

Lessons from the Storm: Case Studies on Economic Recovery and Resilience



Royal Street, downtown New Orleans.
Credit: Flickr user .distracted.

Greater New Orleans: Building on Competitive Advantages to Strengthen Economic Resilience

Hurricanes Gustav and Ike Underscore the Gulf's Economic Vulnerability

In September 2008, just three years after Hurricanes Katrina and Rita, the Gulf Coast was hit by two Category 2 hurricanes, Gustav and Ike. While they were not as severe as the 2005 storms, Gustav and Ike brought widespread property damage and economic disruption. Like previous Gulf Coast hurricanes, they had serious impacts on the three sectors that have traditionally driven the regional economy—oil and natural gas, fishing, and tourism. Off-shore oil rigs, pipelines, refineries, and supporting industries were damaged or destroyed by high winds, waves, and storm surge, particularly during Ike. The severe weather also ravaged hundreds of acres of oyster beds, caused habitat loss through erosion and saltwater intrusion into freshwater areas, wrecked vessels and docks, and

damaged processing and other facilities—impacts that could depress the commercial and recreational fishing industries for years.² Beaches were badly damaged and tourist areas that should have been busy at the start of convention season were devastated. All sectors were affected by power outages, fuel shortages, and the temporary loss of the workforce due to evacuations, transportation issues, and personal property damage.³

These shocks to the Gulf Coast's major employers and revenue generators were unfortunate reminders of the region's economic vulnerability. Prior to the 2008 hurricane season, regional and local leaders were already concerned about their reliance on the oil and gas, fishing, and tourism industries and were looking for ways to diversify the economy.⁴ Moreover, the national perception of the area as vulnerable to natural disasters was compromising its ability to attract and retain businesses. Gustav and Ike underscored the need to think creatively about the region's competitive advantages and strengthen emerging sectors. Greater New Orleans, Inc., The Idea Village, the New Orleans BioInnovation Center, and the Downtown Development District of New Orleans leveraged U.S. Economic De-

This case study is part of a series produced by the NADO Research Foundation exploring how regional development organizations¹ have used 2008 disaster recovery funds from the U.S. Economic Development Administration (EDA) to address the impacts of natural disasters, become more resilient to future events, and increase long-term economic competitiveness and quality of life in their regions. This project is supported by EDA under Agreement No. 08-79-04379. Any opinions, findings, or recommendations expressed here are those of the author and do not necessarily reflect the views of EDA or the NADO Research Foundation.

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velopment Administration (EDA) disaster recovery funds to do just that. The success of these projects, and their collective impact on New Orleans' economy, illustrates the importance of understanding regional economic assets and working collaboratively—across different types of economic and business development organizations as well as across sectors—to capitalize on them.

Institutionalizing a Regional Approach to Economic Development

Greater New Orleans, Inc. (GNO, Inc.) was one of the organizations leading the early discussions about how New Orleans' regional economy could adapt to natural disasters and changing national and global markets. GNO, Inc. is a regional economic development alliance serving a ten-parish region of southeast Louisiana, which includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Tammany, Tangipahoa, and Washington parishes. The organization assists with business retention, growth, and attraction and supports policy development, workforce programs, research, and marketing efforts that improve regional business conditions.⁵ GNO, Inc. realized that a regional approach to economic development was critical to greater New Orleans' future resilience. In 2008, the organization received \$750,000 from EDA to initiate innovative and collaborative marketing of the region.⁶

The EDA grant supported the expansion of business development activities, including targeted market missions and familiarization tours. In order to guide this work, GNO, Inc. established a parish partner network with representation from economic development organizations from each of the ten parishes it serves. This network was founded to plan the market missions and familiarization tours, but



This oil platform was damaged beyond repair when Ike passed through the Gulf of Mexico. Credit: Flickr user Dean Terry.

Key Facts

EDA Funding: Greater New Orleans, Inc.--\$750,000; The Idea Village--\$800,000; New Orleans BioInnovation Center--\$1.25 million; Downtown Development District of New Orleans--\$750,000

Other Funding: Significant funding from federal and state agencies, foundations, and corporate partners

Project Description: These four organizations worked together on a variety of projects to strengthen and diversify New Orleans' regional economy by supporting entrepreneurship, attracting and retaining talent, and building up the water management, life sciences, digital media, arts, and other sectors.

Key Outcomes: Stronger regional collaboration around economic development; clear understanding of regional competitive advantages; a more diversified and resilient regional economy; a vibrant entrepreneur community; growing numbers of small businesses; national and global recognition of New Orleans as a home for creative, knowledge-based businesses

Partners: State of Louisiana; City of New Orleans; parish governments; local and national universities; local and national companies; business leaders

Websites: www.gnoinc.org; www.theideavillage.org; www.neworleansbio.com; www.downtownnola.com

over the course of the two-year grant period, it became a forum for more comprehensive and strategic discussions about regional economic development. The relationships created have grown even stronger since then. GNO, Inc. continues to hold monthly meetings with the network, a practice that started with the awarding of the EDA grant. The effective partnerships among parish-based economic development organizations have helped to attract the attention of site selectors, recruit businesses, and strengthen the region's industry diversity. Additionally, the messaging and marketing efforts of the parish-based economic development organizations are now aligned with each other and with regional and state programs.⁷

With the support of the parish partner network, GNO, Inc. completed eight market missions in the U.S. and abroad, targeting companies in the bioscience, digital and creative media, advanced manufacturing, and energy sectors. During these missions, staff—often working alongside partner agencies or industry groups—met with 75 companies who had expressed interest in relocating to or expanding in greater New Orleans.⁸

GNO, Inc. and the parish-based economic development organizations also hosted seven familiarization tours for national site selection consultants and industry leaders. The tours highlighted local assets, recent investments, incentives, and other competitive advantages that make the region attractive for business growth. Through the process of organizing, executing, and evaluating these tours, GNO,



Inc. developed a successful format that both showcases the entire region and benefits the individual parishes. The first half day of each tour highlighted the broader region and included representatives from all parishes, and the remaining time was spent focusing on two or three parishes.⁹ These tours improved site selectors' perceptions of the region and generated significant positive publicity, such as an article in *Site Selection* magazine titled 'The New Orleans Miracle.'¹⁰ Like the other EDA-funded activities described here, these tours also changed the way GNO, Inc. did business—the organization now conducts them as a regular part of its work.¹¹

In 2010, the final year of the grant, GNO, Inc. and the par-

GNO, Inc. has been able to leverage the work done with its 2008 EDA disaster recovery grant to obtain additional funding for regional economic development and diversification. For example, in 2010, GNO, Inc. received another EDA grant of \$175,000 and \$100,000 from the Catalyst Foundation to conduct a feasibility study for its Emerging Environmental Initiative.^{16,17} The study assessed emerging industries and technologies that can help to address environmental challenges and evaluated their alignment with regional capabilities. For instance, because of the region's issues with flooding and coastal losses, local companies and entrepreneurs are at the forefront of the growing water management sector. Overall, the study identified 13 sectors as good fits for the New Orleans region, including coastal restoration and water management, disaster mitigation, biorefinery development, and sustainable hazardous waste management. "This study built our capacity to be an effective economic development organization in a booming region that remains vulnerable to natural and other disasters," says Barnes.¹⁸ With \$250,000 from the blue moon fund and a subsequent award from EDA in 2012, GNO, Inc. has begun to implement the initiative.¹⁹

“A Catalytic Investment...for the Entrepreneurial Movement”

While GNO, Inc. used its EDA disaster recovery grant to market the New Orleans region to companies in emerging sectors, The Idea Village used its funding for the comple-

“The EDA grant allowed us to engage our parish partners in regional economic development, something that was not happening before but is working really well now. It was also transformational in building GNO, Inc.'s capacity to market the region.”

-Robin Barnes, Executive Vice President and Chief Operating Officer of GNO, Inc.

mentary activity of strengthening entrepreneurship. The Idea Village is a nonprofit organization with a mission to identify, support, and retain entrepreneurial talent in New Orleans.²⁰ After Hurricane Katrina, the city saw an influx of skilled, highly educated people who came to aid recovery, such as business students from major universities across the country. The Idea Village's leadership recognized this new talent as an asset to New Orleans and wanted to find a way to keep it there.²¹

The organization received \$800,000 from EDA to build on its existing IDEAcorns initiative—an experiential learning program that engages MBA students to provide strategic consulting to select high-growth New Orleans entrepreneurs—and organize the first New Orleans Entrepreneur Week, which took place in March 2009. This event attracted 42 students from the nation's top business schools who joined forces with leading professionals to help six New Orleans entrepreneurs refine their strategic plans and grow their businesses.²² One of the businesses receiving assistance that week was Naked Pizza, a small New Orleans pizza shop focusing on healthy ingredients that now has over 450 franchises around the world.²³

“The EDA grant was a catalytic investment that helped build the infrastructure for the entrepreneurial movement and bring it to scale in New Orleans,” says Tim Williamson, cofounder and CEO of The Idea Village. Entrepreneur Week has now grown into an annual Entrepreneur Season that engages government, universities, corporations, nonprofits, and individuals to identify, support, and retain New Orleans startup ventures by providing educational services, strategic consulting, and experiential learning. The season, which runs from July–March, includes workshops, seminars, one-on-one strategy sessions, and an accelerator program. It culminates in New Orleans Entrepreneur Week, now a well-known festival of entrepreneurship

“The EDA grant was a catalytic investment that helped build the infrastructure for the entrepreneurial movement and bring it to scale in New Orleans... [It] provided a platform for industries in emerging sectors to connect with each other, learn from more established businesses, and strengthen the overall ecosystem of those sectors.”

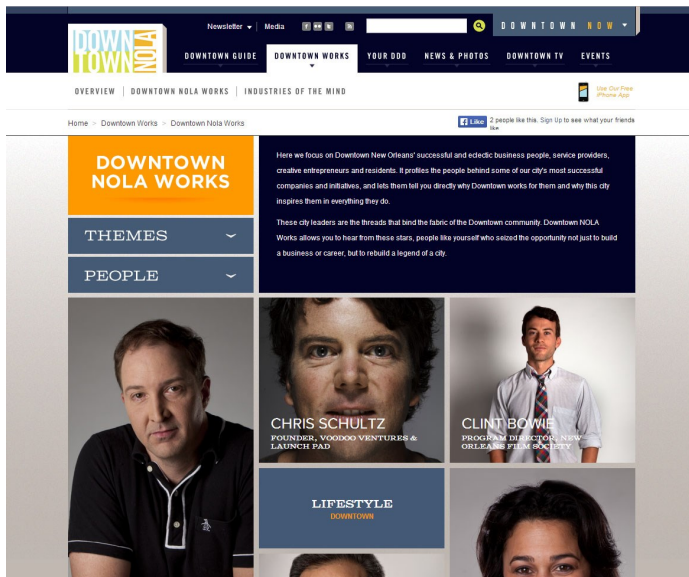
-Tim Williamson, Cofounder and CEO, The Idea Village

hosted in downtown New Orleans that attracts over 3,000 people. Of the startups that have participated in Entrepreneur Week since 2009, 81 percent are still in business and 85 percent are still in New Orleans. These businesses have attracted \$79 million in private capital, brought in \$75 million in annual revenue, and created 1,034 jobs. “Not only do these events provide direct assistance to local entrepreneurs, they create a network of leaders around the world who believe in and want to support New Orleans’ businesses,” says Williamson.²⁴

Entrepreneur Week and Entrepreneur Season also support the emerging sectors that New Orleans’ leaders have identified as key parts of its economic future. For example, they host the Water Challenge, a collaboration between The Idea Village and GNO, Inc. to support entrepreneurs who are developing technologies and services that provide efficient, cost-effective, and sustainable means of dealing with Louisiana’s water issues. The Water Challenge provides those entrepreneurs with strategic consulting, mentoring, peer networking, and an opportunity to pitch their business ideas to investors.²⁵ “The EDA investment provided a platform for industries in emerging sectors to connect with each other, learn from more established businesses,



New Orleans Entrepreneur Week culminates with The Big Idea, where entrepreneurs pitch their ventures to the audience, who then invest in their favorite companies by allocating the voting chips they purchased with their tickets. Credit: The Idea Village.



The Downtown NOLA Works website profiles the people behind some of New Orleans' most successful companies and initiatives and describes why they chose the city's downtown as their home and workplace. Credit: DDD.

and strengthen the overall ecosystem of those sectors," says Williamson.²⁶

From 2009–2013, The Idea Village has leveraged \$11 million in private and federal funding, including Community Development Block Grant dollars from HUD, to expand its entrepreneurship programs. "The EDA grant showed confidence in our work to other national foundations and organizations who have since funded us," notes Williamson.²⁷

Promoting New Orleans' Entrepreneurial Community to the World

The Downtown Development District of New Orleans (DDD) also used its EDA grant of \$750,000 to attract and retain talent, specifically to the city's downtown. "After Katrina, some of the country's best and brightest came to New Orleans to be part of something bigger than themselves—rebuilding one of the greatest American cities," says Kurt Weigle, president and CEO of the DDD. "We wanted to build on that movement and attract additional talented, skilled, and creative people to our city."²⁸

The DDD's grant, awarded in March 2009, was focused on bringing "creative class" workers and others in knowledge-based sectors—specifically digital media, music, arts-based businesses, and biosciences—to live and work downtown. It funded survey and focus group research on the lifestyle and professional preferences of key demographics, the development of a downtown brand strategy to appeal to the target industries and audiences, and the creation of a

strategy to disseminate information about research findings and branding to property owners and managers, developers, planners and architects, real estate brokers, public officials, and others who shape the downtown environment.²⁹

The survey and focus group research revealed that reliable public transportation, walkable neighborhoods, ample public spaces and gathering places like cafés and parks, and internet bandwidth and connectivity are high priorities for the target demographics when choosing a place to live and work. Based on these findings, the DDD emphasized the availability of these amenities in New Orleans through its marketing materials and at industry conferences while simultaneously working to improve them. For example, the DDD has supported the revitalization of the Theatre District and promoted the city's Cultural Districts.³⁰

The DDD also used the research findings as a basis for its downtown brand strategy. The brand strategy highlighted the strengths of downtown New Orleans—including its architectural character, walkability, variety of housing options close to offices and amenities, and social and entertainment opportunities—through new logos, new websites for Downtown NOLA and Downtown NOLA Works, a smartphone app, newsletters, brochures, maps, Facebook, and Twitter. The DDD presented and marketed the new brand through media outreach, its Leading Minds breakfast series for downtown stakeholders, its "coffee talk" series with local marketing and communications professionals, and at industry conferences, business development events, and festivals. For instance, DDD staff participated in Austin, Texas' annual South by Southwest music, art, and tech festival to promote New Orleans' growing digital media industry and Louisiana's economic development incentives. Similarly, they attended "Only in Louisiana," an event held in Los Angeles the day before the Grammys to connect New Orleans businesses with film, music, and digital media companies. Additionally, the DDD co-hosted Entrepreneur Week with The Idea Village, helping to feature downtown venues and opportunities.³¹

Capitalizing on New Orleans' Biotechnology Competitive Advantage

The New Orleans BioInnovation Center (NOBIC) focuses on one of the growing sectors of New Orleans' economy, the life sciences. The city is home to four major universities—Loyola University, Tulane University, the University of New Orleans, and Xavier University—that generate a significant amount of research. NOBIC is a biotechnology business incubator that helps to commercialize that research, support entrepreneurs, and grow existing businesses.³²

NOBIC received \$1.25 million from EDA for planning and architectural fees for its facility. This was critical assistance, covering half of the overall planning and architectural costs that accompanied \$47 million in construction funding from the State of Louisiana.³³

Construction started in 2009, and the facility opened in downtown New Orleans in 2011. It includes state-of-the-art labs and office space that are rented to startups, conference and meeting space, and additional labs that are leased by existing companies. Its 35 tenant businesses focus on health services and healthcare information technology, medical devices and diagnostic equipment, environmental solutions, and more. At full capacity, the facility is expected to hold between 40 and 50 companies.³⁴

However, NOBIC's services go beyond simply providing physical space. Its staff—experts in science, business, and law—work proactively with researchers at the four partner universities to commercialize their technologies and launch businesses. Teams of fellows and interns gather information about the technologies being developed, assess their market potential, identify commercialization options, and develop business plans. NOBIC also provides educational programming for researchers on topics such as entrepreneurship, financing, and technology leadership. Additionally, networking opportunities are hosted at the BioInnovation Center to bring scientists, venture capitalists, management professionals, and business development specialists together.³⁵

“When you look at what New Orleans was before Katrina, the economy was primarily focused on tourism, the oil industry, and a few other things. City leaders were looking to diversify and build up the knowledge-based economy even before the storm. The BioInnovation Center was created to do just that as part of the recovery,” says Aaron



One of the state-of-the-art labs in the New Orleans BioInnovation Center. Credit: NOBIC.

“We put a lot of thinking and research into what the new direction of the economy should be, and we realized that while we have unique problems in New Orleans, we also have unique competitive advantages.”

-Kurt Weigle, President and CEO, Downtown Development District of New Orleans

Miscenich, president of the Center. “We already had the raw ingredients of a thriving life sciences sector, including billions of dollars of investments in clinical and research facilities. The programming was the missing piece, and that’s what we provide.”³⁶

NOBIC has already supported the startup of 75 companies and the creation of over 200 jobs. It has provided its clients with \$25 million in private equity, helped them access \$3 million in federal Small Business Innovation Research/ Small Business Technology Transfer grants, and equipped them to win various business planning competitions.³⁷

The BioInnovation Center is also supporting New Orleans’ emerging water technology sector. GNO, Inc. uses an EDA grant to fund a water technology fellow on the Center’s staff who focuses on the commercialization of water-related technologies used for remediation, stormwater management, aquaculture, and other purposes.³⁸

Like The Idea Village, NOBIC’s work helps recruit and keep talent in New Orleans. “The BioInnovation Center grows businesses and creates jobs, but we also do a lot more,” says Miscenich. “For example, the universities were seeing a lot of turnover among their researchers after Katrina. We help to attract and retain faculty by providing the opportunities they are looking for. More and more faculty want to work at institutions where they can start businesses around their promising technologies.”³⁹

“America’s Comeback City”

Thanks in part to EDA’s investments and the work of GNO, Inc., The Idea Village, the DDD, and the BioInnovation Center, New Orleans has become a hub of entrepreneurship and an attractor of talent and capital. *Forbes* named the city the “Biggest Brain Magnet” of 2011 as well as the No. 2 “Best City for Jobs.”⁴⁰ A 2010 Brookings Institute report found that the city’s entrepreneurial activity is 40% higher than the national average, and *Inc.*, a magazine for small businesses, called it the “Coolest Startup City in America.”⁴¹ More broadly, New Orleans’ thriving and diversified

economy is increasing the opportunities available in the region, enhancing quality of life for residents, and building resilience to future natural and man-made economic shocks. New Orleans is truly living up to the nickname being given to it by local leaders—“America’s Comeback City.”

The success of New Orleans’ economic reinvention demonstrates the importance of collaboration. The staff of GNO, Inc., The Idea Village, and the DDD worked closely together long before they received the EDA disaster recovery funding, coming together around a vision for the regional economy and coordinating to implement it. “We put a lot of thinking and research into what the new direction of the economy should be, and we realized that while we have unique problems in New Orleans, we also have unique competitive advantages,” says Weigle of the DDD. “For example, our city is a place that inspires great creative work—creative people have been coming here for over 200 years now. We knew we could leverage that by nurturing the arts sector as well as other industries that require different types of creativity like digital media and bioresearch.”⁴² Other partners, such as the City of New Orleans, the local universities, the Urban League, and various companies were critical to these projects’ success.

GNO, Inc., The Idea Village, the DDD, and the BioInnovation Center also recognized the central role of New Orleans’ downtown in its economic renewal. They have successfully promoted its historic neighborhoods, walkable layout, and unparalleled amenities to entrepreneurs, small business owners, and other potential transplants. For example, Destination GNO, a website developed by GNO, Inc., provides a curated tour showcasing the assets of the



The BioInnovation Center is a home for 35 budding life sciences-related businesses in downtown New Orleans, providing them with space, business development support, and educational and networking opportunities. Credit: NOBIC.

city center, as well as nearby communities offering walkable neighborhoods, cultural opportunities, and recreational amenities.⁴³ Additionally, the four organizations profiled in this case study have all located their own offices downtown. For instance, The Idea Village is in a former law office that is now home to 80 companies, situated in the Warehouse District, a vibrant neighborhood full of restaurants, bars, parks, shopping, and homes. “This is the coolest part of the city—you can live, work, and play here,” says Williamson. “It’s the perfect place to be at the center of the city’s entrepreneurial movement.”⁴⁴

This case study was written by Megan McConville, NADO Program Manager.

¹ The term “regional development organization” refers to the multi-jurisdictional regional planning and development organizations that exist throughout the country and are known by various names in different states, including councils of government, regional councils, economic development districts, local development districts, and planning and development councils. These public-based entities play an invaluable role in fostering intergovernmental collaboration among federal, state, and local officials; deliver and manage federal and state programs; and work to solve area-wide issues and to address the fundamental building blocks required for competitive and sustainable communities and economies.

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