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Rahm was the city's closer. Now what?

Emanuel's departure comes with several big deals still up for grabs: Amazon, Google and Salesforce—and the O'Hare express train.

John Pletz - Technology and airlines - September 04, 2018



Among the tech projects at risk post-Emanuel is Elon Musk's downtown-to-O'Hare express train.

Chicago just lost perhaps the best closer it has ever had, and certainly the best friend the tech community ever had on the Fifth Floor of City Hall.

The reasons for Rahm Emanuel's surprise announcement that he's not running for re-election will come into focus in due time. But the impact is clear now. With several major deals on the line, there is worry. How much it's justified remains to be seen.

Emanuel relished being the pitchman for Chicago as much as Richard M. Daley. But after years as a national Democratic fundraiser, Emanuel had access to CEOs across the country, if not around the world—people like Amazon’s Jeff Bezos and Salesforce’s Marc Benioff, or Google’s Eric Schmidt.

"He understood he had access to the tech community at a level very few people have," says Howard Tullman, a veteran tech entrepreneur and avid watcher of Chicago politics who traveled with Emanuel overseas on recruiting trips. "He used that great advantage.

"The biggest loss (in Emanuel’s decision to leave office) is he had an international reputation. You saw this in Japan, China. People wanted to meet and work with him because of his stature. He had the ability to talk about national and global politics."

That’s why there is plenty of concern around town right now. Chicago is hoping to be a finalist for Amazon’s HQ2 project. It’s also in the late stages of negotiating a deal with Salesforce to anchor a new office tower downtown and add up to 5,000 jobs to the 1,000 already here. Ditto for Google.

Will Rahm’s decision not to run change the calculus of any of those deals? Who knows. The city is going to press ahead.

Let’s start with Amazon. "Rahm offers great leadership and is one of the best Chicago elected leaders for tech in the past 30 years. But we have broad business, government and community support for our efforts on Amazon," said Mark Tebbe, who leads ChicagoNEXT, the tech-focused arm of World Business Chicago, the city’s public-private economic-development group.

When word broke a year ago that Amazon was looking for a second headquarters, Emanuel had already been working on Bezos.

John Boyd, a principal with Boyd Co., a location-consulting firm in Princeton, N.J. "Rahm was a superstar mayor who brought the role of economic development into his office," he said. "He put his personal stamp and star power behind Chicago’s economic-development efforts. But companies can walk and chew gum at the same time, and they realize politics is fluid. There is no mayor or governor for life."

Amazon said in its HQ2 outline that it plans to build the \$5 billion project and staff it with up to 50,000 jobs over 10 to 15 years.

The project that’s most likely at risk is the downtown-to-O’Hare express train. Rahm hit it off with Elon Musk, whose Boring Co. was going to tackle it. Musk has plenty of bigger issues in front of him at Tesla these days. Rahm was the project’s main patron here in Chicago.

Beyond the big out-of-town deals, however, Emanuel was a champion of the Chicago tech

scene, especially startups. While he loved to announce jobs, pushing companies to make commitments that made easy headlines, there's no mistaking that the mayor was interested in tech companies. He saw they were fastest-growing sector of the economy, especially during the doldrums of the recession when he took office.

The real worry is whether Emanuel's departure means Chicago will elect a mayor and a City Council who are more in tune with the wave of populism that surfaced four years ago when he ended up in a run-off with Chuy Garcia—a wave that has since gotten stronger. As the economic divide grows wider, Amazon and other tech companies have become targets in Austin, San Francisco and Seattle. Emanuel's departure may be less worrisome to them than the uncertainty of what lies ahead.

"His strategy as mayor was the city has to grow our way out of this," Tullman said. "You only do it by growing revenue and opportunity. Tech offers that."

But for someone who always wanted to be the center of the action, Emanuel was genuinely intrigued by tech companies. After doing a ribbon-cutting a few weeks ago at the new Loop offices of Solstice, a software-development firm, Emanuel hung around for more than a half hour, learning from employees about blockchain, Big Data and other technologies.

For all the talk about his golden contacts directory, Emanuel also loved retail politics. Whenever he toured a company, he'd ask employees two things: where they went to college and where they lived.

Emanuel's departure comes as a group led by former Commerce Secretary Penny Pritzker and software entrepreneur Chris Gladwin are working on a blueprint for how Chicago can improve its stature as one of the nation's top tech cities. The effort, which involves more than 200 business leaders, isn't dependent on City Hall. But it's hard to imagine a mayor more receptive to whatever ideas they come up with than Emanuel.