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The Big Easy's Business Leap Forward

New Orleans has been reborn as a tech town. Really.

By DOUGLAS MCCOLLAM

It's been 10 years, but Tim Williamson's face still registers incredulity as he recalls the conversation.

He and several other young New Orleans businessmen had dreamed up something called the Idea Village, which would be an innovative center for start-up businesses. They had already sponsored successful events to help bolster local entrepreneurship, and now they were seeking support from the local Chamber of Commerce, which they expected would be enthusiastic. They were mistaken. "What if it fails?" the Chamber man asked.

"I'm thinking, 'What if it fails? Hey, what if it works!'" laughed Mr. Williamson in his office recently. "We had found the root of the problem." It's a problem that New Orleans seems to have overcome in the years since Hurricane Katrina—so much so that Mr. Williamson can now afford a little levity.

From its modest origins a decade ago, the nonprofit Idea Village has grown into an engine for the New Orleans economy. To date it's helped raise about \$2.7 million in seed capital for more than 1,100 local entrepreneurs, creating more than 1,000 jobs and \$83 million in annual revenue—and these days helping the city's unemployment rate stay about a point to a point-and-a-half below the national average.

On Friday the group concluded its fourth annual Entrepreneur Week, which featured 525 start-up companies competing for more than \$1 million in capital and consulting services. Ten years ago, holding a weeklong festival for start-ups in New Orleans would have been akin to staging Mardi Gras in Palo Alto.



Idea Village

The Speed to Seed Pitch at New Orleans Entrepreneur Week last year.

But the event has grown every year and now attracts sponsors such as Google and Goldman Sachs. This year's itinerary concluded with "The Big Idea," a kind of \$100,000 "pitch off" in which 19 start-ups made their cases to a crowd of festival-goers, each of whom was given a \$50 chip to award to a company.

Trusting such crazy ideas is a central principle of the Idea Village and is part of the vibe that has infected post-Katrina New Orleans. "Every hurricane has a silver lining," said author and New Orleans native Walter Isaacson in his keynote address to the entrepreneurs.

Katrina certainly gave New Orleans the opening to remake its failed institutions. Today about 80% of the city's public schools, formerly among the nation's worst, are charter schools competing on performance to attract students. The city's antiquated Charity Hospital will soon be replaced by a state-of-the-art medical center, part of a larger, 2.4-square-mile medical corridor anchored by a new cancer research facility and BioInnovation Center.

Thanks to aggressive tax incentives, this year New Orleans is on pace to supplant New York as the biggest feature-filmmaking center outside of Los Angeles, a successful model the city is seeking to replicate in both music and software design.

These and other initiatives are changing the city's commercial culture. Once viewed almost exclusively as a booze-soaked destination for debauchery, New Orleans was tabbed last year by Forbes as the No. 1 brain magnet in the country for college graduates, and Inc. magazine dubbed it the "coolest start-up city in America." Last month the city beat out a dozen rivals for a new GE Capital technology center that will bring about 300 high-end tech jobs.

Perhaps the most telling change is the business community's belated appreciation for the city's unique character. For years business leaders bemoaned New Orleans' inability to emulate its more prosperous neighbors in the New South. Today, that script has flipped.

"We are not going to be like Atlanta or Houston," says Michael Hecht, president and CEO of Greater New Orleans, Inc., a business development group. "But in the long run that's a competitive advantage." In its focus on building a creative economy, New Orleans sees its competition not in buttoned-down regional rivals but in San Francisco, Austin and Boston—other offbeat cities focusing more on homegrown job creation than on Fortune 500 benefactors.

The city is also seeking entrepreneurial solutions to its social and environmental problems. Many start-ups that have worked with Idea Village—such as Kickboard, an educational software company—have arisen from the public-school reclamation effort led by groups like Teach For America and KIPP. Another start-up, Tierra Resources, won \$50,000 in seed money for its innovative plan for marketing carbon-pollution credits to rebuild Louisiana's wetlands and similar ecosystems around the world.

Tierra won its grant by beating two other finalists in the "Water Challenge," a daylong seminar co-sponsored by Idea Village and the Greater New Orleans Foundation on the threat from coastal erosion and rising sea levels. Since Katrina, New Orleans has understandably developed a keen interest in water-control systems, with particular admiration for low-lying Dutch cities like Rotterdam that have successfully managed coastal flooding.

Tierra's charismatic, tattooed president and founder, Sarah Mack, is a prime example of the Idea Village model. Ms. Mack admits that when she conceived of Tierra she had little clue how to construct a revenue model. For months she met with advisers supplied by Idea Village, including "entrepreneurs in residence" Kevin Wilkins and Doug Walner, former senior executives in the financial and tech sectors, respectively. "I'd call them at all hours," she says.

Idea Village also assigned a team of six Harvard MBA candidates to work with Ms. Mack, one of several MBA teams from the likes of Dartmouth, Duke and Columbia that have chipped in during Entrepreneur Week. Ms. Mack formed an easy bond with her Harvard team, ferrying them around New Orleans in her battered pickup truck. "They'd fight to see who gets to ride in the back," she says.

One of the MBA candidates, Harry Cominos, a management consultant from Australia, says he

appreciated working on a start-up like Ms. Mack's. "In so many places it's all tech," he notes. "In New Orleans, it's lots of different industries." His teammate Angela Wise, who had worked for Microsoft, made another surprising observation about the city: "So many places are averse to change, but New Orleans really isn't—one of the few places that isn't."

That may be the biggest change of all in the Big Easy. Just ask Tim Williamson.

Mr. McCollam is a writer living in New Orleans.

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