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## **Sowing and Reaping in the Economic Development Field: Twenty Years of Learning, Leveraging, and Initiating by the UNO Center for Economic Development**

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**I**n 1998 the Center for Economic Development at the University of New Orleans will celebrate the twentieth anniversary of its collaborative relationship with the Economic Development Administration of the U.S. Department of Commerce. Like most long-term relationships, this collaboration has been challenged along the way; at times, the relationship itself was in danger of being ended by congressional action or seemingly arbitrary administrative decisions. However, through all the rough spots and darkest of times, the partnership prevailed and emerged stronger with each challenge.

### **Shotgun Wedding: An Inauspicious Beginning**

The UNO Center for Economic Development is one of sixty-five EDA-funded university centers located on campuses throughout the United States. Launched in March 1978, the UNO CED has one of the longest records of continuous participation in this university-based technical assistance program.

The center is housed within the College of Business Administration at UNO. The original proposal to EDA was prepared and submitted as a joint project of the Divisions of Business and Economic Research at UNO and Louisiana State University in Baton Rouge. This joint effort came about for two fundamental reasons — one practical, another political. From a practical standpoint, EDA prefers to fund university-center programs which provide the largest possible geographic coverage within a state. Theoretically, UNO would cover the southeastern and south-central regions of the state and LSU would cover the balance. Politically, obtaining the necessary state appropriation to match the federal grant was highly unlikely without the support and cooperation of the LSU system's main campus.

From this "shotgun wedding" start emerged two separate offices funded by a single EDA grant and a shared line-item budget

appropriation from the state. As in most marriages with similarly inauspicious beginnings, the parties co-existed and made the best of a delicate situation. In August of 1979, eighteen months after CED's launch, it became readily apparent the marriage was rocky at best and was unlikely to survive over the long term. Distinctly different operating philosophies of the two host colleges and the unexpected urging of accounting office bureaucrats at both campuses ultimately led to the separation of the LSU and UNO programs in 1982. Each entered into separate grant agreements with EDA and received separate appropriations from the state. Two years later, LSU withdrew from the program.

In retrospect, the "shotgun wedding" was necessary to help the UNO program through its early and very important formative years. As director, the author gained insights into the unique and somewhat cumbersome inner workings of two university bureaucracies that are part of the same system. Having come from the private sector, the author found his administrative experience to be invaluable if not a little frightening and sometimes discouraging. However, the inevitable separation of the programs was a significant event in the history of the UNO CED.

In its nearly forty-year history, UNO, the urban campus of the LSU System, has developed a well recognized commitment to outreach and public service to communities throughout the New Orleans region. When established in 1978, the CED was assigned the mission of providing applied management and technical assistance to small businesses and local government agencies focused on business and economic development. This public service and outreach effort was seen as a natural and complementary extension of the college's existing Division of Research and its International Marketing Institute. By mid-1980, the UNO CED was operating as a separate non-academic unit in the College of Business Administration, a status it has retained to the present.

### **Carpe Diem: Seizing Opportunities for Growth and Diversification**

In 1977, the U.S. Small Business Administration established a pilot program called University Business Development Centers. In many respects, UBDCs were patterned after EDA's university centers; their sole focus was to provide small business assistance and training. The result of this pilot program was the creation of a nationwide network of SBDCs. With a well-defined and broad-based small-business constituency, the SBDC program from its inception was able to generate significant congressional support and consequently a sizable budget appropriation. In the current fiscal year, for example, the SBDC program is funded at about \$75 million. In contrast, the sixty-five EDA university centers share a total appropriation of just more than \$10 million. For some university centers, particularly those housed in colleges of business, this disparity represented an opportunity to leverage EDA seed money into a significantly larger budget to provide a more diversified range

of services. This opportunity was obvious to providers of business and technical assistance.

To that end, the UNO CED, the still-operating university center at LSU, and a state-funded small-business initiative at Northeast Louisiana University in Monroe, La., collaborated in submitting a proposal to form the Louisiana SBDC network.

In many ways the SBDC's program goals were consistent with the CED's overall mission. Furthermore, the network provided an excellent opportunity to expand outreach to small businesses, a segment of the community which had been largely overlooked by the traditionally conservative New Orleans banking industry. The SBDC program allowed the Center for Economic Development to increase significantly its volume of counseling cases with small business owners, entrepreneurs, and prospective entrepreneurs; the latter often included the recently unemployed and otherwise inexperienced individuals in desperate need of something to do. Exposure and outreach were also enhanced by the program's continual small business training seminars and workshops, the creation of a small business learning center, and collaboration on Operation Bootstrap, a statewide initiative to encourage small business innovation.

The UNO SBDC was one of three initial learning-center locations established in the state. This collaborative program of the Louisiana SBDC, IBM, and Lotus Development Corporation provided hands-on interactive computer training for current small business owners and entrepreneurs with a start up in their immediate future.

Operation Bootstrap was initiated by the state's largest public electric utility. Its primary focus was to attract innovative ideas and new inventions that had potential commercial value. The UNO SBDC served as the lead unit in this statewide effort to secure submissions, which were subjected to competitive evaluation on both technical merit and market and financial feasibility. The three-year program generated substantial free exposure for the still-fledgling SBDC network in the state and the awarding of twenty-five grants of \$5,000 each to assist inventors and innovators in their commercialization efforts.

Throughout its history, the UNO Center for Economic Development has been guided by two fundamental principles: (1) the need to take advantage of opportunities which help to diversify its funding base while leveraging existing, usually limited resources; and (2) the desire to serve as a catalyst in cultivating new ideas or incubating new programs that focus on community economic development

Beyond the SBDC, this philosophy has resulted in the UNO CED establishing the SBA-funded Louisiana International Trade Center, a privately supported Venture Network and a publicly and privately endowed real-estate research center. Additionally, the UNO CED, in cooperation with Tulane and Xavier Universities, conducted a "pioneering" background study which provided an impetus and a

framework for several business incubators established in the New Orleans area.

In each instance, the underlying objective was to provide resources and operational support until the program or initiative was strong enough to operate independently. In the case of the SBDC and ITC, this process took about ten years, five longer than expected. However, both are now located in the New Orleans central business district and function successfully on their own.

The Venture Network, originated as the Greater New Orleans Venture Capital Club, is now operated by the New Orleans and River Region Chamber of Commerce. Its modest beginning was funded by several private business owners and nurtured by a UNO CED research assistant whose curiosity and persistence brought the idea of a venture capital club to fruition.

The Real Estate Market Data Center functions as a separate non-academic research unit of the College of Business at UNO. It is fully self-supporting with a portion of its funding provided by an initial endowment from the Louisiana Real Estate Commission.

### Re-Engineering and Re-Focus

The natural consequence of an anti-empire building philosophy is self-imposed downsizing, constant re-engineering, and a continual process of organizational re-focusing and reinvention. Many members of the academic community find it difficult to grasp this because the measure of one's relative worth among most academics is defined by the number of people and/or units for which one is responsible. Building program empires does little, if anything, to enhance the quality and effectiveness of public service delivery to university constituents. Empires require bureaucracies more concerned with self-perpetuation than with finding creative and strategically implementable solutions to problems faced by communities universities are intended to serve. From a personal perspective, growing and managing multiple programs of the Center for Economic Development while trying to balance the demands of classroom responsibilities became increasingly difficult and less satisfying. As a manager of multiple programs, the author spent more time pushing paper and serving as referee in personnel disputes than he did in the field, interacting with the people and organizations for whom the center's services were intended.

After twenty years, the UNO CED has in many ways come full circle. The EDA university center is once again a stand-alone program operating with three full-time and one part-time staff members. As always, it relies on leveraging resources and focuses on being a catalyst. In this respect the center serves as an instigator by setting in motion activities or initiatives which beneficially affect or influence sustainable economic development in communities throughout its service area. This service area has grown to encompass the southern half of the state including thirty-five

parishes (counties). Within this region is a wide variety of community types and sizes ranging from inner-city urban neighborhoods to very small towns in predominately rural surroundings. The rich diversity of these communities presents a never-ending flow of interesting challenges for the UNO CED. Each project or technical-assistance request is unique in its own way. This ensures that a work effort will be stimulating and filled with new learning experiences.

The UNO CED now focuses its resources on helping communities to formulate strategic plans for economic development. This assistance typically takes two forms: intensive facilitation of the planning process and provision of training seminars and workshops. These educational and professional-development programs are designed to familiarize local community leaders with the planning process and emphasize the linkage between identifying strategic priorities and successfully securing financial resources to transform plans to reality. In essence, the center's role is to assist communities in preparing for adaptations necessary to successfully respond to the ever-increasing pace of change.

The strategic-planning effort typically requires center staff to become well immersed in the life of the community. This takes time, but it is time well spent. At the conclusion of an initial strategic-planning effort (which can take up to one year to complete), staff typically receive a variety of requests for additional technical assistance. Satisfying such requests may involve conducting case studies within the framework of an appropriate graduate or undergraduate class, or a directed independent-study project. In other cases projects or portions thereof may be outsourced to a qualified faculty member. The center's emphasis on strategic planning is grounded in the fundamental belief that economic development is first and foremost a local issue. As such, priorities and initiatives must be established and set in motion by those most affected — namely, the resident stakeholders within individual communities.

### Going Forward Back to the Future

University-based economic-development technical-assistance programs face challenges and barriers in the foreseeable future similar to those encountered over the past twenty years. Primary challenges are: (1) scarce to limited resources, (2) unrealistic expectations, and (3) deeply entrenched university reward systems which discount the value of public service and outreach.

In a world of diminishing public-discretionary spending at the federal and state levels, university-based technical-assistance programs will face a continual threat of reduced, if not eliminated funding. Increased competition from a plethora of well-meaning assistance programs all but ensures the need for creative leveraging of resources. Collaboration and strategic alliances — key elements of corporate and entrepreneurial survival in the private sector — are becoming necessary to achieve the critical mass which makes leveraging effective.

Agencies such as EDA, under congressional and executive mandates to reinvent themselves, are requiring higher levels of measurable accountability. Criteria take the form of core performance standards or benchmarks that enable evaluators to include assessment of program effectiveness as one component in future funding decision making. For economic-development technical-assistance providers, these measurements are potentially problematic when leveraging draws upon multiple partners or collaborators.

Unrealistic expectations are inevitable at multiple levels, including but not limited to community leaders and elected officials, who often operate under the false assumption that universities are flush with funds and have "armies" of students and faculty who work cheap, or better yet, free. In order to establish a successful university-community working relationship, academics must diplomatically communicate that these assumptions are erroneous.

The unrealistic expectations of the community outside the university are frequently linked to their limited understanding of the academic reward system. This is particularly true for research institutions, where the applied community service and outreach of technical-assistance providers has little if any effect on promotion, tenure and salary-adjustment decisions. The natural consequence of such a system is a rather limited pool of qualified faculty who have an interest in or can afford (professionally) to be associated with or participate in delivery of economic-development technical assistance. Changing the system to reward faculty on an equal footing for public service and outreach performance will require the courageous dismantling of much of the system that is deeply entrenched at most universities. Bureaucratic change is not impossible, but at the typical university it moves at glacial speed.

In the meantime, the charge for those in the trenches of university-based economic-development programs is to be creative, seek collaboration, take calculated (i.e., contractually allowable) risks in using leverage opportunities, stay focused on the people and communities served, and keep plodding forward. This is the formula of sorts which has guided the UNO CED for the past twenty years and it is one we can probably trust for the next twenty.

#### About the Author

Ivan Miestchovich (Ph.D., University of Southern Mississippi Hattiesburg) has been the director of the Center for Economic Development at the University of New Orleans since 1979. He is also an associate professor of finance. Before joining UNO, he owned a research and consulting firm. He has authored numerous research monographs on housing, economic development, community strategic planning, and commercial revitalization.