

***NEW ORLEANS MEDICAL DISTRICT  
ECONOMIC DEVELOPMENT STRATEGY***

Issue Paper:  
Market Strategy and Marketing Plan

December 5, 2006

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*Strategies for the Global Knowledge Economy*

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**INTRODUCTION**

This is a an interim *Issue Paper*, prepared as a means to consolidate background material for a Workshop on Development Strategy for New Orleans Medical District, scheduled for December 7, 2006.

This *Issue Paper* addresses Market Strategy and is a companion to the other two—*Innovation System Strategy* and *Development Strategy*.

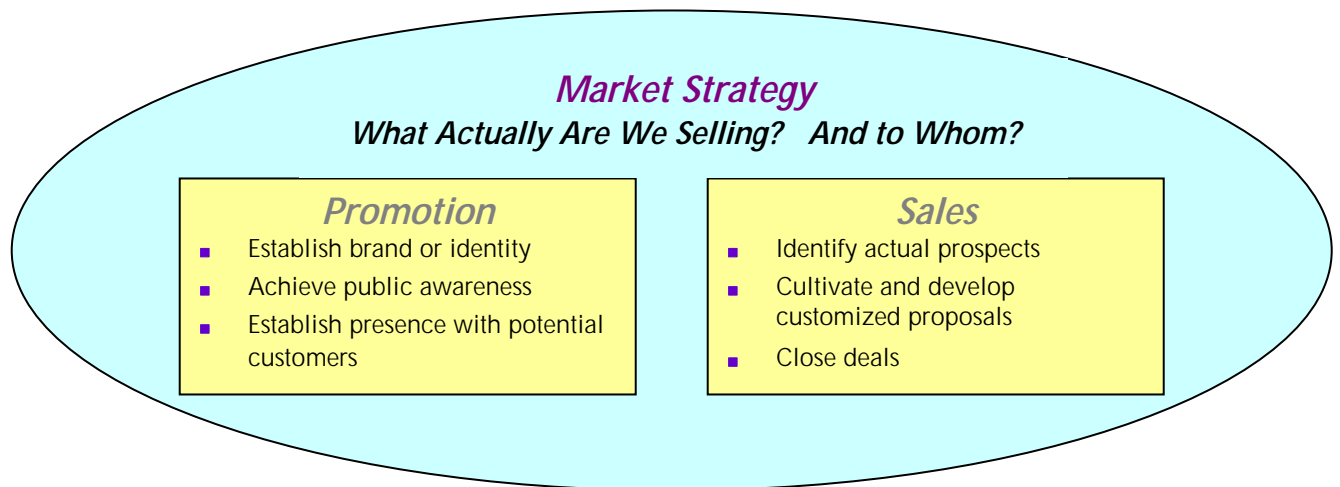
**PROMOTION VS. SALES**

In the broad realm of marketing, there is a real difference between those activities aimed at *promotion* and those that constitute *sales*. *Promotion* is about creating market identity and awareness of the thing being marketed and about reaching potential customers (usually in defined segments), and getting those customers interested in considering the product.

*Sales*, in contrast, is the care and cultivation of prospective tenants, hopefully leading to actual sale of the product, in this case, lease of premises and maybe even commitments to collaborative R&D. In real estate, the sales/leasing is usually done by some entity or person with real estate leasing experience who can answer a prospect’s questions about property. In the case of a *knowledge-based economic development* project, such as the New Orleans Medical District, sales and leasing activities may also require direct involvement of the scientific and programmatic partners to which the tenant prospect relates. Thus, the sales aspect of marketing for the Medical District is inherently a complex set of activities requiring more than one type of expertise. It will not be enough to apply real estate expertise only or medical program expertise only. Both may be needed.

**STRATEGY**

Then, both *Promotion* and *Sales* must be planned and conducted within a framework *Market Strategy*—what are we selling? Why would someone want it? Or, to whom are we selling?



Accordingly, this discussion of **Market Strategy** is organized as follows:

- **Market Strategy:** What Are We Selling?
  - Real Expertise
  - Value Added Features
  - Partnerships and Relationships
- **Marketing Plan:** Tactics
  - Promotion
  - Sales
- **Summary:** Proposed Action Agenda

## MARKET STRATEGY: WHAT ARE WE SELLING?

The first question we must ask is: “What are we selling?” Is it space in a building in a bio-science research park? Is it the ambience and quality of life in the NOLA region? Is it a “good address” for a start-up company? Or, is it an opportunity to locate in a very special environment and collaborate with two major universities and their health science centers, and several other educational and health care institutions, in the development and commercialization of new medical technologies?

Based on our extensive experience with other districts and research parks, it is very clear that the Medical District is NOT selling real estate. That conception has led many similar ventures to languish. Too, based on the incredible degree of global competition for technology businesses, especially in biosciences, the Medical District needs to consider that what it is selling must consist of a well-put together ensemble of three things:

1. **Real Expertise:** World-class capabilities in certain selected niches of excellence in bioscience segments (that mesh with commercial markets)
2. **Value Added Features:** Real benefits, facilities, services, and other resources to help businesses flourish, and a high-quality physical environment or community
3. **Partnerships and Relationships:** Active promotion of institution-institution and institution-business and business-business collaborative alliances—to solve problems and to innovate.

### 1. REAL EXPERTISE

In the early 1980s, when many research parks were started, the tendency was to be open to any and all technologies. More recently, as our understanding of **Knowledge Economy** dynamics is improving, the newer trend is to focus on **niche parks and districts**. There are actually very few purely biosciences parks anywhere, but there are more and more lately that are focusing on the biosciences industry primarily.

The great advantage of focus on niches is that the phenomenon of clustering begins to operate. It turns out that businesses grow where there is a human capital pool (expertise) to support those businesses. So, focusing on niches helps to build “clusters” of companies with common talent pools, integration of products and services, and R&D collaborations.

Therefore, in developing a Market Strategy, it is important to clearly understand what market sectors would be most likely to respond positively to targeting. In the November 1 Workshop, a strawman list of bioscience sub-sectors of expertise was developed, as particular strengths among the New Orleans medical centers and hospitals. This list, which is only preliminary, includes:

This strawman list of potential market segments or niches was developed in the November 1, 2006 Workshop discussion.

It is by no means final and needs discussion, vetting, and refinement.

- Vaccines (malaria, etc.)
- Antiviral peptides, Viral vectors
- Eschemia/stroke prevention
- Tissue modeling
- Dental devices and polymers
- Bioinformatics (UNO)
- Nanotech delivery (UNO)
- Drug delivery (Xavier)
- Adult stem cells/ cell therapy and immuno-stimulation

There may be other research niches in NOLA institutions that do not appear above. The marketplace, for instance, can be a good indicator of research strengths, e.g, a compilation of commercially sponsored research in NOLA institutions by bio-category might turn up additional research niches, and these should be added to those above.

Niches are not only marketing targets and indicators of research superiority, they can also be used to focus on manpower needs into the future as well as be used for “asset building” by making major investments in already strong areas of excellence such as

- multi-disciplinary, multi-university grant proposals for new “niche” collaborative centers of excellence;
- aggressive recruitment of faculty in targeted areas of bio-science; and,
- stronger research relationships with targeted bio-science companies

## **2. VALUE-ADDED FEATURES**

Universities, by their very nature, provide “value added” to whatever community surrounds them. For this marketing and development strategy to work, the universities must be willing to embrace relationships with other tenants and businesses inside the District as well as share with those tenants their special campus environment. By building on and sharing that environment the District becomes a unique place for a business location, one that increases the competitive position of businesses as well as providing access to a stronger and more permanent workforce. It is this “special environment” that makes the Medical District a very different location compared to any other piece of land either inside or outside the New Orleans region.

That environment must also be a physically unique place as well. It should reflect the quality and sophistication of its institutional residents by requiring quality architecture and design in all structures, streetscapes, parking lots/structures and lighting schemes. The overall feeling of the District should reflect a place of intellectual excitement, collaboration and discovery. (A detailed discussion of the Physical Environment is provided in the Work Paper on Development Strategy.)

Value added also means having a special connection to the District’s institutional players, allowing bioscience businesses to enter into unique research relationships with partner institutions. These close collaborations with the private sector can generate new institutes of learning and open the way for future contributions and investments into the university by bio-science companies.

And value added means that bio-science companies can participate in many of the same benefits now provided by the universities to their faculty, students and alumni. It means making those tenants part of the university community and part of that special environment that makes a university campus what it is. It also means being eligible for special incentives from other entities, such as local and state government and local business organizations.

### ***From Medical and University Sources***

The NOLA Medical District needs to market this special environment created by the stakeholders that adds real value to a company as well as provides opportunities for companies to enter into research and other collaborative relationships with District members, especially LSU, Tulane, Xavier, UNO, Ochsner and others.

Actually, there are two different kinds of value-added elements—those relating to specialized scientific activities and those that are more generic to support businesses

and their employees. Examples of “value added” resources provided by other research parks and some specific New Orleans possibilities include:

***Core Science and Business Amenities***

- Use of the LONI High Speed Computing Network and technical assistance to take advantage of “grid computing.” (OTRP)
- Access to clinical trials patients/support
- Use of the Tulane National Primate Research Center, and other animal facilities (at a fee)
- Access to sophisticated university instrumentation, equipment and facilities at faculty rates (Northwestern)
- Help with early stage patent work by technology transfer offices of local universities
- Disposal of hazardous waste, at a fee (Northwestern)
- Access to glass and machine shops (Northwestern)
- Access to an HMO health plan for tenant employees, preferably through one of the university medical centers (Science Park at Yale through Yale Medical Center)

***Other Business/Personal Amenities***

- Access to university health and wellness facilities at alumni or faculty rates (Northwestern)
- Invitations to all university cultural events
- Access to university sports tickets at faculty or alumni rates
- Use of university vehicles at faculty rates (small buses, etc)
- Access to hiring undergrad and grad student interns (most important)
- Access to university library/university databases (most tech parks do)
- Access to meeting/conferencing facilities
- Adjunct professorships for qualified private sector tenants
- Invitations to participate in university colloquies, technical seminars and other collaborative faculty/business events

***From Local/State Government and Business Organizations***

- Issuance of special Medical District IDs for District tenants and their workforce that entitle them to access goods and services as described above, as well as discounts on local business goods and services. (Many universities do so)
- The Northwestern University/Evanston Research Park provided a special ID to all employees in the Park that entitled them to a 15% discount at almost all stores in downtown Evanston
- Help with grant writing by local business support organizations (assisted by local Small Business Development Center housed in Incubator in Research Park in Evanston)
- Access to reduced hotel rates through DDD

***3. PARTNERSHIPS AND RELATIONSHIPS***

Collaboration and networking are the new mantras of global business. In the ***Knowledge Economy*** those businesses and institutions that can form collaborative partnerships with other like-kind entities end up with more and bigger grants, generate more creative ideas, and create the most wealth. There have been some notable collaborations in New Orleans, such as the Louisiana Cancer Center and the Gene Therapy Consortium. However, collaborations between the major health centers with each other and with private companies and non-Louisiana universities and medical centers seem to be lacking. Successful research parks provide a collaborative atmosphere that enhances creative partnerships among its members, from incubator

companies jointly creating a new product, to entrepreneurial faculty generating privately funded centers of excellence.

Marketing that collaborative environment has a special appeal for new Knowledge Economy companies who now “get it” and are looking for partners to compete in a rapidly changing economy. A collaborative atmosphere also gives weight to the incubator’s purpose and it will help draw emerging companies from well beyond the District’s borders.

The stakeholders need to think about how they can begin to change their insular campus culture and so help their faculty and students to better understand the new world of collaboration and partnering. The Medical District can be the instrument of that change if it creates that special collaborative environment where people meet, ideas are exchanged, where institutions reach out to find partners among themselves and elsewhere and stimulate creativity, support entrepreneurship, and encourage partnerships. That is the environment we would like to see the District market to the region and beyond. Without it, the District will face daunting competition from places where that environment now thrives and will only grow.

### ***MARKETING PLAN: TACTICS***

The discussion begins with some general discussion of key themes or issues, which are followed by tactics.

### ***SEGMENTING BY STAGE OF DEVELOPMENT AND LOCATION***

There are three separate bio-science company recruitment markets:

- ***Start-up companies*** coming out of the university or Bio-Innovation Center or currently existent within the region that would benefit greatly from the value added by the District—especially its technical assistance, access to sources of capital and access to workforce.
- ***More mature technology companies***, already within the region, that may need to expand or are looking to establish either a research “presence” in the Park because of a particular research strength within the universities, or because it sees the unique environment of the park as essential to its future growth.
- ***Large, national and multi-national bio-science companies*** with research centers in various parts of the country, which develop a relationship with a sponsoring university or faculty member, or have a geographical need to be close to an expanding market or a major customer.

#### ***Start-up Companies***

A research park or incubator offers strong benefits to start-up companies. It provides them a quality address and instant credibility. In an incubator, start-ups will find themselves in the company of other businesses like them, run by entrepreneurs who have a similar drive to own and grow their own businesses. They also receive real value added by gaining access to technical assistance, sources of capital and mentoring. They also gain the ability to reach into the university and build a high quality workforce.

All of these advantages exist in well funded and well run incubators and multi-tenant buildings in research parks, and it is these advantages that must be marketed. .

It has been the consultants’ experience that in those areas of the country which do not have strong private sector bio-science players - non East and West Coast states- most tenants for bio-science park space come from their sponsoring universities and medical centers, including entrepreneurial spin outs, companies formed as a result of existing

sponsored research ties, or from alumni seeking to commercialize their own technologies. Therefore, the District may want to initially put its full marketing weight behind a targeted relationship strategy with the help of its medical and university stakeholders.

### *Existing Bio-Science Companies within the Region*

Though there are not a large number of these companies, they need to become aware of the “value added” benefits of being in the District. There is yet an even more important reason to keep in contact with these companies because they are not only relocation targets for the District, but they are also potential losses to the region if they become discouraged by the post Katrina environment. Bio-science companies are already leaving New Orleans for locations that provide a better business climate; e.g., the *Times Picayune* recently reported that MDS Pharma Services, which tests drugs for the pharmaceutical industry, will close its New Orleans office by the end of the year. The company, which has 28 employees, says it will concentrate on growing markets, such as Phoenix. Would they have left if they were offered the special benefits that could be available to them inside the District?

### *Large, National and Multi-National Bioscience Companies*

Marketing to larger, more mature bio-science companies outside of the NOLA region is probably of little practical use. Many early research parks started out with the standard marketing approach used for luring a major office or industrial company to a community: a direct mail brochure sent to a general list of technology companies around the country; a helter-skelter placement of ads in technology or location magazines; sponsorship and attendance at technology trade shows, and a big sign on the roadside.

These approaches resulted in little success for the most part, though once in a great while someone would get a lucky hit. (The Colorado Research Park in Boulder, for example, just happened to be seen from a passing car by the CEO of US West a number of years ago. He proceeded to build his corporate headquarters there, taking up most of the site)

The consultants recommend that the Medical District restrict its marketing efforts outside of Louisiana other than intermittent piggybacking on State or regional marketing efforts undertaken by others. This would give the Medical District some name recognition, but it will have value only in comforting state agencies that have provided financial assistance to the project.

### **RELATIONSHIP MARKETING**

Before embarking on a complex analysis of target company technology strengths the District needs to understand how more sophisticated bio-science research parks market themselves. These parks work closely with their sponsoring universities to determine what connections already exist between the university -- and its faculty -- with private technology companies. That relationship can take the form of a contract or sponsored research agreement, past or present; an individual faculty member consulting to an out-of-state company; or, alumni who are in “decision” positions in higher management with larger technology companies. This relationship marketing approach is even more important with bio-science parks because of the complexities of the bio-science business, especially their need to attract and keep a qualified workforce—a major impediment to relocation. These existing relationships should be the first to be marketed by the Medical District. It has been shown again and again that technology

companies will seldom move from one location to another without there being an existing personal, business or technology relationship already in place. These relationships are usually built up over time, and take great patience and careful cultivation.

Important to any marketing effort is the creation of a consistent “look” and image that clearly identifies your product. The marketing effort will require clean, unique collateral marketing materials that succinctly tell the NOLA Medical District “story.” The marketing effort will need brochures, fact sheets, stationery and a well-designed, easy to use and informative website with a distinctive logo. The result is a strong image that immediately tells everyone that the Medical District is a high-quality environment for innovative companies and people. Some flavor of New Orleans needs to inhabit that image, but not as a fun city, but rather as a place of rebirth and excitement.

These materials need not be terribly expensive, but they do need to be consistent and professional. People judge your product by how you represent it, both in hard copy as well as personally.

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**SUMMARY: *MARKETING STRATEGY, TACTICS AND SALES***


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The previous portion of this work paper discussed the marketing of a bioscience research park in broad terms. Each bioscience park is unique and differing approaches and tactics have achieved very different results depending upon when and where they were used. However, there are some broad principles that we suggest be accepted, as well as some specific tactics that we feel best fit the New Orleans region at this point in time.

The following are recommended principles upon which to base the Medical District's marketing and sales program, as well as specific tactics that lend themselves to the unique situation in New Orleans:

### ***MARKET STRATEGY PRINCIPLES***

The New Orleans Medical District's Market Strategy is aimed certainly at private companies to be grown or attracted to the District. But the same elements also are important for recruitment of scientists, doctors, and students to New Orleans, thus improving the workforce situation as well.

The main themes and principles of the Market Strategy are:

1. ***Niches of Expertise.*** Commit to defining and funding additional investments in identified niches via institutional plans and for selected collaborations via a ***Strategic Biosciences Program Plan*** (see discussion in ***Innovation System Strategy***). It is critical to keep in mind that this is NOT about marketing real estate. It is about marketing expertise and value-added services and relationships.
2. ***Home-Grown Focus.*** Focus primarily on "gardening"—finding and creating home grown start-up companies and supporting their cultivation and growth. (Attracting out of state companies, while some effort will be applied, has low prospects for return.
3. ***Retention and Growth.*** Design and activate a program for working to retain and help the growth of existing bio-science companies within the region. Work with GNO which already has technology cluster support programs in place.
4. ***Relationships as a Principle Form of Promotion.*** Use relationship marketing to identify prospects among existing companies, local, regional, or national
5. ***The Physical Place.*** Clean up and improve the site, especially its "entrances" on Canal and Loyola (details and comments provided in ***Development Strategy***)
6. ***Immediate Capacity.*** Make an interim place available immediately (details and comments provided in ***Development Strategy***). In the event that prospects emerge, there must be a way to capture them immediately.

### ***PROMOTION TACTICS***

A promotion program would include the following tactics:

1. ***Relationship Information.*** With appropriate procedures, make available the names and contacts on all sponsored research and consulting relationships, including bio-science alumni. Use these relationships as the foundation of your promotion and prospect development program.
2. ***Research and Program Asset Information.*** Maintain current inventory of relevant academic programs, commercializable research, and other assets—for use in promotion materials.
3. ***Other Value-Added Information.*** Maintain a current inventory of available labs, resources, services, incentives, and any/all potential value-added resources—for use in promotion materials.

4. **Ongoing Internal Marketing.** Work through institutional tech transfer staff and approach entrepreneurial faculty directly and regularly—to learn what they are doing and evaluate potential innovation projects.
5. **Networking.** Network with legal and accounting firms to identify new start-ups outside the institutions
6. **Earned Media.** Work on increasing positive local press coverage of bio-science companies, entrepreneurs, achievements of the institutions. Keep track of media coverage. (Promotion materials for the Medical District may include news and stories emanating from all member sources.)
7. **Events and Community Building.** Use events, informal contacts, and other means to make existing biosciences companies part of the bio-science and Medical District “family.”
8. **Promotion Materials.** Develop a set of high-quality marketing materials designed to present the education, research, and innovation system assets, and also to overcome the potential negatives that people perceive about the physical place. Include positive facts, upbeat copy, people stories, and sketches of what the Medical District will look like in the future.
9. **Promotion Team.** Organize an interim promotion team by asking each stakeholder to assign their communications/marketing professional to a Medical District Marketing Committee (run through NORMC) that will move forward with the marketing plan while longer term governance and staff issues are resolved.

### SALES TACTICS

Sales would be carried out based upon the following tactics and deployment of people and resources:

1. **Sales Team.** Designate a sales team that can handle inquiries generated by the marketing team. Members of this team would be responsible for staying in contact with prospects, answering their questions and being the “go to” person on all matters dealing with the District. It should be no more than four and it must be made up of people who collectively:
  - Know how large medical institutions function
  - Are aware of the specific institutional programs and research strengths of all the local institutions
  - Understands real estate and leasing
  - Knows the details of available sites and space
  - Are knowledgeable about workforce resources, for example, the capacity to produce customized trainees
  - Can navigate the public sector bureaucracies both locally and at the State level.
2. **Deal-Making.** Once discussions with a prospect reach the negotiation stage, there must be some local financial incentives to “close the deal.” Local and state government or private sector development organizations must provide them. At the same time, deal-making may require working out arrangements for facilities use, lab services, hiring students and other aspects of value-added, in detail for the prospect.
3. **Prospect Tracking.** It is essential for a single locus of recordkeeping for all contacts with prospects, including notes of phone conversations, correspondence, and proposals to prospects. This is especially important because of the likelihood that many people and several organizations will be involved in prospect cultivation, and it is important to be organized.

**GOING FORWARD—ACTION STRATEGIES**

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The following Action Items need to be implemented to incorporate staff, budget, and information-preparation relating to the above Market Strategy principles and tactics for Promotion and Sales:

1. **Market Strategy.** The stakeholders and others involved in marketing the Medical District must agree upon market strategy principles (for example, as above).
2. **Teams.** Organize interim marketing and sales teams
3. **Marketing Plan.** The promotion and sales tactics (as above) provide an outline which needs to be developed into a detailed Marketing Plan
4. **Budget and Staff.** A two-year budget should be prepared for personnel and non-personnel costs and funded collectively by NORMC members.

Note: Roles and responsibilities for marketing (promotion and sales elements) must also be part of the Governance and Management discussion (forthcoming)