Regional Innovation Strategy
Summary and Implementation Plan

High-growth entrepreneurial firms have a significant impact on the economies in which they operate. Over the last twenty years, economic development strategies around the country have increasingly begun to focus on growing entrepreneurial firms that can succeed in today’s knowledge economy. Business incubators, business accelerators, and university research parks are all components that help carry out this strategy of building a fertile ground for knowledge-based companies to grow and flourish in a region.

The Baton Rouge area has several assets to support entrepreneurial firms, but there is an opportunity to better coordinate these services and identify and fill existing service gaps. With this opportunity in mind, the Baton Rouge Area Chamber (BRAC) – in conjunction with Louisiana Economic Development (LED), the Louisiana State University (LSU) System Research and Technology Foundation (RTF), the Research Park Corporation (RPC), and Southern University – commissioned a research effort to develop a regional innovation strategy (RIS) for the region. The six-month research effort was conducted by a three-party team consisting of New Economy Strategies (NES), the Association of University Research Parks (AURP), and Innovation Associates (IA), with input from a diverse BRAC working group consisting of the five entities above and a small group of entrepreneurs and business leaders from the region. Throughout this document, these organizations are referred to as the “BRAC working group.” Specifically, the team conducted a research and planning process to:

- Assess Baton Rouge area research and business incubation activities, and the knowledge economy assets of the region, including LSU A&M, Southern University, Pennington Biomedical Research Center, and the LSU Agriculture Center;
- Prepare five case studies on best practice research parks and entrepreneurial development programs, and factors contributing to their success;
- Identify strengths and weaknesses of the Baton Rouge area and its knowledge economy assets;
• Evaluate key business incubation institutions including the Louisiana Business and Technology Center (LBTC), Louisiana Technology Park (LTP), and Louisiana Emerging Technology Center (LETC);
• Develop a strategy to adapt the best practices from case studies for the Baton Rouge area; and
• Develop an implementation plan.

The process began with an initial scan of economic data and university research activities, followed by preparation of five case studies of best practices in comparable regions around the country that have built successful innovation strategies around their research parks and incubators. The overall goal of the project was to present findings and recommendations for creating a comprehensive strategy to enhance economic development through best-in-class support of innovation and entrepreneurship for the Baton Rouge area.

**Regional Objectives and Action Items**

At the conclusion of their extensive study, the consulting team delivered a list of key objectives for building the region’s innovation economy. These objectives include:

1. Providing more effective incubation and business acceleration services.
2. Developing physical infrastructure for entrepreneurship and technology business growth.
3. Fostering a more entrepreneurial culture and awareness in the community.
4. Increasing, coordinating, and leveraging investments in research and development (R&D) and entrepreneurship to meet economic development goals.
5. Better linking the universities to regional economic development efforts, improving technology transfer, and facilitating university-industry collaboration.
The consulting team delivered a list of priority action items that are critical to the success of technology-based entrepreneurial development in the region and will lead to the fulfillment of the objectives outlined above. These critical recommendations, listed below in no particular order, seek to fill gaps in the region’s business acceleration services and outline a potential path forward for the development of a university research park. These action items will require engagement by the three incubators as well as organizations such as BRAC, LSU, Southern University, LED, and the business and investment community.

1. Incubator rents should be established at comparable market rates. Tenants should choose to locate in an incubator for the services, not for a rental subsidy. Additional revenues from higher rents should be directed toward a seed fund if possible.

2. All incubators should establish formal exit policies and these policies should be made clear to tenants from the beginning.

3. Tenant selection policies should be established that include (but not necessarily be limited to) the market potential for a product and a clear plan for growth. Other formal selection policies should reflect regional economic development priorities.

4. Business acceleration services should be coordinated and combined, as appropriate, among incubators and related service providers within the Baton Rouge area, including the Southern University Incubator Program. Entrepreneurs should be put into the center of the service delivery model. This will increase the efficiency for scarce regional resources and simplify access to services for entrepreneurs.

5. Entrepreneurial training and education should be expanded at the university, community college, and high school levels. The Southern University Center for Entrepreneurial and Leadership Development (CELD) should be part of this strategy, and they are well-positioned to lead a focused effort toward the unique problems that plague aspiring and growth-oriented entrepreneurs who are minority or from disadvantaged communities. Additionally, the CELD program
on youth entrepreneurial development can and should work with high school youth from the Southern University community.

6. A formal business mentoring program focused on growth-oriented companies should be established and run by a single entity. Centralizing a mentoring program will help ensure that identification, recruitment, matching of mentors with entrepreneurs, and service providers are streamlined and most efficient. Mentors outside the region and state, particularly university alumni, should be identified and recruited as well as serial entrepreneurs, corporate executives, and service providers such as venture capitalists and patent attorneys.

7. Expand activities that link angels and venture capitalists to the region such as venture forums, trips to venture capital centers, and campaigns aimed at venture capital companies. Create an angel capital network and/or assist in the formation of angel capital funds.

8. Incubators should adopt common measures and reporting systems. They should track graduate companies for at least five years as part of their economic impact reports.

9. Management of the research park at LSU’s south campus should be established under a university-affiliated 501(c)(3) with a public-private board.

10. More should be done to engage universities in developing and implementing a larger strategy for the region’s innovation-based economic development. In addition, there should be an effort to educate university and state leaders on the benefits to the university system and the state that would be derived from greater university engagement in economic development.

11. The region should foster a more entrepreneurial culture and greater awareness, through additional networking opportunities and technology/innovation events.
12. The state and region should work to help LSU attract additional federal R&D funding and federal research institutes, creating greater opportunities for intellectual property development. A federal funding strategy (i.e., federal research dollars and stimulus dollars) should be developed involving all partners in the Baton Rouge area. More state and local funds should be directed towards LSU to assist in this effort, which support the development of a south campus research park.

13. Technology-transfer and commercialization policies, organization, and practices should be reviewed, and national best practices applied, to ensure that they are the most effective in executing licensing and startups. In addition, universities should develop strategies for enhancing corporate relations and developing a business-friendly environment.

While not comprehensive of the findings of the report that will require actions by the participating and impacted organizations, these thirteen items summarize the highest priority steps that should be taken to deliver the results intended from the study.

Recommendations

In order to implement the fundamental objectives necessary to develop a regional innovation strategy that nurtures the entrepreneurial spirit and sustainable economic development, the consultants identified two preferred recommendations that the Baton Rouge community should pursue.

The coordinated regional commitment to these recommendations will allow all partners in this regional effort to meet the critical objectives by:

1. Prioritizing regional objectives;

2. Reducing duplication and redundancies in services to better serve entrepreneurial and innovation-driven firms;

3. Creating and enhancing diverse programs for entrepreneurial services to create a best-in-class regional innovation system;
4. Focusing future investments; and

5. Driving an implementation timeline.

These recommendations address how to deliver business acceleration services for growth-oriented companies, where to invest in new facilities, how to improve communications, and how to support the growth of an innovation-driven regional economy. These recommendations can be implemented concurrently, in part or whole, and are not mutually exclusive. The two recommendations are:

**Recommendation One – Create a regional innovation organization**

The consultants recommended that the region establish a new entity that would (a) centralize and manage the region’s entrepreneurial-related activities, (b) develop and enhance entrepreneurial-related activities now lacking, and (c) develop linkages with and potentially lead state entrepreneurial networks. These activities include (but are not limited to) mentoring, networking, entrepreneurial education, cultivation of angel capital networks, and development of venture capital-entrepreneur linkages. This organization could be the domain of a separate 501(c)(3) organization or as a program under an existing entity. Its functions could be complementary to or included in the activities of the research park organization.

**Recommendation Two – Create a University-led Research Park at LSU’s South Campus**

The consultants recommended that Baton Rouge area leaders commit to developing a university research park following the models described in the case studies of best practices, especially modeled on those at Purdue University in Indiana and the University of Wisconsin Research Park in Madison, Wisconsin. LSU would develop a university-led research park organization as a university-affiliated 501(c)(3) to manage the research park at the south campus, with majority board representation from the university along with strong and active representation from the private sector. The consulting team also recommends that the research park
convey land rights to end-users through a ground lease structure to maintain control and tenant selection activities, preserve the park’s assets for future use, and maintain architectural control. The development will require moderate levels of funding for property acquisition, infrastructure development, and related innovation activities.

Next Steps

Following the delivery of the final reports from the consulting team, the BRAC working group held multiple meetings to further discuss the objectives, action items, and recommendations. Concrete steps are already being taken towards furthering the vision of a comprehensive regional innovation strategy.

I. Baton Rouge’s three incubators (LBTC, LETC, and LTP) immediately began an effort to implement findings related to the coordination of existing programs. They have created a plan for moving together towards a common purpose through enhanced communications, resources, activities, and roles. The three incubators have agreed to:

- Create a single admissions committee for all three incubators;
- Maintain a master calendar of all activities, meetings, seminars, etc. related to entrepreneurs;
- Host a CEO forum for incubated companies;
- Create an internal listserv for tenants in all three facilities to access each other and professional expertise;
- Create a common web portal for entrepreneurial services in the region;
- Develop a shared MBA placement program to provide assistance for companies at all three incubators;
- Combine training programs and workshops;
- Develop a common public relations strategy and coordinate all public messaging;
- Provide a clearly-designated path for companies entering the Baton Rouge area incubation pipeline; and
- Align admissions of businesses into their incubators based on their areas of expertise:
  - LBTC: early-stage start-ups and engineering/environmental technologies;
o LETC: life sciences; and  
o LTP: information technology and digital media startups.

The Southern University Incubator Program should be aligned on these same measures through participation in the regional innovation organization.

II. The BRAC working group has recommended that the proposed new regional innovation acceleration organization be developed under the auspices of an existing 501(c)(3) organization rather than formulated as an entirely new entity. Like many best practice programs identified, the direction this organization follows should be entrepreneur-led, taking its lead from successful entrepreneurs who are committed to increasing growth-oriented entrepreneurship in the Baton Rouge area. The new organization should identify gaps in the current service delivery system aimed at supporting entrepreneurs and should develop, launch, and/or enhance activities and services accordingly.

Given that LSU, Southern, LED, and the business community are already represented on and actively participating on the RPC Board of Directors, the BRAC working group has agreed to recommend establishing the new organization as a program of the RPC. The working group further recommends that the RPC fund and hire, with direct input from the universities and incubators, a visionary, experienced executive to lead the regional innovation organization, serve as an advisor and partner to existing entities, and strive to enhance their ability to deliver top quality services.

Once hired, it is envisioned that the innovation leader will assess the region and its assets, identify and launch specific entrepreneurial activities to address service delivery gaps identified in the consultants’ reports and his/her own review of the region, and facilitate delivery of services across the existing business incubation organizations. The assessment likely will lead to the development of memoranda of understanding among existing partners about the roles of each partner, services that would best be coordinated, and implementation of other key actions steps recommended by the consultants.
It is anticipated that the innovation leader will work with all regional partners to identify entrepreneurial activities which may operate best in a centralized manner; these activities may include (but are not necessarily limited to):

- Mentoring programs/networks;
- Entrepreneurial education;
- Networking events;
- Developing angel capital funds and networks;
- Building access to risk capital; and
- Connecting successful and emerging growth-oriented entrepreneurs and developing the culture of entrepreneurship.

III. Pursuant to the second recommendation regarding the development of an organization to manage a university-affiliated research park at LSU’s South Campus, BRAC’s working group is pursuing the following:

- Unifying the business community and incubators behind a common plan of action for developing a university research park;
- Seeking local funding to develop road access and signage as an entry to the research park property on Nicholson Drive; and
- Working with appropriate partners and funding entities to help secure an additional forty acres adjacent to the south campus property, currently held under option through the LSU Foundation.

Discussions related to the management and strategic development of a research park at LSU’s South Campus are underway among the various parties within LSU and will be formalized upon direction from the chancellor and approval by LSU’s Board of Supervisors. A master plan for development of the park has been approved, the development of a business plan is underway, and funding is being sought for land acquisition.

Conclusion

This comprehensive analysis by the consulting team has fulfilled its mission in assessing the innovation-related assets of the Baton Rouge area economy. More importantly, it has generated a new sense of partnership and shared vision among the university, business,
entrepreneur, and economic development communities in this region. Out of serious reflection and evaluation, a common sense of shared purpose has emerged. Working together, with all participants in the entrepreneurial pipeline, we can fundamentally shape the future of Baton Rouge into one built on technology and innovation.