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The IEDC
Economic Development Journal

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INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

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INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

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ABOUT IEDC

The International Economic Development Council (IEDC) is the premier international association dedicated to leadership and excellence in economic development. IEDC can equip you with the tools and resources that are helping to shape economic development throughout the country and around the world. Our services include:

- *ED Now*, a twice-monthly newsletter
- *Economic Development Journa*l, a quarterly publication
- Improved access to resources and information
- Enhanced educational choices
- Stronger advocacy and access at the Federal level
- Expanded networks and alliances
- Industry-leader publications
- Expanded research and technical assistance
- An international presence

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Chair: William E. Best, FM
President & CEO: Jeffrey A. Finkle, CEcD
Editor: Jenny Murphy

William E. Best, FM
IEDC Chair

dear colleague

I have been privileged to represent the IEDC membership over the past year as chairman of the Board of Directors. This has been a dynamic year for IEDC as we have accomplished so much. I had three priorities in 2010: help our members, their communities, and local businesses better understand and manage their recovery from the recession; grow IEDC's partnerships into the next decade; and ensure that IEDC continues to provide research and resources on cutting-edge trends influencing the industry.

In regard to my first priority, all programming including conferences, professional development courses, web seminars, and newsletters have incorporated the theme of economic recovery to keep our members up-to-date on the information and skills needed for this challenging task. In June, IEDC was granted nearly $1 million to help hurricane and oil-impacted communities in Louisiana and Texas identify vulnerabilities in their local economies and develop short- and long-term strategies to spur economic recovery. And through an additional EDA grant, we sent 21 economic recovery teams in partnership with the White House's National Economic Solutions Team to communities along the Gulf Coast in Alabama, Florida, Louisiana, Mississippi, and Texas this past summer. Each team met with key stakeholders and made recommendations for a final report that was sent to the White House and the communities. Thank you to our members who were part of these economic recovery teams.

Through the International Network of Economic Development, IEDC has continued to build and grow its international partnerships. As chairman, I represented IEDC at the World Association of Investment Promotion Agencies conference in Argentina and the EURADA Annual Conference in the Netherlands. Additionally, the organization has grown its federal partnerships and has added four new education partnerships to offer professional development courses around the country. The partners for 2010 were the Minnesota Economic Development Foundation, Economic Development Corporation of Los Angeles, The Downtown Tampa Partnership, and Greater New Orleans, Inc.

My final priority was to ensure that IEDC continues to provide research and resources on cutting-edge trends influencing the industry. Thanks go to our Economic Development Research Partners for their support and contributions to "Unlocking Entrepreneurship: A Toolkit for Economic Developers," a primer on entrepreneurship. The organization has also published "Getting Prepared: Economic Development in a Transforming Energy Economy," through a grant from the Energy Foundation; "Sustainability Roundtable Summary Paper," in partnership with the U.S. Environmental Protection Agency; and "Creating Quality Jobs: Transforming the Economic Development Landscape," with a Ford Foundation grant.

Ethics education for economic development was an important goal for my tenure. Economic developers encounter numerous situations on a regular basis that require sound judgment and strength of character. In response to this, IEDC has created an ethics manual and workshop for economic developers. Starting next year, the organization and its accredited partners will offer this ethics training around the country. It is my hope that you accept and incorporate the Economic Development Code of Ethics in your professional decisions.

I could not have achieved all of these goals alone. The entire Board, Jeff Finkle, and all the staff have been outstanding in supporting me throughout the year. I especially want to thank the IEDC Governance Committee for its commitment and support: Ian Bromley, FM, immediate past chair; Dennis Coleman, CEcD, FM, vice chair; Jay Moon, CEcD, FM, secretary/treasurer; William Sproull, chair, External Relations Committee; Paul Krutko, FM, chair, Planning and Business Development Committee; and Dr. Lynn Martin Haskin, chair, Performance Oversight and Monitoring Committee. I feel that the IEDC is organizationally strong, fiscally sound, and well-positioned to meet the challenges for our members and partners in the future.

William E. Best, FM
IEDC Chair

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new markets tax credits

By Deborah La Franchi

THE ARGONAUT: A SUCCESSFUL NAVIGATION OF THE GLOBAL FINANCIAL STORM

By October 2009, the financial storm was in full force. In the year since the fall of Lehman Brothers, the country continued to be hit by waves of disastrous economic news; economic data and unemployment rates were hitting levels not seen in decades and the government had taken over AIG and two pillars of the American auto industry – GM and Chrysler.

Taking the brunt of this storm was Detroit. Already economically-challenged prior to the global crisis, Detroit was then being pounded as auto sales plunged and the viability of the US auto industry was being called into question. Unemployment in Detroit was at 27 percent, and the city's budget deficit was over $280 million (more than 9 percent of its budget). In the midst of this unemployment and fiscal crisis, Detroit further had to contend with the broader financial landscape – not least of all a national credit freeze that was short-circuiting economic development and community development projects across the country.

Despite the local upheaval, a team of dedicated project sponsors envisioned the revitalization of downtown Detroit. The College of Creative Studies, Henry Ford Learning Institute, and Thompson Educational Foundation wanted to convert the historic and long-vacant GM design facility (the Argonaut) into a cutting edge campus including a world-renowned design university, two charter schools (middle and high school), and nonprofit office space.

The Argonaut project, given the complexity of re-using this 800,000-square-foot historic building and the $146 million in financing needed, would be considered ambitious even in the best of economic times. Against the backdrop of the global economic crisis, the project was almost inconceivable. The perseverance of the project's sponsors, the funders, and the use of New Market Tax Credits ("NMTCs") all played critical roles in making this project a success despite the economic turmoil.

The New Market Tax Credit Program was passed as part of the Community Renewal Tax Relief Act of 2000. It was created as a new financing program to provide incentive for private sector investment into economic development projects and businesses located in low-income communities.

WHAT ARE NEW MARKETS TAX CREDITS?

The New Market Tax Credit Program was passed as part of the Community Renewal Tax Relief Act of 2000. It was created as a new financing program to provide incentive for private sector investment into economic development projects and businesses located in low-income communities. NMTCs are similar in concept to Low-Income Housing Tax Credits, which were created in 1986 to spur low-income housing development by creating project subsidies through tax credits sold to investors. Yet, as explained in this article, the program is very different in its administration, structure, and types of investments. The NMTC program was initially authorized for five years and provided $15 billion of NMTC allocation authority for investments in targeted communities. Over the past five years it has been extended on an annual basis by Congress and the President, with an additional $11 billion authorized and allocated to date.

The NMTC program is overseen by the U.S. Department of the Treasury and directly administered by the Community Development Financial Institutions (CDFI) Fund. The CDFI Fund was created in 1994 for the purpose of expanding the availability of credit, investment capital, and financial services in distressed urban and rural communities. The

Deborah La Franchi is CEO and president of Strategic Development Solutions, which specializes in Double and Triple Bottom Line funds, and the president of National New Markets Fund, a three-time NMTC allocatee. (dl@sdsgroup.com)

A GROWING STRING OF SUCCESSES ACROSS THE COUNTRY

This article seeks to explain how New Markets Tax Credits, a once obscure and little understood federal program in its incipient years, has become a critical funding source for projects located in low-income communities across the country. Despite the economic upheaval and continued credit freeze, this program is financing a wide array of projects – creating a successful track record of development in low-income communities.

CDFI Fund handles all direct oversight of the program and awards tax credits to CDE allocatees, while the IRS audits allocatees for compliance with the program's regulatory requirements.

What Is the Benefit of NMTCs to a Project or Business?

At the highest level, NMTCs provide a subsidy to either a qualified business or a real estate project that is approximately equal to 20 percent of the project financing need for project costs up to approximately $60-70 million. While the technical process is detailed below, NMTCs are often secured as one of the last sources of capital to fill the final remaining financing gap.

What Investments Qualify for NMTCs?

Investments must ultimately be made into a Qualified Active Low-Income Community Business (QALICB). A QALICB can be either a real estate project or a business investment. For either type of investment the following conditions must be met:

- The project/business must be located in a qualified census tract as identified by CDFI. These qualified census tracts are usually characterized by poverty greater than 20 percent or area median income that is 80 percent or less than state median income. In addition, the CDFI Fund gives priority to applicants who commit to investing in areas of higher economic distress where:
  - Poverty Rate > 30 percent,
  - Unemployment Rate 1.5x the national average, and
  - Area Median Income (AMI) < 60 percent of the state median income.

  For preliminary verification of a project's eligibility the following link can cross check the site address with qualifying locations: *http://www.novoco.com/new_markets/resources/ct/*. While the CDFI Fund website provides official confirmation of a census tract's NMTC eligibility, that portion of the website requires an access code that CDEs will have.
- If the project is not located in a qualifying census tract, the QALICB may also qualify as a "Targeted Population" investment if it provides services to individuals, or an identifiable group of individuals (including an Indian tribe), who are low-income persons or otherwise lack adequate access to loans or equity investments. NMTC qualification under Targeted Population criteria requires one of the following:
  - At least 50 percent of gross income for the QALICB for any taxable year is derived from sales, rentals, services, or other transactions with individuals who are low-income persons;
  - 40 percent of the entity's employees are low-income persons; or
  - At least 50 percent of the entity is owned by individuals who are low-income persons.
- Other site location attributes, such as residing in a designated brownfield, empowerment zones, or federally designated disaster area are among the additional distress criteria that are part of the application review process and may qualify for investment.
- NMTCs can support the development of commercial, non-residential, or mixed-use property. Mixed-use developments with rental housing must generate at least 20 percent of the revenues from non-multifamily commercial uses.

What Types of Projects and Businesses May Utilize NMTCs?

Once it is determined that a project is in a qualified census tract, the question is what type of project can NMTCs fund. In reality, the program is very flexible as illustrated by the list (non-comprehensive) in Table I. From manufacturing plants to nonprofit office space, NMTCs can be used for a wide array of projects.

TABLE I
ELIGIBLE USES FOR NMTC INVESTMENT

- Office
- Mixed-Use
- For-Sale Housing
- Industrial
- Retail
- Hospitality
- Community Facilities
  - Healthcare
  - Education
  - Museum
- Businesses Located in Qualified Low Income Communities

What Types of Uses Are Prohibited?

There are a number of businesses (see Table II) that are prohibited under the NMTC program.

TABLE II
PROHIBITED USES OF NMTC INVESTMENT

- Massage parlor
- Hot tub facility
- Suntan facility
- Country club
- Racetrack or other facility used for gambling
- Store whose principal purpose is the sale of alcoholic beverages for consumption off premises
- Development or holding of intangibles for sale or lease
- Private or commercial golf course
- Farms

How Do You Obtain NMTCs?

There are two very different paths to take advantage of NMTCs for your project or business:

1) Apply directly to the CDFI Fund to be awarded an allocation; or
2) Approach existing NMTC allocatees and tap their allocations

(Note: Most readers of this article will be interested in this second option but it is helpful to understand the process by which allocatees are awarded.)

Applying to Manage a NMTC Allocation

Each year, the CDFI Fund opens up an application process with a set deadline, usually 2-3 months after the Notice of Allocation Availability (NOAA) is made public. First, interested parties must be certified as a Community Development Entity (CDE) in order to receive an NMTC allocation. A CDE is a domestic corporation or partnership with the primary mission of serving low-income communities or low-income persons. Entities already certified as a Community Development Financial Institution (CDFI), or a Specialized Small Business Investment Company (SBIC) designated by the SBA, automatically qualify as a CDE. For entities needing certification, the process involves submitting an application that details the applicant's mission of investing in low-income communities (LIC), demonstrates that the entity's advisory board or board members have at least 20 percent LIC representation, and outlines the strategy and track record of the sponsoring parties relative to investing in low-income communities.

The NMTC application itself is a detailed and intensive business plan based on the applicant's investment strategy, track record of investing overall and investing in low-income communities, management capacity, and the ability to find and secure NMTC investors. Applicants must also demonstrate they have a viable 'pipeline' of projects, either 3rd party or their own, for investment.

The applicant must also demonstrate its financial capacity and expertise to manage the investment over the required seven years, handle the funding flows, undertake compliance and investor reporting, and meet all the technical reporting and administrative needs of the program. Due to the time-intensive nature of the application and the need to have these various technical capacities, many entities choose the alternative path and secure allocation directly from an allocatee. Also of note, the application, while not long by federal standards (typically 80 to 100 pages), is very intensive given the technical detail and implementation plan that must be included. Significant time and effort are required to put forth a viable and competitive application.

WHO ARE THE ALLOCATEES?

Outlined below are the categories of allocatees that exist:

- Banks
- Insurance Companies
- Nonprofit Organizations
- Real Estate Developers
- For-Profit Economic Development Companies
- City/County/State Departments
- Development Finance Authorities

ACRONYM TABLE

NMTC: New Markets Tax Credits

CDFI Fund: Community Development Financial Institutions Fund

CDE: Community Development Entity

QALICB: Qualified Active Low-Income Community Business

LIC: Low-Income Community

LEED: Leadership in Energy and Environmental Design

Since the program's inception, 495 allocations totaling $26 billion in allocation authority have been awarded. In 2009, 249 CDEs and CDFIs applied for around $22.5 billion in allocation, with 99 of these awarded between $4 million and $125 million of NMTC allocation. A number of groups have received allocations in multiple years.

These allocatees are able to invest their NMTC award according to the strategy, geography, and goals outlined in their application. For instance, the CDE may have a single-state real estate allocation based on their expertise and track record, or they may have applied and been awarded to finance small businesses in rural communities across the country. Each allocatee has an investment strategy and geography specific to them. Further, based on their request, allocatees either are awarded to fund their own projects (business or real estate developments) or to invest in 3rd party projects and businesses (or some combination of the two).

Seeking Out Existing NMTC Allocatees

As mentioned above, the other route to securing NMTC allocation is to approach existing allocatees. For those not wanting to serve as investment managers of multiple deployments of NMTCs along with handling the compliance and reporting needs, this path can be a more efficient means of utilizing NMTCs.

A project/business sponsor should first determine if the planned project or business investment qualifies. Once qualification is determined, a project/business sponsor can make 'soft inquiries' to existing allocatees to find those investing in the appropriate geographic area and for the applicable product/business type.

It is worth underscoring that allocatees look for projects with significant social impacts, such as revitalization, job creation or services to low-income residents. In addition, many allocatees also seek projects that incorporate environmental sustainability features. Therefore, simply meeting the census tract qualification is only a preliminary hurdle. A project must then meet the 'impact' requirements that each allocatee sets as detailed within their NMTC applications (see allocatee profiles at www.cdfifund.gov/awardees/db/index.asp). Your project must be impactful in order to attract NMTC allocatees.

Once you determine that allocatees are interested in the project, they will often tell you to come back once the other funding sources or the 'leverage' (the other 80 percent of the financing) is largely secured. Given the 'drop out' rate of projects in the current market, allocatees will not move into due diligence or closing until they see the other financing solidly falling into place. Once you reach this juncture, most project/business sponsors then pull together their NMTC team. This support team often includes a NMTC specialist to secure and negotiate the terms with allocatees and tax credit investors, NMTC legal counsel, and a NMTC financial modeling consultant. Many costs associated with these services are paid at the close of the investment, so if your project is not perceived as having a secure financial path to 'closing', most of these team members will stay on the sidelines until you have the other funding sources secured. Further, as the project/business sponsor is typically required to cover these costs if the investment does not fund, the sponsor should have a high degree of certainty that a closing is achievable.

How Do NMTCs Work?

At the inception of the NMTC program, it was largely understood by a small subset of specialized professionals. The complexities of the program, which continue to precede its reputation, have since become much less of a barrier to its use. The program continues to streamline, and there is now a deep bench of tax credit investors, lenders, law firms, economic development specialists, and other stakeholders versed in the program's intricacies and available to help new entrants 'demystify' the process. So while the program is rightly considered complex, it does provide a flexible funding source and there are many resources to assist with the process.

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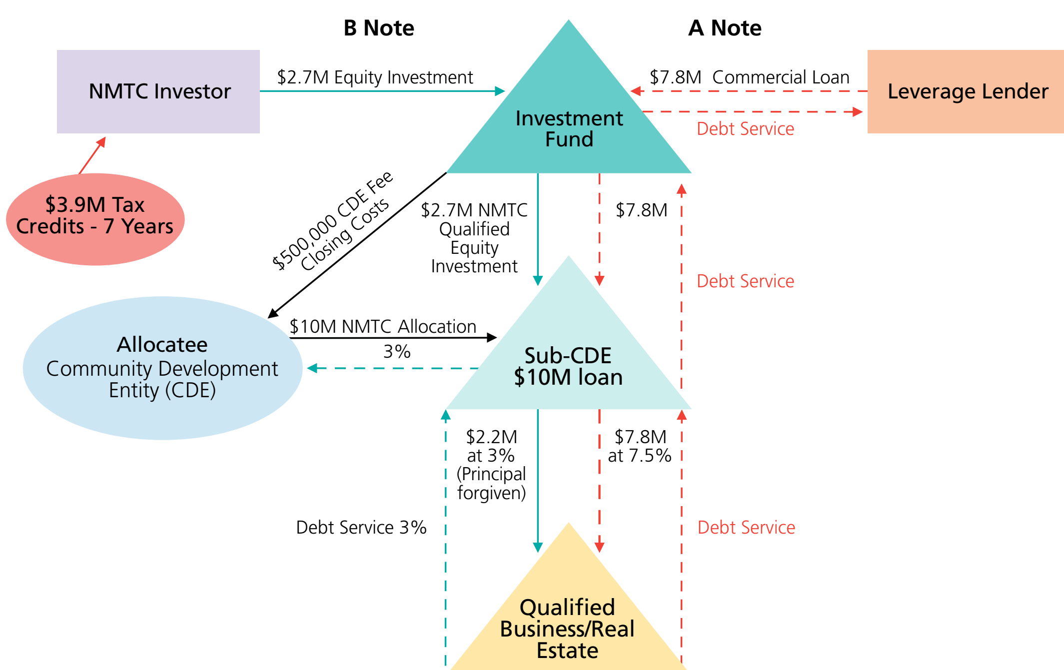
Time to Fund

An allocatee is awarded the tax credits, which it then typically sells to a tax credit purchaser at the time project financing is closed. The purchaser is often a bank or insurance company in need of tax credits for their own use or for syndication to others. The allocatee then uses the proceeds from the sale of the tax credits to invest in the project/business at a much discounted level to the borrower.

STRUCTURING NEW MARKETS TAX CREDITS

One of the more common structures for a NMTC transaction consists of an 'A Note' (commercial loan or other loan sources) and a 'B Note' (NMTC equity loan) made to the project/business (Qualified Active Low Income Community Business or QALICB). The 'B Note' often has a below-market interest rate (2 to 3 percent) with the principal forgiven in Year 7. The flow of funds diagram below shows this leveraged NMTC structure, incorporating a commercial loan, providing loans totaling $10 million to the business/project. The total funded amount

$10M NMTC PROJECT EXAMPLE



into the Investment Fund equals $10.5 million in order to cover both the CDE/allocatee fee for the seven-year compliance period and closing expenses such as the legal counsel and financial modeling ($500,000 total).

The A Note: This example has a $7.8 million commercial loan with an interest rate of 7.5 percent. This structure, for simplicity in the comparison loan chart below, has the interest payment paid annually and the principal repayment made at the end of the seven-year compliance period. The commercial loan flows through the Investment Fund down to the SubCDE. The SubCDE, often a limited liability company or limited partnership, is created as a special purpose entity for the sole purpose of making the loans to the QALICB (project or business). The SubCDE is managed by the CDE (allocatee) which is held responsible for providing oversight of the loans.

The B Note: This example shows $2.7 million of tax credit equity flowing into the Investment Fund. This amount is what the tax credit investor is willing to pay for the tax credits it will receive for the $10 million of NMTC allocation. The NMTC program provides a 39 percent tax credit ($3.9 million) for the total NMTC allocation amount, with the tax credits received over a seven-year period as follows: five percent for each of the first three years and six percent for the last four years. This tax credit value is the bulk of the financial return expected and received by a tax credit investor. In return for the $3.9 million of tax credits, the A Note and B Note principal amounts must remain invested in the project for seven years with any recouped principal required to be redeployed in the case of repayment, default, or foreclosure. If these conditions are not met there is a 'recapture' event where the parties are responsible for 'repaying' the federal government the amount of the tax credits redeemed by the tax credit investor. Of note is that the tax credit purchase price fluctuates based on supply and demand. In this example, the investor pays 70 cents for each dollar of tax credit it will receive over the subsequent seven years (70 percent x $3.9 million = $2.7 million). While the market upheavals decreased the demand for tax credits, lowering both the tax credit pricing and the subsidy amounts available, this downward pricing pressure seems to have bottomed out; barring further market disruptions, it is largely expected that the tax credit pricing will continue to rise.

The $2.7 million in tax credit equity goes into the Investment Fund where the $500,000 in CDE fees and third-party closing expenses are paid out. The remaining $2.2 million of tax credit equity becomes the 'B Note' from the SubCDE to the QALICB. The B Note interest rate of 3 percent, which flows to the CDE through the SubCDE, covers the costs of managing the two loans. The B Note is also structured to have its principal forgiven in year 7. The A Note, as a commercial loan, is repaid in full with interest in year 7. Therefore the blended interest rate on the $10 million A and B Notes is 6.5 percent, with the $2.2 million B Note principal forgiven in year 7.

As the chart below illustrates, the first loan is for a traditional $10 million commercial loan at 7.5 percent. The principal and interest amounts over seven years accrue to $15.3 million. The NMTC comparison loan shows the structure above: a $10.5 million funded into the structure with $10 million in loans provided to the project with a blended interest rate of 6.5 percent. The forgiveness of the B Note principal ($2.2 million) results in a $12.4 million total cost after seven years. Thus the NMTC loan structure provides a savings of just under $3 million or 19 percent to the project compared to the traditional financing structure.

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$10M Commercial Debt Structure	
Commercial Loan	*10,000,000*
Interest Only 7-Year PYMTs (7.5%)	*5,250,000*
Total Financing Cost (7 years)	**$ 15,250,000.00**
$10M NMTC Financing Structure	
A Note - Commerical Loan Principal	*7,800,000*
A Note - 7 Year Interest Payments (7.5%)	*4,095,000*
B Note - NMTC Loan Principal	*2,200,000*
B Note - NMTC Loan 7 Year Interest Payments (3%)	*462,000*
B Note - Principal Forgiven	*2,200,000*
Total Financing Cost (7 years)	**$ 12,357,000.00**
Savings to Project ($2,893,000)	**19%**

EXAMPLES OF DIFFERENT TYPES OF NMTC INVESTMENTS

Described below are examples of NMTC investments that demonstrate the program's flexibility in funding many very different types of business and real estate projects. The examples also demonstrate the types of project impacts sought by allocatees as well as the financing complexity of some projects.

Ochsner Baptist Medical Center (New Orleans, LA)

Prior to Hurricane Katrina, Ochsner Medical Center (formerly Memorial Hospital) treated more uninsured patients than any other private hospital in the New Orleans region and is located in an area where the poverty rate was 33.5 percent. After Hurricane Katrina, more than 16,800 healthcare service jobs in total were lost in New Orleans. Ochsner was non-operational and remained surrounded by floodwater and without power for a prolonged period of time.

After Hurricane Katrina, only one of the city's seven hospitals was operating at pre-Katrina levels, two were partially open, and four remained closed. This critical shortage of medical care centers forced patients to seek health care services miles away from the city.

Reopening Ochsner was difficult given the risk of the larger New Orleans market and the nonprofit status of the hospital. The fact that it was serving low-income populations, thus hindering its revenue generating capacity, made investors realize it could not be financed with only market-rate equity and debt. National New Markets Fund (NNMF) and two other allocatees invested $21.25 million in NMTCs which, in addition to over $18 million of taxable and tax exempt bonds, provided the needed gap financing to re-launch the 100-bed surgical wing. Capital One served as the NMTC investor. This project, as a community hospital that houses a 317-bed acute care facility in New Orleans, has had a dramatic impact on improvement of healthcare for the surrounding impoverished community.

OCHSNER MEDICAL CENTER	
Date of Closing:	August 2007
NMTC Allocation: $25.00M NNMF NMTCs: $ 3.75M	$ 5.0M
Federal Grants	$ 1.2M
Bonds	$18.8M
Total Cost:	**$25.0M**

Haven for Hope is an independent 501(c)(3) non-profit organization with the mission to provide homeless individuals and families with the training, skills, and assistance needed to become self-sufficient.

HAVEN FOR HOPE	
Date of Closing:	December 2009
NMTC Allocation: $38.5M NNMF NMTCs: $15.0M	$ 9.2M
City of San Antonio	$ 22.5M
County of Bexar	$ 11.0M
State of Texas	$ 9.5M
Private Donations	$ 51.5M
Total Cost:	**$103.7M**

Haven for Hope (San Antonio, TX)

Haven for Hope is an independent 501(c)(3) non-profit organization with the mission to provide homeless individuals and families with the training, skills, and assistance needed to become self-sufficient. Upon completion, the Haven for Hope campus will involve more than 70 partner agencies, providing over 145 functional services to its members, prospects, and local citizens. It houses 1,600 homeless individuals each night. The campus is expected to save taxpayers over $40 million annually through improved service delivery to the local homeless population while also revitalizing a San Antonio, Texas neighborhood. New and existing buildings incorporate features to reduce energy consumption. This project was financed with $38.5 million of NMTC allocation from NNMF and Wachovia Community Development Enterprises IV along with various other sources of government and grant funding. Wells Fargo was the NMTC investor.

The Argonaut (Detroit, MI)

The Argonaut Project is an historic rehabilitation project, converting a vacant GM site into a mixed-use educational facility in downtown Detroit, Michigan. It will become an expansion campus for the College of Creative Studies (undergraduate and graduate programs and dorm

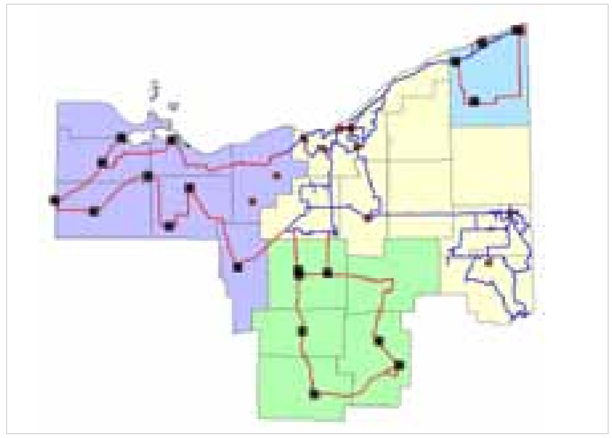
ARGONAUT BUILDING 2009 Winner Novogradac "Best Real Estate QLICI"	
Date of Closing:	February 2009
NMTCs Allocation: $69.0M NNMF NMTCs: $ 7.5M	$ 14.4M
Bank Loan	$ 51.1M
Owner Equity	$ 36.0M
Michigan Historic and Brownfield Credits	$ 11.6M
Thompson Educational Foundation Loan	$ 16.7M
Deferred Developer Fee	$ 15.5M
Total Cost:	**$ 145.3M**

residences for up to 300 students), while also housing arts and design charter middle and high schools for up to 900 students annually. This extremely challenging transaction involved NNMF and five other NMTC allocatees and $69 million of NMTC allocation to overcome long-standing development hurdles. US Bancorp CDC is the NMTC investor.

The Argonaut supports Michigan's "Cool Cities" Initiative and is the anchor of the New Center Economic Development Plan to revitalize Detroit. It is expected to spur further development of a creative economy in the surrounding distressed community. In addition, the influx of new people will increase demand for supportive services in the community. This project incorporates sustainability and targets LEED Certification. The Argonaut project received the 2009 "Best Real Estate QLICI" award from Novogradac Community Development Foundation.

Next Generation Healthcare (Northeast Ohio)

Next Generation Health Care will deliver high-speed fiber optic connectivity to health care facilities located in Medically Underserved Areas (MUA) in rural Northeast Ohio. The $15 million of NMTC allocation, coming from National New Markets Fund and NCB Capital Impact, covers the cost of laying the fiber optic network connecting these rural healthcare facilities with the larger national interconnected broadband network. The program will enable medical providers to collaborate and share resources, deliver telemedicine and remote diagnostic services, encourage the adoption of electronic medical records, and enhance access to health and medical imaging records. Once this project is complete, HealthNet will enable the provisioning of telemedicine services to more than 7 million citizens in NE Ohio. This prototype is being viewed as a potential national model for providing quality healthcare more cost effectively to isolated and rural communities.



NEXT GENERATION HEALTHCARE	
Date of Closing:	September 2008
NMTC Allocation: $ 15M NNMF NMTCs: $ 7M	$ 3.1M
Leverage Loan	$11.3M
Owner Equity	$10.1M
Total Cost:	**$24.5M**

Habitat for Humanity (Metro Jackson and Mississippi Gulf Coast, MS)

The Habitat Homes Project provided support to Habitat for Humanity (HFH) affiliates located in Metro Jackson and in the Mississippi Gulf Coast areas of Mississippi. These two HFH entities collaborated to build 85+ affordable single-family homes in Hurricane Katrina-impacted communities across Mississippi. National New Markets Fund, the only allocatee, invested $10 million of NMTC allocation into the project with Capital One serving as the NMTC investor. Home designs incorporated water and energy-saving elements along with environ-

HABITAT HOMES PROJECT	
Date of Closing:	July 2008
NMTC Allocation: $10M NNMF NMTCs: $10M	$ 1.8M
Leverage Loan	$ 8.2M
Total Cost:	**$10.0M**

mental sustainability features to lower owner operational expenses. The homes were built with volunteer labor and sold at affordable rates to low-income families earning 30-80 percent of the AMI. Home sales were financed with below-market rate mortgages.

MERCY CORPS HEADQUARTERS **2008 Winner Novogradac "Best Metro QLICI"**	
Date of Closing:	March 2008
NMTC Allocation: $24.5M NNMF NMTCs: $ 7.5M	$ 6.2M
Federal Historic Tax Credits:	$ 3.3M
Private Grants/Loans:	$ 7.2M
Market Rate Loans:	$ 6.7M
Donations:	$ 10.9M
Deferred Developer Fee	$ 3.6M
Total Cost:	**$ 37.9M**

Mercy Corps (Portland, OR)

The Mercy Corps project combined new construction with the rehabilitation of the historic Skidmore Fountain Building, resulting in a contemporary mixed-use facility. More than 80,000 square feet were developed to create the space that houses Mercy Corps' Global Headquarters and interactive public Action Center, Mercy Corps Northwest's Small Business Development Center, community conference facilities, and the Lemelson Foundation headquarters. The facility, which opened in October 2009, earned LEED Platinum Certification for its significant environmental impacts. Three allocatees, including NNMF, invested $24.5 million in NMTC allocation into this project with US Bancorp serving as the tax credit investor.

Plaza Adelante (San Francisco, CA)

Plaza Adelante was redeveloped as a multi-tenant nonprofit complex from a warehouse facility located within the heart of San Francisco's Mission District. It provides a one-stop center for low-income residents who seek financial, legal, health, and supportive services. The Sponsor, Mission Economic Development Agency, created the complex so that nonprofits could share common space and operating resources. Approximately 10 nonprofit tenants gained the opportunity to eventually become

PLAZA ADELANTE **2009 Winner Novogradac "Best Metro Investment"**	
Date of Closing:	December 2008
NMTC Allocation: $9M	$2.1M
SF Mayor's Office of Community Investment (MOCI) Grant:	$0.7M
Owner Equity:	$0.8M
Loans:	$5.9M
Total Cost:	**$ 9.5M**

owners in the facility. NNMF was the sole NMTC allocatee in this project, providing $9 million in allocation to the project. US Bancorp served as the NMTC investor.

Second Line Stages (New Orleans, LA)

Second Line Stages is the first green, full service media production facility in the nation and has achieved LEED Silver Certification. This 90,000-square-foot facility combined new construction with the restoration of a dilapidated warehouse. The completed facility now serves the burgeoning Louisiana film industry and has provided jobs and revenue to aid in the city's economic recovery. The project also provides apprenticeship and skilled employment opportunities for local residents and educational programs for at-risk youth. NNMF and two other allocatees for this project provided $24 million in NMTCs. US Bancorp was the NMTC investor.

SECOND LINE STAGES **2009 Winner CDFA "Nation's Best Tax Credit Project"**	
Date of Closing:	December 2008
NMTC Allocation: $24M NNMF NMTCs: $ 6M	$ 5.5M
Senior Debt/Loan	$ 18.6M
Developer Equity	$ 8.8M
Federal/State Historic Tax Credits	$ 6.8M
Contributed Property	$ 1.0M
Total Cost:	**$ 40.7M**

CHALLENGES/BENEFITS OF NMTCS

Challenges of NMTCs

While NMTCs can fund many types of economic development and community development projects in LIC communities, these credits are not without their drawbacks. You do not need to ask many seasoned experts before you start to hear the same comments:

- Complex program
- Multiple allocatees are needed for projects above $15 million typically
- Seven-Year investment requirement limits flexibility and means the initial structuring must anticipate if take out options are needed prior to the seven-year requirement
- Project sponsor must be willing to deal with program requirements
- Forbearance requirement for leveraged lender
- No amortization for leveraged lenders
- Non-traditional collateral for lenders is often needed as traditional collateral is often not available
- Many public sources of funding can be used in combination with NMTCs such as Recovery Zone Facility and GO Zone Bonds and HUD 108 financing, but some sources are ineligible such as DOE, USDA, and SBA loan products due to federal guidelines
- Extended closing period and cost of closing

Benefits of NMTCs

Despite the challenges NMTCs can present in terms of added complexity and closing costs, many projects are finding the 20 percent project subsidy and its ability to lower both a project's financing costs and its risk are critical in the current market. As discussed, NMTCs work with many, though not all, federal, state, and local financing programs. NMTCs can also be used for many different types of projects, so long as they are in qualified census tracts and they have sufficient low-income community impact to attract allocatees. In addition, a project sponsor does not need to go through the intensive, uncertain, and lengthy process of applying to the CDFI for a NMTC allocation to manage. A project sponsor can directly approach existing allocatees (see www.cdfifund.gov/awardees/db/index.asp) to see if they are interested in funding their project.

There are many resources, some listed in the above table, to assist you with understanding and accessing this important economic and community development financing program. Just as it is making a difference in projects around the country, it might be able to make a difference in your community.

LEARNING MORE ABOUT NMTCS

CDFI: www.cdfifund.gov

Novogradac Conference: www.novoco.com/events

Reznick Conference: www.reznickgroup.com

NMTC Coalition: www.nmtccoalition.org

CDFI Coalition: www.cdfi.org

SDS NMTC Team: www.sdsgroup.com/new-markets-fund
NMTC info@sdsgroup.com

utilizing early-stage

CAPITAL TO CREATE NEW COMPANIES AND NEW JOBS

By Steve Weathers, CEcD

Your region has lost a majority of its manufacturing jobs, unemployment is at historic highs, state and local deficits continue to rise, local elected officials talk more and more about raising taxes, and banks are not lending money to the existing companies in your region. And, if that is not enough, the community is looking to you, as the economic development professional, to come up with strategies that will stop the downward spiral, create new jobs, generate new tax revenue, and elevate the local and regional economy.

This article focuses on one such region, Northwest Ohio, which has suffered through all of these maladies and how one organization, the *Regional Growth Partnership (www.rgp.org)*, took a leadership role in creating a vision and roadmap to a more prosperous economy. One where new companies are being formed, new jobs are being created, and new investment capital is being attracted.

As professionals in the field of economic development, we know the strategies and tactics utilized in economic development are forever changing and evolving to meet the demands and opportunities experienced by each of our regions and communities. In Northwest Ohio, we have had to make many changes and adjustments over the years in an effort to stem the tide of jobs lost in the automotive sector and create pathways for our community to create new jobs and opportunities. One such effort led by the Regional Growth Partnership (RGP) was the creation of the *Launch* program and the formation of an early-stage venture capital fund, *Rocket Ventures.*

Dr. Xunming Deng, CEO and co-founder, Xunlight, displays the company's lightweight, flexible solar module.

Northwest Ohio has a long history of entrepreneurism and the creation of new ventures and companies. This part of the country has manufactured products of all types, many of which all of us use in our daily lives. Manufacturing is very much a part of the economic fabric that makes up the Midwest and Northwest Ohio. But, with the ever changing and competitive global economy, like other parts of the country, a large portion of this manufacturing has moved to lower cost locations along with the related jobs. This has created a gap in the region's ability to provide good paying, high quality jobs for

Steve Weathers, CEcD, is president & CEO of the Savannah Economic Development Authority. (sweathers@seda.org)

(He served as president & CEO of the Regional Growth Partnership in Toledo, from September 2005 until October 2010. He started Rocket Ventures in 2006 and also served as its president & managing partner.)

STARTING NEW VENTURES IN YOUR REGION

Your region has lost most of its base manufacturing jobs, unemployment is at historic highs, state and local deficits continue to rise, local elected officials talk more and more about raising taxes, and your local banks are not lending money. The public and private sectors, as well as the community, are looking to you as an economic development professional to lead them out of this downward economic spiral. This article focuses on a strategy in Northwest Ohio that combines the traditional tools of economic development with the financial resources of an early-stage venture capital fund to create a unique economic model that creates new companies and more importantly new employment opportunities.

its citizens. It has also resulted in an ever shrinking tax base from which to fund basic services, such as police, fire, schools, and infrastructure.

With such disruption and crisis in the region, the community's business leaders saw the necessity to create new opportunities, try new strategies, take on new risk, and move in directions that they might not have otherwise considered. This regional crisis, affecting all aspects of our community, was the primary driving force for the Regional Growth Partnership's board of directors to evaluate its role in regional economic development and take on a new direction.

CREATING A REVOLUTIONARY MODEL FOR ECONOMIC DEVELOPMENT

The Regional Growth Partnership, started in 1994, like a majority of economic development organizations around the country, as a public/private funded partnership. In an effort to address the economic crisis Northwest Ohio faced in 2005, the private sector took a leadership role in transitioning the organization into a *privately funded organization*. While the transition was difficult and at times may have seemed impossible, this privately funded structure provided the organization with a freedom to operate without the encumbrances sometime imposed by local elected officials and the limitations of their jurisdictional boundaries, which can sometime impede the economic development process. It also allowed the organization the ability to try new strategies and take on new risk, which until that time, had never been tried in Northwest Ohio.

In 2005, the organization took the first steps in creating the new Regional Growth Partnership. Forgoing the support of local tax dollars, it secured operational funding solely from the private sector and recruited a new president & CEO to lead this effort. With the private sector funding secured from 62 member companies located in the region and a new CEO on board, the next task was to create a completely new model for economic development. Over the period of 2006 and 2007, staffing was increased from the initial nine staff to a complement of 22. Staff members were added to the team as the organization grew into its new mission of creating new innovative, job creating companies for the region.

In 2006, the organization laid the foundation to create an economic model, which in addition to the traditional role of marketing the region, attracting new business opportunities, and collaborating with other organizations to retain existing business, it expanded its role to start and invest in new start-up technology-based companies. In starting the Launch program and the Rocket Ventures Investment Fund, the Regional Growth Partnership created a unique economic development organization. For the first time in the economic development history of Northwest Ohio, it now had a regional economic development organization that owned and operated an early-stage investment venture fund. The RGP now had the capability to not only plan, create, and start new venture companies, but to also take an investment stake in these new start-up opportunities.

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A PROFILE OF NORTHWEST OHIO

Northwest Ohio is defined by 18 counties located in the Northwest part of the state, bordering both Michigan and Indiana. The largest city in the region is Toledo, with a population of approximately 300,000. The population within the MSA is around 750,000. The largest industry by employment and investment is the automotive industry, with both Fiat/Chrysler and General Motors plants located in Toledo. The region is also home to hundreds of automotive industry suppliers and to a large number of logistics companies, moving primarily automotive parts and supplies. In the last 10 years it has also grown new jobs related to the solar industry, with current employment levels around 6,000. Located on the western tip of Lake Erie, one of the region's greatest assets is access to the world's largest supply of fresh water.

In laying out its new strategic direction, the Regional Growth Partnership adopted the commercialization framework utilized by the Ohio Department of Development and the state of Ohio's Third Frontier program. This framework outlines a five-phase development process broken down into the following segments: imagining, incubating, demonstrating, market entry and finally, growth & sustainability. These phases and terms are a broadly accepted model of how technology moves from laboratory bench research through various stages and into the marketplace.

The ultimate utility of the framework is an understanding of the gaps that hinder or even stifle the commercialization process. Any new company and especially technology-based companies are at their highest level of risk during the incubating and demonstrating phases of development, commonly called the *"Valley of Death."*

The Launch program and the Rocket Ventures fund work with start-up companies in three primary stages of commercialization – *imagining, incubating, and demonstrating*. The "imagining" phase is considered just that, someone with an idea or concept. It may or may not be down on paper; this is considered to be the earliest stage of development. The "incubating" phase is typically identified by a start-up company's need to locate in some

Aquablok general manager and chief operating officer John Collins has developed a patented bentonite-based composite barrier technology for use in a variety of underwater remediation applications.

type of business space, be it office, laboratory, or manufacturing space. A company is considered to be in the "demonstrating" phase when it is ready to demonstrate its technology, typically through the development of proto-types and early stage products. This is a critical phase because it will demonstrate whether or not the company's product can actually be produced and brought to large scale production.

ENGAGING THE BROADER COMMUNITY

This new model for economic development also provided a platform from which to engage more of the community stakeholders in the success of the region. In order to broaden regional engagement, the Regional Growth Partnership created a 42-member board of directors, representing the business community, the region's leading academic institutions, and community partners in economic development.

To complement the leadership board, the organization also created two separate boards of directors, one to provide oversight for the Rocket Ventures Investment Fund, and a second board to provide oversight for the management services and grants awarded to new start-up companies. Although Rocket Ventures is run by the Regional Growth Partnership, the Rocket Ventures boards operate under different philosophies and missions. The Regional Growth Partnership board is driven by a regional economic development mission and priorities, while the two boards of Rocket Ventures are driven by a "return-on-capital" invested by the fund in individual start-up companies. Members of the Rocket Ventures investment and management services boards include local business leaders, members from the region's universities and community colleges, as well as economic development partners from throughout Northwest Ohio. In total more than 50 local leaders and partners provide oversight and governance.

This new model for regional economic development has also led to greater collaboration among a variety of partners, including the institutions of higher learning in the region, the public sector, other community and business non-profit organizations, as well as a number of community groups.

LAUNCHING A NEW BUSINESS – CONCEPT TO MARKETPLACE

In today's competitive business environment, entrepreneurs with high power ideas need a place to turn for help. In response, the Regional Growth Partnership created *Launch (www.rgplaunch.org)*, a technology-based business incubation program exclusively designed for entrepreneurs and start-up companies. Launch is the first place to go in Northwest Ohio to receive critical business assistance support during the early stages of commercialization. Launch helps entrepreneurs by introducing their revolutionary, world-class technology to the marketplace.

Over the past five years, the economic impact of this program has been the start-up of more than 70 new technology-based innovative companies, creating hundreds of new high-paying jobs. The companies supported by the Launch program have attracted more than $50 million in research and investment capital to the region over the past few years.

Launch is a virtual business incubation program, a business planning resource for technology-based start-up companies that are commercializing significant intellectual property for revolutionary technologies. The mission of this program is to prepare technology-based start-up companies for funding, including sales revenue, grants, and investment and to graduate funded companies that are sustainable. It literally takes the idea of an entrepreneur from the concept or *"back of a napkin phase"* to a fully developed business plan and perhaps even an early state prototype of the product. Launch works in the earliest stages of a company's formation, the *imaging* and *incubating* phases of development, as described earlier.

Launch is the first place to go in Northwest Ohio to receive critical business assistance support during the early stages of commercialization. Launch helps entrepreneurs by introducing their revolutionary, world-class technology to the marketplace.

The program is funded through two sources of capital, one of which is the state of Ohio's Thomas Edison Program, which provides 50 percent of the operating capital. This is matched on a $1-to-$1 basis by the Regional

Growth Partnership's private capital. In addition, the program also attracts in-kind services from various professional fields, such as legal, accounting, and consulting. In total the program operates with a budget, including the in-kind services, of approximately $1 million.

As the program was developed, it was important to focus on certain industry sectors, or clusters, so financial and human resources could be dedicated to those industries that provided the best options for company and job growth in Northwest Ohio. After much evaluation it was agreed that the program would focus on the following industry sectors: alternative energy, biomedical or life sciences, advanced manufacturing, and logistics technologies.

While there is a focus on specific industry sectors, the program will assist and support technology sectors other than those listed here, if they meet certain criteria such as having a patented technology or innovation and are located in Northwest Ohio. To fulfill this mission, Launch provides comprehensive commercialization assistance to successively build the credibility of its clients through milestone attainment and funding outcomes. Business incubation is a process of continuous credibility building to leverage resources for commercialization transition. To this end, Launch provides directly and through its partners and contractual service providers a broad scope of services.

The services provided by the program are free of charge to its clients. Specifically, the program will provide business plan development, financial planning, evaluation and management of intellectual property, and most importantly introductions and links to potential funding sources for new start-up businesses. Once the Launch program takes on a client, it works with that client on an almost daily basis to move the entrepreneur forward in creating a new company.

Over the past few years, the program has assisted many early-stage companies in reaching critical milestones through the development of business plans, marketing analysis and research, connections to sources of funding, intellectual property management, and technology validation. The Launch team has also successfully managed several grant proposals on behalf of client companies, resulting in over $40 million in awards to its clients over the past few years.

Companies in this program also receive business coaching by highly-skilled members of the team. In addition, companies are carefully matched with an extensive network of consultants, experts, service providers, and interns who provide invaluable assistance.

Launch has documented over $50 million in economic impacts to Northwest Ohio through its client companies' reported sales revenue, grant income, and investment in just the past few years. New jobs being created with the support of the program pay on average an annual salary of more than $56,000. This is just the beginning of the total economic impact that is realized as these start-up companies continue to grow and add wealth in the region.

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As part of its program, Launch also hosts *TechConnect* networking forums where entrepreneurs can benefit from meeting people with similar interests and ideas, other small business owners, and representatives from the financial sector and service providers. This highly successful event now draws over 300 tech-minded people from around Northwest Ohio, as well as other parts of Ohio, Michigan, and Indiana.

Partnering with Rocket Ventures, the Toledo Regional Chamber of Commerce, the University of Toledo, Bowling Green State University, Owens Community College, and others, Launch sponsors *Entrepreneurial Boot Camps* and educational workshops specifically tailored to the needs of new technology companies.

The program has had many successes over the past few years; the most notable is the solar panel manufacturing company, Xunlight (www.xunlight.com). Xunlight started as many companies do, with an entrepreneur's idea for a company, but no real plan in place. Through the support of Launch, Xunlight was able to complete its business plan and better position itself to begin raising investment capital. Today, Xunlight is nationally recognized as one of the world's fastest growing flexible solar companies, having raised over $50 million and employing more than 120 people.

XUNLIGHT - TAKING SOLAR ENERGY RESEARCH FROM THE LAB BENCH TO THE MARKET PLACE

Xunlight (pronounced *"sunlight"*) is an excellent example of a company that went through the Launch program at the Regional Growth Partnership (RGP) and on to being one of the first investments of Rocket Ventures. The founder of Xunlight and his wife first approached RGP's Launch program with nothing more than a scientific paper and believed their idea could be transformed into a viable company. With professional support from the Launch program, Xunlight was born. As its need for capital grew, Rocket Ventures stepped in and provided needed capital early on, and helped the company to raise additional investment capital. The company now employs more than 120 people manufacturing and selling flexible solar panels throughout the world. Xunlight is recognized as one of the world's leading flexible solar panel manufacturers.

Praveen Paripati is president of SuGanit Systems, a start-up alternative energy company developing technologies for the sustainable and cost-competitive production of cellulosic ethanol and useful bionewable byproducts.

Providing a platform for start-up company incubation

As stated earlier, the program is not a physical incubator and does not subsidize leasable space for facilities for its clients. However, it does provide clients no-cost meeting facilities, as well as access to workstations and meeting rooms with internet access. There is a recognized need of start-up companies to have temporary work space and meeting rooms in a professional environment outfitted with the necessary business services and amenities.

In order to accommodate the physical space needs of its clients from throughout the region, Launch has partnered with three physical incubators in the region. For the southern end of the region, the program partners with an incubator that provides quality office space, as well as warehousing and light manufacturing space. For the northern and central part of the region, Launch partners with a mixed-use incubation facility located in the downtown area of Toledo. It has also set up a partnership with universities in the region to locate start-up technology-based companies with specific incubators the universities have established to support lab-based sciences, such as biotechnology, alternative energy, information technologies, advanced manufacturing, and composite materials sciences.

Business Services – A key to starting a company and succeeding

The program builds the credibility of its clients by providing a breadth of business development services, all of which constitute its comprehensive business planning process. The business planning is not merely the exercise of producing a business plan document. It is a highly iterative, continuous business planning process which is holistic and permits the entrepreneur to completely envisage the business venture before commencing. The Launch team breaks down the process into eight specific steps, as follows:

Concept Development

Concept development begins with an initial proof-of-principal, where evidence and theory suggest technical and commercial feasibility. Business counseling is provided at this early stage to assist the development of a business concept that is characterized by a marketable, commercially-viable product or service based on the technology.

Technology Characterization

We have created and utilize five tests for technology characterization. The purpose is to ascertain the relative competitiveness of the technology and business to achieve sustainable technology-based economic development.

Five tests for technology characterization

1. *Defensibility* – Is the technology defensible, meaning "protected?" This is characterized by intellectual property protection, a provisional patent or copyright, although trade secrets occasionally are eligible. Patents and intellectual property are an underlying value and primary asset of any technology-based company, be it a start-up or a more established company. As such, companies will go to great lengths to defend their patents from infringement.
2. *Direct Competition* – Does the technology have little or no direct competition? Direct competition is defined as a very similar product or service that confers a very similar benefit. Intellectual property protection can deter copycats, and the nature of the technology should position the enterprise to have little direct competition.
3. *Indirect Competition* – Every technology has indirect competition, such as a typewriter with the personal computer's word processing software or desktop printer. Indirect competition is defined as a different product or service that confers a very similar or even greater benefit. Although every company has indirect competition, revolutionary technology represents the greatest advancements in the field, leapfrogging lesser indirect competition.
4. *Sustainability* – Technology can be the primary driver that renders a sustainable business enterprise. Is the technology sufficiently advanced so as to have additional development potential and a reasonably long lifecycle? This is the major benefit of technology-based economic development strategies.
5. *Impact* – Is the technology a disruptive and core platform technology, conferring some kind of disruptive, life-altering, or breakthrough effect?

There is a recognized need of start-up companies to have temporary work space and meeting rooms in a professional environment outfitted with the necessary business services and amenities.

Company Financing

The Launch program generates financial projections and performs financial modeling activities that include cost and pricing models to determine early-on how clients can realistically be financed. Various options exist for start-up companies, including, but not limited to, bootstrapping, angel investors, conventional loans, and venture funding. The program also works with clients to apply for various grants, such as SBIR or other federal and state grants, which may be applicable to developing a company's platform technology.

Market Research

The typical business plan contains only market research of a baseline market. Such information is insufficient to build a business case for viability and sustainability, especially when it comes to raising funds in a competitive investment environment. Market data must be credible, prove the existence of a market space for the company, and profile existing direct competitors.

Marketing & Sales

Identifying and defining customers and end-users of a product or service is paramount to the success of any company. Further research is also necessary to identify the customers' decision making process and key decision makers and influencers within a targeted potential customer population. Creating a strategy to build these relations should be a top priority. The better understanding a company has of its customers' needs, the better positioned it is to service those needs.

Intellectual Property

As stated earlier, intellectual property is the foundation and real value of a technology-based company. Engaging the appropriate legal assistance in negotiating licenses for technology, as well as protecting the intellectual property, is a fundamental step to building value in the company.

Demonstration & Validation

A company's ability to demonstrate and validate its technology builds tangible credibility in the market place and will support efforts to raise capital. Early demonstration can take the form of proof-of-concept, while later demonstration can take the form of working prototypes. Also critical is the ability to enlist third parties to validate technical and commercial viability. Third party, arm's length relationships assure independent validation and build credibility.

Milestones & Progress

Lastly, companies should establish specific milestones which are measurable, timely, and easily defended with substantial evidence. Typically, a company might produce quarterly progress reports, highlighting the milestones that have been met, as well as those that have yet to be achieved. These reports should also discuss, in brief, the estimated resources needed to achieve the milestones. Achieving major milestones should fulfill longer range commercialization strategies and goals for a successful company.

Progress requirements are less well defined and may include such items as a fully developed business plan, additional filings for protection of intellectual property, development of a commercialization strategy, product or service demonstration and validation, achieving a first financing, or better yet, securing a first customer or a first sale.

ROCKET VENTURES… CREATING A HIGHER LEVEL OF PERFORMANCE

As stated previously, Northwest Ohio has been largely dependent upon the manufacturing sector as the key driver of the regional economy, with the automotive industry as the largest component. For more than a decade the automotive industry has become increasingly fragmented with increasing competition, as well as outsourcing of components to off-shore manufacturers. Overall, the industry has lacked the ability to keep pace with innovation which is taking place in other areas of technology development, placing the region's large Fortune companies in survival mode versus a growth/innovation mode.

The regional leaders of Northwest Ohio came together and agreed that the region must compete globally and

Branam Oral Health Technologies is a medical device company offering a robust line of products that provide an innovative approach to the prevention of early childhood tooth decay and the development of proper jaw and tooth formation. Here, Dr. Stephen Branam shows a patented orthodontic pacifier, a far safer alternative to the traditional pacifier.

The Launch program generates financial projections and performs financial modeling activities that include cost and pricing models to determine early-on how clients can realistically be financed.

that diversity of the economic base and capitalizing on the latest innovation are critical to the long-term competitiveness of the region. A robust technology-based economy must have diverse sources of innovation. In order to meet this ever growing challenge, the Regional Growth Partnership took the leadership role in creating the region's first ever venture capital fund, Rocket Ventures, focused on early-stage, pre-seed investments, technology sector opportunities.

The overarching goal of Rocket Ventures is to create an enduring culture of technology-based economic development in Northwest Ohio's 18-county region. Rocket Ventures serves as an active agent for increasing the quantity and quality of innovative, technology-based deal flow in the region.

Rocket Ventures was created as a for-profit venture fund, operated by the Regional Growth Partnership, with a mission of capitalizing on opportunities to commercialize new innovative technologies through the creation of new technology-based companies in Northwest Ohio. The fund supports initiatives that create new jobs and wealth, and have a positive and lasting economic impact on Northwest Ohio and the state's economy.

The funding for Rocket Ventures comes from two sources, the private sector and the state of Ohio's Third Frontier program. The Regional Growth Partnership raised $7.5 million in private investment as a match to a $15 million grant from the Third Frontier program. This provided the initial $22.5 million in funding for Rocket Ventures.

These funds supported the creation of a $13.5 million investment fund for the sole purpose of investing directly into start-up ventures. In addition, $9 million was used to hire the Rocket Ventures staff and provide services and support to the start-up companies and local entrepreneurs.

The purpose of the fund is to inject or invest, as well as attract early stage pre-seed capital into new start-up companies, and to provide related services to the region's emerging high-tech development sectors in order to promote technology-based economic development. The fund aids in the commercialization, advancement, and acceleration of pre-seed stage companies' products and/or services.

Goals and Objectives

The overarching goal of Rocket Ventures is to create an enduring culture of technology-based economic development in Northwest Ohio's 18-county region. Rocket Ventures serves as an active agent for increasing the quantity and quality of innovative, technology-based deal flow in the region. Although the fund serves primarily new start-up and small entrepreneurial companies, it also takes into consideration and supports the region's existing small tech-based companies with revenues of less than $5 million or fewer than 30 employees.

In order to measure whether or not Rocket Ventures was having an impact on the region, the leadership of the fund established specific objectives and outcomes to be achieved over the first three years of the fund's life:

1. Start, create, and expand 100 pre-seed stage technology-based companies, primarily in signature areas of alternative energy, biotechnology, and advanced manufacturing and materials.
2. Invest in 20 new start-up tech-based companies.
3. Provide 30 grants in $50,000 increments to start new companies.
4. Create 1,000 new high value jobs in the region, with salaries significantly above the region's current average salary.
5. Generate $25 million in new co-investment and follow-on capital.
6. Increase sales of the new companies by more than $5 million.

ROCKET VENTURES INVESTMENT FUND – WHERE DOES THE CAPITAL COME FROM? AND, WHO MAKES THE INVESTMENT DECISIONS?

The Rocket Ventures Investment Fund is comprised of both private and public funds. The private sector invested $7.5 million and through the state of Ohio's Third Frontier program a grant of $15 million was awarded to the fund, creating a $22.5 million venture capital and support services fund. There are 22 private sector investors in the fund, comprised of regional banks, insurance companies, law firms, construction companies, as well as a few high net-worth individuals.

The first steps in making an investment decision are taken by the Rocket Ventures management team performing an in-depth analysis as well as complete due diligence on an investment opportunity. When this is complete, the team then provides the private sector investors in the fund with a presentation and recommendation on a potential investment. Unlike a traditional venture capital fund, where "limited partners" make all the investment decisions, Rocket Ventures is structured so that the private sector investors determine which companies receive investment capital.

To date, Rocket Ventures has started and supported the start-up of 80 new technology-based companies in Northwest Ohio. It has invested approximately $6 million in 11 companies, which comprises its current investment portfolio. And in regards to new job creation, more than 700 new high-paying jobs have been created over the past three years. In addition, approximately $100 million in additional investment and research capital has been attracted to the region.

Quantitative & Qualitative Standards

The fund provides companies with a portfolio of services that includes preparation of due diligence, technology validation, and strategic business planning and accounting. The fund works in partnership with companies to establish agreed upon services required by the company and specific milestones in order to measure progress and maximize results.

The fund also supports companies in raising investment funds by acting as a conduit to other investment groups throughout the region, state, and the Midwest. In order for a start-up company to have the best chance of success, it must have a realistic ability to attract follow-on funding from private investment sources, be it angel investors or professionally managed venture funds.

Having a well balanced investment portfolio is also critical to give the fund the greatest chance of success and the potential to create a legacy of investment capital in the region. In order to create a balanced investment portfolio, the Rocket Ventures board created investment guidelines: investments in individual companies will range between $250,000-$750,000, and no more than 20 percent of the fund will be invested in any one company or industry sector.

Having multiple investors in any one round of investment is also important and although the fund can be a sole investor in any company, it looks to build a syndicate of co-investors for all investment opportunities. Typically the fund will look to raise co-investment funds from other regional venture capital funds, angel investors or other non-traditional sources of investment capital.

Having multiple investors in any one round of investment is also important and although the fund can be a sole investor in any company, it looks to build a syndicate of co-investors for all investment opportunities. Typically the fund will look to raise co-investment funds from other regional venture capital funds, angel investors or other non-traditional sources of investment capital.

Evaluating the Opportunity

Early in the establishment of Rocket Ventures, it was determined that the fund, in order to have the greatest impact on the region as well as continued success, should focus on specific industry sectors and establish investment criteria. The fund targets technology sectors that are prevalent in and/or compatible to the Northwest Ohio region, including but not limited to the following: alternative energy, advanced manufacturing & materials, biomedical, instruments, controls & electronics.

Beyond these tech sectors, the fund will also consider technology sectors which offer unique investment opportunities that will also provide higher economic value to the region. Every company that strives to receive funding must reside or establish significant facilities located in Northwest Ohio, thereby providing the region with the advantage of growing new jobs, increasing the tax base, and fostering new innovation.

Investments are made in companies that show the potential to reach $30-$50 million in revenue within a five- to seven-year period. Each investment in a company is made in a phased approach with pre-negotiated and agreed upon milestones that must be met in order for additional funds to be released to the company.

As a for-profit venture fund, a discussion which occurs very early on with each potential company is the subject of and exit from the investment. In other words, what are the potential strategies that will allow the Rocket Ventures fund to recoup its investment capital with a pre-determined margin of profit? A majority of companies in the fund's portfolio are expected to exit within a five- to seven-year period. These exits are generally expected to occur through a strategic acquisition by firms in a similar industry or through possible future investment rounds by larger venture investors.

Investment criteria include, but are not limited to the following:

- The start-up must be considered to be in the imagining, incubating or demonstrating phase.
- The company must be located within the 18-county Northwest Ohio service area of Rocket Ventures.
- It must have less than $5 million in current revenues and 30 or fewer employees.
- The company must be scalable to annual revenues of $30-$50 million within five years.
- The technology being developed must be patented or be patentable and be owned by the company or the founders of the company.
- There needs to be a clear exit strategy.

CONCLUSION – TANGIBLE AND MEASURABLE BENEFITS TO THE REGION

In the past two years, significant progress has been made in enhancing and cultivating an entrepreneurial environment for the region. These efforts have distinguished Northwest Ohio as a progressive and innovative region that is successfully transitioning its economy from one of rust belt stagnation to one that is growing, more diverse, and globally competitive.

The Regional Growth Partnership's technology-based economic development efforts through its Launch program and its venture fund, Rocket Ventures, have achieved significant milestones and results, such as:

- 70 new technology-based companies have been started in Northwest Ohio,
- 600+ new direct high-paying quality jobs have been created by the new start-up companies,
- $80 million of new capital from outside the region has been invested in the region in its new tech-based companies,
- 32 start-up grants, totaling more than $1.4 million, have been awarded, and
- $100 million in overall economic impact has been achieved.

These achievements, while just a start, have proven that in the Midwest, a region that has been devastated by the global and national economic downturn, innovation, technology-based companies, new job creation, increases in the tax base, and overall economic prosperity can be achieved with a collaborative effort and a vision to go beyond the conventional wisdom of the past and a belief in a better future!

In the past two years, significant progress has been made in enhancing and cultivating an entrepreneurial environment for the region. These efforts have distinguished Northwest Ohio as a progressive and innovative region that is successfully transitioning its economy from one of rust belt stagnation to one that is growing, more diverse, and globally competitive.

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regionalism

By Lorie Vincent, CEcD

Synergy: syn·er·gy (sin˘ər-je) ñ. - State in which two or more agents, entities, factors, processes, substances, or systems work together in a particularly fruitful way that produces an effect greater than the sum of their individual effects. Expressed also as the whole is greater than the sum of its parts.
(Source: www.businessdictionary.com)

These days, you cannot turn on the TV, the radio or the internet without hearing the buzz word "regionalism."

The global economic development climate has evolved to the point where "regionalism" is not only an option, but a necessity for most cities to be competitive. Issues that are driving this movement include the following trends:

- Rural cities are finding it imperative that they have the ability to combine labor data, resources, housing, and quality of life amenities in a multi-city or multi-county area.
- Metro areas are acknowledging that their economic growth is, in part, dependent upon the health of the suburban and rural communities that "feed into the hub."
- Advances in technology have allowed communities to partner on long-term objectives or short-term projects with greater ease and impact. In other words, it's easier to be "connected."

"Regional collaboration" can take many forms, such as organizations within a city, cities within a county, counties within a region, etc. If one or more organizations determine it is beneficial to work together towards a common goal, then a basis for collaboration exists. Common industries, transportation hubs, medical centers, utility territories, universities, legislative issues, environmental issues, and other common components in a specific area can be the foundation of a strong regional effort.

Sample Regional Marketing Piece for 2010 Wind Power Show

The High Ground of Texas is a regional economic development coalition that covers the northern 66 counties in Texas. The primary purpose of the organization is to market the entire region to prospective clients for new and expanding industry. While marketing remains the focus of the High Ground, other benefits of regionalism are easily identified within the scope of the organization. Collateral benefits of membership include access to economic development education, the ability to impact legislative issues with a greater voice, and the generous sharing of important knowledge among communities through effective networking activities. The 20-year legacy of the High Ground of Texas speaks for itself. Through the efforts of the membership, thousands of new jobs have been cre-

Lorie Vincent, CEcD, is the executive director of the High Ground of Texas, a 66-county regional economic development organization in West Texas. www.highground.org (higround@xit.net)

A DYNAMIC STRATEGY FOR ECONOMIC GROWTH

Regionalism continues to grow as a tool to effectively facilitate economic development strategies and initiatives. Collaboration is a positive strategy in a time when leveraging limited resources is critical. The High Ground of Texas organization has been successfully marketing a large geographic area for more than two decades, resulting in existing business growth, industry diversification, job creation, and wealth accumulation. The regional approach has been a driver for aggressive business development and marketing initiatives that no single community, regardless of size, could achieve on its own.

ated and retained, new industries have been developed in the region, and positive economic development policy has been realized.

If you are working with one or more organizations, if you are working with other cities or counties on specific initiatives, or if you are involved in cooperative marketing efforts, you are already practicing a form of regionalism. How does the High Ground of Texas, along with other successful regional efforts around the country, become driving forces in the economic development process?

The following ten components are essential to developing a strong regional program. Each component is part of an overall strategy to bring together stakeholders to effectively create economic growth.

1. TRUE COLLABORATION….NOT JUST COOPERATION

Many economic development professionals are involved in various associations and initiatives where common goals or common interests are prevalent. However, it's not until one is truly willing to put their time and dollars into working with more than one organization that true collaboration takes place. It's easy to cooperate…but sometimes…not as easy to collaborate. When one is willing to participate by investing more than just dues, or more than just attending meetings, then true collaboration and return on investment begins. Marketing projects, special reports, industry and feasibility studies, and recruitment programs all come with collaboration, not just cooperation.

In many regions around the country, stakeholders are certainly civil, supportive, and yes, even cooperative. But when it comes time to partner up on initiatives with actual time and resources, then often it's "back to their own sandbox." Talking about partnerships is common…but effective regionalism does not exist without true collaboration.

2. CLEAR PURPOSE AND MISSION

Many of our state agencies and federal programs operate under a "regional" system. Most of our schools, legislators, and workforce programs operate under a "district" system. We are already involved in regionalism on a daily basis. However, to be involved in a regional economic development effort, it is imperative that your regional ED organization be clearly identified in its purpose and mission. The effort to build an organization may begin with networking luncheons or brainstorming meetings, but it must ultimately graduate to the point of "knowing what you want to be when you grow up."

The most important thing is to know "why" the need for a regional organization exists and what the expected outcomes are to be. If the members of these organizations are asked "why" the regional ED program exists… all should be able to easily answer the question in the same manner.

The High Ground of Texas organization's stated purpose is "marketing the region for new and expanding industry." A long-time, multi-county regional organization just south of us, the Texas Midwest Community Network, has a different purpose. The focus of its program is promoting its region for tourism and providing tools and resources for community development. Other regional economic development organizations have adopted other diverse purposes. All of these objectives are worthy endeavors.

High Ground Booth at the Renewable Energy Show (Dave Quinn-Levelland EDC, Buzz David-Amarillo EDC, AJ Swope-Class 4 Wind)

The most important thing is to know "why" the need for a regional organization exists and what the expected outcomes are to be. If the members of these organizations are asked "why" the regional ED program exists… all should be able to easily answer the question in the same manner. Going through the process of determining the purpose and mission will also help eliminate redundancy, duplication of efforts, and begin a productive dialogue on "who does what" within the region.

3. STRONG PARTICIPATION AND MEMBER ENGAGEMENT

A common denominator in the most successful regional ED organizations is a high level of engagement by the members and/or stakeholders. Regional efforts with the least amount of longevity have all or most activities outsourced, assumed by paid staff, or merely administered and reported.

For example, let's say ten cities resolve to work together on a target industry project that will positively impact an entire region. They meet once or twice, pay their allotted assessment for the project, contract with a third party to administer the objective, and go about their business. Yes, this may sound like the most efficient way to create new marketing initiatives. After all, everyone is leveraging their resources. But some important questions one might ask…Where does each of the stakeholders fit into the process? Who decides on the strategy? Who is meeting with the prospects? When do the cities get to have actual contact with the prospective leads? Is the response to inquiries going to come from the regional effort or the member cities?

The High Ground of Texas covers a very large geographic area and the membership base is made up of primarily rural communities, with support from the metro areas. Members are involved in all aspects of the organization. While the logistics of the marketing initiatives are managed at the staff level, it is the members who do the work. The members determine the target industries, develop 35+ annual marketing initiatives, work in the trade show booths, respond to the leads generated, meet with the clients, and develop/maintain the relationships with the consultants, site selectors, and prospects. The members also develop and run the regional meetings, assist in the training programs, and actively run the committees. They are engaged in the process. (See Chart 1.)

The level of involvement from the members is directly related to the success of the organization. This is the case in the most effective regional economic development organizations throughout the country.

4. ACCOUNTABILITY MEASURES

Like all successful corporations, strong accountability measures should be implemented to provide an ongoing assurance that the regional objectives are being met. Developing a strong program of work and regularly reporting on the status of the activities is critical when maintaining a regional organization.

Committee reports, regional project announcements, quarterly financials, program ROI results, and lead status reports are samples of regular tasks that promote solid accountability. Regular communication between the staff and the executive committee, board of directors, and stakeholders keeps everyone in the loop and eliminates any "guessing" on what's going on at the regional level. Pre-set accountability measures and historical data are especially critical when requesting annual dues, assessments, special project fees or covering administrative needs.

The level of involvement from the members is directly related to the success of the organization. This is the case in the most effective regional economic development organizations throughout the country.

5. FOCUS ON VALUE INSTEAD OF COST

In today's economy, it is now more important than ever to watch the bottom line. While it has always been prudent to spend available resources in the most efficient and effective way possible, now each dollar is more precious and harder to come by than we have seen in the last 30 years. In a regional effort, it is often necessary to weigh both the tangible and intangible benefits of the program rather than just the actual cost.

CHART 1
HIGH GROUND OF TEXAS STRATEGIES FOR STRONG MEMBERSHIP ENGAGEMENT

- Documented history of results to share with local boards and community leadership
- Annual development and buy-in of program of work by membership
- Consistent communication by various avenues (conference calls, electronic, printed, social media, etc.)
- Region-wide representation on board of directors and committees
- Documented ROI on member investment
- Diverse marketing initiatives (rural and metro initiatives)
- Diverse educational programs (rural and metro, basic and advanced, etc.)
- Clearinghouse and database of resources and helpful information
- Access to numerous experienced economic development practitioners who are willing to share knowledge
- Forums with regional legislators and state/federal agencies to further dialogue on economic development issues and programs

In the High Ground of Texas organization, members receive over $300,000 worth of direct marketing for as little as $600 per member. Even the $25,000 members agree that this is an excellent return on their investment. This is a tangible benefit that is easily documented. However, it is often hard to put a dollar figure on the intangible benefits of effective collaboration. For example, how does one measure the important knowledge, resources, and contacts that are shared among the members? How does one measure the impact that 100 cities can have on legislative policy? How does one measure the exposure a region receives in a global market before clients are actually generated?

How does one measure when economic development education provided by the regional organization results in an actual successful project? How does one measure the ability to access years of experience of long-time economic developers? How does one measure an improved attitude of citizens when neighboring cities begin to work together instead of against each other?

When it's all said and done, how a stakeholder's investment is being spent should always be documented and reported…but don't forget to take it one step further and focus on the overall value of their involvement in the organization.

6. DIVERSIFIED PROGRAM OF WORK THAT CREATES REGIONAL BUY-IN

One of the most challenging components in developing a strong regional effort is the development of a program of work that boasts strong consensus. To start, it is important to determine if the regional effort is going to be "by the project" or an "ongoing initiative." Many regional groups form around a specific project or purpose that, in essence, is going to have a beginning objective and an end result.

Many regional economic development efforts are created to bring attention to a specific area or to attract a specific new industry. Other regional economic development groups are created to address specific needs, such as workforce development, transportation, housing development, entrepreneurship, etc. Some regional organizations exist for the purpose of retaining and expanding their existing business base. Regardless of the regional organization's purpose, the program developed should include initiatives that will positively impact *all* members.

In most regions, members will include both rural and metro size cities or small and large organizations. Most regions also benefit from more than one type of industry to support. Others may include more than one type of stakeholder, such as cities, counties, chambers, etc. It is important that all member or stakeholder categories are represented at the table when developing the organization's program of work.

High Ground Region Map

Whether you are working under a "project" basis or an "ongoing effort," this living, breathing document will be one of the most important tools in the organization. The regional organization should adopt a plan that articulates the following:

- The mission and purpose of the organization,
- What activities or programs the organization is going to facilitate,
- When it is going to do this,
- What the desired result is,
- How much it will cost,
- How long will the initiative(s) last,
- Who will be in charge, and
- When the status will be reported.

The organization will then build success and credibility for the effort. Successful initiatives are contagious and will have a positive impact throughout the region. Collaboration, communication, and consensus are the foundation of an effective regional economic development organization's program of work. (See Chart 2.)

One of the most challenging components in developing a strong regional effort is the development of a program of work that boasts strong consensus.

CHART 2
SAMPLE: ANNUAL HIGH GROUND OF TEXAS PROGRAM OF WORK

Marketing Activities

- Large Exhibits at 3-4 National Marketing Events
- 1 International Marketing Event
- Pre-Show, At-Show, Post-Show Marketing Initiatives
- 2-3 VIP Private Hospitality Events to Targeted Prospects
- 2-3 Industry Event Sponsorships
- 2 Annual Special Industry Direct Mail Campaigns
- 1 Annual Regional Publication
- Monthly E-Newsletter on Announcements, Industry News, etc.
- Quarterly Communication with Site Selectors, Consultants, Developers, etc.

Membership Activities

- 3 Regional Membership Meetings (Business, Education & Networking)
- Regular Member Updates (Using Electronic & Social Media Means)
- Comprehensive Resource Center
- Speakers Bureau
- Regional Industry Tours
- Regional Lunch-N-Learn Programs
- Partnerships with Other Regional Economic Development Stakeholders

Building a Better Business Climate

- Sponsor State and Federal Agency Workshops
- Sponsor Legislative Events and Forums
- Coordinate Annual Agency/ Legislative Appreciation Event in Austin

High Ground of Texas Education Foundation

- Fundraising Initiatives for Educational Programs & Scholarships
- Annual Benefit Golf Tournament

7. EQUITABLE INVESTMENT OF ALL PARTNERS

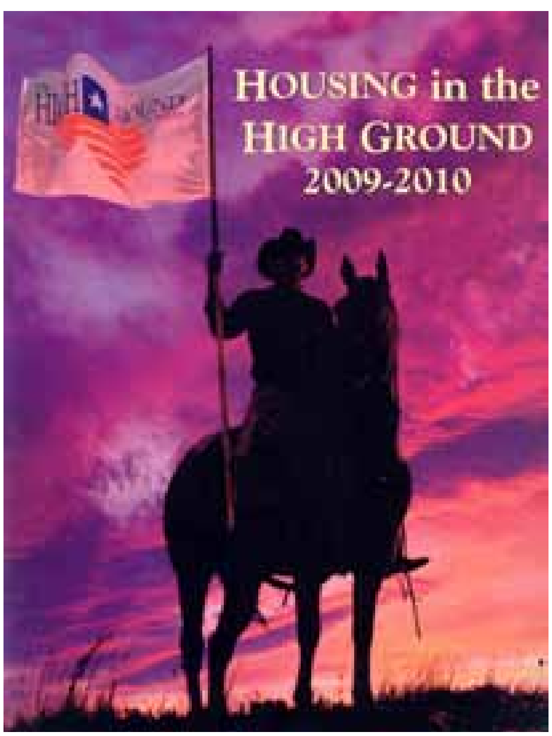
Designing an investment structure that is palatable to all stakeholders is critical to the ongoing success of the regional effort. In the High Ground of Texas, the dues structure is based upon population and categories.

Fortunately, the metropolitan economic development corporations, counties, regional utilities, workforce groups, industry associations, and colleges and universities are very supportive of the rural communities and everyone has a part in the success and growth of the organization. The board of directors is composed of representatives from cities of all sizes and all members have an opportunity to equally participate in the organization's events and activities.

The organization's memberships are not designated to individuals but to the joining organization as a whole, thereby, encouraging participation from more than one person in each membership. This has strengthened the depth of participation and has resulted in a highly inclusive atmosphere. Cities of 5,000 have as big a voice as the cities of 200,000, giving everyone the ability to be engaged in the program. A fair and equitable investment structure allows all stakeholders to be appropriately represented.

8. STRONG BRANDING INITIATIVES

Successful regional efforts should always include a "descriptive name and brand" that identifies the region, rather than the individual stakeholders. A strong brand for the region should enhance, not confuse, the target industries and be easy to incorporate in each of the individual stakeholder's marketing materials as well.



Housing in the High Ground special direct marketing piece

Successful regional efforts should always include a "descriptive name and brand" that identifies the region, rather than the individual stakeholders. A strong brand for the region should enhance, not confuse, the target industries and be easy to incorporate in each of the individual stakeholder's marketing materials as well.

In previous decades of economic and industry development, several tactics were used to give a city or county an edge in the game. Historically, the early bird caught the worm, meaning the ones who were aggressive enough to be at the "head of the line" were the successors.

Often, the ones with the flashiest community profiles and largest manuals of information were the successors. Many times, the cities with the most professional graphics and marketing materials were able to garner the best attention. And more than likely, the city offering the largest incentive package won the game. But that economic development atmosphere no longer exists.

We are operating in a highly sophisticated, highly competitive, global, instant access-to-information world where it is increasingly difficult to stand out, make an impression, and get attention. With massive advances in technology, a city can be contemplated and knocked out of consideration for a specific project in a matter of minutes simply with a Google Search based on the project's criteria and needs. Therefore, it is imperative that an aggressive regional economic development organization have a strong name and brand, but even more importantly, the ability to market to prospects and respond to inquiries, with comprehensive data, virtually in an instant.

Conversations with consultants and site selectors reflect an attitude that gathering their data from one regional source is highly preferred over having to research individual cities. Making it as easy as possible for each city to be promoted and placed in consideration is the name of the game. A win for a stakeholder is a win for the region.

9. CREDIBLE AND DOCUMENTED SUCCESSFUL INITIATIVES

The key to the long-term success of a regional effort is the ability to document the outcome of the organization's initiatives. This concept validates the need for a strong program of work. Adopting an attitude of "what's good for one is good for all…" will grow a region both in commerce and in perception much faster than individual efforts. Joint celebrations and the regional acknowledgement of projects are important, not just for the media impact and public relations benefits, but for future marketing purposes.

It is not uncommon for a prospect to choose a specific city, but with every other city within 100 miles benefiting from the project. It is very comforting to a company to know and realize that there is a large contingency of organizations working together within a region that are focused on their success. This allows for expanded labor opportunities, availability of more funding resources, additional suppliers and contractors to pull from, welcome access to housing and quality of life amenities, and more.

In the past two decades, the High Ground successfully diversified the regional economy by adding new opportunities for development in industries that complimented a strong existing base. The economic foundation of the High Ground region includes agriculture, meat & crop production, oil & gas production, and traditional manufacturing. Building upon that foundation, the organization began the process of attracting and developing new industries including value added food processing, renewable energy projects (wind, solar & bio-fuels), supplier side manufacturing, distribution, customer service centers, corporate headquarters, and more. By developing a multi-level marketing plan, the members have been able to take their message of "regional opportunities" to multiple targets.

For example, in 2000, the organization began a targeted effort to attract dairies to the region. Once a threshold of success in those recruitment strategies was achieved, then the organization was able to pursue the food processing as the next level of opportunity. In the past five years, Hilmar Cheese Company, Pacific Cheese Company, and Watonga Cheese have expanded into the region.

In the past two decades, the High Ground successfully diversified the regional economy by adding new opportunities for development in industries that complimented a strong existing base. The economic foundation of the High Ground region includes agriculture, meat & crop production, oil & gas production, and traditional manufacturing.

Another example would be the development of wind farms. In 2000, there was a cluster of wind farms in the southeast corner of the region. With targeted marketing strategies, the wind energy industry has grown from 10 farms in 2000 to 65+ wind farms in 2010. Again, when the threshold of wind development was met, the door was open to pursue the manufacturing and service industries to support the needs of the industry. Multiple manufacturing facilities, workforce training programs, and expanded service companies have been the result. Recent announcements including Alstom, Zarges, EMA Electromecanica, S.A., Animometry Specialists, Lufkin Industries, etc. are just a few who now make the High Ground their home.

The organization implements multi-level marketing initiatives in multiple target industries including manufacturing, value added agriculture, food processing, renewable energy, bio-technology, distribution, and more.

10. PAID STAFF

Observations of various regional economic development organizations indicate that the most aggressive and successful organizations have greatly benefited by having paid professional staff. It is simply a matter of someone waking up every day and insuring that the mission and objectives of the organization are carried out. It must be someone's primary responsibility.

The mainstream economic development profession carries a busy schedule and numerous obligations; therefore, regardless of the value placed upon the activities of the regional organization, the stakeholders' first obligation lies with the administration of their own organization. It is the hiring of staff to coordinate and facilitate the many objectives of the regional organization that propels the caliber and credibility of the group from "club" status to "effective coalition" status.

Special VIP Event hosted by the High Ground of Texas at the Amarillo Farm & Ranch Show.

Although a regional organization needs strong participation and leadership from its volunteer stakeholders, it is difficult to administer a program long-term with only volunteers. Make it someone's job, arm him or her with the tools and resources needed, be clear on the expectations, and the organization has a much greater chance for success and longevity.

The High Ground of Texas carries an average annual budget of $185,000-$200,000. The average administrative budget is $120,000, which covers staff expense and benefits for the executive director, office expense, phone, postage, mileage, dues, training, professional development, non-marketing travel, etc. The remaining $65,000-$80,000 of membership dues are leveraged into a $300,000+ marketing plan that is supplemented by private industry partners, sponsorships, and optional membership advertising opportunities.

The ability to be a highly effective regional organization with only one staff person is often a topic of interest. The organization has found a formula for success due to exceptional coordination of activities, the outsourcing of multiple administrative functions, an extremely active board of directors, committees who are empowered with the tools needed to meet their objectives, and a high rate of member/volunteer assistance and participation.

CONCLUSION

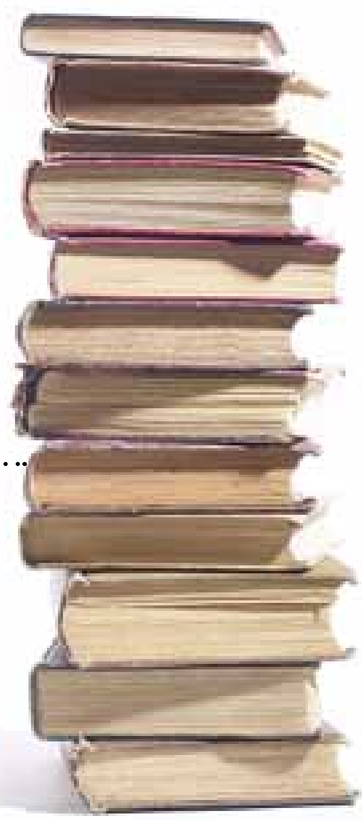
Providing an aggressive, but realistic, program of work that benefits the entire membership gives everyone a reason to participate. Multiple activities, sponsored and coordinated by the regional organization, give everyone a reason to be engaged. Taking advantage of the opportunity to leverage one's resources is just smart business.

Buzz David (Amarillo EDC) and Kevin Carter (Plainview/Hale County Industrial Foundation) in High Ground booth at 2010 Specialty Equipment Marketing Association Show.

The best case scenario would be to have a strong local economic development effort… that is part of an active regional effort…that maximizes all of the tools that the state and federal government make available for the cause. Due to limited resources and staffing, for many rural communities being a part of a regional economic development effort may be the most effective, and many times, the only way to be actively involved in the recruitment, retention, and expansion of jobs in their area.

The success of the High Ground of Texas and many other regional economic development organizations around the country can be attributed to the strategies listed here. The High Ground operates under the assumption that "it's all about us… not about me" and it has served the region well.

While these tips may help to build a strong regional organization, the most important issue to remember is the end result for which we are all striving. It's about strategies for creating and retaining jobs, developing opportunities for financial stability, increasing the tax base, growing and maintaining population, and building a superior quality of life. As President Harry Truman once said, "It's amazing how much you can accomplish when it doesn't matter who gets the credit." That's what REGIONALISM is all about.



turning fairfield, iowa

INTO A RURAL RENAISSANCE CITY

By Burt Chojnowski

What is the value of the entrepreneurial class? Between 1980 and 2005, firms that were less than five years old created virtually all-net new jobs created in the U.S. That was nearly 40 million jobs, according to Robert Litan, director of research at the Kauffman Foundation. Two thirds of all inventions come from entrepreneurs.

Thomas L. Friedman, author of *The World Is Flat* and *Flat, Hot and Crowded* and columnist for the *New York Times,* in an April 3, 2010 opinion-editorial said, “to bring down unemployment we need to create a big bushel of new companies - fast. Good-paying jobs don’t come from bailouts. They come from start-ups. And where do start-ups come from? Smart, creative, inspired risk-takers.”

The Secret to Job Growth: Think Small article by Edward L. Glaeser and William R. Kerr in the *Harvard Business Review* echoes the same theme. Their research shows that regional economic growth is highly correlated with the presence of many small, entrepreneurial employers – not a few big ones.

Over the last 150 years, community leaders came from the merchant class in rural communities. With the influence of big box stores and the demise of small town businesses, entrepreneurs assume the roles of civic leaders and philanthropists.

Are chambers of commerce or economic development organizations set up to support entrepreneurs? Not even close. Although an increasing number of economic developers have started embracing economic gardening strategies, especially for service and retail business, it is primarily an agency approach that doesn’t address the culture of entrepreneurship. Entrepreneurs require their own support ecosystem.

Photo Credit: Guy Harvey

Fairfield Puzzle Mural

IT TAKES A VILLAGE TO SUPPORT AN ENTREPRENEUR

Where do we start with finding the coaches and mentors to nurture the skill sets 21st century entrepreneurs need? Ninety percent of what entrepreneurs learn, they learn from their peers or from their own experience, not from economic development professionals, books or in a classroom. Some of the most important skills that an entrepreneur requires are leadership, problem solving, understanding your metrics, how to boot strap, how to forge a team, and how to market to women. In short, they need to know how to *asset quilt* their way to success.

Burt Chojnowski is the managing partner of BrainBelt Consulting and a member of the Focus team at Seyen Capital, a venture capital firm. He is a past president of the Fairfield Entrepreneurs Association. (Burt@BrainBelt.com)

THE POWER OF THE ENTREPRENEURIAL CLASS

A new paradigm of entrepreneurial development was developed in tiny Fairfield, Iowa and resulted in the creation of a rural renaissance city, teeming with more jobs than the folks who live there and creating an arts community as robust as cities 100 times its size. Fairfield is 60 miles from the nearest interstate and over 100 miles from the nearest metro. It started with the growth of the entrepreneurial class and the Fairfield Entrepreneurs Association as a next-generation economic development organization that taps into the collective wisdom of entrepreneurs. Once a culture of entrepreneurship was established in the city, it became self-perpetuating and spilled over into the social and civic fabric of the community.

Barn raising and quilting – these are nostalgic terms to describe common rural activities of communities and groups working together. Most of us know what these terms mean but likely have never been involved in either activity unless we lived in a rural community.

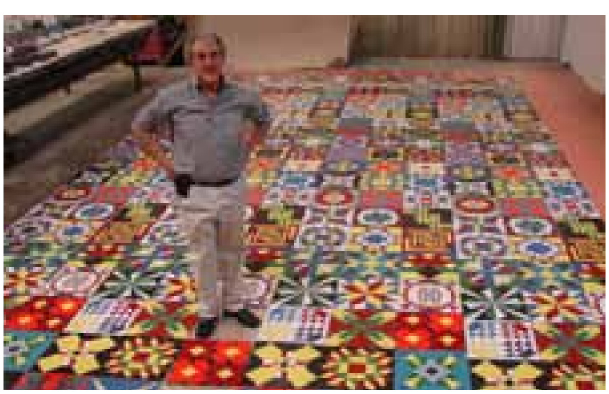
They describe the bootstrapping, collaborative culture of rural America in the 1800's as towns and communities grew up from nothing. But, they now have their place in the new millennium as rural communities and rural businesses fight to survive. We could describe the same processes in modern terms that describe the connected resources, layering, and the magic that come from creating a whole greater than the sum of the parts – something like open-source entrepreneurial development or virtual incubation – but they don't evoke the same emotional response as *asset quilting*.

Fairfield, Iowa (pop 9,400) has fostered a culture of civic entrepreneurship and asset quilting among entrepreneurs to create something new and bigger that is greater than the sum of the parts, both in the private and public sectors. It involves leveraging ideas, money, and resources through community-wide collaboration. The private sector bootstrapping and startup mentality has naturally carried over into the social and civic fabric of the community. *Asset quilting* describes the creativity and magic that drive this bell-weather community everyday. This article will provide some of the insights into Fairfield's secret sauce that created a modern renaissance and utopian community.

FAIRFIELD'S ASSET QUILTING

The quilt is a metaphor for the ways in which discarded scraps and fragments may be made into a unified, even beautiful, whole. Quilting symbolizes the process out of which the unimportant and meaningless may be transformed into the valued and useful.

- Individual assets and talents are represented by the individual pieces of cloth that make up the top layer of the quilt.
- The teamwork is represented by the batting (the material that is sewn in between the top and bottom layers of the quilt).
- The strategic level is represented by the backing (the bottom layer of the quilt).



Jim Belilove of Creative Edge – quilt squares for Iowa State Fair pavilion

Photo Credit: Burt Chojnowski

Four Seasons Barn Quilt Square

Photo Credit: Burt Chojnowski

Fairfield Welcome Sign

- The threads that connect all the pieces together represent the deeper networking, communications, and operational commitments that move any endeavor or organization forward.

When you understand the way a quilt is created, you can understand the way all the pieces, sections, and layers are interconnected and how to harness the culture of collaboration and innovation. It is akin to putting together puzzle pieces, but in many cases you might have to create or find many of the missing pieces.

Let's face it, most entrepreneurial ventures don't end up where they have intended to go. There are constant, sometimes daily revisions to the quilting strategy and the team. I think business plans are over-rated. An organization's asset quilting strategy is more important. It can nurture the creativity to be able to turn-on-a-dime or quickly capitalize on new market opportunities. Asset quilting generates innovation.

TOWN TURNED INCUBATOR: CREATING AN ENTREPRENEURIAL CLASS

In 2009, the Fairfield Entrepreneurs Association (FEA) celebrated its twentieth anniversary of economic gardening, the process of nurturing entrepreneurs and locally growing new businesses. As one of America's leading peer-to-peer networks, the FEA has helped create 4,000 new jobs and attract $280 million in investment in startup companies. Fairfield's manufacturing and telecom sectors were hit hard over the last 20 years so the 4,000 new jobs helped replace a few thousand that were lost.

The Fairfield Entrepreneurs Association has created replicable entrepreneurship and incubator-development systems that communities around the country have started to replicate. FEA board members and mentors provide support for every type of entrepreneur, whether by holding a Biz Bounce for seed-stage businesses, promoting an entrepreneur relocation program, offering mentoring-networking programs for startups, providing micro-enterprise loans or hosting boot camps.

The virtual entrepreneurial support system in Fairfield leverages organic "economic gardening hot spots" by using established locales such as the Fairfield Public Library, local coffee shops, and bookstores as convenient, low-cost meeting spaces and resource centers. Virtually every restaurant in town becomes a business-networking hub at lunchtime. And this is a town with a lot of restaurants, more per capita than San Francisco.

The FEA has hosted several conferences on entrepreneurship and investment, including the first Iowa Rural Investment Conference, the 2004 Academy on Entrepreneurship, and numerous boot camps for entrepreneurs, food-preneurs and "art-preneurs." Fairfield has also been home to six National Entrepreneurial Gatherings, which have been co-sponsored by the Farm Foundation and Community Vitality Center; an Economic Gardening National Gathering; and several Economic Gardening Boot Camps.

Using entrepreneurial success stories helps educate and improve the entrepreneurial literacy. The annual Entrepreneur of the Year awards were a start as was coverage of local business news in the local media. In 2002, the FEA created the Fairfield Entrepreneur Hall of Fame.

The social and business networks in Fairfield are robust. It is commonplace to share resources, business contacts, and experiences. Fairfield has developed a culture of nurturing, supporting, and celebrating its entrepreneurial class because these entrepreneurs not only create jobs and wealth, they become the angel investors, role models, and mentors for successive entrepreneurial ventures.

When the Fairfield Entrepreneurs Association (FEA) started in 1989, the mission was to recognize and support the entrepreneurial class in Fairfield and make the case for economic gardening as an important economic development strategy. There were a lot of entrepreneurial starts, stops, and fizzles during the 1980's as a result of the mass migration of 2,000 new residents from all over the country and the world who migrated to Fairfield in part to help create a 20th century utopian community. The enormous amount of trial and error yielded a wealth of experience about what worked and what didn't.

The FEA created a grass roots support system to support entrepreneurial success, reduce the number of failures, and improve the financial literacy and entrepreneurial literacy of Fairfield entrepreneurs and residents, respectively. The natural social and business networks in the community were enhanced and entrepreneurs started networking. Is there "wisdom in the crowd" in a shared business network? We think so. This expression of a group's creative intelligence is an intangible bonus of asset quilting.

One of the most important lessons learned was that business leaders acting in isolation, or arbitrarily, would often result in poor decisions. CEOs and company presidents need brutally honest advice from their peers at every stage of the process. Co-workers and spouses don't have the same kind of leverage.

The entrepreneurial activity of the 1980's represented the first stage of Fairfield's evolution to create a robust, modern entrepreneurial community. The formation of the FEA marked the beginning of the second stage. Marketing companies, software companies, and telecommunication companies gained traction, attracted equity investors, started generating serious revenues, and created jobs by the hundreds.

As companies were acquired, went public, and successfully merged with larger companies, this freed up capital, managers, and highly skilled workers. By the mid 1990's, Fairfield became a serial entrepreneurial community. Exits, as a result of success or failure, freed up capital and a seasoned workforce to create a new generation of ventures. And jobs grew faster than the population. Approximately 25 percent of the workers in Fairfield commute from surrounding counties in Iowa.


Photo Credit: Werner Elmker

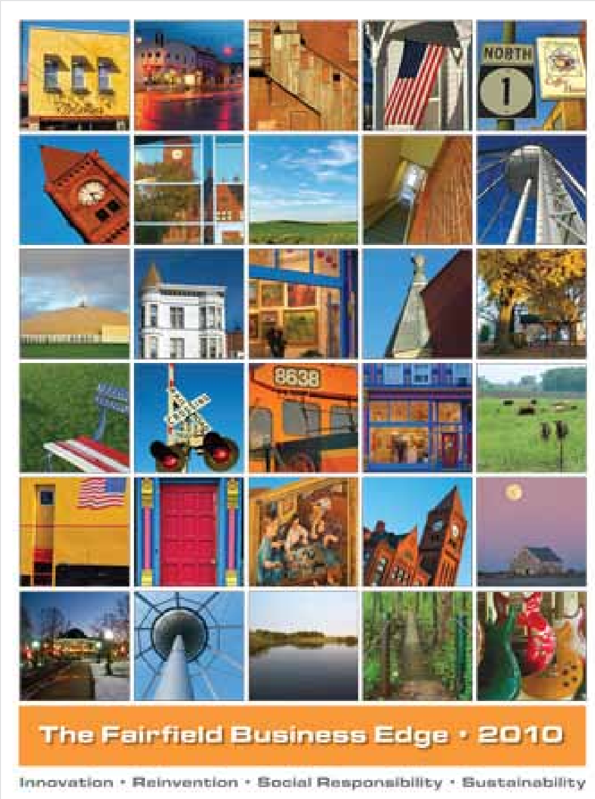
Fairfield Entrepreneurs Association networking event at Fairfield Arts and Convention Center

FAIRFIELD ENTREPRENEURS ASSOCIATION

How did the FEA do it? And what did it do? The FEA is a non-profit organization with no full-time employees and a modest budget of $100,000. This is the total budget over the last 20 years, not an annual budget. One of the first things the FEA did was to create an annual award for the Entrepreneur of the Year.

The Chamber of Commerce executive at the time was incredulous that there were successful startups in Fairfield so the FEA created the *Fairfield Business Review* to profile the number of new startup companies that were operating without any support of the traditional economic development organizations. What began in 1989 has been an ongoing effort to continue to educate the local

Photo Credit: Liz Howard



Fairfield Business Edge Magazine Cover

community about entrepreneurship – what it takes to get started, how to get financed, and how to market.

At the time, there were three negative attitudes and conversations that had to be shifted. These attitudes are prevalent in rural communities across the U.S. and Canada:

- You are crazy to start your own business.
- If you don't succeed, you are a loser.
- You are better than us if you are successful.

Using entrepreneurial success stories helps educate and improve the entrepreneurial literacy. The annual Entrepreneur of the Year awards were a start as was coverage of local business news in the local media. In 2002, the FEA created the Fairfield Entrepreneur Hall of Fame. These stories hit home the legacy of innovation, struggle, and breakthroughs.

When the Fairfield Entrepreneurs Association wanted to set up a resource center, rather than set up a separate location and library for books, magazines, CDs, and DVDs to support entrepreneurs, the FEA helped turn the Fairfield Public Library into an economic gardening hot spot by contributing funds and helping select the resources that would provide critical resources for business startups and expansion.

FAIRFIELD'S BUSINESS EDGE

The *2010 Fairfield Business Edge* magazine, a revival of the *1990 Fairfield Business Review,* contains over 40 profiles of Fairfield businesses. Most people in the city don't know that two of the greenest businesses in Iowa are in Fairfield. They aren't startups but century old manufacturers, Harper Brush Works and Dexter Apache. Harper Brush, with a goal to have a zero carbon footprint, has a successful line of eco-friendly products made of recycled plastic. Dexter Apache, which has improved the water and energy efficiency of its commercial laundry equipment by 60 percent over the last six years, provides incentives for employees to buy hybrid cars, encourages biking to work during the summer, and wants to get off the grid and use locally-produced renewable energy for its operations.

Asset quilting can be applied to for-profit businesses, non-profit organizations, strategic planning, and new initiatives. The profiles in *The 2010 Fairfield Business Edge* highlight strategies that have given Fairfield businesses an edge over their competitors. They include blue ocean strategies, riding the new technology wave, reinvention, and team coherence.

Many factors have contributed to giving the city an edge overall: asset quilting, state-of-the-art Internet access (created by local ISPs), strategic central geographic location with excellent freight options via truck or rail, an ideal climate with four moderate seasons, and the famous Midwestern work ethic and high quality of life. The standard of living is more affordable; you can still buy a nice house for under $100,000.

The population is well educated and sophisticated. In fact, only two cities in Iowa have a higher percentage of college graduates: Iowa City and Ames, the homes of the University of Iowa and Iowa State University, respectively

The city has an extensive international population due to the attraction of Maharishi University of Management. Students from every corner of the globe, including over 70 countries, seek out Fairfield and its unique educational opportunities for undergraduate and graduate education.

Entrepreneurial success has garnered awards and attention in the national press over the last decade. Fairfield was the inaugural winner of the Grass Roots Entrepreneurship Award from the National Council of Small

Entrepreneurial success has garnered awards and attention in the national press over the last decade. Fairfield was the inaugural winner of the Grass Roots Entrepreneurship Award from the National Council of Small Communities and the Community Vitality Center's Entrepreneurial Community of the Year in 2003.

Communities and the Community Vitality Center's Entrepreneurial Community of the Year in 2003. It was named one of six Iowa Great Places in 2006 by the state of Iowa due to its leadership in sustainability, entrepreneurship, and the arts. And the Fairfield Art Walk, held on the first Friday of every month, is a recipient of the Iowa Tourism of the Year Award.

INNOVATIVE TREND-SETTING CITY

Fairfield has been an innovative community since it was first established in the 1800s. City fathers early on recognized the importance of infrastructure and transportation. Securing the Rock Island Railroad intersection with the Burlington and Missouri River Railroad was an important step in attracting and expanding manufacturing businesses. With this, the city was able to attract Turney Wagon Works, which made the "Cadillac" of wagons, and The Dexter Company (now Dexter Apache), which made commercial laundry equipment and predates Maytag.

Photo Credit: Burt Chojnowski

Fairfield Art Walk

In recent years, local businesses were among the first to leverage the Internet for e-commerce. Local entrepreneurs provided the first Internet services, and today Fairfield is considered one of the most wired communities in the country. Meditation and Ayurveda have gone mainstream in the U.S., but Fairfield was the place where they were first popularized.

The direct response television industry was started in the city and continues to be dominated by Hawthorne Direct. Cambridge Investment Research, one of Fairfield's fastest growing employers, has thrived in the financial services market primarily due to innovative and customized products.

The city has been home to two telecommunication callback companies and resellers, Telegroup and USA Global Link, and a voice-over-Internet company, CoolCall. All three created competitive technological strategies that enabled them to compete in international markets and helped force monopolistic, national carriers to de-regulate.

Presidential candidates have made a beeline to Fairfield over several campaign cycles. When Barack Obama won the Iowa Democratic caucuses in 2008, the *New York Times* front-page story was about Fairfield Mayor Ed Malloy's endorsement of Obama and the Obama's repeated visits to the city to garner support. When U.S. Agriculture Secretary Tom Vilsack was first elected governor of Iowa, he said it was the support of Fairfield and Jefferson County that was critical for his success and tipped the campaign in his favor.

COMMUNITY-WIDE ASSET QUILTING

Some of the greatest community-wide collaborative accomplishments in recent years have been the 10-year Fairfield Strategic Plan and the Fairfield Go-Green Plan, each of which had buy-in and commitments from scores of organizations to implement specific objectives of the plans. The successful development of the 1st Fridays Art Walk that attracts up to 5,000 people monthly happened because different groups like the Society of Fairfield Italian Americans (SOFIA) took responsibility for an Art Walk. SOFIA presents an Italian Street Festival every June. Employees at Iowa State Bank and Trust Company in Fairfield put on Oktoberfest.

The Fairfield Arts and Convention Center opened in 2007. It was an incredible undertaking for a city of this size. A couple of social entrepreneurs, Suzan Kessel and Sally Denny Neff, dreamed up the idea

Photo Credit: Werner Elmker

Fairfield Arts and Convention Center

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Photo Credit: Guy Harvey

Revelations – economic gardening hot spot in Fairfield

of a permanent theater to showcase the lively amateur-community theater in the city, after attending a Fairfield Area Community Theater production in a rainstorm in the mid 1990's. The rain pounding on the metal roof in the outdoor arena at the Jefferson County Fairgrounds drowned out the actors and musicians.

The public-private partnership that was necessary to fund the $8 million facility included the city of Fairfield, numerous arts organizations, corporations, individuals, Iowa State Bank and Trust Company of Fairfield, and the USDA. Dozens of community organizations share the facility including the Fairfield Musicians Club, Fairfield Chamber Music Society, Fairfield Concert Association, 1st Fridays Art Walk, Fairfield Area Community Theater, Way Off Broadway, and Parsons College Wall of Fame. Way Off Broadway is Iowa's only professional musical theatre company and the residential theatre company for the Stephen Sondheim Center for the Performing Arts in Fairfield.

Civic and social entrepreneurship in Fairfield and Jefferson County is robust. There are over 160 nonprofits and foundations with assets in excess of $270 million, and Jefferson County ranks as the number-one county in Iowa in per capita giving.

A MODERN UTOPIA

In the summer of 1979, Maharishi Mahesh Yogi, the founder of the Transcendental Meditation Program, invited 2,000 attendees at a World Peace Assembly at the University of Massachusetts in Amherst to move to Fairfield, the home of Maharishi International University, to live and start businesses in a social experiment to create world peace.

When the newcomers arrived in Fairfield, there weren't a lot of job opportunities. What followed was a lot of trial and error with entrepreneurial startups of every type imaginable. Young entrepreneurs started looking to emerging markets due to the deregulation of television advertising and telecommunications for business opportunities. Computer programmers created software companies to provide products for the exploding number of personal and business computers. "Food-preneurs" built successful businesses selling brownies, cheesecakes, and ice cream.

Even artists and authors created their own business opportunities. Marci Shimoff and Jennifer Read Hawthorne partnered with successful authors Jack Canfield and Mark Victor Hansen to write the best-selling book *Chicken Soup for the Woman's Soul*. This was the start of the Chicken Soup for the Soul franchise worldwide and the beginning of a lucrative cottage industry in Fairfield. Thirteen different Fairfield-based authors have written Chicken Soup for the Soul books, accounting for a third of the total sales of this franchise's 280 million books.

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What began as an effort to teach some of the world's most ancient principles of health and peace to Americans has since spread into many aspects of life in the community, including architecture and preventive medicine. Today, two miles north of Fairfield is Maharishi Vedic City, the first new city to be incorporated in Iowa in 19 years. Here all homes are designed and built according to the principles of an ancient Vedic system of architecture popularized as Maharishi Vastu® architecture.

FOLLYWOOD: ART AND PERFORMING ARTS CAPITAL OF IOWA

In the last decade, the city has emerged as the entertainment capital of Iowa. It is the home of Way Off Broadway (WOB), the only professional theater company in Iowa. WOB performs in the Stephen Sondheim Center for the Performing Arts, which also hosts a rich variety of world-class live theater, comedy, dance, and classical and contemporary music. Also, a cluster of small digital-media businesses has been emerging in the city in recent years. Filmmaker David Lynch hosts an annual weekend on the Maharishi University of Management campus on consciousness and creativity, and the Beach Boys recorded an album in Fairfield.

Over 500 area residents make their living as artists, authors, book-cover designers, casting directors, and videographers. Several artists have created art-based businesses such as the Sky Factory and Bovard Studio. Artists can network via the Fairfield Musicians Club; KRUU-LP, Fairfield's grassroots, listener-supported radio station; ICON Gallery; Flying Leap Art Space; the Fairfield Art Association; and the Fairfield Cultural Alliance.

ICON Gallery, Flying Leap Art Space, Fairfield Art Association, and Fairfield Convention and Visitors Bureau continually offer interactive art workshops. Local galleries and the city's monthly Art Walk offer venues for artists to exhibit their work.

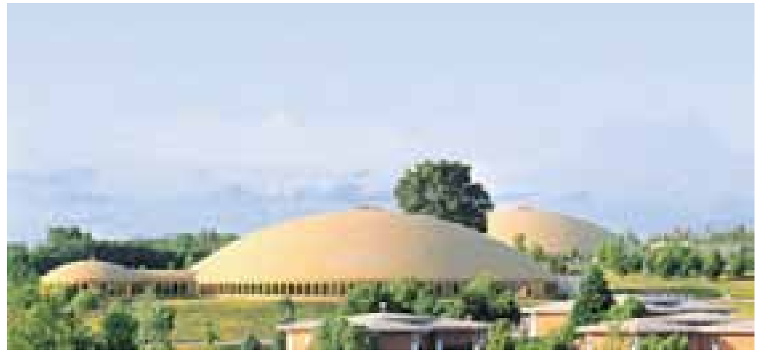
NATIONAL RURAL ENTREPRENEURIAL GATHERINGS

Fairfield has been home to National Rural Entrepreneurial Gatherings since 2003 with the support of the Farm Foundation and the Community Vitality Center. These small interactive events have brought together some of the best rural entrepreneurial practitioners who have shared their expertise and case studies in an effort to accelerate success in rural communities across North America and Australia.

This informal market place of ideas has helped create new asset quilting and economic gardening entrepreneurial strategies by a cross-fertilization from folks like Ed Morrison of EDPro Weblog; Luther Snow, the architect of creating Good Groups through Asset Mapping; Chris Gibbons and Christine Hamilton-Pennell, champions of economic gardening in Littleton, Colorado; network weaver June Holley from Ohio; and Dennis West of Northern Initiatives in Northern Michigan. Other participants have included Norm Walzer and Giselle Hamm from the Illinois Institute of Rural Affairs; Kathy Moxon of California's Humboldt Area Foundation; Carla Gomez of Tapetes de Lana from Mora, New Mexico; Wayne Averett of the Tupelo Mississippi Renasant Center for IDEAs; and Barb Fails from Michigan State University.

Fairfield has been home to National Rural Entrepreneurial Gatherings since 2003 with the support of the Farm Foundation and the Community Vitality Center. These small interactive events have brought together some of the best rural entrepreneurial practitioners who have shared their expertise and case studies in an effort to accelerate success in rural communities across North America and Australia.

A gathering is for 20-25 people to meet, present, and discuss. Much of the time is free time to linger in the economic gardening hot spots in Fairfield – Revelations, Top of the Rock, Café Paradiso or the Abundance Eco Village. Many of the case studies are available at the Community Vitality Center web site at www.cvcia.org.



Maharishi University of Management

ROLE OF ECONOMIC DEVELOPERS IN CREATING THE ENTREPRENEURIAL CLASS

When the Fairfield Entrepreneurs Association programs were evolving, Bob Phipps, who was the executive director of both the Chamber of Commerce and the Fairfield Economic Development Association, was a member of the Entrepreneurs Association board and key advisor for this emerging organization. However, he recognized that the activity of the Fairfield Entrepreneurs Association, although complimentary to the local economic development organization, was entirely outside that organization's charter or capability.

No one person or agency has all the answers and a network approach to providing services to entrepreneurs is essential. Locally, that includes collaboration with other agencies as the Fairfield Entrepreneurs Association has done with the regional Small Business Development Center; Community Vitality Center; Iowa Foundation of Microenterprise; Jefferson County Supervisors; Pathfinders Resource and Conservation Development; Center for Rural Entrepreneurship; and N2TEC, the National Network of Technology, Entrepreneurship, and Commercialization. The most organic and robust solution is creating peer-to-peer support organizations that help teach financial literacy, leadership, problem solving and, most importantly, provide a network of contacts and resources that is the life-blood for every entrepreneur.

FAIRFIELD'S FUTURE TRENDS

Fairfield's future growth in business should continue in financial services, advertising/electronic media, and advanced/custom manufacturing because the business fundamentals are strong and many of the Fairfield-based companies continue to lead or dominate their industry.

The evolution of Fairfield businesses towards sustainable, green business practices and products is likely to continue because it is profitable and smart, and it allows companies to lower operating costs. The first generation of graduates from Maharishi University of Management's Sustainable Living program are currently working on projects worldwide, including assisting remote native communities in Alaska and working on urban restoration projects in Oregon. Their expertise will be sought all over the world but they will no doubt also be at the forefront of new green business creation in Fairfield.

The city's growing digital-media cluster and ongoing banquet of performing arts events enhance Fairfield's reputation as a hub for the arts. The rich pool of talented performers, artists, programmers, filmmakers, and web designers who live in the city and the available mentoring and training available in this sector should foster new business creation. A proposed Fairfield digital-media innovation center with advanced training, post-production facilities, and access to Maharishi University of Management's Media and Communications Department is also certain to accelerate this sector. The city's frequent visitors, guest performers, and former residents now active in the entertainment industry all provide an accessible network for asset quilting.

Today there is a better financing ecosystem for startup companies than ever before. Entrepreneurs have access to multiple debt and equity-financing options, ranging from $500 nano-loans to million-dollar-plus venture-capital investments. A regional venture capital firm has a local representative to screen deal flow and mentor start up companies.

Fairfield should continue to be a magnet for creative and entrepreneurial talent due to its reputation and status as one of the premier asset quilting and economic gardening hot spots in the Midwest.

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2010 CONFERENCE SPONSORS & EXHIBITORS

IEDC would like to give special thanks to sponsors of the **2010 Annual Conference in Columbus, OH** for demonstrating their commitment to the important work of economic developers. It is through their generous support IEDC has brought leaders of the profession together for this forum of professional development, peer networking, and discussions of the most imperative issues facing economic developers today. We proudly recognize the following sponsors as partners in helping economic developers to build strong, more vibrant communities:

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NEWS FROM IEDC

2011 LEADERSHIP SUMMIT

January 23-25, Westin San Diego, San Diego, CA

The 2011 Leadership Summit is devoted to finding the best ideas and models to help communities cope with the challenging economic times and the wider global economic transformations that have been accelerated as economies emerge out of the recession. The summit theme, *Innovation and Competitiveness: Unlocking Your Region's Future*, highlights the idea that communities and regions should unlock their innovative economic, political, and social assets to be competitive globally.

Join IEDC in San Diego as this year's summit explores how innovation in products, processes, services, and technologies are changing the practices of the economic development profession. The conference is designed for senior managers of economic development organizations and Certified Economic Developers (CEcDs).

REAL ESTATE DEVELOPMENT AND REUSE COURSE

January 20-21, 2011, San Diego, CA

This pre-conference course provides an overview of the real estate development and reuse process, emphasizing the role of the economic developer. The economic developer works to balance the dynamic between the profit orientation of the private developer and the public objective to be met by the real estate project. Learn about the various financing tools that are available at the local, regional, and state level, including tax increment financing, bond financing, land assembly, and brownfield redevelopment.

IEDC DELIVERS ECONOMIC RECOVERY ASSISTANCE TO GULF COAST COMMUNITIES

As part of a grant from the Economic Development Administration (EDA), IEDC delivered economic recovery technical assistance to Gulf Coast communities that were impacted by the Deepwater Horizon oil spill. The speed and breadth of this technical assistance project was tremendous, with 105 economic development professionals, 76 of whom were volunteers, at the heart of this effort.

Together we deployed 21 teams across five states, including: Alabama, Florida, Louisiana, and Mississippi. Collectively we held a total of 672 meetings and met with 1,281 people representing 854 entities, including organizations, nonprofits, and businesses. IEDC and EDA are jointly working to finalize the findings into a final report to be shared with all of the communities as well as the general public.

"UNLOCKING ENTREPRENEURSHIP: A PRIMER FOR ECONOMIC DEVELOPERS" LAUNCHED BY IEDC

IEDC launched a primer on entrepreneurship at the recent Annual Conference in Columbus. Under the guidance of its Economic Development Research Partners (EDRP) Program, IEDC's primer introduces economic developers to the growing and increasingly urgent need to support entrepreneurship in all its guises as a necessary component of an economic development strategy. It explores what is entrepreneurship, who are entrepreneurs, and what are the essential components of an entrepreneurial ecosystem.

The primer is the first part of a handbook and toolkit which will also include strategies on promoting entrepreneurship plus case study examples of entrepreneurial firms as well as EDOs that support them. The complete handbook will be released at the 2011 Leadership Summit in January.

ECONOMIC DEVELOPMENT STRATEGIC PLANNING COURSE OFFERED IN BALTIMORE

IEDC is holding an Economic Development Strategic Planning training course in Baltimore, MD, February 10-11, 2011. Economic developers must build consensus among board members, stakeholders, and the community as a whole, creating a unified vision for the future. Getting everyone to agree is not always easy. Learn techniques to build consensus among stakeholders who represent different values and interests. Look at the steps that precede a strategic planning process, including identifying stakeholders and preparing an economic analysis. Explore methods for setting priorities and measuring your plan's impact. Visit iedconline.org and register today.

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

CALENDAR OF EVENTS

RECERTIFICATION FOR CERTIFIED ECONOMIC DEVELOPERS

Fulfill a recertification requirement without tapping into your budget!

Earn two credits towards your next recertification by having an article published in the Economic Development Journal, *IEDC's quarterly publication.*

This is one of a number of ways that you can pursue recertification credits. Submissions are accepted throughout the year. The Journal Editorial Board reviews all articles and determines which articles are accepted for publication.

For more information contact Jenny Murphy, editor, at murp@erols.com **(703-715-0147)**.

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

IEDC sponsors an annual conference and a series of technical conferences each year to bring economic development professionals together to network with their peers and learn about the latest tools and trends from public and private experts.

IEDC also provides training courses and web seminars throughout the year for professional development, a core value of the IEDC. It is essential for enhancing your leadership skills, advancing your career, and, most importantly, plays an invaluable role in furthering your efforts in your community.

For more information about these upcoming conferences, web seminars, and professional development training courses, please visit our website at www.iedconline.org.

CONFERENCES

2011 Leadership Summit
January 23-25
San Diego, CA

2011 Federal Forum
March 20-22
Alexandria, VA

2011 Spring Conference
June 5-7
Indianapolis, IN

2011 Annual Conference
September 18-21
Charlotte, NC

TRAINING COURSES

Real Estate Development & Reuse
January 20-21, 2011
San Diego, CA

Managing Economic Development Organizations
January 27-28, 2011
Anchorage, AK

Economic Development Strategic Planning
February 10-11, 2011
Baltimore, MD

Economic Development Marketing & Attraction
February 17-18, 2011
Atlanta, GA

Managing Economic Development Organizations
March 17-18, 2011
Alexandria, VA

Managing Economic Development Organizations
April 7-8, 2011
Alexandria, VA

Business Retention & Expansion
April 21-22, 2011
Atlanta, GA

Real Estate Development & Reuse
May 5-6, 2011
Baltimore, MD

Technology-Led Economic Development
June 2-3, 2011
Indianapolis, IN

Economic Development Credit Analysis
July 20-22, 2011
Tampa, FL

Workforce Development
August 11-12, 2011
Atlanta, GA

Neighborhood Development Strategies
August 25-26, 2011
Oklahoma City, OK

Economic Development Marketing & Attraction
September 15-16, 2011
Charlotte, NC

Business Retention & Expansion
October 6-7, 2011
Phoenix, AZ

Business Retention & Expansion
November 3-4, 2011
Sacramento, CA

Economic Development Finance Programs
November 16-18, 2011
Baltimore, MD

Economic Development Credit Analysis
December 7-9, 2011
Atlanta, GA

CERTIFIED ECONOMIC DEVELOPER EXAMS

March 19-20, 2011
Alexandria, VA
(Appl. Deadline: January 17, 2011)

June 4-5, 2011
Indianapolis, IN
(Appl. Deadline: April 4, 2011)

September 17-18, 2011
Charlotte, NC
(Appl. Deadline: July 19, 2011)

WEB SEMINAR

Tapping into Technology Transfer and Commercialization: How to Build a Knowledge-Driven Economy
January 19, 2011

creating economic
DEVELOPMENT OPPORTUNITIES

By Gary Jackson, Ph.D. and Arthur Rubens, Ph.D.

INTRODUCTION

Over the last few years, we have been faced with an unprecedented economic downturn and recession that has not been seen since World War II. This long and deep recession has resulted in communities exploring ways to grow and diversify their regional economies. It is during times such as this that business and community leaders think creatively about ways to stimulate the economy. The Chinese have a term called *weijj*, which means "crisis." This word is literally taken from "wei" for danger and "ji" for opportunity, thus from crisis comes opportunities (http://www.living-chinese-symbols.com/chinese-symbol-crisis.html). Henry Ford (Opportunity Quotes, 2009) once said that: "failure is the opportunity to begin again, more intelligently." One of the means used to stimulate entrepreneurship and innovation and grow new businesses is the creation of community business incubators.

This article briefly summarizes the literature on the reasons for adopting a multiple-site incubator network, outlines the method used to survey a selected sample of regional incubator network managers, and presents the findings on the general purposes, advantages, and disadvantages of regional incubator networks as reported by the managers.

The first documented business incubator began in 1959 in Batavia, New York, but the concept of providing network services grew slowly with only 12 business incubators operating in 1980. The National Business Incubation Association (NBIA) was formed in 1985 to act as a clearinghouse for information concerning incubator development and management and offers conferences and training. Since this time, the number of business incubators has grown dramatically in the United States and internationally. By 2006, there were approximately 1,115 incubators in the United States and 7,000 incubators worldwide (NBIA, 2009).

Although the number of local community incubators continues to grow, recently there has been a trend towards state and regional economic development organizations grouping their community incubators into more integrated, targeted, and comprehensive networks, which are part of a greater regional or state economic development plan (NBIA, 2004). According to a study conducted by the accounting firm PricewaterhouseCoopers (1999), networked incubators are:

The 55,000-square-foot Purdue Technology Center of Indianapolis is located in Purdue Research Park at AmeriPlex-Indianapolis.

Dr. Gary Jackson,* Ph.D., is an assistant professor and director of the Regional Economic Research Institute at Florida Gulf Coast University (gjackson@fgcu.edu)

Dr. Arthur Rubens, Ph.D., is an associate professor of management in the College of Business and former director of sponsored projects and programs in the College of Business, Center for Leadership and Innovation at Florida Gulf Coast University. (arubens@fgcu.edu)

**For information on this study please contact Dr. Jackson.*

THE CASE FOR REGIONAL MULTIPLE-SITE BUSINESS INCUBATOR NETWORKS

Currently, we are beginning a recovery from an unprecedented 18-month economic recession that was the longest since World War II. Many communities are seeking ways to help add jobs and diversify their economies and are looking to implement change through economic development. Increasingly, we are seeing business incubators as part of a larger business incubator network that provides a cohesive, integrated targeted network to promote the strategic economic development goals of a region and the state. This article presents the findings of a literature search and interviews with eight managers of regional business incubator networks in the United States. It describes the benefits, advantages, disadvantages, and common practices of these regional incubator networks.

Incubators which operate in formal cooperation with other incubators, either under common ownership or management or through the common provision of services or sharing of information.

Developing a network of sponsors and partners is critical to the provision of value-added services and may push programs to consider a broader geographic area that can help support the network (NBIA, 2004):

The best business incubation programs are integrated into their community networks, resources, and economic development plans and strategies. Gone are the days of stand-alone programs, lacking support from economic developers, academics, and the business community. More and more, incubation programs are the nexus of significant angel equity investing networks, publicly sponsored seed funds, technology infrastructure development and commercialization programs, entrepreneurial campuses, or youth entrepreneurship programs.

Compared to isolated, individual business incubators operating independently in a region, a regional network of incubators may be able to leverage a larger more diverse network of partners to assist the regional network. There may be economies of scale allowing cost savings by offering group insurance or purchasing plans. Training programs can be coordinated across a region and a network is more likely to be able to support the hiring of specialized staff.

Also, multiple-site incubators add a geographic complexity to the operation and the need to manage the incubators and their locations so that they are not competing for clients and resources but support the overall network and its goals.

In many ways, individual incubators can assist each other with clients or refer clients to more specialized programs. On the other hand, there may be additional costs related to items such as travel, management, decision-making, and communication that would be associated with a larger geographically-based network. Also, multiple-site incubators add a geographic complexity to the operation and the need to manage the incubators and their locations so that they are not competing for clients and resources but support the overall network and its goals.

One example of a multi-site incubator network is the Southwestern Pennsylvania Economic Development District (SPEDD), which has a network of 18 incubators in Pennsylvania and has focused on becoming more efficient, capturing the cost savings of economies of scale (Barrow, 2001). It has a special unit looking after buildings and operations-related functions. Management of key operations is centralized, and SPEDD has created a Passport Program which offers services at four different stages or levels, with an ultimate aim to maximize "value-added" services and products to the clients. In pursuit of this, SPEDD has network partners deliver the products and services within a managed environment to ensure quality. This approach frees up the incubator management team to focus the majority of its efforts on high value-added activities such as managing the system and developing and delivering new services and products.

In another example, the University of Central Florida has a technology and mixed-use-based network that includes a partnership with the city of Orlando, Orange County, the Florida High Technology Corridor Council, Seminole County government, and the city of Winter Springs. This program currently lists 157 business partners that are grouped into: (1) business consulting, (2) financial institutions, (3) financial services, (4) insurance, (5) legal services, (6) funding services, (7) government contracting, (8) media, (9) office supplies/services/furniture, (10) other, (11) real estate/housing, (12) human resources, and (13) telecommunications. The program began in 1999, has served over 90 emerging companies, and is part of the university's Office of Research & Commercialization (http://www.incubator.ucf.edu/).

University of Maryland-Baltimore County (UMBC) Technology Center in Baltimore, MD.

In support of business incubator networks, Andrea Gibson, director of the Office of Research Communications at Ohio University (NBIA, 2004), states that

There are many circumstances in which multiple sites offer the best deal: expanding the service reach of an incubation program, providing more space when a first site overflows, diversifying the types of clients a program can service, or creating an industry cluster. Additionally, multiple sites can provide opportunities to maximize employee skills and create revenue streams required to hire more specialized staff. It can also increase the programs' overall sustainability by impacting a wider geographic area and increasing sponsorships and champions of all types.

She goes on to discuss the need to look for economies of scale such as discounts with contractors, group discounts, and professional services with a goal to pool resources and share specialized facilities. Regional leaders in Southwest Florida were interested in learning more about the potential benefits and costs of multiple-site regional incubator networks.

Historically, the Southwest Florida region has grappled with how to diversify the region's economy from a predominately construction and tourism-based economy. With this goal in mind, community leaders and planning administrators requested a study of the best practices for establishing a regional business incubator network. The study was administered by the Southwest Florida Regional Planning Office and funded by the region's economic development organizations, private firms, and matched by a grant from the U.S. Department of Commerce, Economic Development Administration. The study was conducted by the Regional Economic Research Institute at Florida Gulf Coast University.

The Long Island High Technology Incubator is part of Stony Brook University and Stony Brook Medical Center

The study included a literature review, interviews with managers of regional incubator networks, regional focus groups of community leaders, and in-depth interviews with key community stakeholders (FGCU, 2009). However, one of the most beneficial and key methods used in the study was interviewing managers of regional incubator networks. Twenty-five regional incubator networks were identified in the United States and a selected sample of managers was interviewed.

METHODOLOGY

Using an Internet search, the study team identified a total of 25 regional multiple-site incubator networks in the United States. For the purposes of the study, a regional incubator network was defined as a central organization comprised of multiple incubator sites and networks. From the original 25 networks identified, the study team contacted eight that represented a sample of the different types of networks.

To fully determine the advantages, disadvantages, and key issues and concerns with incubator networks, the study team developed a comprehensive in-depth interview form. The 12-page form featured questions covering a broad range of topic areas to gain insight into the background, processes, and measures of success of the benchmark networks. The general topic areas included:

- Organization Information;
- Interviewee Background Data;
- Network Views/Actions Regarding Strategic Planning;
- Recommendations for Creating Incubator Networks;
- Measures and Views of Success;
- Funding & Technology Transfer;
- Advantages/Disadvantages and Role of Organization;
- Network Components and Development;
- Internal and External Constituents;
- Affiliations and Relationships;
- Network Partner Engagement;
- Network Structure, Relationship, and Information Sharing;
- Decision Making Tools Used;
- Strategic Leadership; and
- Network Future.

The eight identified managers were contacted via email that introduced the interviewer, the purpose of the study, our desire to schedule a phone interview, and a note that we would be following-up our email with a phone call to schedule our phone interview. In addition, a brief one-page summary of the study was attached to the email. Upon contacting the manager, an email was sent to confirm the time and date of the in-depth phone interview and after the interview was conducted, a follow-up "thank you" email was sent to the managers.

The interviewers were two Florida Gulf Coast University faculty members from the research team, with extensive experience in qualitative research. They interviewed managers of the eight regional incubator networks shown in Figure 1 (see the sidebar on the following page for more detailed information on the networks).

FIGURE 1
BENCHMARK ANALYSIS: LIST OF REGIONAL INCUBATOR NETWORKS

	Incubator
1	**Applied Technology Development Centers** (ATDC) (Maine)
2	**Ben Franklin Technology Partners of Northeast Pennsylvania** (BFTP/NEP)
3	**Business Incubation at Purdue Research Parks** (Indiana statewide network)
4	**Central Valley Business Incubator** (California)
5	**Emerging Technology Centers** (Baltimore, Maryland)
6	**St. Louis Enterprise Centers** (SLEC) (Missouri)
7	**Stony Brook University Incubators** (Long Island)
8	**University of Central Florida Incubation Program** (Central Florida)

BUSINESS INCUBATOR NETWORKS

Applied Technology Development Centers (ATDC) (Maine)

These incubators are part of the Office of Research and Economic Development at the University of Maine and include four incubation centers, six incubator sites, one student incubator-like facility on campus, and four affiliated incubators. The primary incubators are:

- Target Technology Incubator (information technology firms, opened in 2002),
- Maine Aquaculture Incubator (includes marine sciences),
- Composite Technology Centers (three sites, advanced materials), and
- Foster Student Innovation Center (January 2008).

Ben Franklin Technology Partners of Northeast Pennsylvania (BFTP/NEP)

BFTP/NEP is a state-funded economic development initiative created in1983 that provides funding and support to both early stage and established companies. In addition to providing loans, BFTP supports Centers of Excellence at various universities and colleges. BFTP also supports the Ben Franklin Incubator Network that includes:

- Ben Franklin TechVentures®,
- Bloomsburg Regional Technology Center,
- Bridgeworks Enterprise Center,
- Greater Hazleton Business Innovation Center,
- Carbondale Technology Transfer Center,
- East Stroudsburg University Business Accelerator,
- Pottsville/Schuylkill Technology Incubator,
- Scranton Enterprise Center,
- Enterprise Center, and
- Innovation Center @ Wilkes-Barre.

Business Incubation at Purdue Research Parks (Indiana statewide network)

These research parks are developed by the Purdue Research Foundation or in partnership with development companies. Companies can graduate from the incubator and relocate within the research park. With the goal of accelerating business growth, the Purdue Research Foundation-developed incubation model is expanding across the state with mixed and technology-based incubators in West Lafayette, AmeriPlex (Indianapolis), Northwest Indiana (Merrillville), and Southeast Indiana (New Albany).

Central Valley Business Incubator (CVBI) (Fresno, CA)

A non-profit organization representing a public-private partnership, CVBI was created in 1996 to foster economic development through entrepreneurship and job creation. CVBI offers business development services and houses five on-site members at each of its two facilities in Fresno, California. The key stakeholders are the area's university, businesses, government, and entrepreneurial and community leaders. The incubators include a special focus on water technology and represent two primary entities: Launching Pad and Claude Laval WET Incubator.

Emerging Technology Centers (Baltimore, Maryland)

These are under a nonprofit corporation, Baltimore Development Corporation (BDC), chartered by the city of Baltimore with two incubators including: The Emerging Technology Center at Canton and The Emerging Technology Center at Johns Hopkins Eastern.

Resources are focused on early-stage technology and biotechnology companies. The technology companies include those working on alternative energy, engineering and product development, information technology, and life sciences. Incubators in Maryland are assisted by the Maryland Technology Development Corporation, created by the state legislature in 1998.

St. Louis Enterprise Centers (SLEC) (Missouri)

The St. Louis County Economic Council manages and operates five incubators including one in partnership with the St. Louis Development Corporation. The five Enterprise Centers include Midtown (1994), West County (1997), South County (2000), Wellston (2005), and Helix Center (being renovated for early-stage businesses in the plant and life sciences industry).

Stony Brook University Incubators (Long Island)

This is a 501 (c)(3) corporation created by the Foundation of SUNY and the Stony Brook Foundation with three incubators including:

- Long Island High Technology Incubator (LIHT opened in 1992),
- Stony Brook Incubator at Calverton (agriculture, aquaculture, and environmental industries), and
- Stony Brook Software Incubator.

The software incubator is managed by Stony Brook University in partnership with Computer Associates, with 11 on-campus partners and three off-campus partners. The Long Island High Technology Incubator is affiliated with Stony Brook University and the Medical Center and houses over 70 companies.

University of Central Florida Incubation Program (Central Florida)

This university-driven community partnership features five mixed-use and technology-driven incubators including:

- Downtown Orlando Incubator,
- Orlando Business Development Center/ District 2 Incubator,
- Photonics Incubator,
- Technology Incubator, and
- UCF Incubator – Seminole County/Winter Springs.

The program includes a partnership with the city of Orlando, Orange County, Florida High Technology Corridor Council, and Seminole County government (in the city of Winter Springs).

REGIONAL INCUBATOR NETWORK PROFILES

The eight regional incubator networks selected and interviewed ranged from networks that were recently formed (in the last 10 years) to those that were formed over 25 years ago. The size of the eight networks ranged from four incubator locations up to 15, with each location having multiple member businesses (ranging from 25 to 160). The types of clients served were diverse and represented a broad range of industries and professional services including technology, professional services, hospitality, service, finance, light assembly, manufacturing, construction, aquaculture, energy, and several other environmentally-related services.

(L-R) Brothers Irfan and Nick Sinanovic, co-owners of Vega Transport, with St. Louis County Executive Charlie A. Dooley. The Bosnian brothers set up offices at the St. Louis Enterprise Centers – South County in 2005 and graduated in 2010. Vega Transport continues to grow in the community with a new facility built across the street from the Center.

St. Louis Enterprise Centers – West County. The Centers are known for their number of high-tech, high-growth companies.

Each of the networks had a designated manager or director, with additional managers or coordinators for the individual incubators that were part of their network. All of the networks had a board or advisory group and most had partnerships with local, regional, and, in some cases, state agencies. These partnerships included affiliations and linkages with organizations and agencies such as city and county governments, economic development offices, small business development centers, chambers of commerce, etc. In addition, almost all of the networks had a direct or indirect affiliation (formal and informal) with a regional university or college. Although the ownership structure of the eight networks included public, private, and non-profit, most represented a combination of some type of public and private partnership.

The services provided to the clients were typical of incubators: business plan development, mentoring services, marketing assistance, legal assistance, copyright and patent assistance, business management training, office support (phone, fax, reception, copy, etc.), and Internet. Other services included utilities (electricity, water, etc.), custodial, accounting, capital and access to venture capitalists, government contracting, security, and networking assistance with the community and other businesses.

> In almost every interview, it was reported that there was some type of link to the greater regional economic development plan, or in some cases, to state economic development strategies.

The in-depth interviews ranged from just less than one hour to almost two hours. In total, the two research members interviewed seven regional incubator network managers and one director of membership services, which the incubator staff recommended that we interview because the manager was relatively new and the director had a longer institutional history with the network.

Most of the managers had been with the incubator network for five years, although some of the managers had a much longer history and a few others were relatively new to the system (less than one year). Although many of the managers had a business background and either an undergraduate or a graduate degree in business (two had doctorates), three had degrees in non-business fields, such as public relations, or were relatively new to the entrepreneurship and economic development field. All of the eight managers were supportive of the research being conducted and were forthcoming in their responses and answers to the interview questions.

FINDINGS

There were many lessons learned and insights gained from our interviews with the managers of the selected business incubator networks. Some of the information we learned from our interviews confirmed our previous literature review of incubator networks. Other information obtained from the interviewees added to our insight and understanding of incubator networks.

All of the eight networks had a stated vision and mission statement, as well as generally well-formed objectives. The development of the vision, mission, and organizational value statements was, in most cases, done by committee. Most frequently, this committee involved its network advisory group. However, in some instances, it also involved outside entities and stakeholders such as a university administration, economic development offices, state workforce development officials, and local government officials.

The managers were asked how their network fit into the broader economic development strategy in their region. In almost every interview, it was reported that there was some type of link to the greater regional economic

Front entrance of Ben Franklin TechVentures at night

development plan, or in some cases, to state economic development strategies. In several cases, the concept and inception of the network were originally developed because of local, regional, and state economic policies. Most of the respondents strongly encouraged that anyone wanting to develop a regional incubator network needs to link it to a greater economic policy.

To better understand how the incubator networks view success, several questions probed the managers on how they measure success and what factors contribute to the success for the overall community and economy. They responded to these questions from the viewpoint of the network and organization, as well as the network members and community. As one would expect, the primary success measures were jobs created, salary rates, and overall contribution to the economy through increased number of businesses and tax revenues. In addition to these standard measures of success, other measures included venture capital and angel investors, technology development and transfer, new patents, and copyrights.

The managers commented extensively on what they saw as the perceived advantages, disadvantages, and role of the network and organization. Generally, the advantages of the incubator network were economies of scale (training, marketing, etc.), sharing best practices, and very importantly, developing economic opportunities, especially in depressed areas.

Generally, the advantages of the incubator network were economies of scale (training, marketing, etc.), sharing best practices, and very importantly, developing economic opportunities, especially in depressed areas.

Disadvantages or challenges primarily included geographical distances and dispersion that affected the effective management and running of the larger network. Other challenges included getting all of the individual members of the network to operate with a shared vision and direction. Figure 2 shows some of the specific advantages and disadvantages of the network cited by the interviewees.

Generally, the interviewees stated that the primary roles of the incubator network are to set policy, communicate and share information, and ensure that the members work as strategic partners. However, more specifically, they said the roles of the incubator network are to:

- Serve as a trainer and coordinator,
- Enhance skills of members and to promote communication across the network,
- Create guiding vision and direction for network,
- Provide assistance to network incubators and promote information sharing,
- Be a good strategic partner and share best practices, and
- Assist with funding and overall management of network.

The managers were queried about their use of virtual networks (networks without walls) and sister networks or soft-landing partners (network partners of firms that want to relocate to the U.S. and their region). Many of the interviewees said that they make very minimal use of virtual networks. Also, although a few had tried sister networks or soft-landings with foreign companies, their efforts in this regard were very minimal and overall they have not seen much success in this area.

The interviewees were asked several questions regarding communication and the overall level of engagement across their network. Generally, they rated their own individual communication with their network incubators as very high (4 out of 5, with 5 being highest). However, several felt that the communication channels directly between and among the network incubators were used less.

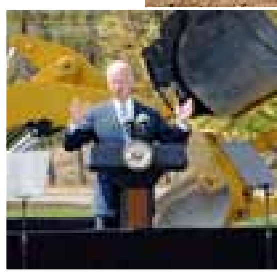
FIGURE 2
ADVANTAGES/DISADVANTAGES OF REGIONAL INCUBATOR NETWORK

Advantages	Disadvantages
• Best practices	• Geographical distances/dispersion
• Sharing solutions	• Stress of any start-up
• Management across network region	• Own agenda by members of the network
• Public relations	• Insufficient economies of scale
• Grow economically depressed areas	• Too much talk
• Being part of greater regional economic plan	
• Economies of scale	
• Referrals and training	

The most frequently used method of communication down and across the network was electronic (emails). Most of the managers held weekly and/or monthly meetings, while many stated that they have annual or semi-annual meetings with their member networks. Although it was only briefly addressed, it did not appear that most of the networks utilized some of the newer technology mediums such as texting, chat rooms, bulletin boards, tweets, etc. to communicate with their network incubators.

The interviewees were very expressive, both optimistically and pessimistically, regarding the future of their networks and pressing problems that they are likely to face. The predominate concern was the economy and how to survive in this economic downturn. Of the eight interviewed, seven cited resources, capital, and the economy as the primary problems they will be facing. Therefore, financial and economic issues were of primary concern for almost all of the managers and their designees. Other issues involved how to make budget cuts and, in some cases, how to continue managing their operation as the network grows.

Several staff of Ben Franklin Technology Partners of Northeast PA at the ground breaking for TechVentures2. (L to R, Chuck Diefenderfer, Kerry McDonald, Laura Lawrence, Julianne Riedy, Chad Paul, Wayne Barz). These are the staff members most involved in TechVentures. Chad Paul is the CEO of Ben Franklin Technology Partners of NEPA, owner of TechVentures.



Vice President Joe Biden speaking at BFTP ground-breaking for TechVentures2.

RECOMMENDATIONS

The development of regional, multiple-site incubator networks reinforces the need to consider the overall benefits and costs of these networks. This study has helped to classify the advantages and disadvantages of a regional incubator network. Although additional work needs to be done to better quantify the potential benefits and costs, strategic and business plans for regional incubators should address the potential advantages and disadvantages of a multiple-site incubator network. The study addressed the need to understand and follow best practices for incubators.

It was recommended that Southwest Florida consider several new initiatives. Regional discussions brought out the need to develop an educational program for the community members and leaders on entrepreneurship and incubators, including goals, benefits, and costs. Education is a key part of any entrepreneurial or incubator program, and it was recommended that the Southwest Florida region explore the benefits and costs of coordinated, world-class secondary and college level entrepreneurial education programs.

Cooperation could be enhanced by developing an integrated, strategic regional entrepreneurship, mentoring, and incubator network plan. The plan would ideally become a road map for the initiative and be incorporated into the region's economic development plan. There are several research parks being planned within the region and it will be important for the parks to partner with the region's colleges and universities to support technology transfer and potential coordinated use of facilities and laboratories. This would also tie in the faculty and students to the entrepreneurship programs and incubator network. It was recommended that the region develop a regional public-private partnership agreement to support the sequential growth and support of the programs and incubators, and hire an experienced manager in entrepreneurial and incubator programs. Finally, the Southwest Florida region's initiatives need to tie into Florida's High Tech Corridor.

CONCLUSION

The study for the Southwest Florida region focused on regional, multiple-site incubator networks and explored the potential reasons for developing a network along with the potential disadvantages. The literature review showed that there are few such studies that have focused on this growing trend. The literature search revealed four reasons for establishing these incubator networks including larger more diverse networks of partners and support, expanded service reach and programs, more specialized training programs and specialized staff, and economies of scale allowing cost savings.

The managers interviewed stated that the primary roles of the networks are to set policy, communicate and share information, and ensure that the members work as strategic partners. The interviews reinforced many of the earlier findings from the literature search and expanded the discussion to include additional advantages and disadvantages. The advantages included:

- Economies of scale and coordination in areas such as training and marketing;
- Sharing resources and talent;
- Supporting a regional economic development plan;
- Coordinating training, resources, and talent;
- Sharing best practices and solutions; and
- Serving a large geographic area including underdeveloped or depressed areas.

The disadvantages included geographical distances and dispersion that affected the effective management, travel costs, and running of the larger network. Additional disadvantages were associated with growth management issues and timing, stress related to startup of a regional network, and new sites. Other disadvantages include the time and costs associated with individual agendas of network members and getting all to operate with a shared vision and direction.

This study explored the reasons for establishing multiple-site incubator networks, realizing that additional research on the advantages and disadvantages of these networks will be needed. Additional research, both qualitative and quantitative, needs to be conducted on the use and application of business incubator networks as part of a regional economic strategy. However, we are increasingly finding that in order for communities to be competitive in the future, especially in this global economy, the pooling of regional resources and a coordinated economic development strategy would appear to have the promise of creating more value and lower costs.

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achieving economic

DEVELOPMENT THROUGH WORKFORCE DEVELOPMENT

By Penelope Schmidt

THE GEORGIA WORK READY PROGRAM

The lack of a qualified workforce limits opportunities for economic prosperity for businesses and individuals and negatively impacts our country on a national, state, and local level. The Georgia Work Ready Program was developed as a tool to promote both workforce development and economic development and thereby allow Georgians to better compete in the global marketplace (Communities 2009).

According to Georgia Governor Sonny Perdue, "We need a workforce development system that links workforce development and education together and to the economic needs of the state, its regions and local communities" (Governor's Office of Workforce Development 2009). In collaboration with the Georgia Chamber of Commerce, Governor Perdue developed the Georgia Work Ready Program as an interlinked workforce development system designed to promote workforce skills development and economic development (What is Georgia Work Ready? 2009).

The Georgia Work Ready Program is unique in that it provides opportunities to assess the skills of the workforce and provides needed training at no charge, develops career pathways to support an area's strategic industries, and provides tools to help businesses succeed. All of this is accomplished through collaborative partnerships among businesses, educators, chambers of commerce, economic development authorities, government, and community organizations.

Photo Credit: Wiregrass Georgia Technical College.

Norman Bennett (left), Project Manager of Bioscience Technology Circle of South Georgia Work Ready Region; Tiffany Holmes, Assistant Director of Brooks County Development Authority; Penelope Schmidt, Director of Workforce Development at Wiregrass Georgia Technical College; Tina Herring, Director of Brooks County Development Authority and County Work Ready Leader; Dr. Ray Perren, President of Wiregrass Georgia Technical College; and Fred McConnel, Work Ready Communities Statewide Leader display a $10,000 check to Brooks County for becoming a Certified Work Ready Community. The check was presented at an event sponsored by the Brooks County Development Authority, Brooks Chamber of Commerce, Brooks High School, Wiregrass Tech, and the Bioscience Work Ready Region to celebrate the certification. All certified communities could apply for a $10,000 grant to further their workforce development efforts.

The Georgia Work Ready Program was implemented in 2007 in counties choosing to participate, and those counties included the four featured in the article – Berrien, Brooks, Cook, and Lowndes (Georgia's Certified Work Ready Community Initiative 2009).

Penelope Schmidt is director of Workforce Development at Wiregrass Georgia Technical College in Valdosta, Georgia. (penelope.schmidt@wiregrass.edu.)

THE PROGRESS OF FOUR SOUTH GEORGIA COUNTIES IN THE GEORGIA WORK READY PROGRAM

The Georgia Work Ready Program, a comprehensive and collaborative workforce and economic development plan, was implemented in four South Georgia counties in 2007. Lowndes, Cook, Brooks, and Berrien Counties have since made great progress in assessing the skills of their residents using ACT WorkKeys assessments. Lowndes, Cook, and Brooks each achieved the designation of Certified Work Ready Community by December 2009. Employers in those counties now have applicants' skill levels based on ACT WorkKeys assessments to use as a hiring tool and economic developers have a tool to help recruit potential industries to the area.

The Work Ready Program is comprehensive and consists of many elements, two of which this article examines. First, residents earn a Georgia Work Ready Certificate based on ACT's WorkKeys assessments in Reading for Information, Locating Information, and Applied Mathematics. While ACT is best known for its college placement exam, the nonprofit company also serves businesses with hiring and training tools such as the WorkKeys assessments. Upon scoring certain levels on the assessments, examinees can earn a certificate to use in a job search. The Georgia Work Ready Certificate is the equivalent of ACT's National Career Readiness Certificate (NCRC) and displays the NCRC seal, making the credential one which is recognized nationally.

__The Georgia Work Ready Certificate__ is the equivalent of ACT's National Career Readiness Certificate (NCRC) and displays the NCRC seal, making it a nationally recognized credential.

The second element examined in this article is the goal of increasing the high school graduation rates (HSGR). As noted by President Barack Obama, increasing the number of high school graduates is critical to rebuilding the economy and Georgia was among a lengthy list of states with unacceptably high dropout rates (Balfanz et. al. 2009). Although Georgia's statewide HSGR lagged behind the national average in 2006 with a rate of 70.8 percent, Georgia's rate exceeded the national average in 2009 with a rate of 78.9 percent and the Georgia HSGR climbed further to 80.8 percent in 2010 (Districts in Georgia 2007). Educators, students, and other supporters are to be commended for this progress. There is, however, still much room for improvement in order to ensure that Georgia has an adequately educated and trained workforce and this is certainly true in South Georgia.

By having members of the community become Work Ready Certified and by increasing the HSGR, communities can achieve the designation of Certified Work Ready Community (CWRC), which can help existing businesses find qualified employees and which economic developers can use to recruit new industry (Communities 2009). The progress of Berrien, Brooks, Cook, and Lowndes Counties toward becoming Certified Work Ready Communities highlights the benefits and factors related to success so that other states and communities may find useful information in establishing similar workforce and economic development programs.

Along with offering the Certified Work Ready Community designation, there are several additional elements: gap training, job profiles, Work Ready Regions, and career pathways. The program includes skills gap training designed to help the workforce increase their skills through the use of KeyTrain, an online product available in these counties at no charge. Job profiles or job analyses are also provided at no charge for businesses to help them understand what skill levels are required to effectively perform a job and to thereby promote improved hiring practices.

Work Ready Regions are comprised of several CWRCs which join forces to expand a specific strategic industry, such as bioscience in these counties. Finally, the program includes career pathways extending from high schools to colleges to facilitate the transition from secondary to postsecondary education to better prepare individuals for employment in the strategic industry (Communities 2009; Job Seekers 2009; Regions 2009). The starting point for this comprehensive strategy is becoming a Certified Work Ready Community.

CERTIFIED WORK READY COMMUNITIES

The Governor's Office of Workforce Development oversees the Work Ready Program and established the goals for each county to achieve the designation of Certified Work Ready Community (Georgia's Certified Work Ready Community Initiative 2009). The goals are to certify specific numbers of both the current workforce and the available workforce and increase the HSGR.

The current workforce includes private and public sector employees and the available workforce consisted of unemployed individuals, high school seniors or recent graduates, GED students or recent graduates, and college students or recent graduates. The percentages of the current and available workforce needed to achieve the county goals were based on county size.

The counties' populations and additional demographics are shown in Table 1 (State and County QuickFacts 2010). In 2009, Berrien, Brooks, and Cook had populations under 20,000 while Lowndes County reached nearly 107,000. The CWRC goals based on these county sizes are detailed in Figures 1-4. The goals were to be

TABLE 1. 2009 POPULATION ESTIMATES FOR BERRIEN, BROOKS, COOK, AND LOWNDES COUNTIES IN GEORGIA

County	Population	Percent Ages 18-64	Percent Female	Percent Male	Percent Black	Percent White	Percent Other Race/Ethnic Group
Berrien	17,044	59.7	50.9	49.1	11.5	86.5	2.0
Brooks	16,354	61.5	52.0	48.0	35.8	62.3	1.9
Cook	16,603	59.2	51.6	48.4	27.7	70.4	1.9
Lowndes	106,814	65.5	50.6	49.4	34.8	62.1	3.1

Photo Credit: CJB Industries.

Andrew Wade and Billy Whiting prepare the Munson system for batch at CJB Industries, which requires the Work Ready Certificate in its hiring process.

achieved through a collaborative effort among stakeholders such as businesses, local government leaders, chambers of commerce, Department of Community Affairs, Department of Economic Development, public schools, technical colleges, workforce investment boards, and Department of Labor (Georgia's Certified Work Ready Community Initiative 2009).

EFFECTIVENESS OF THE CURRENT PROGRAM

Work Ready Certificates

Tremendous progress was made in each of these counties toward certifying the workforce. Berrien, Brooks, Cook, and Lowndes Counties exceeded the number of Work Ready Certificates required for Certified Work Ready Communities as shown in Figures 1-4 (CWRC Progress Spreadsheet 2010). As of September 2010, Berrien County had a total of 553 residents to earn a certificate, which was 250 percent of the goal established by the Governor's Office of Workforce Development. Brooks had a total of 610, 280 percent of its goal. Cook County had 513 certified residents, 232 percent of its goal, and Lowndes County had 2037, also surpassing its goal with a total of 171 percent. It is noteworthy that each county far exceeded its goals for certifying unemployed residents, indicating that the public recognizes the need for skills development and certification.

High School Graduation Rates

Berrien High School, Brooks High School, Cook High School, Lowndes High School, and Valdosta High School demonstrated increases in their high school graduation rates from 2007 to 2010 (Districts in Georgia 2007). Berrien County has two high schools, Berrien High and Berrien Academy Performance Learning Center. Berrien High's HSGR increased during 2007-2010 from 79.6 percent to 81.5 percent, surpassing the 2010 state average of 80.8 percent. However, combined with the Berrien Academy Performance Learning Center, the HSGR was 75.2 percent in 2010. Brooks increased from 56.2 percent to 71.1 percent, a very impressive 14.9 percent increase during this period. Cook County increased the HSGR from 64.8 percent to 65.5 percent.

FIGURE 1. Goals and Actual Numbers of Berrien County Residents Earning a Work Ready Certificate by September 2010

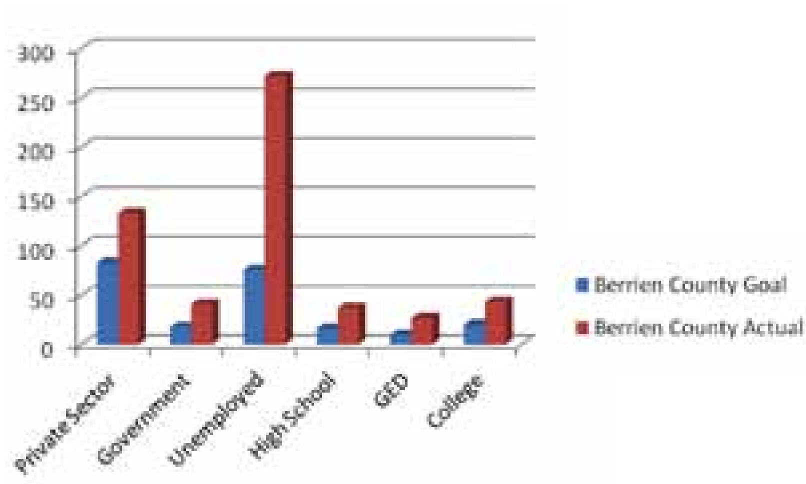


FIGURE 2. Goals and Actual Numbers of Brooks County Residents Earning a Work Ready Certificate by September 2010

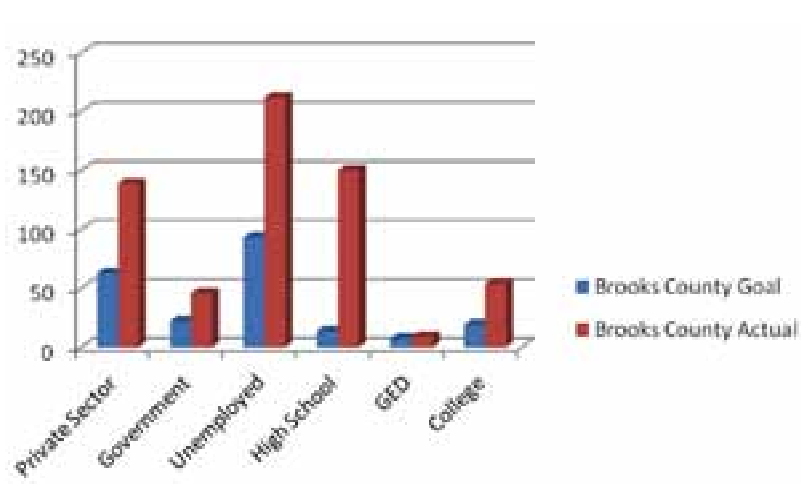
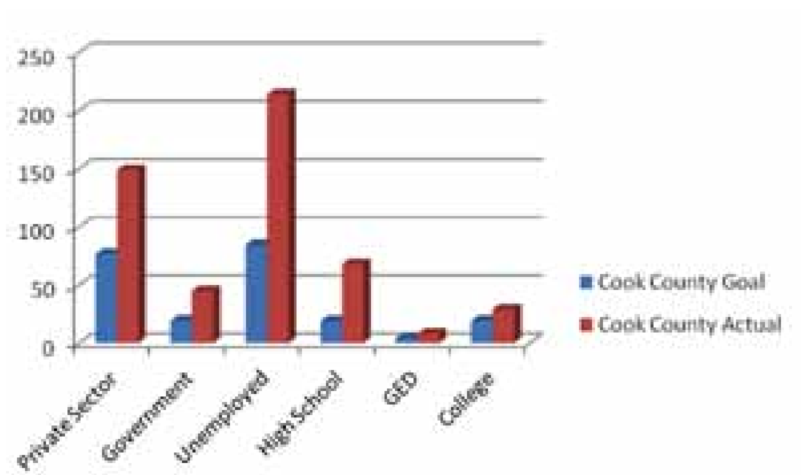


FIGURE 3. Goals and Actual Numbers of Cook County Residents Earning a Work Ready Certificate by September 2010



The Lowndes County area has two public high schools and both increased the rates: Lowndes High School increased from 78.4 percent to 83.4 percent, exceeding the state average by 2.6 percent, and Valdosta High School increased from 57.3 percent to 71.9 percent, an increase of nearly 15 percent in only four years. The combined rate for these two schools increased from 68.9 percent to 78.7 percent.

Both Berrien High and Lowndes High exceeded the national HSGR from 2007-2009 and it will be interesting to see if this is again the case once the national 2010 rates are published (High School Graduates 2009).

GEORGIA WORK READY COMMUNITY CERTIFIED 2009

***Brooks, Cook, and Lowndes Counties** achieved the Certified Work Ready Community designation in 2009.*

Certified Work Ready Community Status

As a result of meeting the goals for workforce certifications and achieving the required percentage increases in the HSGR, Brooks, Cook, and Lowndes Counties were awarded with the Certified Work Ready Community (CWRC) designation by December 2009. Economic developers in these counties can now use this designation to help recruit industries seeking a location to open their doors for business. In addition, chambers of commerce can use the Work Ready Program to help existing businesses to succeed.

Although Berrien High's HSGR surpassed the state average, the combined HSGR for both schools in the county did not increase by the required percentage. Once this rate is achieved, Berrien will also become a CWRC.

BENEFITS OF THE WORK READY PROGRAM

Effects on Businesses

The Work Ready Certificates have been beneficial to businesses as evident by employers' use in the hiring process. Greg Justice, general manager of Regal Marine Industries (a luxury boat manufacturer in Valdosta) and Team Leader for Lowndes County in 2008-2009 stated, "I need all the information I can get to make good hiring decisions…We send all our candidates to Val Tech (now Wiregrass Georgia Technical College) for the Work Ready assessment. Last year…our turnover was cut by 150 percent. Good hiring decisions made through information received from the Work Ready Certificates are one of the reasons for the improvement" (Lowndes Makes Progress 2009). In an interview with the author (October 14, 2009), Justice also stated that after taking the assessments, several lead employees enrolled in the Supervisory Specialist program at Wiregrass Georgia Tech, thereby furthering their skills for the workplace.

CJB Industries, a company which formulates and packages chemical products in Valdosta, was awarded Manufacturer of the Year by the Valdosta-Lowndes County Chamber of Commerce in 2009. CJB Industries requires the Work Ready Certificate in its hiring process and 90 percent of its current employees have taken the assessments (Manufacturer of the Year 2009, 21). This company is one of few which have grown during this

FIGURE 4. Goals and Actual Numbers of Lowndes County Residents Earning a Work Ready Certificate by September 2010

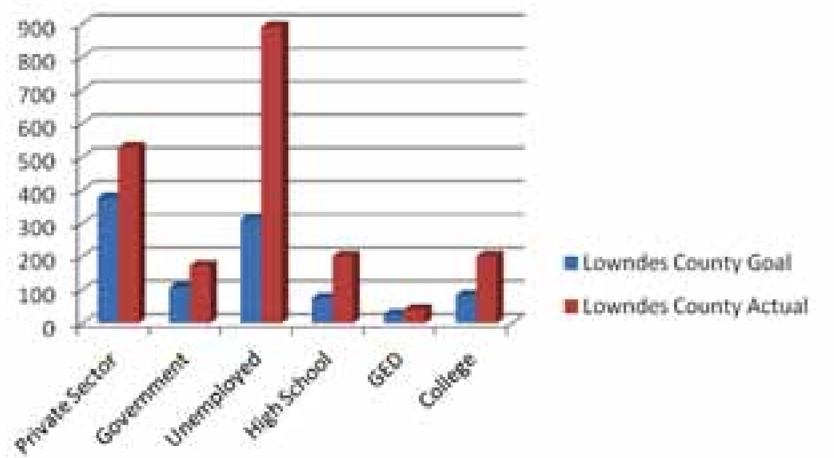


Photo Credit: CJB Industries.

Drew Patterson at CJB Industries in Valdosta, GA tests product quality.

***Businesses using the Work Ready Program** include Archer Daniels Midland, Arizona Chemical, BASF of Sparks, CJB Industries, Crown Health Care Laundry, Packaging Corporation of America – Clyattville, Regal Marine Industries, and Wild Adventures Water and Theme Park.*

recession, adding a new facility and nearly doubling its number of employees.

BASF, a company which manufactures agricultural chemicals in Cook County, also includes the certificates in its hiring process, and in order to promote workforce development among current employees, the company offers pay incentives based on the skill level achieved (Lightsey 2009, 70).

In Brooks County, Tina Herring of the Development Authority stated that Crown Health Care Laundry used the assessments when hiring and Crissy Staley of Berrien County Chamber of Commerce stated that a number of Berrien County businesses use the assessments (Personal Communications, October 2009). A partial list of additional businesses in these counties which have used the Work Ready Program is on the Georgia Work Ready website and includes, for example, Archer Daniels Midland, Arizona Chemical, Packaging Corporation of America, and Wild Adventures (Employers 2009; South Georgia 2009).

Based on this information, area businesses and industries find it beneficial to use the Georgia Work Ready Program and the program has led to additional education in some cases. Given the recognition or requirement of the certificates in the hiring process and the possibility of pay increases for employees, individuals also benefit from being Work Ready certified.

Photo Credit: Wiregrass Georgia Technical College.

Holly Greene (left), Associate Provost of Wiregrass Georgia Technical College Cook Center and Kerry Waldron, Director of Economic Development for Adel-Cook County Economic Development Commission, show the road sign which will be posted in Cook County to show its designation as a Certified Work Ready Community. All certified communities received road signs to place in strategic locations throughout the county.

Effects on the High Schools

According to interviews with high school leadership conducted by the author in November 2009, the Work Ready Program had little impact on the HSGR. In Brooks County, Sharon Cunningham, Career and Technical Education (CTAE) director for the high school, stated that the Department of Education's goals had the greatest impact on the HSGR. However, the school did use KeyTrain, an online product which is used to increase skills demonstrated on the Work Ready Certificates, to help its CTAE students. She stated in the interview that Work Ready is "a vital measurement tool for public school… in determining workplace readiness" and would like to establish a specific course to impart these skills to students.

George Ward, assistant principal for Valdosta High School, indicated that Work Ready played a small part in the school's increased HSGR but the school does use KeyTrain with CTAE students. Work Ready is nonetheless valuable for students and for school improvement.

Myra Fussell, graduation coach for Cook County High School, also stated that she could not attribute the increased HSGR to Work Ready but still sees value in the program. Cook County obtained a license for KeyTrain in 2010 to use with students.

Although the Work Ready Program had no apparent direct impact on the HSGR, the fact that partnerships have formed to support both higher graduation rates and the WorkKeys skills needed by businesses is noteworthy.

> ***Collaborative partners** included businesses, high schools, technical colleges, universities, economic development and industrial authorities, chambers of commerce, community organizations, and public agencies.*

Effects on Counties and Factors Contributing to Success

During interviews conducted by the author during October and November 2009, the Work Ready Community Team Leaders reported that the program had been successful in their respective counties. Tina Herring stated, "We would consider the program to be very successful in our community. 'Work Ready' is becoming a phrase used frequently when discussing job searches or industry recruitment."

Kerry Waldron of Cook County stated most people "recognize that the assessment is a viable tool to determine skill sets of workers," and that through a series of Lunch and Learn sessions with businesses, the program was "extremely successful in that we were one of the first counties in South Georgia to be certified." As a result of their success, they were featured in the November 2009 issue of *GeorgiaTrend* magazine (Lightsey 2009) and in a video promoting the program (Connecting Workforce Training With the Needs of Business in Georgia 2009).

Crissy Staley of Berrien County stated they had a high level of success in certifying their residents and pointed to local and state incentives which they used to attract interest in the program as critical to their success.

Greg Justice pointed to the high schools as critical to success in Lowndes County. Success also resulted from the support of many businesses which required the Work Ready Certificate and which conducted job profiles to ascertain the specific skills needed for their jobs. The profiles proved to be beneficial to businesses and thus drove the need for residents to become Work Ready certified.

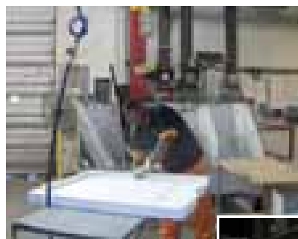


Photo Credit: Regal Marine, Inc.

Keith Hunter works in the cabinet shop at Regal Marine, Inc., which uses the Work Ready program.

In all cases, collaborative efforts were involved in achieving success. Although each county had some differences in the partners involved, they generally included businesses, high schools, technical colleges, universities, economic development and industrial authorities, chambers of commerce, community organizations, and public agencies. In these four counties, Wiregrass Georgia Technical College provided a common link, offering the assessments and job profiles and also guiding counties toward their CWRC goals.

From the work that has been accomplished at this point, it is clear that partnerships are a key component for success. Inviting businesses, educators, government and community leaders, and economic developers to the table for the goal of improving the skills of the workforce is the first step toward enhancing a region's economic development and global competitiveness.

Recognition for Georgia's Accomplishments

To contribute further to each county's success, CWRCs will be featured in international advertising campaigns for Georgia and CWRCs received road signs to place at the gateways of their communities to display this achievement to anyone traveling in the area.

Georgia also received national attention for this workforce and economic development program from ACT in October 2009 with the ACT Community Development Award (ACT Recognizes Outstanding Education and Workforce Achievements 2009). Georgia was named the top state for workforce development programs by industry consultants (Gambale 2010).

CONCLUSION

This program is still in the early phase in which workforce development is a key component and this will be a building block for the future economic competitiveness for Brooks, Berrien, Cook, and Lowndes counties. Economic development through industry recruitment can take several years even in a robust economy. Although CJB Industries has grown and utilized Work Ready as part of that process, it is too soon to accurately measure the success of this program in terms of industry recruitment and growth. Nonetheless, the foundation required for a positive economic impact has been established and may serve as a guide to other states and communities seeking to make a difference in workforce and economic development.

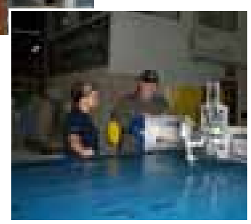


Photo Credit: Regal Marine, Inc.

Dewayne Peacock and April Hall work on the upholstery CNC router at Regal Marine, Inc. in Valdosta, Georgia.

From the work that has been accomplished at this point, it is clear that partnerships are a key component for success. Inviting businesses, educators, government and community leaders, and economic developers to the table for the goal of improving the skills of the workforce is the first step toward enhancing a region's economic development and global competitiveness.

Success paves the way for even greater success and that is just what South Georgians are expecting as these counties join others in the next step to become a sustainable Work Ready Region. These counties are part of the nine-county Bioscience Technology Circle of South Georgia which adds an industry network of bioscience-related companies to the existing partnerships. These companies are helping shape educational programs to match their workforce needs and sustain their industry for many years to come. South Georgians are looking to the future with hope and anticipation as the economic outlook improves and even greater benefits are realized from the Georgia Work Ready Program.

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