

**University Facilitated Economic Development:
Creating an Effective Regional Center**

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Community Issue/Problem

Southeastern Louisiana University administration felt the university had an obligation to facilitate economic development in the region it serves. How best could a regional university accomplish this without disrupting the academic mission of the university while addressing the unmet needs of the region?

University Challenge

Participating or facilitating in economic development in a university setting will require the activity to benefit the university in the following ways; 1) will help Southeastern fulfill the following strategic objective “To strengthen collaboration and partnerships in internal and external communities”, 2) be measurable with reportable economic impact, 3) will improve access to economic development programs and funds, 4) create a physical presence in economic development landscape, 5) creates a portal for businesses to access university resources and talent, 6) have a projected positive cash flow after 4 years, 7) create opportunities for continuing education training activities.

Research of Existing Models

An unscientific informal “Google” survey of regional economic development centers revealed there are a multitude of regional economic development centers and models. Efforts to categorize the university regional centers yielded three functional groups; 1) those with an

academic research focus, 2) those hoping to create and financially harvest the intellectual property rights from university research, and 3) those that focus on industry support. All models also have some level of specialization to the regional needs.

Unfortunately, Southeastern Louisiana University does very little in these areas. A model that would meet the university challenge mentioned above would require a new model that works directly with business, economic development organizations, governments and communities. The following plan was used; 1) market research to identify the service region of my university, 2) identify the target audience of the university, 3) determine the center's focus and programs, 4) locate an appropriate facility, 5) create appropriate partnerships, 6) locate funds for facility acquisition, 7) determine operating budgets, and 8) determine economic impact metrics.

Service Region

Southeastern's service region encompasses the five parishes (counties) of Livingston, St. Tammany, Tangipahoa, St. Helena, and Washington. This region is also known as the Florida Parishes, the North Shore or the Interstate 12 corridor (I-12). This 3,370 square mile region is located north of New Orleans and east of Baton Rouge. The entire region is serviced by Southeastern Louisiana University's campuses located in Tangipahoa, Livingston and St. Tammany.

Pre-Katrina population data is in the table below.

Parish / county	Population	Unemployment	Square Miles
St. Helena	10,525	5.4%	408
Washington	43,926	5.8%	670
Tangipahoa	100,588	6.0%	790
Livingston	91,814	5.3%	648
St. Tammany	191,268	4.0%	854
Total for Region	438,121	5.3%	3,370

Source: Bureau of Labor Statistics (<http://www.bls.gov/data/#unemployment>) 2000

The Target Audience

The target audience of the Center is local government, industry groups, economic development organizations, chambers of commerce, community stakeholders and select non-profit groups that are focusing on economic and community development. Projects and research activities that will potentially create economic impact will be drawn from the following identifiable groups: 28 incorporated cities and towns, 62 unincorporated towns and villages, 438,000 individuals, 16,248 businesses, non-profit organizations, government, and schools.

Economic Development Issues of the Region

The pressing needs of the service region stem from growth. The five Florida parishes region has grown rapidly over the past 10 years. Population increases combined with business start-ups, expansions and relocations to the area have fueled significant growth along the I-12 corridor.

This growth has made the region more economically diverse and less dependent on the large metropolitan economies of New Orleans and Baton Rouge. Infrastructure challenges with respect to education, water, sewerage, housing, transportation, zoning, business development and workforce top the list of priorities in all five parishes. Community leaders are concerned that their lack of knowledge with respect to models that deal with economic development and planning may lead to decisions that put government, land developers, business, industry, and citizens at odds. Most communities are simply not equipped to adequately deal with the issues that surround economic development and planning in a fast growing market.

Efforts to obtain the knowledge and expertise have driven the communities to seek assistance from the state funded regional economic development organizations located in the two large neighboring cities, New Orleans and Baton Rouge. Unfortunately, each half of our region is served by a different regional economic development organization. These regional organizations are more suited to heavy industry, dense populations and very mature economies and assisting the more rural infant economies requires a different set of skills, programs and philosophy.

Seeking assistance from the planning districts yields a similar result. The region is wedged between two different planning districts. To the west is the Capital Area Planning District which includes, among others, the four parishes of Livingston, Tangipahoa, St. Helena, and Washington. To the southeast is the New Orleans Planning District which includes St. Tammany. Historically these planning districts have represented these parishes as bedroom communities to the larger cities of Baton Rouge and New Orleans and thus have been unsuccessful in address the regional planning issues of the five parish region.

In 2005, Hurricane Katrina brought significant changes to the demographic and commercial landscape of the region. The region was now hit with what could be ten years of additional growth in one single year. In the post Katrina economy, local challenges became regional ones. Planning and applied research to assist with decisions is the real pressing need. While federal and state money is flowing to Louisiana to assist those areas that received physical damage from hurricane Katrina, it does little to assist those regions “flooded” with new residents, a housing construction boom, hyper commercial growth and severe labor shortage. This overall lack of preparedness in dealing with growth has the potential to threaten the long term economic vitality our region which may in turn affect the state economy.

Our Model and Programs

We determined the mission of the Southeast Louisiana Business Center is “To Facilitate Economic Development by Providing a Regional “One Stop Shop” for Economic and Business Development Activity in Southeast Louisiana.” Universities traditionally provide education, training and sometimes administration assistance of programs and grants. This traditional university approach is very conservative and focuses on their own “output”, that is, they tend to “push” research and knowledge out to the public in the form of technology transfer, research, and publications.

Informal surveying and meetings with our target audience, primary the economic development organizations and community leaders, lead us to believe that more is both needed and expected from the universities. While many of these needs are unreasonable as state law prohibits the use

of state funds being used for private gain, we did identify several areas that a university could assist with. These areas were small business development, applied research, community development, workforce training, GIS mapping, consulting, and business incubation. The communities and economic development organizations all claim these areas are very important to economic development but their organizations were not well suited or funded to serve these interest. The existing organizations chase either short term political interest or short term business opportunities. Building these services into our model will serve an unmet need.

Our new economic development model provides a single point of contact for business, industry and governments to access university resources. It responds to business and industry needs from a “retail” approach and asks “what do you need”. Our model serves the target audience with problem solving, consulting, strategic planning, training, technology, applied research, data gathering, training, capital formation, management assistance, and community development.

We created some new programs while incorporating some existing resources and programs into one Center that is university owned and operated. The Center takes a novel approach to university facilitated economic development by housing economic development entities, a Small Business Development Center, a Business Research Center, a Business Incubator, Community Development Department, and an executive level director with access to all departments of the university. The Center leverages organizations, programs and resources to assist and facilitate the economic development of the region. A blend of approximately 30% applied research and 70% technical assistance is used to help facilitate the economic development in the region.

The Center offers tenants, partners and communities the following; meeting facilities, business incubator, transitional space, work force training, capital formation, entrepreneurial training, workforce training, business plans, marketing assistance, business consulting, product commercialization, business research, technology transfer, site location analysis, financial projections, employee recruitment, data collection, community development, state business incentives, GIS mapping, economic impact reports, community studies, retail analysis, site location assistance, bonds, local tax abatement, infrastructure grants, assistance, assistance with permitting, etc.

Partnerships

Partnerships are the most important key to the university's ability to succeed in this venture and the model simply could not work without them. Partner organizations provide referrals for projects, access to meetings, events, new business and industry relocating to the region. Partners for our center include; Louisiana Economic Development, U.S. Small Business Administration, U.S. Rural Development, Louisiana Department of Labor, Greater New Orleans Inc., South Tangipahoa Port Commission, Livingston Economic Development Council, St. Tammany Economic Development Foundation, Tangipahoa Economic Development Foundation, St. Helena Economic Development Partners, Washington Industrial Development Foundation, area Chambers of Commerce, Entergy Corporation, CLECO and DEMCO energy providers.

Location and Facility

Locating the center was a challenge. Some informal verbal surveys among our target audience indicated that these non-students did not want to come onto the university campus. It appeared

that visitors do not want to deal with students, parking and walking through campus. Instead they preferred to drive and park directly in front of the building. To solve this, we needed a multi-tenant location with a corporate image on the edge of campus that provides ample parking, shared overhead, office equipment, internet, phone systems and conference rooms. We identified our site at 1514 Martens Drive in Hammond, Louisiana. The building is centrally located in Hammond with easy access to Interstate 55 and Interstate 12. Located just 100 yards from Southeastern's administration office, the 17,000 square foot two story facility is visible from University Avenue on northwest corner of campus. The building was built in 1985 as a corporate headquarters for a worldwide food supplement business. With 28 class A offices, seven conference rooms, and one 1,400 square foot training center, the Center is well equipped for our regional economic development center.

Outreach Locations

A regional economic development should serve the entire region and not just the city where it is located. To do so required outreach locations where our center staff will meet with individuals, organizations and economic development offices in their local community. Formal outreach locations with MOU's were established. Center personnel meet at these locations on specific days of the month. Those outreach locations include the following; Washington Parish - Bogalusa Chamber of Commerce, St. Tammany Parish - St. Tammany West Chamber, St. Tammany Economic Development Foundation, Livingston Parish - Dixie Business Incubator and Livingston Chamber, Slidell – Slidell Chamber of Commerce.

How We Funded It

The building and land cost would be approximately \$1,064,000 with renovations near \$300,000. We identified some acreage that Southeastern Louisiana University owned near the Hammond airport that could be sold to the airport for runway expansion. Funds from this sale could potentially be used for the acquisition of our facility. The selling of university owned real estate is difficult, time consuming and requires the approval of the University of Louisiana regulatory board and the Louisiana Legislature. We made a presentation to both that outlined the benefits for the university, state, and region. The purchase was ultimately approved on the justification of economic development. Our position was the university is selling the real estate in the name of economic development, i.e. the airport wanted to expand and the university will be re-investing the funds in economic development, i.e. the purchase and renovation of a regional economic development center.

Operating costs would run approximately \$46,000 per year and would come from the following sources: 1) rental income from partners who located at the center, 2) small business who located in the new incubator, 3) meeting rooms rentals, 4) training income, 5) newsletter subscriptions, 6) studies done in our Business Research Center, 6) state and federal program grants, and 7) GIS mapping activities.

The following budget illustrates a positive cash flow by the end of year four.

Annual Operating budget

Rental Income	Year 1	Year 2	Year 3	Year 4
Committed Participation	11,205	11,205	11,205	11,205
Estimated Participation & Incubation Rents	7,500	22,500	30,500	36,200
Total Income	18,705	33,705	41,705	47,405
Cash Outflow				
Utilities and Custodial	29,750	29,750	29,750	29,750
Office Supplies / Brochures	1,200	1,200	1,200	1,200
Office Equipment	2,500	2,500	2,500	2,500
Personnel	12,000	12,000	12,000	12,000
Total Cash Outflow	45,450	45,450	45,450	45,450
Net Income	(26,745)	(11,745)	(3,745)	1,955

Measuring Economic Impact

At the time of this narrative, the Southeast Louisiana Business Center has raised over \$2.7 million in federal grants, state grants and private sector applied research projects. The Center traffic includes over 8,000 meetings, over 24,000 over phone calls, and over 9,000 visitors to the Center.

Our Business Research Center created and publishes a quarterly economic newsletter that includes, tax collections by county, construction starts by county, labor data by county, economic impact studies, faculty highlight, and industry articles. The Center completed 45 applied research studies, 72 GIS maps, and 157 requests for information.

Economic impact for the Small Business Development Center includes, meetings with over 2,400 entrepreneurs, 382 training events, 9,062, training attendees, hours of training, 2,022 jobs created, 642 jobs retained, 159 new business startups, 81 business expansions, over \$256 million capital formation, with 80% of our business plans funded.

Economic impact of business incubator includes 17 companies, 60 jobs created, over \$13,690 million capital formation.

University Connections

The following list represents examples of ways the Center connects with the main stream of the university campus; 1) the Center participates in the annual Southeastern's Business Week, hosted by the College of Business, as a speaker on topics of entrepreneurship, financial management, access to capital, etc. 2) partnered with the Southeastern Channel to develop the award winning show, Northshore Business, which is partially managed/operated by Southeastern Communication majors. Northshore Business has received accolades and recognition including the following awards. COMMUNICATOR AWARD - "Award of Distinction" for "Northshore Business: Ten Years in One Day", TELLY AWARD for "Business Magazine Show", COMMUNICATOR AWARD - "Crystal Award of Excellence" for "Business Magazine Show", COMMUNICATOR AWARD - "Award of Distinction" for the "Northshore Business" segment "Boudreaux's Buttpaste" 3) serve as liaison between community/business/industry to provide project referrals for the department of Chemistry and Physics Student Entrepreneurs as Active Leaders (SEAL) program. Over 9 students were impacted through this partnership, 4) serve as liaison between community/business/industry and SLU Office of Technology to provide project

referrals to departments on campus, 5) served on committee with SLU Office of Technology, City of Hammond, Chamber officials, and industry to launch the Hammond wireless project, 6) The Center partnered with Dr. Cope and Dr. Juban in the College of Business to produce the Hammond Area Retail Study. Students were sent out to survey shoppers in several markets throughout the Northshore. An estimated 24 participated in collecting data for this study. The findings from this project were used by Stirling Properties as a determining factor on the Hammond Square Mall \$124 million dollar acquisition and reconstruction, 7) the Center partners with Dr. Terri Root's advertising research class in the College of Business. Local businesses gave students the opportunity to address a real life marketing/advertising issue in groups, and the findings were presented to the business owner at the end of the semester. The Center has provided clients for the student research classes. Estimated 110 students were impacted, 8) the Business Center hires undergraduate and graduate students in the SBDC and BRC. The Small Business Development Center typically hires recent business graduates as a part of their professional staff. Most have completed their MBA's while at the SBDC. An estimated 4 students were impacted, 9) the Business Center collaborated with Bonnie Lewis of the Florida Parishes Social Sciences Research Center to conduct surveys for a shopping survey for Bogalusa research project. An estimated 6 students were impacted, 10) the Business Center worked with a student group in the College of Business to successfully manage an apparel liquidation business. The students participating in this project received office space, resources, and weekly guidance from our Small Business Development Center staff. An estimated 12 students were impacted, 11) the Center played a key role in the planning and feasibility of two children's museums in the region and assisted with the development and fundraising plan for the African American

Heritage Museum in Hammond Louisiana. The center provided extensive assistance to the Tangipahoa African American Heritage Museum.

Conclusion

In summary, creating an effective regional economic development center involves balancing the needs of several groups, most important, is understanding what the university needs to justify participation in economic development and what the economic development community wants the university to do. Research to determine these are critical as a regional center cannot be successful with satisfying these two core groups. The Southeast Louisiana Business Center deployed the following plan to ensure that the Center did indeed satisfy these two core groups; 1) market research that determined the service region of the university was the five Florida parishes of southeast Louisiana 2) research that determined the target audience of the university was economic development organizations and communities, 3) informal surveys that help determine the center's focus should be on programs that complement and support the economic development organizations and provide resources that the communities are lacking, 4) inquires determined our location should be off campus and accessible to the business community as well as a multi-use facility, 5) inquires determined that our partners needed to be the economic development community and funding agencies for economic and business development, 6) university desire to participate in such a Center determines if acquisition funds could be made available as our center ultimately was funded with the sale of university property, 7) the university's commitment to subsidize the operating budget for the Center was critical until the Center reached positive cash flow from self generated funds, and 8) defined and measurable

economic impact metrics is critical to the university continued commitment and partners ongoing participation.

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