HBS '37), chairman of the New York Public Library, in a delicate balancing act offsetting public and private interests.

Biederman is no stranger to the intricacies of public policy. His senior thesis at Princeton's Woodrow Wilson School of Public and International Affairs dealt with executive management in the Roosevelt White House before and during World War II. After graduating from HBS, Biederman was a member of a consulting team that completely overhauled the budgeting, accounting, and payroll systems of the City of New York in response to the fiscal crisis that plagued the city in the early and mid-1970s.

To begin the restoration of Bryant Park, Biederman and Heiskell had to approach the state legislature in Albany “to secure a law that allowed the private sector to lease a portion of a public park,” he explains. “We split the park into two zones: a portion we lease and a portion where we manage.”

BPRC has assumed responsibility for the restoration of nine acres of public space that serve as backyard to the New York Public Library. Currently one-third open for public use, the park's metamorphosis has been hailed in the city's newspapers: a 90 percent drop in crime; private cleaning and security crews seven days a week; new construction, flower

gardens, and lighting; and a program of concerts and special events planned to reclaim the park for public enjoyment.

Capital and operating funds have been raised from a variety of public and private sources. Neighborhood property owners pay an annual self-imposed assessment of 6.8 cents per square foot of building space to support supplementary services already on line, and an additional \$2 million has been received in private donations. The City of New York in effect paid BPRC, through both capital and operating subsidies, to take over the management of the park, but does retain rights to supervise and approve all capital improvements. Concession and restaurant revenues will contribute as well.

Central to the project's success yet rife with controversy, says Biederman, are the plans for two restaurants to be built inside the park, a step he believes critical to resurrect nightlife and deter

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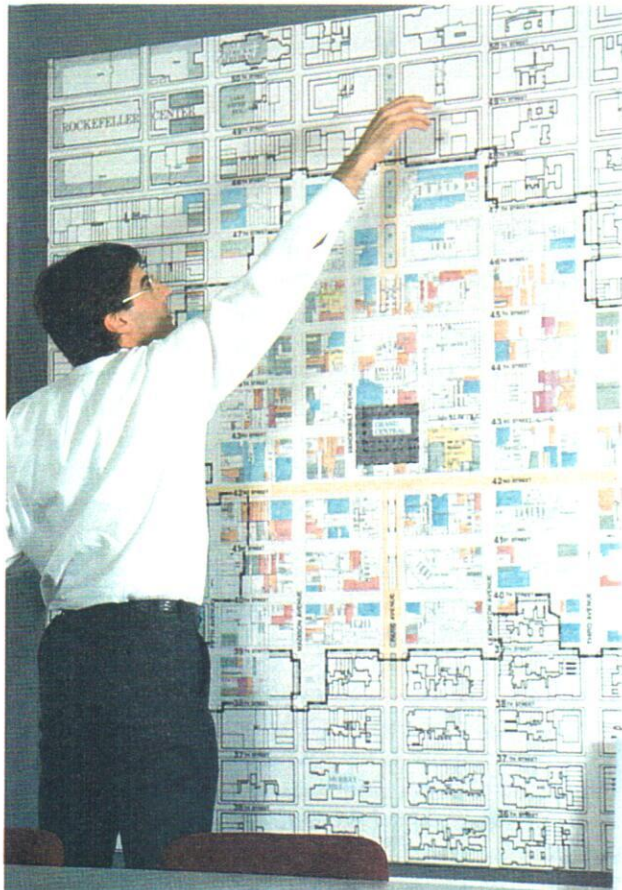
crime. “Securing the restaurants was tough,” admits Biederman. “It took years to get the concept accepted and gain city approval.” After clearing that hurdle, BPRC had to overcome another obstacle. “People just don't like to develop restaurants on space controlled by government administrators,” Biederman notes. “They feel they have no real lease.” Current plans call for two glassed-in pavilions, European in flavor, to flank the back wall of the library. “I really believe in the concept,” he reiterates. “There's nothing better as an energizer of public space.”

As Biederman's efforts in the Bryant Park area progress, he has also become involved in a redevelopment project in another troubled section of New York City: the area around Grand Central Station. The BPRC's early success with delivery of such basic services as sanitation, security, and help for the homeless came at a time when the degeneration of the Grand Central Terminal vicinity was attracting widespread public criticism. Moved to action by complaints from the Mobil Corporation (whose headquarters were located diagonally across the

street from Grand Central Station), New York's Deputy Mayor for Economic Development approached Biederman for help in 1984. The Grand Central Partnership (GCP) was launched.

The GCP is a coalition (chaired by real estate developer and attorney Peter Malkin) of property owners, tenants, and city officials who serve as public space managers for over 51 million square feet of commercial space circling the landmark station. Biederman, who serves as the president of GCP, describes the organization as "the reverse of BPRC," in that its difficulties are fundamentally conceptual rather than political. "What we're trying to do is to renovate the public spaces of a big central business district that's really owned by

Biederman surveys the territory in the conference room at Grand Central Partnership headquarters. "We're trying to renovate the public spaces of a central business district utilizing concepts that have been successful in places like Rockefeller Center."



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others, utilizing concepts that have been successful in suburban shopping centers and in places like Rockefeller Center," he explains. "Half my battles have been to ask private owners to learn to work together, specifically when it comes to common-area maintenance."

Borrowing a successful idea used to garner funding for BPRC, Biederman applied to the city for Business Improvement District (BID) status, giving the partnership carte blanche to levy a tax on the 100-plus property owners in the fifty-block district. GCP now collects an annual 9.2 cents per square foot — in excess of \$4.7 million — to fund copious support services and finance \$28 million in capital improvements.

Tales of New Yorkers' endemic apathy may abound, but Biederman found the area's property owners overwhelmingly receptive to the idea of raising their own real estate taxes. "Even though these people are already paying high taxes," he notes, "they were willing to try this new approach."

An ambitious GCP capital improvement plan has been designed to upgrade every facet of public space. Runaway congestion and confusion on sidewalks and streets will be minimized through sidewalk widening, new taxi stands, redesigned directory/informational signs, and free design consultation services to retailers. At the same time, landscaping, outdoor seating, street cafés, and entertainment will diversify the district and reinvigorate retail trade. And Grand Central Terminal itself, including the surrounding viaduct and roadways, will receive new lighting, kiosks, and spit-and-polish to reestablish the terminal as a grand gateway to the center of Manhattan.

A hallmark of Biederman's involvement in both projects has been his concern with the efficient deployment of basic services — sanitation, security, and help for the homeless. Grand Central Terminal, with its twists and turns and vast internal space, has long been a haven for homeless people. In response to the need for shelter, just a few blocks from the



"A lot of what I do is bother people on a regular basis," notes Biederman, here on a visit to the construction site at Bryant Park, where his efforts have contributed to a 90 percent drop in crime.

station, GCP now runs a 24-hour homeless center that is offering some creative assistance.

The 550 people who stream into the center daily benefit from part-time employment and job-skills programs, food, basic medical services, showers, social work intervention, and built-in incentives to use the center's job services and self-help programs. The neighboring business community is tapped for entry-level jobs and funding for work programs, and one local employer, *Forbes* magazine, has a standing Monday night match with the center's "homeless" basketball team.

Gleaning the talent to head the many initiatives that make up the BPRC and the GCP has taken Biederman years. He has drawn a seasoned staff from some well-known institutions: the New York City Police Department, the New York City Department of Sanitation, and the Metropolitan Museum of Art, to name a few. Now that the two projects are underway, Biederman's time is consumed by fundraising, "sales calls," planning, and aggressive management. "I manage by walking around," he states. "I believe in the Tom Peters style of management, which says if you don't get out and question your people every day, you won't get anything done.

"A lot of what I do is to bother people on a regular basis," he adds with a smile. "It can be a disagreeable role, but I find that no one has the sense of time urgency I have."

At least five years of capital improvements remain, but Biederman does not foresee an end to his managerial responsibilities with either corporation. He recently accepted a proposal to work with New York's Metropolitan Transportation Authority (MTA) to improve access to Grand Central Terminal. The MTA will pick up three-fourths of the cost, if Biederman can gain acceptance for a special assessment on neighborhood tenants to raise the remaining funds. The new endeavor — the North End Access Project — may expand the borders of GCP to include an area more than half the size of the current district.

When asked about his capacity for successfully tackling such large-scale projects, Biederman recalls a lesson he learned at HBS. "An analogy used constantly when I was at Harvard Business School is that the railroad business pretty much lost its market because they forgot that they were in the business of *transportation*, not just the business of railroads. As a result, the market passed them by," notes Biederman.

"Now I find that I'm always warning people here against narrowing ourselves unnecessarily," he continues. "It's so important to keep a sense of perspective. We are not in the sanitation business, or the security business, or the business of winning BID status. We're here to help the private sector pay for what needs to be done in the public realm. And there's a lot that needs to be done." -s.s.w.