"American colleges and universities possess a wealth of intellectual and economic resources that they can bring to bear on the problems of our cities. As centers of research and scholarship, institutions of higher learning can focus their academic energies to address some of the urban problems that lie just beyond their gates. As major economic entities, universities can create job opportunities for local residents, provide contracts for local businesses, invest in low-income housing, and provide other forms of economic lift to their surrounding communities."

- Henry G. Cisneros, former Secretary of Housing and Urban Development, January 1995

Cisneros, in his paper *The University and the Urban Challenge*, articulates a role for higher education institutions in regional economies. He also proffers a challenge to colleges and universities to become more involved in addressing the tough issues faced by residents and business owners in economically distressed communities. While Cisneros’ focus is on urban America, the need for college and university involvement in rural America is equally important.

If Cisneros is right that America’s institutions of higher learning are crucial in the fight to save our cities, then those who are involved in economic
development, including financial institutions, must know how to build strong, strategic alliances with these institutions.

**An Historic Opportunity**

Historically, higher education institutions have addressed issues of poverty by focusing on the symptoms. To be fair, some colleges and universities have provided much-needed assistance in addressing the health and welfare needs of residents in distressed communities. But few schools, with the possible exception of Historically Black Colleges and Universities (HBCUs), have adopted a dual mission of educating students and meeting the broader development needs of the communities they serve.

In this post-cold war era, however, higher education institutions are actively assuming economic development roles within their communities. This evolution is the result of several factors:

- Universities are now encouraged to privatize the results of their scientific research which is leading to an increase in the number of businesses started from technology transfer.
- As this nation's cities and rural communities struggle through another decade of disinvestment and the flight of manufacturing jobs, many colleges and universities find themselves physically surrounded by communities that are increasingly poor. Because of the significant capital investment in their campuses, colleges and universities aren't likely to pack up and move.
- The shift to a knowledge-based economy is increasing the ties between research universities and private industry which is intensifying the focus on the practical business applications of research.
- As colleges and universities fight for private and public dollars, they must demonstrate their benefit to society beyond the education they provide to enrolled students.
When approaching a college or university, it is important to first understand at least a little bit about the world of academia.

**The Nature of Academia**

Generally speaking there are four types of colleges and universities:

*Research Universities* conduct, as one of their primary missions, ground-breaking scientific research. Faculty are promoted based on their research, teaching and community service. But ultimately, their careers are built on research. Thus, junior faculty (assistant and associate professors) face a crucial "publish or perish" mandate. While Full Professors have tenure, their salary remains tied to their publishing ability. Examples of research universities include the University of Washington and the University of California at Los Angeles.

*Land Grant Universities* provide, as one of their primary goals, on-going education to farmers and business owners in rural communities. Faculty are evaluated and promoted based on their work in research, teaching and community service. But because of their land grant charter, these institutions devote resources, including staff and students, to agricultural extension programs. Land grant colleges will be likely allies in developing and expanding small business assistance programs that target distressed communities. Examples of land grant universities include Arizona State University and the University of Nevada at Reno.

*Teaching Colleges* focus on undergraduate education and meeting the needs of a region or a community. Faculty at these institutions are motivated by teaching and there is less emphasis on research and publishing than at research and land grant universities. Examples of teaching colleges include Occidental College in California and the University of Alaska, Southeast.
Community and Technical Colleges provide education for high school graduates and worker retraining for people seeking to re-enter the workforce or acquire new skills to be more competitive in a changing economy. These institutions may be the most receptive to becoming involved in economic development due to their established focus on worker retraining. At the same time, many faculty are paid only for the courses they teach, not for research or service they conduct. Thus, there are significant time constraints on faculty at these institutions. Examples of community colleges include Seattle Central Community College and City College of San Francisco.

For those of us in the West, it is important to note the growing presence of Tribal Colleges located on reservations. These colleges are an important entry point for Native peoples seeking higher education and resources for educating workers and managers in tribally-owned businesses. Examples of tribal colleges include Northwest Indian College and Dine College in Arizona.

Identifying Shared Interests
Having determined that the local college or university has resources to help reach your economic development goals and armed with an understanding of the mission of the institution, the next step is to formalize an alliance through which to build a program. This process follows five general steps:

1. Identify a key decision-maker at the college or university with whom to work;
2. Articulate benefits and goals for each party in the alliance;
3. Gain broad-based internal and external support;
4. Obtain high-level support from a Dean or President; and
5. Marshall the resources to launch the project.

Some institutions may want to improve the physical appearance and personal safety of their surrounding community. Others may want to provide students with real-world business experience. Still others might view
involvement as part of their public institution mandate to serve all segments of the community.

At the University of Washington, a shared vision for a program grew from an alliance which included the Business School, community-based organizations and the Greater Seattle Chamber of Commerce. Tenured faculty were among the leaders of the alliance which recognized that Seattle's small business owners in economically distressed communities needed assistance in obtaining advanced business education and technical assistance. In conducting an assets analysis to address this need, the University of Washington recognized its strongest asset of all — its business school students.

Once a vision was developed, based on the creation of a student/small business mentoring program, the alliance expanded to include financial institutions, insurance companies, private industry leaders, government officials, small business owners and other community-based organizations. The Dean of the Business School, William Bradford, was a key leader in expanding the alliance and formalizing the vision. This process took more than a year to complete but we needed the time to build a strong, long-term partnership.

The significant level of external involvement in the alliance will be key to sustaining the Business School's efforts. Corporate and community support ensures access to the resources we need to be successful. The program is primarily funded by the private sector to ensure that we maintain the balance between meeting our educational and the community's economic development objectives.

As a strategic alliance is built, it may be helpful to examine models that are emerging in cities across the nation from which to form a base for local planning.
Developing Projects and Programs

Examining models to develop new programs is important, but it is equally important to recognize that each city and region has a different mix of resources and challenges. There is no "one-size-fits-all" approach. Yet, there appear to be two general trends emerging through effective, successful programs: 1) the provision of direct, long-term technical assistance to small business owners and community-based organizations; and 2) policy analysis and development.

Long-term technical assistance programs work with businesses from three months to many years. The Small Business Administration funds Small Business Development Centers (SBDCs) that are housed at colleges and universities across the nation. Washington State University has a contract which allows it to staff nearly 30 SBDCs in cities and towns across the state. Businesses can receive assistance for several years through these centers. At other universities, such as Yale and the University of Texas, one faculty member runs a semester-long class in subjects such as business planning where students write a plan for an existing, perhaps struggling, firm. Our program at the University of Washington Business School sends graduate school students to work with inner-city businesses for a period of three to nine months. And Tuskegee University in Alabama is expanding their technical assistance to include financial assistance through grant and loan funds.

A policy analysis and development approach has been adopted by the University-Oakland Metropolitan Forum. This is a partnership of the University of California, Berkeley; California State University, Hayward; Mills College; Holy Names College; and the Peralta Community College District. The Forum has focused on designing an improved labor force preparation system and conducting research on transportation issues for community-
based organizations. The Forum works primarily with government agencies and business associations.

An approach that combines technical assistance and policy analysis might look like the program at the University of Nevada, Las Vegas which compiles econometric and market research data. They make the data available to policy makers, individual businesses, and industry associations who need it for use in planning local business development.

**Conclusion**

Colleges and universities, like financial institutions, have multiple functions. Financial institutions accept deposits, make loans, and serve as a medium of exchange. Colleges and universities provide education, conduct research, and are centers for theoretical debate. The type of alliances and the programs that are developed in each community will reflect the unique needs and resources of the region. But through alliances to support economic development, institutions, individuals and the entire region will benefit from the increased economic strength within its distressed communities.

**About the Author**

*Michael Verchot* is the founding director of the University of Washington's Business & Economic Development Program. This program supports private sector economic development initiatives through
consulting services to small businesses and research and analysis of economic development strategies. Michael has spent 15 years working in small businesses with a focus on marketing, public and government relations, and general management. Michael received his undergraduate degree from Springfield College and his MBA from the University of Washington. He currently serves on the Board of Directors for the Technology Access Foundation which provides education and internships for students of color and on the Advisory Board for the Millennium Fund, a community development venture capital fund.

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