

Toward a Tipping Point for Talent

How the Idea Village is Creating an Entrepreneurial Movement in New Orleans

Innovations Case Narrative:
The Idea Village

It was a late evening in 1999 at Loa, a stylish New Orleans bar. Five local entrepreneurs, including me, were having a conversation about how to reverse the city's last 40 years of fundamental economic and social decline. New Orleans was in a downward spiral, and concerned business owners and entrepreneurs wanted to create an environment that would allow young talent to stay in the city, grow businesses, and raise their families. The core problem was the exodus of the best and brightest from the community; from 1990 to 2000, the State of Louisiana experienced a net loss of over 41,000 people age 23 to 35. This brain drain created a vacuum of innovation, leaving few individuals to provide new thinking to redirect the economy, and to address pressing social issues such as crime, education, and housing. The collective answer to this problem was that New Orleans needed to attract and retain entrepreneurs who would create new wealth, and this new group of economic leaders would in turn create innovative solutions to the city's social challenges. We believed the next generation of city leaders would be the engaged entrepreneurs. Thus a movement was ignited.

CREATING AN IDEA VILLAGE

The Idea Village, as our movement eventually came to be known, began informally in late 1999. Our group of local entrepreneurs got together in the comfortable setting of the Loa Bar in the International House Hotel. The plush furniture and dim lighting prompted easy conversation, and we soon found common ground in the uncertainty of growing start-up ventures in a not-so-business-friendly city. We reached out to each other for answers to the uncommon problems we faced in managing our businesses. Eventually a small group emerged; we were comfortable with each other and sensed that there was something important at work in these

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meetings. We referred to ourselves as the Loa Group, which consisted of Allen Bell, Sam Giberga, Sally Forman, Robbie Vitrano, myself, and a few other key supporters.

We discovered uncanny similarities in our life experiences, attitudes, and desires for ourselves and our city. Most significant in forging this bond may have been that each of us was a New Orleans ex-patriot who had returned home after living in cities across the country and gaining a wealth of professional and personal experiences. In some respects the motivation for our venture was self-preservation, as we all had fought our way home to the city we loved, only to encounter bleak economic prospects for both the city and our respective careers. Refusing to quit, we all checked our individual agendas at the door and embraced the notion that “a rising tide lifts all ships.”

As is customary for locals, the Loa Group devoted a good deal of our early dialogue to expressing frustration over the age-old problems of our city—the economy, education, politics, even the potholes—and the overly bureaucratic, slow responses to these problems by city leaders. We lamented the fact that New Orleans already lagged far behind our southern sister cities, particularly in developing and attracting the technology-based businesses that were proving to be the engine of so many other regional economies. Local economic development entities and the chamber of commerce seemed rooted in the tradition of investing in known, conventional industries and practices, deeming entrepreneurial assistance a risky venture.

Undeterred by the lack of local support for start-up businesses, our group’s mission evolved into an intense sense of purpose, and by the end of one evening’s gathering we had the blueprint for a first step to stimulate growth within the entrepreneurial sector of the New Orleans economy. After heated conversations, one group member made a profound statement: “Let’s stop just talking about it and put our money on the table to make something happen.” In response, each of us contributed \$2,000 toward a \$10,000 business plan contest. The media got wind of the project and news spread quickly. Companies began contacting us with offers of in-kind support for the winner, eventually leading to a grand prize worth over \$125,000.

The local media, including CityBusiness, *The Times-Picayune*, and TV station ABC26, continued to monitor the business story and showcased the winner, PetroDesigns, at a press event in February 2001. To this day, I am amazed by the profound impact of a simple business competition. We apparently hit an unexposed nerve among a fledging community of people who believed in the power of possibility. This small act generated enough awareness and community support to propel local leaders into action; they started to recognize the need to reevaluate traditional economic development practices by creating and investing in the infrastructure necessary to support and retain entrepreneurial talent and start-up ventures.

The coming together of like-minded entrepreneurs in an organized and implementation-oriented manner created a movement that eventually led Allen Bell and

The Idea Village Timeline

1999

Local entrepreneurs' first meeting at LOA Bar. Call themselves the Loa Group.

2000

Loa Group launches business plan contest for best idea. Seventy entrepreneurs apply and \$125,000 in services donated. PetroDesigns named winner.

2001

Founders write business plan for Loa Entrepreneur Institute, build network and support for entrepreneurship. Secure first funding from Jones Family Foundation (\$60,000).

2002

April. The Idea Village officially opens at the offices of Trumpet Advertising.

June. The Idea Village named the Regional Entrepreneurship program of Metrovision (a former regional economic development organization, now GNO Inc.).

September. The Idea Village identifies first portfolio companies: Document IT, Gourmet Food Mall, Advanced Software. These companies enter technical assistance "boot camp" aimed at identifying barriers to growth and assisting with expansion needs.

October 17. The first Idea Village Board of Directors meeting.

2003

City of New Orleans provides \$500,000 economic development grant.

2004

Tulane University and University of New Orleans become strategic partners by agreeing to three-year partnership and investing \$120,000 each.

2005

State of Louisiana provides \$100,000 in funding

August. Hurricane Katrina.

September. Launched Idea Village Business Relief Fund (renamed Pay It Forward Fund) with funding from Southern Women's Action Network, providing \$20,000 in grants to ten female entrepreneurs.

September-December. Secured and allocated over \$500,000 in grants to 130 local entrepreneurs.

The Idea Village Timeline (continued from previous page)

2006

January. Launch MBA intern program with Tulane University through John Elstrott's Rebuild New Orleans class. The beginning of IDEAcorns.

July. First official IDEAcorns team launched to provide \$100,000 in grants and technical assistance to tourism-based businesses in the French Quarter, funded by the Louisiana Disaster Recovery Foundation.

September. Louisiana Recovery Authority provides \$650,000 to The Idea Village to execute business recovery program utilizing teams of professionals, MBAs, and staff to provide strategic consulting and grants to strategic corridors (Magazine, Freret, Oak, Bayou Road, OC Haley, and N. Galvez) and industries (child care, retail, digital media, green, urban redevelopment, talent retention).

2007

March. Stanford University becomes first national IDEAcorns team and first national service-learning trip; 25 MBA students allocate \$50,000 worth of strategic consulting to 22 local entrepreneurs.

2009

March. Inaugural IDEAcorns Challenge Week (later named New Orleans Entrepreneur Week). First week-long service-learning trip. Stanford, DePaul, Kellogg, Chicago, Berkeley, Salesforce.com; 40 MBA students serve six entrepreneurs.

April. IP Building opens. The vision of an entrepreneur village realized. Fifty entrepreneurial ventures move into building within a year.

July. Launched Idea Village Entrepreneur Challenge, annual program for 21 high-impact entrepreneurs.

August. *Entrepreneur* Magazine cover story: "New Orleans: A Blueprint for Economic Recovery."

2010

March. New Orleans Entrepreneur Week: 150 participants, 329 entrepreneurs, 9,121 strategic consulting hours, 37 events. Participants include Stanford, Cornell, Kellogg, Chicago, Berkeley, Salesforce.com, Google, Cisco, Deloitte, Arent Fox.

April. Southern Growth Policies names The Idea Village's IDEAcorns program 2010 Innovator award winner from Louisiana.

May. The Idea Village network grows to include 14 national and local universities, engaging 486 MBA students who, in turn, support hundreds of businesses and entrepreneurs. Idea Village program results to date: 1,977 applications; 973 assessments; 570 entrepreneurs in portfolio receiving direct service; 56,000 hours; 890 individuals engaged to provide resources (MBAs, professionals, volunteers, etc.); \$2.7 million in capital; 946 jobs; \$100 million in revenue generated by entrepreneurial portfolio.

I to co-found The Idea Village, which was formalized in 2002 as an independent 501(c)(3) nonprofit organization. We readily embraced the philosophy that many other cities had already discovered: the best avenue to economic growth is nurturing homegrown entrepreneurs, as 80 percent of new jobs are created by small and emerging new businesses. Since our inception, The Idea Village has been working to implement a long-range plan to build a vibrant entrepreneurial ecosystem that fuels economic development through innovation. The Idea Village strives to identify, support, and retain entrepreneurial talent in New Orleans by providing business resources to high-impact ventures; we embrace the mantra, “trust your crazy ideas.”

Some would say New Orleans is the most unlikely city to become a national hub of entrepreneurship and talent, and, in fact, this entrepreneurial movement is at a tipping point. As we look to the next decade, The Idea Village is working to institutionalize the movement to ensure that the fundamentals of entrepreneurship—passion, resiliency, and persistence—will become a permanent fixture in New Orleans.

Our story is genuine, but not so unique that it cannot be implemented elsewhere. The following narrative provides a road map for the steps other communities can take to foster an entrepreneurial movement.

THE ECONOMIC SETTING

New Orleans has historically been characterized as a port town buoyed by a financial and banking industry closely associated with trade-related activities. Port-related investments slowly gave way to the chemical, oil, and, later, tourist industries. In the 1960s, New Orleans was at its population peak of 627,000; since that time the city has been steadily losing population, unlike most other southern metropolitan areas. Today, the New Orleans regional economy continues to be dominated by five major sectors: oil/gas and petrochemicals; tourism; port-related activities; ship/boat building; and aerospace manufacturing. Tourism has superseded port-based trade and is now the backbone of the New Orleans economy, employing over one-third of the workforce.

The New Orleans regional economy was in a period of decline well before Hurricane Katrina. It suffered from a loss of manufacturing jobs (particularly in the oil and petroleum sectors), an eroding tax base, deferred infrastructure maintenance, and loss of population, especially skilled professionals. The storm, the deadliest and most expensive natural disaster on record at \$150 billion, magnified the region’s stark economic reality. After Katrina, the immediate spike in the cost of living due to a limited supply of affordable housing, combined with shortages of child care, schooling options, health care, and other social services, made it difficult for many New Orleanians to return and even more challenging to attract business investment.

More recent natural disasters, including hurricanes Gustav and Ike, again caused widespread physical damage, power outages, and flooding across the vast majority of Louisiana parishes, resulting in \$15-\$20 billion in damages. This figure

does not include the substantial temporary loss of economic activity, including \$2.5-\$5.0 billion from Gustav alone, or the economic impact related to assets in the Gulf of Mexico, including the fishing industry, which supplies 25 percent of North America's seafood.

The combined effects of hurricanes Katrina—from which the city is still struggling to rebound—Gustav, and Ike magnify the severity of economic hardship that southeastern Louisiana, particularly New Orleans, faces. These disasters taught leaders that to rebound from a crisis, you have to retain and diversify existing business assets. Disasters have shown time and again that locally owned businesses are the first to return and to re-invest in the local community. True economic stability, local and national, comes from cultivating, retaining, and growing businesses—and entrepreneurs—from within.

SOWING THE SEEDS FOR CHANGE: "ECONOMIC GARDENING"

The Idea Village acknowledged early on that in order to grow the economic base of New Orleans, it had to cultivate entrepreneurship from within, as traditional economic practices offering tax abatements and incentives targeting one large manufacturing base yielded minimal results. Economic development traditionally focuses on business recruitment, retention, and expansion. But as the economic belts across towns and municipalities tighten, more communities are beginning to focus on entrepreneurial development as a means of generating localized wealth creation.

The traditional use of tax incentives and abatements by themselves are not enough to sustain business growth in the long term. Communities are beginning to embrace a newer approach that focuses on cultivating local entrepreneurs, as outside companies may leave once incentives expire and search for better deals elsewhere. Growing your own entrepreneurial base is a slower solution, but it is also much more sustainable, as many small businesses that start local will stay local. Small businesses are also responsible for over 80 percent of business growth and they generate the majority of net new jobs.

The city of Littleton, Colorado, first employed the concept of growing from within, or "economic gardening," in 1989. The city, struggling with the loss of one of its major employers, decided it no longer wanted to focus on attracting companies that had no real connection to the community; they opted instead to grow from within and target investments to both grow and retain small and medium-size local businesses. The approach worked: since the late 1980s, Littleton's employment growth has doubled, sales tax revenue tripled, and the city's population has grown by 30 percent.

In a sense, The Idea Village adopted a form of economic gardening by developing and investing in an ecosystem that supports entrepreneurial development. Moreover, The Idea Village was able to partner with key organizations to ensure that entrepreneurial investment was also place based, or focused in a way that marketed New Orleans as an attractive city with an economic environment that was

conducive to meeting the needs of an early stage entrepreneurial community. Both economic gardening and place-based development recognize the significance that dynamic cities play in retaining and attracting new, vibrant talent, which in turn expands businesses and creates jobs that stay local. The combined process of encouraging more pronounced urban investment and growing a locally cultivated entrepreneurial business base has helped transform New Orleans' economic landscape.

The Idea Village, in partnership with other local and national organizations, has successfully helped to diversify the local economy by serving as a leading entrepreneurial support organization. The Idea Village did this by:

- Identifying a top-notch, diverse board and advisors that include high-end representation from public and private universities, major corporations, government, and successful established and start-up local businesses.
- Creating unique programs such as The Idea Village Entrepreneurial Challenge and New Orleans Entrepreneur Week, which engage both local and national entrepreneurial networks to collaborate around identifying, supporting, and retaining entrepreneurial talent during an innovative one-week service-learning program. MBA students and business executives from around the country provide technical assistance to local entrepreneurs to support development of the local entrepreneurial ecosystem.
- Attracting and engaging younger talent through IDEAcorns, a Peace Corps-like model of entrepreneurship that provides a service opportunity for graduates age 22 to 30 to support communities through entrepreneurship.
- Building and nurturing a connected national network consisting of a myriad of other economic development organizations, technical assistance providers, professionals, universities, and business-oriented organizations to develop and provide competitive funding opportunities and technical assistance to area entrepreneurs.
- Creating and supporting distinctive entrepreneurial hubs that cluster like-minded entrepreneurs in key industries. Examples include the IP Building in the warehouse district for technology entrepreneurs, and the Entergy Innovation Center in the Upper Ninth Ward to support entrepreneurs in the cultural economy, including artists and musicians.
- Constantly attracting and retaining new talent to take up the "trust your crazy idea" mantra, which in New Orleans translates into doing well by doing good.
- Working with existing organizations to brand not just The Idea Village but the city as a whole, and to create a place-based development strategy that emphasizes innovation and entrepreneurship from the bottom up.

THIS AIN'T YOUR GRANDMA'S IDEA VILLAGE

Ten years after those initial meetings at the Loa Bar, New Orleans has become a laboratory of entrepreneurship and innovation. The August 2009 issue of *Entrepreneur Magazine* cited New Orleans as a blueprint of economic recovery

through entrepreneurship. New entrepreneurial hubs are sprouting up, led by passionate, committed entrepreneurs. Capital is being invested in new ventures, and entrepreneurial leaders are evolving within education, community development, and the creative industries, where they are solving critical issues with innovative solutions. New models for health care, public education, physical infrastructure, food, and creative media are being incubated and developed. This group of entrepreneurs is merging for-profit and social entrepreneurship with engaged entrepreneurship. As Walter Isaacson noted in March 2010 during New Orleans Entrepreneur Week, “New Orleans is a brain magnet instead of a place that will

suffer a never-ending brain drain.” What he finds most intriguing, however, is the blurring of the line between the private and social enterprises: “You see how the distinction between ‘I’m doing well’ and ‘I’m doing good’ is starting to blend.”

The devastation caused by Hurricane Katrina created a whole new economic landscape, one where ingenuity and creativity rather than familial ties to the city measures success. New Orleans’ entrepreneurial awakening fostered new part-

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nerships that have only strengthened the entrepreneurial spirit. Transformation has been most pronounced in new partnerships between nonprofits, like The Idea Village, and local universities, particularly Tulane University. Tulane, as part of its post-storm reorganization plan, developed a social entrepreneurship program led by university president Scott Cowen. This spirit of innovation soon blossomed and it pollinated other departments, such as Tulane’s School of Architecture, home to the City Center initiative and the Green Building Project, both of which serve as research and outreach initiatives focused on bringing greener technology to traditionally underserved sections of the city. Both projects use Tulane University architectural students to design and build green products that can be readily employed in existing neighborhoods.

The aftermath of Hurricane Katrina provided fertile ground on which to encourage the cementing of new partnerships. Neighborhood Housing Services (NHS), a nonprofit that provides affordable housing solutions to neighborhoods throughout New Orleans, partnered with Tulane’s City Center and Green Building Project to create a pilot program that could deliver affordable green homes to lower income neighborhoods. Using a warehouse in the Bywater neighborhood, the Tulane students set to work to design and construct a green modular home that was both affordable and practical in terms of meeting the daily needs of modern

family life. The result was a 1,200-square-foot unit made with recycled materials and costing \$100,000-\$125,000, complete with solar panels, state-of-the-art HVAC system, and other green features. Soon after construction, NHS saw the need and had the desire to continue to educate lower income homeowners about green alternatives. At the same time, The Idea Village was supporting a cohort of urban redevelopment ventures, and they connected one of their existing entrepreneurial clients, Sustainable Environmental Enterprises (SEE), to the project. SEE has since moved into the new Green Building house on Daniel Street and works as a for-profit company to bring solar energy use to lower income areas. SEE provides innovative financing options to help lower the barrier of entry for home owners interested in retrofitting their home with renewable solar energy products. The entrepreneurial movement may have started with The Idea Village, but Hurricane Katrina was the catalyst that accelerated the formation of unique partnerships throughout the city and turned New Orleans into a crucible of innovation. Moreover, these entrepreneurial networks are becoming linked.

Many local organizations are involved in providing technical assistance and capital to small and emerging businesses, but The Idea Village excels at cementing new partnerships that yield results. The Idea Village has identified and engaged a global network of more than 800 individuals who have provided over 51,000 hours of strategic consulting services to 580 entrepreneurs. This network has produced and helped to sustain over one thousand jobs, and the buzz generated by this movement has attracted over \$2.5 million in development capital for Idea Village entrepreneurs. Although The Idea Village has a solid track record of providing technical assistance to local entrepreneurs, the organization's greatest accomplishment is its success at defining, creating, and sustaining an entrepreneurial movement. This investment has helped reposition New Orleans as a city of renewed hope and opportunity. However, this sort of economic repositioning is not unique to New Orleans; other troubled cities can evolve beyond their current economic condition to reverse decades of decline and brain drain by embarking on a similar entrepreneurial journey.

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BUILDING A MOVEMENT: NOW WHAT?

Significant national and global shifts can result from grassroots movements that are catalyzed by passionate individuals committed to creating positive change. Movements typically fail because, as Malcolm Gladwell writes in *The Tipping Point*,

they need time to develop and require a juxtaposition of the right type of leaders—a combination of connectors, salesmen, and mavericks or advocates—coming together at the right time and in the right place. However, once a movement does reach that tipping point, it gains greater awareness and attracts more supporters. The growing support network helps sustain the movement because the ideology has now grown beyond the original core. Entrepreneurial networks, like social and political networks, have the ability to evolve into a movement and to create palpable economic change.

Entrepreneurship is a movement governed by a particular paradigm and supported by a unique set of rules and procedures. An entrepreneurial movement tends to respond to existing market realities, and thus requires a stressed social situation (e.g., a natural disaster like Hurricane Katrina) where a series of innovations come together to support and grow a market-based idea that complements and helps stabilize or transform the current economic environment. This network is sustained because the movement becomes an ideology that receives validation from participants and observers. Key participants are able to mobilize resources to continue to grow the network. The key to sustaining this growth lies in managing the relationships and creating engaged or social entrepreneurs, who thrive knowing that they in turn are utilizing market-based advocacy to help transform, or at least impact, a commonly valued place.

BECOMING THE MOVEMENT: IDEACORPS

The Idea Village was able to foster a movement by building and sustaining an unlikely network of entrepreneurs, nonprofits, universities, governmental entities, and intrepid young urban pioneers. Although this movement continues to grow, its ultimate sustainability will depend on instilling and fostering an entrepreneurial spirit in the next generation of leaders.

The current sluggish economy and correspondingly high unemployment rates do not bode well for today's recent university and high school graduates. The unemployment rate in April 2010 among four-year college graduates 20 to 24 years old was 6.1 percent; among those the same age with only high school diplomas, it was 19.6 percent. High unemployment levels coupled with shrinking wages (falling by 4.5 percent for men and 4.8 percent for women with bachelor's degrees) suggest a need to rethink the way we educate our youth.

Today's young people need entrepreneurial skills that will allow them to compete and innovate in tough times. Without this, America's future workforce will continue to lose competitive footing with other industrialized countries. America needs to embrace a new ideas-based movement that recognizes and supports the innovative and creative spirit that forms the foundation of our society. It's time for America to develop a youth-based curriculum for both high schools and universities that allows creative kids to put their ideas and energy to work. It's time to develop an IDEAcorps.

Today's multitasking youth are natural entrepreneurs and networkers, often moving to places they want to live and creating new opportunities rather than staying put in traditional job centers. There is a natural entrepreneurial spirit in our youth, but this demographic lacks the skill set needed to nurture and cultivate their nascent talent. There is a new paradigm at play, and this country needs to develop both a new curriculum and job-placement opportunities that better align the needs of the workforce with entrepreneurial aspirations. Young entrepreneurs need to be taught entrepreneurial skills, and they need to be placed in organizations that both require and nurture this skill set, including government, universities, and private industry. IDEAcorns, unlike AmeriCorps, provides youth with the skills and life experiences needed to foster entrepreneurship and innovation. The recent BP oil spill underscores the importance of developing and supporting a new generation of socially responsible thinkers and doers who understand that socially and environmentally responsible entrepreneurship is valued and needed.

The first members of IDEAcorns were among that group that met in 1999 at the Loa Bar. We were idealistic and passionate, and we felt we could use our entrepreneurial skills to make a difference in our city. We have learned to innovate, persevere, and grow, despite all the natural and man-made barriers we have encountered. If New Orleans can change course after decades of decline and learn to innovate by growing and retaining entrepreneurial talent, so too can other communities. New Orleans is becoming a model city of resilience and determination.

The Idea Village is committed to scaling the concept of IDEAcorns. We currently are working with university partners to develop the concept further, in tandem with the five-step process for building an entrepreneurial ecosystem. It's time to embrace a new approach and to scale the entrepreneurial movement. Our future depends on it.

ANNEX I. CREATING AN ENTREPRENEURIAL MOVEMENT: THE FIVE-STEP GAME PLAN

The Idea Village was able to grow an entrepreneurial movement by being at the right place, with the right people, at the right time. The Idea Village utilized a depressed economic situation to connect pivotal players, who in turn advocated the need for an innovation agenda (and continued to enlist others to do so) that could create transformative economic change. Economic transformation in New Orleans has been (glacially) incremental but has yielded significant results. Other communities suffering similar economic ailments can follow in The Idea Village's footprints by following the five-step process.

Funding Requirements of the Five-Step Process

Unlike a start-up business or new private venture, creating a movement requires little in terms of cash resources. The 5-step process requires a nominal amount of start-up and administrative funding. Funding is needed to help hire a program manager to serve or support the creation of the entrepreneurial network; resources

are also needed to help support or offset the cost of hosting events, training, or any other programs the organization may create. Expensive consulting reports and large capital expenditures on space are not necessary. Organizations should utilize limited funding to support program management associated with creating, sustaining, and expanding the network, as the viability of the network determines the success or failure of the movement. It is important to treat the start-up phase of a network like an entrepreneurial venture, encouraging the network to grow organically through relationships and trust, rather than relying on capital expenditures and consulting reports.

New Orleans has used the five-step process to develop a new generation of entrepreneurs who combine entrepreneurial profit goals with social values. This unique entrepreneurial gumbo attracted a group of engaged entrepreneurs who moved to New Orleans because they wanted to be both profitable and active in community development. These engaged entrepreneurs are contributing to the development of an ecosystem aimed at growing, supporting, and sustaining a city characterized by entrepreneurs and businesses that can make money by doing good. The movement that started in 2000 in New Orleans is gaining traction. The city is now attracting outside entrepreneurs while simultaneously nurturing the next generation of business leaders. As some entrepreneurs grow and perhaps leave New Orleans, it is the hope of The Idea Village that these same entrepreneurs will continue to give back by growing an entrepreneurial network to inspire and foster economic change in other communities.

The case studies below are some examples of New Orleans' recent success in both creating and retaining engaged, social entrepreneurs. The Idea Village's five-step approach has helped transform the New Orleans entrepreneurial landscape and has helped re-brand the city as one worthy of business investment. The five-step approach can do the same for other communities across the country and the world. It's time to scale the movement.

Step 1: Identify the Issue

Community and entrepreneurial leaders need to identify the real economic issue that is affecting their community and create a vision for change. Often, a simple vision statement is all that is needed to garner support around a common ideal. This vision statement must be larger than the individuals themselves and serve the needs of a greater, more diverse population.

Step 2: Respond to the Issue

Local advocates must embrace this new vision by creating a network of pivotal, diverse local and regional players who are able and willing to embrace and advocate on behalf of the vision—a sort of call to arms. This network must clearly identify a leader who is passionate about creating community change, but who is also open to diversity in people and ideas. The leader must then use the shared vision to attract and connect a core group of entrepreneurial supporters (not just entre-

preneurs) to further the overall mission and vision. The leader must build trust among his/her diverse network and be the honest broker by hearing new ideas and approaches, even if they compete with the existing vision. The leader must also help to identify influential community figures and connect them to the vision and the larger group. In so doing, it is imperative to identify key community and business leaders who have wide appeal, as their networks and trust help validate the work of the organization. For this reason, it is important that the values of the key supporters reflect those of the organization. If there is imbalance, the movement will suffer.

Step 3: Organize the Network

At this stage, the entrepreneurial network has been identified and has created momentum, along with local buzz. The network now must become well organized or it will fail to evolve into a movement. The leader of the network is quickly faced with the challenge of ensuring that the network remains both active and focused. To ensure that the group remains focused, the leader needs to create an organizational structure or series of activities that can unite the players by proactively channeling energy in a manner that produces readily achievable results. Activities can include the creation of new programs, events, networking sessions, technical assistance, outreach, or any other function that is relatively easy to perform and that yields results. Immediate results are important, as the process of securing low-hanging fruit helps to both unite and focus the network.

Step 4: Evolve the Network

Now that the network has been organized, the leader needs to help grow the group by attracting new members and advocates that support the original vision but who better reflect the new changing landscape. It is important for movement leaders and participants to understand that structure needs to change as the ecosystem in which they operate evolves. For this reason, it is important to recognize the need to reach out to new leaders, advocates, and general supporters. If the organization fails to do so, it will suffer from a stale existence that does not accurately reflect the more dynamic nature of the entrepreneurial community they are trying to serve. For this reason, it is also important that the organization embrace new ideas and possibly new competition. A successful organization is one that can figure out ways to grow the total pie by interacting with the competition to better leverage each other's assets.

Step 5: Sustain the Network

Self-preservation is always a challenge. To ensure sustainability, an organization needs to keep the entrepreneurial movement strong. To do this, the organization must attract and retain new, often younger people who can become the next generation of leaders, advocates, and supporters. During this phase, it is critical that the organization extend its network past its traditional comfort zone and enlist

new people with new ideas who buy into the movement and the benefits it generates for the community. The leader must be sensitive to the fact that new members may require organizational change, and for this reason it is important that the movement's leader validate new opinions and lead as much from behind as they do from center stage. The leader must be both sheep dog and coach. A successful organization is one that can balance the common ideals of old and new leadership in a manner that continues to meet the needs of the local entrepreneurial base.

ANNEX II. IDEA VILLAGE CASE NARRATIVE: NAKEDPIZZA

NakedPizza is changing the nutritional profile of fast food by making a very popular and unhealthy fast food healthier, using the \$38 billion dollar U.S. pizza industry and its demonstrated take-out and delivery business model as a Trojan horse. It has attracted the backing of billionaires Mark Cuban and Robert Kraft of The Kraft Group, more than 4,000 franchising development inquiries from around the world, international media attention, a top-ten ranking among brands for its use of social media (Twitter.com, OPEN Forum, *Entrepreneur Magazine*, etc.). As of this writing, it has more than 200 units in development, with agreements for the development of more than 100 additional units under letters of intent. NakedPizza's North American franchise company was formed in September of 2009, and its international franchise company in April 2010.

Originally called the World's Healthiest Pizza, NakedPizza was founded in 2006 by evolutionary anthropologist Jeff Leach and investment banker Randy Crochet in a 496-square-foot building that took six feet of water in the levee failures following Hurricane Katrina. For over three years, that location effectively served as laboratory, where the business model and foundational product was perfected. Brock Fillinger and Robbie Vitrano joined the company shortly thereafter as partners, focusing on operations and branding, respectively.

The company's founding was a thoroughly post-Katrina New Orleans story of need and opportunity, bringing together Leach's expertise in nutrition, ancient diets, and cooking techniques with Crochet's desire to create jobs in the recovering city. The city had become an emotionally charged frontier town, with the first returning natives throwing themselves into triage, and out-of-town volunteers, think tanks, universities, and foundations pouring in for relief work.

Crochet, the native, and Leach, the newcomer, embodied this moment in time—a time that in retrospect closely mirrors the current post-recession climate. (In many respects, New Orleans had a three-year head start on the global recession.) Leach's studies and involvement with the food and nutritional community had led him to a deeper understanding of the importance of digestive or "gut" health and, more specifically, the proper maintenance of the complex microbial system populating the human digestive tract. Leach was a key driver in the growing field of scientific study around the fundamental importance of these microorganisms to health, balance, and disease prevention. New Orleans' post-Katrina entrepreneur-led laboratory was the perfect environment to mobilize his plan.

After meeting Crochet, who was focused on start-ups that would contribute to the city's recovery, the idea that was to become NakedPizza was launched. Right idea, right place, right time: the two men's missions seamlessly merged into one.

Mission

Fundamental to NakedPizza's mission is how the company defines health, focusing on intestinal health through a diet featuring a diversity of nutrients best suited to both the beneficial bacteria inhabiting the human digestive tract and their human host. Leach's studies concluded that the human diet that contributed to the evolution of modern humans contained a much greater variety of nutritional sources than does present-day diets. In the past, consumed foods were whole fiber (as opposed to the highly processed foods that dominate contemporary diets), and nutrient sources were diverse and plentiful (today corn and soy dominate). NakedPizza's mission is intended to be effected in an iterative manner, changing the nutritional profile of fast food with a product based on that foundation of health, initiating an understanding and a conversation that leads to greater engagement and advocacy around the entire food supply, plow to plate.

This is not a purely scientific construct, but the soul of NakedPizza's consumer engagement and cultural influence. It is a company that has interesting things to say (not merely marketing, but baked deep into the business strategy, vision, purpose, and operations—no pun intended), which has resulted in a form of cultural currency for its customers, enabling NakedPizza to be among the most successful companies in the world in its use of social media, according to sources such as *Entrepreneur Magazine*, American Express Open Forum, and Twitter. The goal is to move this argument beyond confusing claims around fat and calories—moving the deck chairs which has done nothing to slow the epidemics of obesity, diabetes, etc., nor to blunt the increasing costs of providing health care—and to do it in a way that makes a clear and compelling business case that this is a food, a healthier fast food (within a disciplined, profit-generating business model) that people will eat. The business case—sophisticated market penetration, distribution, and investment incentive—is largely what has been absent and ignored in efforts to curb lifestyles and behaviors that have contributed to declining health.

NakedPizza began its life as the World's Healthiest Pizza, catching the eye of Trumpet Advertising and Idea Village Co-Founder Robbie Vitrano and compelling him to reach out to the company in order to more effectively package their mission for market success. Through this connection, the decision was made to change the name to NakedPizza (but not without much consternation) and better package the company's vision in order to bring more customers into interaction with both the product and mission. It also resulted in Vitrano being invited to join the company as a Co-Founder and Partner.

The Idea Village

NakedPizza concurrently began to work with The Idea Village, refining its business model and gaining access to valuable resources, access to the Idea Village staff, as well as to its vast network. That interaction resulted in NakedPizza being selected by The Idea Village as one of three for-profit social entrepreneurs to participate in its inaugural IDEAcorns. NakedPizza was partnered with a team of graduate students from DePaul University, led by a faculty advisor. The team focused on an opportunity resulting from NakedPizza being chosen from a field of more than 14,000 companies by technology entrepreneur Mark Cuban as a finalist in his Open Source Stimulus Package—a sort of business plan contest focused on profitability and scale. Cuban's reputation is one of unsentimental business-operating principles (profit), singularly focused on sales and the expert use of technology. His challenge to NakedPizza was to demonstrate a specific level of sustainable sales in a focused time period. NakedPizza and the DePaul team together developed a social media strategy that earned them a grant of \$20,000 from The Idea Village, which enabled the promising company to meet Cuban's challenge and earn his investment.

NakedPizza used part of the grant to turbo-charge its social media strategy, removing the sign in front of its single location and replacing it with a sign containing only an invitation to follow the company on Twitter—the first such effort of its kind in the world. That move, along with the public announcement of Cuban's investment, put NakedPizza on the featured page of entrepreneurial and technology bibles Mashable and TechCrunch, and resulted in a cascade of coverage in marketing, business, trade, and technology blogs, and “traditional” media that included the *New York Times*, *Wall Street Journal*, *Wired* magazine, *GQ*, FOX News, CBS News, Bloomberg, FastCompany, and *Entrepreneur* Magazine.

Launch

The Cuban investment led to an introduction to Robert Kraft of The Kraft Group, which resulted in investment to form the North American franchise company in the fall of 2009. Since that time, NakedPizza has received over 4,000 inquiries for investment from successful business people, celebrities, and professional athletes from around the world. The vast majority are interested in a business investment with social impact and are drawn to the company to become a part of its mission, mostly finding out about the company through social media. The North American franchise company now includes more than 200 units under development, with the first new store openings targeted for the summer of 2010. The international company was recently formed to secure intellectual property rights and begin investigating partnerships and markets. The company has a goal of 1,000 units in operation by 2015.

Working from its new corporate headquarters in the New Orleans warehouse district, the operations staff currently numbers 12, with 10 to 15 additional positions expected to be filled by the end of 2010. Its staff includes veterans from the multi-unit franchising industries, technologists, and media artists who design the

company's digital publishing platform and communications.

NakedPizza continues to engage regularly with The Idea Village, participating in presentations to visiting organizations and events such as the second IDEAcorp iteration, now a citywide event called Entrepreneur Week. The company has also connected its investors to the New Orleans entrepreneurial community, with Mark Cuban presenting at this year's Entrepreneur Week events and The Kraft Group's chief investment officer actively vetting local businesses for investment.

ANNEX 3. IDEA VILLAGE CASE NARRATIVE: DROP THE CHALK

BY JEN SCHIDMAN

In the summer of 2009, I founded Drop the Chalk, based on the belief that better technology could enable teachers to make informed decisions in the classroom. I had three years of experience teaching in the public school system and formal training as a software developer, but in terms of business development, all I had was an idea. Enter The Idea Village. New Orleans is a "small big town," so it wasn't long before half a dozen people encouraged me to apply for The Idea Village Entrepreneur Challenge (IVEC).

The formal IVEC program kicked off in November 2009, when the visionary Idea Village team put Drop the Chalk's growth plan on a calendar and helped to identify the resources I would need to get to "graduation." Starting in December, I began to meet weekly with the other entrepreneurs in my cohort. The Idea Village hosted workshops on topics from business law to social media. They organized "speed dating for businesses" so that we could quickly learn about each others' products, services, and goals. We were a diverse group with experience in education, technology, music, fashion, beverages, and more.

One of the questions I'm often asked about The Idea Village experience is, "What have you learned this year?" Most people expect a standard answer: "I learned how to take a business plan and put it into action." The real answer is deeper than that. In the past six months, I've learned how to craft a compelling narrative about Drop the Chalk, how to quickly assess someone's interest and hone my message accordingly, and, most importantly, I've come to realize that I am always an ambassador of my brand and that my passion for helping teachers is contagious when I get the message right.

There are dozens of Drop the Chalk advocates across the city of New Orleans, and probably across the country too, who believe in Drop the Chalk's model and can't help but tell other people about it. Yes, I've discovered that people are always talking about my company, regardless of whether it shows up on Twitter.

That level of support has fueled Drop the Chalk's growth in the past few months. Back in October 2009, I pitched my company's product and mission to an audience of business leaders at a noncompetitive event called PitchNOLA. It was the first time I'd stood before an audience of more than one to explain my work. The judges were constructive with their feedback and equated my product with a dish of chicken and mole sauce: "It sounds nice, but really, what *is* it?"

Four months later, I stood in front of my Idea Village peers and made my pitch again, this time for start-up capital. The twist in this Idea Village capital experiment was that there were no venture capitalists in the room because it was the group of entrepreneurs who would vote to allocate the funding. The money had been given to The Idea Village by a firm interested in seeing if entrepreneurs themselves could pick sound investments better than a one-step-removed venture capitalist could. We had actually begun the process a few months earlier, and as a group we had decided to invest equally in two companies that would compete in a

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multi-round judging process. We researched the best criteria to use when evaluating investments, and then we entered our own competition. Six companies, including my own, made it to the final round of the judging process: a 15-minute pitch to fellow entrepreneurs, half of whom were also vying for the cash.

By this point in my company's journey, I recognized the importance of knowing my audience well: a group of business owners who, like me, were committed to rebuilding New Orleans through entrepreneurship, but unlike me, weren't intimately familiar with the city's education landscape. The theme of my presentation was focused according-

ly. Despite the well-built financial model I had in my back pocket, I didn't talk about ROI, gross margins, or cash flow. Instead, I provided a tour of the software product, highlighted the overwhelmingly positive response from pilot customers, and spelled out exactly how I'd spend the seed funding to build beyond my team of one. The happy end of this story is really only the beginning: Drop the Chalk was one of two companies to land seed capital that night.

Less than a week later, Idea Village's New Orleans Entrepreneur Week kicked into high gear. MBA students from top business programs and corporate teams from Fortune 500 companies descended upon New Orleans to partner with local entrepreneurs and solve key business challenges. Drop the Chalk was paired up with the Stanford University team. I had traveled to California earlier in the month to pitch Drop the Chalk and the "alternative spring break" opportunity they would have in researching my target market and identifying additional growth opportunities.

Once the team was assembled in New Orleans, the first stop was a trip to interview my most enthusiastic customers: the teachers and the principal at a local charter school. Inspired by the teachers' belief that Drop the Chalk was "a must for

lesson planning” and the fact that the principal viewed the software purchase as a “no-brainer,” the Stanford team set out to learn more about the educational technology industry and the market of charter schools that Drop the Chalk was targeting. By the end of the week, they had expanded the size of our target market eightfold, identified the company’s financing needs for the first five years, and built a product road map with key features.

Perhaps the most memorable part of the week was Tuesday evening. Exhausted from the long hours but fueled by the collaborative spirit in the room, one of the MBA students looked up from her Excel spreadsheet and said, “You know, we probably should have asked a while ago, but tell us why all of this work matters to you. What is your ultimate goal for Drop the Chalk?” The rest of the put down their pencils and looked up at me expectantly.

It was the first time in my experience that I’d been asked, point blank, to articulate my vision for Drop the Chalk and beyond—yet another chance to hone my message. I explained that in this country, we tend to hold on to a romanticized image of teaching, one where the work day ends at 2:30 in the afternoon and comes with three full months of summer vacation. This simply isn’t the reality any more for most teachers, especially those working relentlessly in underserved communities to make sure that their students have the best educational opportunities possible. I described how the role of a teacher has tripled in scope to include curriculum developer and data analyst, along with the traditional responsibility of managing student practice. Gone are the days of opening a textbook to page 123 and lecturing for 50 minutes. Students need more engaging and differentiated material, and for new teachers, this often means creating lesson materials from scratch every week. Gone too are the days of grading a few tests per semester; accountability systems now require teachers to demonstrate that their students are mastering state-sanctioned learning objectives. With more frequent assessments, teachers must now analyze their test data to ensure that students are making continuous progress and re-teach content strategically to improve students’ retention.

All of this adds up to a job description that is simply not sustainable over the long term. To solve the issue of sustainability, I explained, Drop the Chalk is a big first step in the right direction: technology tools meant to increase a teacher’s ability to use student information to gauge progress and to re-teach those who struggle. But, as I told the Stanford students, the vision goes far beyond a central place to store student academic information. With Drop the Chalk as a notch on my belt, my ultimate goal is to reshape the way teaching is defined, to replace the islands of independence with an interconnected team of teachers who divide the responsibility for planning, delivering, and analyzing each lesson.

How to turn this goal into a reality for teachers across the country is still very up in the air, but running Drop the Chalk gives me new insight into the classroom struggles of teachers every day. And perhaps this will be the next project I pitch to The Idea Village.