

# **Linking Academic Strengths to Economic Development: Seven Habits for Effective Partnership in University-Based Economic Development**

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## **Abstract**

*Drawing heavily on the principles of Steven Covey's The 7 Habits of Highly Effective People (1989), the University of New Orleans created an innovative model of ownership, construction and financing that overcomes the paralyzing barriers so common to facility development. The UNO Research and Technology Foundation provides a mechanism for the implementation of multiple development partnerships that will lead to the construction of 55 new buildings in New Orleans, all in a remarkably short timeframe and all involving UNO as a partner.*

The University of New Orleans, a young, metropolitan, public, research university with 17,500 students and 800 faculty members, is currently developing 55 buildings in and around metropolitan New Orleans, valued at approximately \$500 million (US). The majority of this investment is in the University's Research and Technology Park, a fifty-six acre waterfront park adjacent to the University's main, Lakefront Campus with branch facilities in Avondale, Louisiana and Orange, Texas. Another major development project is the creation of an arts and public education center, the University of New Orleans' Lee Circle Center for the Arts, in a historic district in Downtown New Orleans. A new 89,000 square foot Film Studio and digital motion capture facility and a digital Teleplex for public and commercial telecommunications, now under development, support the performing arts and communications sectors of the University and the community. The Lee Circle Center and the film/telecommunications projects represent the same partnership approach to the development of cultural and educational resources as the structures of the UNO Research and Technology Park represent in the development of R&D facilities.

The University has also developed a 20 building residential apartment complex for students, faculty, staff and research park employees associated with the University and a \$15 million recreational complex and child care facilities for use of the University and Research Park communities, as well as several new academic classroom and laboratory buildings. All of this development is in sharp contrast to the 1980's and

early 1990's when the University was able to complete only one building in fifteen years.

What accounts for the dramatic development of the University's Research and Technology Park and all of these collateral developments is a different model of development, ownership, construction and financing that helped overcome paralyzing barriers-- often barriers of thought or detail rather than barriers of principle or financial ability. This model draws its principles extensively from Steven Covey's *The 7 Habits of Highly Effective People* (1989), and extends his Win-Win Approach to the creation of organizational structures and ownership arrangements for each of these partnership facilities. None of these principles are new, but perhaps UNO's success in using this partnership approach can help other park developers and universities unlock the potential of their projects to enhance their institutions capabilities and the communities they serve.

## **Necessity is the Mother of Invention**

The property for the Research and Technology Park was acquired in 1992 and a three-year planning and infrastructure development was undertaken, using private, state and federal grants. Broad participation in the planning of the Park included community business leaders, neighborhood groups, and other universities in the community and external consultants. Governance of the park became an extraordinary barrier to development of the park and several small to medium projects terminated exploration with us because of the complexity and slowness of the various decision structures and approvals needed for firms and institutions who wished to be in the Park. The core requirement of a partnership between all entities in the park and the appropriate University department(s) has remained a first principle for academic reasons and for ensuring that Park tenants really need to be in a university-related setting.

Then an opportunity came for a partnership between Louisiana's largest shipbuilder Northrop Grumman Ship Systems-Avondale Operations (then Avondale Industries) and UNO's School of Naval Architecture and Marine Engineering, the largest such program in the USA. Avondale was bidding on a very large (\$8 billion) U.S. Navy ship contract with several other major firms. The technological approach the "Avondale Alliance" had undertaken was to utilize the most advanced ship design and manufacturing computer technology and a life cycle cost approach to the creation of the ship. To use this approach required the development of a truly state of the art computer facility and the Integraph computer equipment that was so central to the project. Success in the bidding required that the facilities be operational within one year of the contract.

Avondale and UNO together approached Louisiana's Governor, Murphy J. "Mike" Foster, along with the State's Secretary for Economic Development, Commissioner of Administration and the Governor's Chief of Staff to solicit State investment of \$40 million through a contract among the State, the University, Avondale, and a to be developed entity, the UNO Research and Technology Foundation, if and only if the

“Avondale Alliance” won the major contract. UNO and Avondale demonstrated that the State’s investment in a University owned maritime computer facility, which would allow Avondale to compete on a cost basis with the other major competing group, would be rewarded with at least 4,000 manufacturing jobs and \$218 million in tax revenues. On the condition that the UNO School of Naval Architecture and Marine Engineering would own the facility and that it would serve all other Louisiana shipbuilders through the University’s outreach and teaching programs, the Louisiana Legislature appropriated the needed funds for the UNO R&T Foundation to build the facility and lease purchase the Integraph hardware and software, all within a ten month period.

We quickly formed the UNO Research and Technology Foundation; crafted a “Cooperative Endeavor Agreement” by which the Foundation would build the facility and give it to the University for use by students and faculty for Avondale’s project and for other Louisiana maritime companies. The appropriateness of this highly innovative mechanism was then tested in the courts. Avondale Industries donated the needed land to the University and the University leased the land to the Foundation for purposes of developing the facility. The Foundation built the facility in ten months, Avondale is now designing the new ship, and our faculty and students are working in the facility, undertaking additional projects using the facility to assist other maritime partners. We are currently adding a “state of the art” virtual reality cave facility from our Simulation-Based Design Center in Orange, Texas and other modeling equipment to support the maritime and petroleum industries.

## **Building on Lessons Learned**

Shortly after the Avondale success-UNO was approached by the U.S. Navy Reserve Headquarters to partner with them in a Department of Defense initiative for the development of a \$140 million human resources software development center, using the same public-private partnership approach. First, the impact of a 2,000-employee software development center in diversifying our economy was demonstrated, along with the effect of adding 2,000 jobs with an average salary of \$60,000 to our community (\$272 million per year). The tax revenues were also shown to be far in excess of the state’s annual investment. A new Cooperative Endeavor Agreement was formed, and, with the Governor and Navy’s leadership along the encouragement of our local congressional delegation, particularly Representative Bob Livingston, construction began. The first of these four buildings was occupied in December 1998.

As a part of the new Cooperative Endeavor Agreements, the Foundation leased the Park property from the University in order to complete the Park’s development. The University maintains approval of all Park tenants and the creation of appropriate, mutually beneficial, long-term academic and technology partnerships. Recently the Foundation has negotiated for the development of a 60,000 sq. ft. research building to serve smaller companies. It is developing additional multi-tenant space to house headquarters for some of the nearly 30 companies who are working with the Information Technology Center. The Foundation is also in negotiation with the

successful bidder for the construction of a hotel and restaurant complex, which will support the Park's, tenants, link to the conference center under construction in the Park, and serve as a training resource for our School of Hotel Restaurant and Tourism Administration.

Similar, mutually beneficial partnerships have helped the University, the State and the private sector at the UNO Lee Circle Center for the Arts. Projects include the \$60 million Ogden Museum of Southern Art, housing the world's largest collection of American (U.S.A.) Southern Art and the National D-Day Museum-- our nation's tribute to the work at home and abroad that led to and followed that most decisive day in the twentieth century. The University through another foundation, is also partnering in the development of art galleries, a luxury hotel, classrooms, studios and offices for the University's Eisenhower Center for American Studies and UNO's graduate program in Arts Administration.

## **Seven Habits of Effective Partnership**

What we hope we have learned from our successful development of the Research and Technology Park and the UNO Lee Circle Center for the Arts as well as our other public-private partnership projects can be summarized in seven "habits," attitudes, or guiding principles that we believe have contributed, along with luck and hard work, to our success thus far. They are not new or complex, but we hope they may be of use to others as they undertake the important tasks of building the intellectual infrastructure for the new millennium.

- 1. *Have an Entrepreneur Spirit from the Top*** Were Governor Mike Foster and his team of State leaders, as well as the volunteer leadership of the Research and Technology Foundation and the University's leadership team not willing to risk new approaches, we might still be building one building per decade rather than over 40 buildings in five years.
- 2. *Seek True Mutual Benefits*** Universities and other non-profits have to learn how to allow others to make the profits they need while the university and its constituents reap the benefits needed for their missions. The Win-Win-Win principle must undergird successful partnerships.
- 3. *Have well Documented and Accurate Returns on Investments: Jobs, Tax Revenue, University Input, and Spin Off Benefits*** Too often we speak in generalities about the benefits to society or to our communities when presenting creative partnerships such as these. By sticking close to demonstrable facts, the credibility of such innovative partnerships is greatly enhanced.
- 4. *Have Multiple Beneficiaries: Other Companies, Other Universities, Other Institutions & Agencies, and Other Spin Offs*** By having more partners in an innovative project, the number of constituents who can support a "different" approach is enhanced, making it easier for other decision makers to support an

unusual approach. All universities in our area and State can link to UNO's partner companies and institutions.

5. ***Early Constituent Involvement and Support*** Too often we try to have all of the I's dotted and T's crossed before we make an innovative initiative public. To earn public support, being open with goals or principles early in the process and showing sensitivity to constituent concerns reduces resistance to innovative approaches for the achievement of those goals.
6. ***Rapid Evidence of Success*** Nothing succeeds like success. An early and successful project that demonstrates the validity of the innovative partnership approach being undertaking creates much more willingness to support the next steps in a creative partnership, even if that early success is small but yet visible.
7. ***Careful Protection of University or Foundation Assets and Integrity*** Public institutions and particularly Universities must remember their fundamental obligation to preserve both their assets such as land and facilities and most importantly their integrity and credibility for future generations. When considering any innovative partnership we must ensure, for our public, that the proposed partnership enhances our core missions of teaching, research and public service and ourselves. We must further ensure that the assets we are given as a public trust will be available for use by future generations in ways appropriate to the institution's mission in future decades. All land and facilities we develop in the Park and on University or Foundation properties ultimately return to university use in the future. We struggle to preserve core University resources and credibility as we find new ways to create these teaching research technological and economic partnerships.

These seven habits have served us well in this exciting period of research technological and cultural partnerships, and have contributed to UNO's recognition as America's Partnership University™. We hope that what we have learned may assist others in their efforts to prepare our communities and societies for the challenges of the new millennium.

Note: An earlier version of this presentation was given at the International Association of Research Parks Meeting, Perth, Australia, October 1998.

## **References**

Covey, S., *The 7 Habits of Highly Successful People* (New York: Simon & Schuster, 1989).

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