The Joint Venture Way: Lessons

 FOR REGIONAL REJUVENATION

Joint Venture:
Silicon Valley Network

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Silicon Valley Network
Joint Venture: Silicon Valley Network is the story of an economic region coming together as a community. It is about re-igniting hope and excitement for the future of Silicon Valley, and taking collaborative action to build that future.

Where Silicon Valley once embraced a “culture of blame,” we now see a commitment to working together. For instance: Although the region could not get its act together to attract the SEMATECH consortium in 1988, it did come together to attract the US Display Consortium in 1993. And, whereas 27 cities and two counties had over 400 amendments to building codes and viewed each other competitively, there is now a uniform building code, created in an historic demonstration of local cooperation.

This evolution has occurred thanks to the ideas, energy, and persistence of thousands of people and dozens of public and private organizations in our community. We have enjoyed success and worked through some tough issues. And we are still learning.

The James Irvine Foundation asked that the Joint Venture model be shared, in hopes that others who are trying to improve the economy of their regions might benefit from our story. We don’t pretend to have a magic formula, but we do know what has made the difference: a new community spirit to improve our region’s economic vitality and quality of life.

We call this spirit “the Joint Venture Way”—a community collaborating to compete globally. The people and organizations that participate in Joint Venture have pioneered a new collaborative way of addressing regional economic issues and opportunities in our Valley, of building trust and respect for one another, and of holding ourselves to high standards of performance. The phrase “the Joint Venture Way” is inspired by the “HP Way”— shorthand for the collaborative culture of one of Silicon Valley’s original companies, Hewlett-Packard.

We hope other communities can benefit from reading about our experiences, successes, and disappointments. Collaboration is hard, sometimes painful work. But, if the Joint Venture experience is any gauge, the rewards are more than worth the effort.
This document is a multi-layered story of Joint Venture: Silicon Valley Network.

At a minimum, we recommend that you read Part I and Part VI to get an overview of Joint Venture and how to assess your community's readiness to incorporate the Joint Venture approach.

- **Part I: The Joint Venture Way** is the "executive summary," giving the essence of our story—facts about Joint Venture, a chronology of its development, impacts it has had on Silicon Valley, and the lessons learned from the overall experience.

- **Part VI: Implications for California Communities** outlines guiding principles for regional rejuvenation applicable to any community and provides a tool for other communities to assess their readiness for change.

If you are interested in more specific information about the developmental phases of Joint Venture, Parts II, III, and IV provide detail and key lessons summarized at the beginning of each chapter.

- **Part II: Initiating the Collaborative Effort** explains how the effort began, the factors leading to its creation, and the techniques used to spark the community to action (Phase I).

- **Part III: Participatory Strategy** explains how Joint Venture involved more than 1,000 people in a participatory strategy process that produced concrete "business plans" for new community initiatives (Phase II).

- **Part IV: Implementing the Joint Venture Way** tracks Joint Venture's transition to a formal core organization with affiliated initiatives, and the continuing challenges of operating such a network organization (Phase III).

If you are interested in specific Initiatives of Joint Venture, **Part V: Case Studies** provides in-depth case studies of three individual initiatives from start-up to maturation: Economic Development Team, Regulatory Streamlining Council, Smart Valley.
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Part I.

The Joint Venture Way

Known worldwide as an innovator in technology, Silicon Valley has pioneered a new collaborative approach to regional rejuvenation. This approach emerged as a broad-based community response to an era of fundamental and continuous economic change. A new type of economy, one with different demands and opportunities, is transforming every aspect of our region and forcing wrenching changes in business, government, education, and the community.

The Joint Venture effort has strengthened connections between our economy and our community, drawing on the best practices of our leading companies and organizations. It has changed the way we think about the role played by different sectors of our community and encouraged collaboration between these sectors. It has set the stage for continuous revitalization of the Silicon Valley economy, so our region can be resilient and deal with ongoing change. It has helped us understand the interdependence between economic vitality and quality of life.

This Part shares, at a fundamental level, what our community has learned through Joint Venture: Silicon Valley Network. The chapter provides an overview of Joint Venture, describes the effect Joint Venture has had on the Silicon Valley community, identifies key lessons learned, and outlines the five principles underlying the Joint Venture effort.
What Is Joint Venture: Silicon Valley Network?

Joint Venture is a dynamic, new model of regional rejuvenation.

Vision
To build a community collaborating to compete globally.

Mission
To bring people together from business, government, education, and the community to act on regional issues affecting economic vitality and quality of life.

Geography
Joint Venture's regional network covers a geographic area with a population of more than 2 million—larger than 18 U.S. states. The area includes all of Santa Clara County and portions of San Mateo, Santa Cruz, and Alameda Counties.

Structure
Today, Joint Venture: Silicon Valley Network includes a "core" and 11 action-oriented Initiatives. The core supports development of the Initiatives, benchmarks their progress, facilitates internal and external communication, tracks changes in the economy and quality of life of Silicon Valley, and serves as a forum for addressing new regional issues.

The Initiatives implement recommendations developed in the 1993 collaborative strategy process. On an annual basis, Memoranda of Understanding (MOUs) define the relationship between each Initiative and the core operation.

Governance
Joint Venture: Silicon Valley Network is led by a board of 25 to 30 business, government, education, and community leaders that meets five times each year. San Jose Mayor Susan Hammer and Silicon Graphics Chairman and CEO Ed McCracken co-chair the Network Board. Each of the Network's 11 Initiatives is governed by Boards or Councils.

Former California State Senator Becky Morgan serves as full-time President and CEO of the Network. A 400-plus-member Leadership Council, providing support and reviewing the direction of the Network's activities, includes local elected officials, industry executives, leaders from community and labor associations, and Initiative leaders.

The core of Joint Venture: Silicon Valley Network is a not-for-profit 501(c)6 organization. The Initiatives are either 501(c)6 organizations, 501(c)3 organizations, or operate under the auspices of the core organization.
Budget and Funding

The Joint Venture core operation had an annual budget of $1.7 million in 1994-95, which includes budgets for six of the Initiatives (see Part IV). The annual budgets for each of the separately incorporated Initiatives ranged from $130,000 to more than $1 million. Funds for Joint Venture are provided by large and small businesses; local, state, and federal government; professional associations; labor organizations; foundations; and individuals.

*These initiatives terminated in 1993; see part iv, page 9

July 1993

July 1995
The Current Joint Venture Initiatives

BUSINESS CLIMATE

*Council on Tax and Fiscal Policy*: To bring together the Valley’s public and private sectors to identify common tax and fiscal needs and work for mutually beneficial policy change at the regional, state, and federal levels.

*Economic Development Team*: To retain and expand existing firms and attract new firms to the region through continuous improvement of Silicon Valley’s business environment.

*Regulatory Streamlining Council*: To promote process improvements in the administration of regulations in Silicon Valley. The Council brings together process-improvement experts on loan from local industry with interested regulatory jurisdictions to carry out streamlining projects.

BUSINESS DEVELOPMENT AND FOSTERING ENTREPRENEURSHIP

*Business Incubation Alliance*: To promote the start-up of incubators targeted to specific industry clusters as a means of providing support to entrepreneurs.

*Defense/Space Consortium, Inc.*: To promote the transition and continuing vitality of Silicon Valley’s defense and space firms and workforce. The Defense/Space Consortium fosters technology partnerships to commercialize new technologies and support diversification of defense firms into commercial markets.

*The Enterprise Network, Inc.*: To improve the success rate of new business start-ups in Silicon Valley by matching senior business advisors and start-ups for a two-to three-month process to assist with business planning.

*Silicon Valley Global Trading Center, Inc.*: To help small- and medium-sized Silicon Valley companies trade globally.

SOCIAL INFRASTRUCTURE AND QUALITY OF LIFE

*21st Century Education Initiative*: To spark a renaissance in K-12 education in the greater Silicon Valley.

*Environmental Partnership, Inc.*: To stimulate development of the environmental industry and solve environmental problems by encouraging collaboration among industry, government, environmental groups, and research and support organizations.

*Healthy Community/Healthy Economy*: To stimulate action that will help Santa Clara County become the healthiest region in California.

*Smart Valley, Inc.*: To enhance economic growth and quality of life in Silicon Valley by facilitating development of a vibrant, regional electronic community.
Leaders from the Valley's high-tech and business services communities launched Joint Venture in spring of 1992 out of concern for the region's prospects for sustained economic vitality; the idea of developing a collaborative regional strategy was originally conceived by leaders of the San Jose Metropolitan Chamber of Commerce.

Through three phases, Joint Venture evolved from a broad-based movement into a new organization for ongoing regional collaboration:

- **Phase I: Analysis**—completed a strategic audit of the regional economy, and galvanized interest in action (January-June 1992).

- **Phase II: Participatory Strategy**—launched a collaborative problem-solving and opportunity-identifying process involving more than 1,000 people that resulted in the strategy publication, *Blueprint for a 21st Century Community* (July 1992 to June 1993). Incorporated as a 501(c)6 organization.

- **Phase III: Implementation**—launched a new type of nonprofit organization, Joint Venture: Silicon Valley Network, to support implementation of the Initiatives proposed in Phase II and ongoing collaboration on regional issues affecting economic vitality and quality of life (July 1993 and ongoing).

There were many key events in the Joint Venture process. Each development in Joint Venture created a community response. In the beginning, the community was skeptical of the motives behind Joint Venture. There were questions about the value of the collaborative process and whether such an effort could ever succeed in Silicon Valley. Over time, Joint Venture began to prove its value through concrete results.

At every step of the way, Joint Venture’s leadership had to deal with challenges. The persistence of these leaders and their willingness to make changes as Joint Venture evolved were critical to success. The key lesson is the significance of selecting the right people to provide resilient leadership for each endeavor.
Key challenges Joint Venture had to overcome included:

- **Credibility**: Was there a problem? Would it work? Whose idea was it? What were their motives?

- **Publicity**: What was real and what was hype? Was there over-promising? What was the best way to communicate with the public? What did people really think?

- **Funding**: How would the effort be funded? Who would lead the fund-raising? What was the best way to raise funds for such a comprehensive effort?

- **Leadership**: Who were the leaders? Were the leaders only from business? How to get government and community leaders involved? Who were the right people from the community to lead Joint Venture?

A clear statement of Silicon Valley’s initial response to Joint Venture is captured in a July 12, 1992 Commentary in the San Jose Mercury News:

> Its proponents claim an ambitious scheme called Joint Venture Silicon Valley will give local industry—and indeed the whole region—a new lease on life. But some skeptics fear it is an attempt by business and industry to gang up on local government, trampling environmental regulations and restrictions on growth. And a third group, including some of Joint Venture’s key participants say both views are wrong. The whole effort, they say privately, will produce high-flown talk and high priced consultant reports but little else.

During Phase I and Phase II, these and other concerns were raised repeatedly by the public and the press. At times the future of Joint Venture itself was questioned. During Phase III, however, many questions had been answered, and the community support for Joint Venture grew. By proving its worth through results and setting an example for collaboration, Joint Venture’s credibility grew, allowing it to attract more leaders and gain financial support. Joint Venture learned to under-promise and over-deliver; communications issues remain critical to this public effort.

The following chronology provides a summary of key events and community reactions. Media comments that reflect public views at the time are taken from the San Jose Mercury News.
### Phase I: Launch/Analysis

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<thead>
<tr>
<th>Key Events</th>
<th>Community Reaction</th>
<th>Media Comments</th>
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<tbody>
<tr>
<td><strong>March 1992</strong>&lt;br&gt;Joint Venture is announced</td>
<td>• Interest develops in the concept.&lt;br&gt;• Skepticism develops that the “lofty goals” could be achieved.</td>
<td>“The project is a daunting task whose success is far from guaranteed.”&lt;br&gt;&lt;em&gt;March 29, 1992&lt;/em&gt;</td>
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<tr>
<td><strong>June 1992</strong>&lt;br&gt;Phase I Report An Economy At Risk presented at Fairmont Hotel in San Jose</td>
<td>• 1000 leaders attend.&lt;br&gt;• Event viewed a success.&lt;br&gt;• Skepticism about results continues.</td>
<td>“Despite Tuesday’s surprising show of interest, it is unlikely they will roll up their sleeves and invest the time and effort this venture needs.”&lt;br&gt;&lt;em&gt;June 21, 1992&lt;/em&gt;</td>
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### Phase II: Participatory Strategy

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<tr>
<th>Key Events</th>
<th>Community Reaction</th>
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<tr>
<td><strong>September 1992</strong>&lt;br&gt;Announcement of Phase II</td>
<td>• Highly respected Silicon Valley leaders are appointed to head 13 working groups.</td>
<td>“Joint Venture shifted into high gear.”&lt;br&gt;&lt;em&gt;September 18, 1992&lt;/em&gt;</td>
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<td><strong>October 1992</strong>&lt;br&gt;Visioning Conference at Santa Clara University</td>
<td>• 400 leaders attend the event.&lt;br&gt;• Futurists provide visions.&lt;br&gt;• Small groups help define directions for Joint Venture.</td>
<td>“While Joint Venture has made substantial progress, it still has a long way to go. [It must] focus attention on action, not just talk, and get government officials to buy into what it's doing.”&lt;br&gt;&lt;em&gt;October 15, 1992&lt;/em&gt;</td>
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<td><strong>December 1992</strong>&lt;br&gt;1st Leadership Group Meeting to review progress</td>
<td>• 13 working groups report results.&lt;br&gt;• New Information Infrastructure group formed as a result of interest generated by the working group process.</td>
<td>“Joint Venture which some skeptics feared would be no more than grandiose public relations ploy is developing both substance and muscle.”&lt;br&gt;&lt;em&gt;December 6, 1992&lt;/em&gt;</td>
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<td><strong>March 1993</strong>&lt;br&gt;Public Forum at the San Jose Convention Center</td>
<td>• Business, government and community leaders present the preliminary ideas from the 14 working groups.&lt;br&gt;• 2000 people attend.&lt;br&gt;• Protesters say Joint Venture is too narrow.</td>
<td>“Despite the proposals, it is unclear if Joint Venture would ultimately do much to help the economy or if it truly represents an effort to all segments of the community.”&lt;br&gt;&lt;em&gt;March 11, 1993&lt;/em&gt;</td>
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<td><strong>April 1993</strong></td>
<td><strong>Joint Venture Housing Meeting</strong></td>
<td><strong>April 11, 1993</strong></td>
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<td></td>
<td>Attempt to build consensus on housing fails.</td>
<td>“Joint Venture wins praise for its promising ideas like Smart Valley but when it took on housing it plunged into a swamp of financial, social and political issues.”</td>
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<td></td>
<td>Joint Venture credibility and integrity of process questioned.</td>
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<th><strong>April 1993</strong></th>
<th><strong>Working Groups develop business plans</strong></th>
<th><strong>April 18, 1993</strong></th>
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<td></td>
<td>14 working groups form.</td>
<td>“Joint Venture already has accomplished some good things. Not the Gee-Whiz-Lords-of-the-Universe kinds of things its promoters promised. Just down-to-earth, practical, common sense kinds of things.”</td>
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<td></td>
<td>Leadership Council approves creation of specific Initiatives.</td>
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<td>Joint Venture is seen as producing useful ideas.</td>
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<th><strong>June 1993</strong></th>
<th><strong>“Blueprint for a 21st Century Community” released to conclude Phase II</strong></th>
<th><strong>June 21, 1993</strong></th>
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<td></td>
<td>13 Initiatives are announced.</td>
<td>“A year to the day after its celebrated beginning, Joint Venture unveiled its blueprint for revitalizing the Valley.”</td>
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<td>JVSV Network nonprofit is created with new board for Phase III.</td>
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### Phase III: Implementation

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<th><strong>Key Events</strong></th>
<th><strong>Community Reaction</strong></th>
<th><strong>Media Comments</strong></th>
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<td><strong>July 1993</strong></td>
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<td>Becky Morgan selected as CEO</td>
<td>Praise for Becky Morgan is high.</td>
<td>“We’ve been among the critics of Joint Venture becoming permanent, but if it’s going to be an on-going presence, we can’t think of a better person to run it than Becky Morgan.”</td>
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<td>San Jose Mayor Susan Hammer becomes co-chair, joining Jim Morgan, who agrees to be interim co-chair</td>
<td>Morgan says “California needs models of collaborative decision-making.”</td>
<td>July 11, 1994</td>
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<td><strong>July 1993</strong></td>
<td>Phase I and Phase II expenses exceed current revenue.</td>
<td>“Joint Venture’s unexpectedly rapid growth has caused some of the problems faced by some of the area’s dynamic companies: an absence of controls that effectively monitor expenditures.”</td>
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<td>Joint Venture finances are questioned</td>
<td>JVSV Network takes over Phase III finances</td>
<td>July 25, 1993</td>
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<td><strong>August 1993</strong></td>
<td>JVSV Initiatives get under way.</td>
<td>“Joint Venture has been criticized for too much PR and too little substance. That’s a bad rap... [It] has several concrete successes.”</td>
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<tr>
<td>Joint Venture moves into implementation</td>
<td></td>
<td>August 22, 1993</td>
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<tr>
<td><strong>August 1993</strong></td>
<td>Joint Venture financial issues are addressed.</td>
<td>“Bank of America will donate $250,000 to Joint Venture, the largest single contribution to the private/public consortium.”</td>
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<td>Joint Venture receives major donation</td>
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<td>August 13, 1993</td>
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<tr>
<td>September-October 1993</td>
<td>New Industry Co-chair for Joint Venture</td>
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<td>U.S. Display Consortium successfully attracted to region</td>
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- Ed McCracken, CEO of Silicon Graphics, takes the position, replacing interim co-chair Jim Morgan.
- McCracken said "It's time to move to action".

"The credibility and potential of Joint Venture took an important leap when Ed McCracken agreed to be its co-chair."

September 21, 1993

"Largely through the efforts of Joint Venture: Silicon Valley Network . . . region and state leaders are picking up the knack of attracting organizations or businesses with substantial potential for creating jobs. 'Before, California didn't have its act together,' said Peter Mills, USDC's president and chief executive officer. 'Now it does. Without this change, San Jose would not have been chosen as the headquarters site.'"

October 9, 1993

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<th>December 1993</th>
<th>Joint Venture fundraising on target</th>
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<td>Two Initiatives delinked from Network</td>
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- Business community and local governments increase financial support for Joint Venture.
- Software Industry Coalition and Silicon Valley Technologies Corporation leave Network.
- Many pledges of financial support made, but cash flow becomes tight.

"With more than six months to go, Joint Venture has raised 72 percent of its fiscal 1994 operating budget."

December 21, 1993

No media coverage of departure of Initiatives.

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<th>February 1994</th>
<th>10-month anniversary of the Joint Venture's incorporation</th>
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- San Jose Mercury News marks the anniversary by creating a "report card" assessing Joint Venture's progress to date.

"The brainstorming sessions are over, talk has given way to action and a cautious sense of optimism is beginning to emerge . . . Virtually nobody involved in Joint Venture expects miracles. Rather, they hope to make tangible progress, then build on their success. Perhaps most heartening, participants are being aggressive and creative."

February 28, 1994

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<th>July 1994</th>
<th>Joint Venture receives federal support</th>
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- The federal government provides a $2.1 million grant to Joint Venture.

"It really shows that Joint Venture is coming of age" said Rep. Norm Mineta.

July 8, 1994

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<th>October 1994</th>
<th>21st Century Education Initiative and Smart Valley launch a major school improvement effort called Challenge 2000</th>
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- Goal of raising $22 million to spark a renaissance in local schools set. Initial fundraising generates over $2 million in contributions by October 1994 ($10 million is raised by January 1995 and $15 million by August 1995).

The quality of local schools is essential to local businesses. . . . Fixing the system won't be easy or fast, which is why the Initiative is taking a focused approach and a several-year commitment from the schools and contributing companies. . . . Early response from the schools has been enthusiastic."
| **April 1995**  |
| Joint Venture launches “Smart Teams” |
| **August 1995**  |
| Joint Venture continues to explore new ways to act as a catalyst for the region |

| **April 1995**  |
| Joint Venture is reaching out to 220 local companies, making the case for staying in Silicon Valley. |
| **August 1995**  |
| Joint Venture helps create a climate for cooperation that leads to the development of uniform building codes across the region. |
| **April 1995**  |
| “With Joint Venture as their catalyst, the economic development offices of 17 area municipalities and Santa Clara County have joined in a regional effort to keep Silicon Valley companies from migrating away from here. What a good idea.” |
| **August 1995**  |
| “Municipalities comprising nearly all of Silicon Valley said Wednesday they have agreed to adopt a uniform building code—a feat the historical rivals would have considered unthinkable even a half-decade ago. . . . This is particularly critical in Silicon Valley, where product cycles are measured in months, and delays in retooling a manufacturing line can cripple a company in the marketplace. . . . The effort began in late 1994 . . . with prodding from Joint Venture: Silicon Valley.” |

This chronology highlights several key lessons from the Joint Venture experience:

- A large vision like Joint Venture takes time to explain to the public.
- Initial skepticism should be expected and must be overcome through results.
- Too much hype and PR can cause a public and media backlash.
- It is critical to address the credibility questions up front.
- Financial issues must be addressed effectively to avoid questions by the public.
- Bringing the right leaders into the effort is key to success.
- Communications strategy must be clearly defined from the beginning and be attended to throughout the effort.
- The public will support an effort that “under-promises and over-delivers”.
- There is a paradox: Results are critical to credibility and funding but results take time. Leaders need to have the vision and patience to support a process long enough to deliver results.
What Has Joint Venture Accomplished?

Joint Venture is people and organizations throughout Silicon Valley that work through the Joint Venture family of organizations to make things happen. Three types of changes have come about because of collaboration.

- **New tangible results**—Specific successful outcomes.
- **New regional capacities**—Essential organizational capacities.
- **New individual practices**—Changes in the way people think and act.

It is the reinforcing relationship among these three types of results that explains Joint Venture's impact on the Valley.

From the beginning, the Joint Venture process focused on achieving tangible results. The way Joint Venture achieved results, however, led to new regional capacities and fundamental changes in individual practices. In turn, these new capacities and practices leveraged new tangible results. Although Joint Venture is aware of some of these direct results, others happen indirectly because Joint Venture has affected people and organizations—taught them new ways to think and act.
Outcome #1: Tangible Results

Silicon Valley is a results-oriented place. Participants in Joint Venture know that results give Joint Venture credibility and distinction. In every case many people and organizations contribute to making tangible results happen. Exhibit I-2 highlights some of these results.

Exhibit I-2  Examples of Tangible Results

- **Direct Impact on Business Retention and Expansion**  
  In its first year, Joint Venture's Economic Development Team (EDT) assisted five companies with expansions, helped retain four firms in the region, assisted in three relocation efforts, and resolved six regulatory issues for companies. EDT works through "Smart Teams": groups of public and private leaders who visit and work closely with local companies that are experiencing difficulties with operating and expanding in the Valley. For the first time in history, 21 Silicon Valley municipalities are working together as a region to improve the business climate.

- **Measurable Improvement in Local Regulatory Processes**  
  Three cities, one county, and the county water district have received help from Joint Venture's Regulatory Streamlining Council to re-engineer their permitting processes. For example, working with Total Quality Management (TQM) experts from industry, Sunnyvale reduced its permitting process from 110 to 36 steps and can now process 95% of its permits in one day, with no permit taking longer than two weeks. Several other Silicon Valley cities are now asking to be matched with industry process teams. Municipalities comprising nearly all of Silicon Valley, with prodding from Joint Venture, agreed to adopt a uniform building code.

- **A Venture Capital Fund to Improve K-12 Education**  
  Joint Venture created one of California's biggest regional educational reform efforts (Challenge 2000) and has raised $15 million of a projected $22 million to spark a renaissance in local public schools. More than 50 opinion leaders and 94% of the school boards in two counties endorsed the world-class standards established by Challenge 2000.

- **Start-Up Companies Get Support for Expansion**  
  The Enterprise Network (TEN) of Joint Venture assembled 31 teams composed of donated financial, marketing, legal, and management talent from across the Valley. These expert teams mentor new start-up companies, enabling them to refine their business plans, attract financing, and expand their employment. One company secured $1.5 million in new venture funding; another secured $6 million.

- **Creation of Technology Commercialization Partnerships**  
  Thirty-seven new technology partnerships and consortia were established through technology partnering workshops facilitated by Joint Venture's Defense/Space Consortium. Partnerships have focused on wireless communications, health care technologies, alternative transportation technologies, and telecommunications.

- **Recruitment of the Flat Panel Display Consortium**  
  In a major national competition, a new industry consortium, the U.S. Display Consortium, chose to locate in San Jose, because of the unprecedented collaborative efforts of Joint Venture, the City of San Jose, and the State of California. With the headquarters now in Silicon Valley, the region has the inside track to secure flat-panel display manufacturing facilities.
• **The Nation’s First Environmental Industry Incubator**—
  Spurred by Joint Venture’s Environmental Partnership, United Defense/FMC provided a large facility as an incubator for Silicon Valley’s environmental technology industry. The incubator is already two-thirds full, with 27 companies and a California Environmental Protection Agency “one-stop” permitting office. There are now 11 incubators in the Bay Area.

• **Development of a Directory of Worksite Health Promotion Resources**—
  Developed by Joint Venture’s Healthy Community-Healthy Economy Initiative, this one-of-a-kind directory for Silicon Valley employers provides information on free and low-cost worksite health promotion. In addition, mentors from industry are working with seven employers to develop worksite health promotion programs for their 10,000 employees.

• **A New Catalyst to Expand Use of Information Infrastructure**—
  Joint Venture’s Smart Valley Initiative has been involved in more than 60 projects demonstrating innovative uses of the information infrastructure for business, education, health, and government services. One pilot focused on telecommuting involved more than 1,000 people in 11 companies and produced more than 15% improvement in productivity. In cooperation with the 21st Century Education Initiative, the “Smart Schools” project is linking 600 schools in the region to the Internet. Other flagship projects include BADGER, CommerceNet, and BAMTA (see Part V).

• **Export Growth for Small and Medium-Size Companies**—
  Joint Venture’s Global Trading Center helped recruit to Silicon Valley a new office of the U.S. Foreign Commercial Service of the Department of Commerce. In its first year, the office became the second most productive of 60 such offices across the U.S.A., and helped 54 companies export into 158 new markets (18 companies had never exported before).

• **Voice on Tax and Fiscal Issues**—
  California State Senator Al Alquist has credited Joint Venture for his willingness to carry legislation giving a tax credit for the sales tax on manufacturing equipment, thereby making the state more competitive with other states.
Outcome #2: New Regional Capacities

The Joint Venture process has not only created results, but has also created new regional capacities to achieve more results in the future. These impacts are of three types:

- New Forum for Regional Action
- New Specialized Capacity (the Joint Venture "Initiatives")
- New Support for Existing Organizations

New Forum for Regional Action

By far the most important and fundamental new capacity represented by Joint Venture is the capacity for structured, action-oriented collaboration at the regional level. The common denominator in all the tangible results in Exhibit I-2 was collaboration. The Valley community never lacked for good ideas, energetic people, or pressing issues. What was missing was a process for dealing with issues in a collaborative instead of a confrontational manner. Now, the community has renewed capacity to address regional issues.

Joint Venture's participatory strategic planning process provided a vehicle for people from many walks of life to contribute ideas and set the stage for action. Even while this initial round of ideas is being implemented, Joint Venture will continue to serve as a facilitator for a select number of new regional issues.

Good information is essential for effective collaboration. To support regional problem-solving, Joint Venture has developed a new capacity as a reliable source of information about Silicon Valley's economy and quality of life. Joint Venture will produce annually the Index of Silicon Valley, which tracks 25 to 35 indicators of the region's economic vitality and quality of life. Copies of the Index have reached more than 15,000 people. The Index and the ongoing analytic work about new issues and opportunities have helped people understand "the big picture" of Silicon Valley's continual, structural economic changes.

By serving as a regional forum, Joint Venture has the ability to work as a region with the Bay Area, the state, the nation, and the world. Whereas many individual companies, cities, and associations undertake regular education and advocacy activities, Joint Venture's voice has special significance because it represents consensus of many diverse sectors.
New Specialized Capacity (Initiatives)

In addition to the ongoing capacity for regional problem solving, the Joint Venture process has 11 new "Initiatives" (see page i/4). These Initiatives, five of which are actually independent organizations, are vehicles for people to work on actions in specialized areas. For example, although Smart Valley launched the CommerceNet electronic commerce service (i.e., tangible result), Smart Valley is, more importantly, a new specialized capacity the region now has for brokering new applications for the information infrastructure.

New Support for Existing Organizations

The presence of Joint Venture has helped raise community interest in economic vitality and quality of life issues, and has (if anything) helped create more, not less support for existing community organizations working on these issues. Many of the partner organizations in Joint Venture—including the San Jose Metropolitan Chamber of Commerce, the Santa Clara Valley Manufacturing Group, and the American Electronics Association (AEA)—are stronger, not weaker since the inception of Joint Venture. There is now a "new" San Jose Chamber focusing on expanded member services, a Manufacturing Group working on collaborations in education and housing, and new AEA efforts concerning the high-performance workplace and software.

Collaboration and competition go together for nonprofit organizations, as well as for companies. A little competition in Silicon Valley among economic organizations wishing to play leadership roles within a new overall spirit of cooperation has made all the organizations better in serving the needs of their customers. In the end, each major organization does play a different role—the Chamber in serving its member companies, the Manufacturing Group in advocating for larger firms, and AEA in representing electronics businesses in both Sacramento and Washington (e.g. successful lobbying on Federal rules for stock options).
Outcome #3: New Individual Practices

How Joint Venture does its work is as important as the work Joint Venture does. Joint Venture has achieved tangible results and built new regional capacities through modeling collaborative behavior and structuring collaboration across different sectors of the community. Participation in Joint Venture activities that produce results and create new regional initiatives has changed individual people in Silicon Valley.

It is through change at the individual level that Joint Venture has a highly leveraged effect on Silicon Valley. The Valley’s "culture of blame," recognized in 1992, stemmed from individual attitudes and actions; people from business and government often blamed each other for problems instead of taking responsibility for solving them. Joint Venture’s goal is to replace confrontation with "a community collaborating to compete globally." This replacement will only happen by changing individual practices.

Joint Venture has affected individuals in four ways:

- Unleashed a new generation of leaders
- Created and linked social networks
- Set new expectations for collaborative behavior
- Developed regional identity and appreciation

The Economic Development Team has linked economic development professionals from 21 municipalities to foster business retention and expansion by learning from each other and working collaboratively across the region. True, Joint Venture has been directly involved in Silicon Valley expansions. But it is the collaborative model dedicated to continuous improvement that has an even greater impact when leaders from 21 municipalities interact with hundreds of businesses every week.

— Connie Martinez
Executive Director, Economic Development Team
Unleashed a New Generation of Leaders

The Joint Venture: Silicon Valley Network process has unleashed a new generation of Valley leaders. These "civic entrepreneurs" come from many walks of life. What they have in common is their ability to show leadership in bridging different sectors of Silicon Valley and inspiring action.

Now Silicon Valley has an expanded, more diverse set of leaders working to build a strong economy and community. More than 200 people participate on Joint Venture boards and advisory groups. They come from large corporations, small businesses, government, education, unions, and nonprofits. For example, on the board of the 21st Century Education Initiative, 18 teachers, CEOs and other business executives, superintendents, and other community leaders contribute at least one day a month working for better Silicon Valley schools. Through The Enterprise Network, more than 170 senior executives contribute more than 15 hours each to mentoring small, growth-oriented businesses. By contributing their leadership, people like these are setting the tone for a new civic culture in Silicon Valley. Joint Venture has also made it a priority to recruit women and minorities to leadership positions: while a modest beginning, to date at least 40 new women and minority leaders have been recruited to boards and councils of the Network and its Initiatives.

As a member of the board of the 21st Century Education Initiative, I've been tremendously impressed with the commitment of time and energy to Joint Venture and to education by educators, company executives, and community leaders.

— Judy Koch Buchanan  
President, RSP Manufacturing Corporation  
Board Member, 21st Century Education Initiative
Created and Linked Social Networks

The Joint Venture process has strengthened the personal relationships among diverse people in Silicon Valley. New relationships, information networks, and shared experiences increase the region’s resilience—its ability to respond quickly and effectively to problems and opportunities.

According to Robert Putnam, a Harvard political scientist who has studied this phenomenon in regions worldwide, "social capital is the networks, norms, and trust that facilitate coordination and cooperation for mutual benefit." Social capital is the glue that holds together a successful economic community.

Before Joint Venture, the stock of social capital across the public and private sectors in the region was low. Many seemingly simple challenges were not met. For example, in 1988, Silicon Valley appeared to be a natural home to attract SEMATECH, a consortium in Austin, Texas to develop the semiconductor equipment industry. Instead, the region could not mount a credible proposal. In 1993, with help from the Joint Venture process, business, local and state government, and education leaders put together a collaborative effort that attracted the U.S. Display Consortium (USDC). Interestingly, the decision maker, Peter Mills, had been in charge of locating SEMATECH earlier. After the USDC decision, he said, "Before, California did not have its act together. Now it does. Without this change, San Jose would not have been chosen as our headquarters site. You have to have the city, the county, the state and the private sector all singing from the same sheet." The difference this time was social capital.

Joint Venture has repeatedly demonstrated that collaborative processes can create social capital. The real test is whether this social capital can be sustained the next time Silicon Valley faces major economic or social challenges.

"Joint Venture, as far as I know, is probably the boldest experiment in economic development in terms of coordinating a myriad of municipalities with the private sector. It's a public-private partnership with a vast constituency."

— Peter Mills
Former President, U.S. Display Consortium
Set New Expectations for Collaborative Behavior

With the growing number of people who have been involved in one form or another in Joint Venture's collaborative activities, there is a growing expectation of collaborative behavior associated with Joint Venture. People increasingly come to the table looking for a collaborative solution, not to stake out an adversarial position. People tend to be more willing to compromise their specific interests to further a broader, shared interest. They believe that if they are willing to compromise, their partners will also engage in a constructive give-and-take.

These mutually-reinforcing expectations create a self-fulfilling prophecy. Because we expect others to collaborate, we collaborate, and, not surprisingly, collaboration happens. Because of Joint Venture, it is becoming "bad form" to assume a special-interest, turf-bound, or adversarial posture.

Thus far, Joint Venture has provided a platform for a constructive, collaborative response to a crisis. As Silicon Valley has emerged from the crisis mode, the key question is: will people continue to exercise collaborative behavior? So far, they have. But, sustaining collaboration will continue to be a major challenge for Silicon Valley and Joint Venture.

Developed Regional Identity and Appreciation

People involved in Joint Venture have developed a stronger sense of identification with the Silicon Valley region and appreciation for its unique attributes. Before Joint Venture, many residents and companies identified most closely with their particular city or with the Bay Area. Outsiders viewed Silicon Valley as a region more than locals did.

People involved in Joint Venture have built commitment to and pride in Silicon Valley as a community. There have been many opportunities for learning about and understanding interdependence. Economic analysis and working group discussions helped people understand the interdependence of the industries, economy, environment, and quality of life. As Joint Venture progressed, it has been for many people a celebration of the Valley as a region we must not take for granted, one with tremendous value to contribute to individuals, organizations, and the world.

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When I moved to Silicon Valley ten years ago with the ambition to start a technology-based company, it was easy to see how the advantages of this area's supporting infrastructure for entrepreneurs would outweigh obstacles such as high housing costs and traffic congestion. We need to assure that the positive messages about Silicon Valley are reaching the next generation of entrepreneurs worldwide.

Jim Carreker
President & CEO, Aspect Telecommunications
What Lessons Have Been Learned from the Joint Venture Experience?

Joint Venture has learned many lessons from the inherently "messy" process of community collaboration. We learned that collaboration is not a linear process. Communities can map a path forward, but should anticipate many zigs and zags along the path. This is the story of Joint Venture: a journey that always is moving forward, but with unanticipated twists and turns, and the need always to question assumptions and be flexible over time.

On this journey, we have learned five major lessons:

- **Lesson #1: Take Time to Build Momentum for Collaboration**—Addressing complex issues requires more than a meeting or two and then a "quick-fix." Building trust among a diverse set of stakeholders takes time if they are to create real, sustainable change. It is likely that the first articulation of the "solution" will be more wrong than right. Time is needed to sort through the options of "what could be done" to get comfortable with them, and develop commitment to "what will be done."

- **Lesson #2: Balance Top-Down Influence with Bottom-Up Innovation**—Ideas hatched in either smoke-filled rooms or in large public meetings are unlikely to take root and generate broad support. However, creating opportunities to connect grassroots innovation with top-level leadership can produce breakthroughs that might not otherwise occur.

- **Lesson #3: Encourage Big Ideas and Achievable First Steps**—Leaders want to invest their time and energy working on inspirational ideas, not incremental change. At the same time, inspiring visions or big ideas (e.g., electronic community, world-class education, a regional alliance for economic development) must be combined with achievable first steps, or the ideas are quickly written off. There is a natural tension between the demand for short-term results and the demand for big visions.

- **Lesson #4: Always Look for New Ways to Connect Ideas and People**—Collaboration is not a linear process. Remaining opportunistic and open to new paradigms and creative combinations of ideas, people, and organizations is one of the main hallmarks of Joint Venture's success.

- **Lesson #5: Demand Measurable Outcomes and Accountability**—Building community confidence requires publicly setting and meeting (if not exceeding) real, meaningful, measurable objectives. By delivering what it has promised, Joint Venture has gained a reputation for effectiveness that now acts as a magnet, attracting new ideas, people, and funding.
Lesson #1: Take Time to Build Momentum for Collaboration

Joint Venture has learned that the collaborative process moves through several stages before delivering results. The first step was to issue a wake-up call, to get people focused on the regional situation and the need to act. The next step was to give people the opportunity to participate in discussing and designing possible solutions. People from diverse backgrounds worked together, sometimes for the first time. Some continued working together to build implementable Initiatives. If the process had been short-circuited, the strength of the eventual Initiatives and commitment to their implementation would have been compromised.

What do we mean specifically when we say "take time to build momentum for collaboration?"

- **Example:** Organizing the community happened incrementally. Local leaders in the high-technology industries and business service sectors had to learn to work together before they could effectively reach out to government and education. However, building this foundation for collaboration was worth the effort; it produced strong commitment and wide involvement from all sectors in Joint Venture.

- **Example:** Benchmarking against other communities helped identify relative strengths and weaknesses, and helped people gradually come to the conclusion that Silicon Valley must take control of its destiny like other regions. This information helped avoid parochialism and encourage interest in the experiences of other regions.

- **Example:** Joint Venture had its critics, though Joint Venture consciously recruited these leaders with "veto power" and asked them to withhold judgment. For a process so new, it was critical that certain leaders didn't pass judgment too quickly, before Joint Venture had an opportunity to demonstrate its value. Joint Venture also made a special effort to work with editorial boards to explain its rationale and seek input. By cultivating the media as a partner, and by being open and responsive, Joint Venture bought time to work through the participatory community process.

- **Example:** For "big change" ideas, it is essential to take the time necessary to build support, marshal resources, and think through complex issues. This was particularly true in education, where a deliberative process produced tremendous commitment for a multimillion dollar regional reform Initiative.
Lesson #2: Balance Top-Down Influence with Bottoms-Up Innovation

Joint Venture has learned that it is necessary to connect grassroots innovators with top-level leaders to produce real breakthroughs in community problem solving. By not tipping too far towards an elitist decision-making model or an expansive citizen participation model, Joint Venture has achieved a balance that avoids the excesses of either model in its purest form. Joint Venture has avoided top-down edicts that generate little community support as well as an unprioritized "wish list" of popular community ideas. This is not to say that Joint Venture has achieved a perfect balance; it is a constant challenge to stay focused, yet innovative and open to new people and ideas.

What do we mean specifically when we say "balance top-down influence with bottom-up innovation?"

- **Example:** An influential corporate CEO tapped his own personal network of other CEOs to recruit co-chairs for the industry working groups, giving them strong credibility and proven leadership. Joint Venture also looked for leaders in nontraditional places, purposely teaming people with diverse backgrounds and viewpoints. At the same time, working groups were open to anyone who wanted to get involved in a structured process to generate ideas and define action Initiatives, ensuring that grassroots innovations would be heard.

- **Example:** The process allowed new leaders to emerge on the basis of the strength of their ideas and collaborative skills—not simply prior connections and reputation. Traditional leaders had the opportunity to interact with these new leaders, often finding common ground and the basis for an ongoing collaboration on important community issues. Because where or how new leadership coalitions would emerge was unpredictable, it was important to create many opportunities for interaction through the working groups.

- **Example:** After a widely participatory process to generate ideas and define action Initiatives, it was important to increase the role of high-level leadership to ensure implementation. The Joint Venture Board transitioned from a body composed primarily of mid-level executives and association executive directors to one of high-level corporate executives and their public sector, education, and community counterparts. Boards of individual Initiatives were established, including many leaders who could commit themselves or their organizations to significant financial or in-kind commitments in implementation. Initiatives also have recruited experienced, senior executives as executive directors, providing strong staff guidance during implementation.
Lesson #3: Encourage Big Ideas and Achievable First Steps

Joint Venture has learned that it can spark unprecedented collaborations—far beyond what many people thought possible—by encouraging expansive visions of change that have tangible first steps. Few people will spend their evenings and weekends working to improve things at the margins. Community leaders will invest their time and energy working on inspirational ideas, not incremental change. At the same time, inspiring visions or big ideas (e.g., world-class education, a regional alliance for economic development, an electronic community) must be combined with achievable first steps, or they are quickly written off as unrealistic. Without a compelling vision and workable first steps, some issues will stay mired in complexity or controversy (e.g., housing issues in the case of Joint Venture). By encouraging big ideas, Joint Venture gave participants permission to break old paradigms and discover that the impossible might be possible with collaboration.

What do we mean specifically when we say "encourage big ideas and achievable first steps?"

- **Example:** Joint Venture's Leadership Group developed criteria for deciding which ideas would get implementation support and be included in the overall strategic plan. The criteria were explicit and transparent, rewarding visionary ideas that also had understandable and well-supported first steps. Many of the original list of 43 ideas submitted by the working groups were consolidated, spunoff, or abandoned because they were programs without vision, visionary ideas without wide support, or visionary ideas without tangible first steps. The result: the selection of 13 major Initiatives as priorities for implementation.

- **Example:** One of the Joint Venture Initiatives, Smart Valley, Inc., was the result of participants in several working groups articulating a compelling vision of using information technology to address industry and community concerns. A new group was established and many ideas were generated about how to begin building an electronic community in Silicon Valley. The vision excited many leaders in the Valley and enabled Smart Valley to assemble a top-level board. The vision has been implemented in achievable first steps: involvement in more than 60 projects that are tangible demonstrations of the value of the information superhighway in business, health, and education.

- **Example:** Joint Venture’s 21st Century Education Initiative considered many ideas in its search for first steps to pursue a vision of world-class education. Although the original Joint Venture process produced visionary ideas and suggestions for incremental changes—but little implementation—it did stimulate a strong commitment to keep trying. Next, a diverse group of CEOs, teachers, superintendents, and community leaders spent almost one year in extensive deliberations before achievable, but significant, first steps could be taken to progress toward the vision.
Lesson #4: Always Look for New Ways to Connect Ideas and People

Joint Venture has learned that it is important to continuously create new ways to bring people together around issues of community concern. Collaboration is not a linear process. The timing or mix of partners may not be right the first time an attempt is made to address an issue. The Joint Venture process has allowed opportunities to explore different options and find the right fit. Remaining opportunistic and open to new paradigms and creative combinations of ideas, people, and organizations is one of the hallmarks of Joint Venture's success.

What do we mean specifically when we say "always look for new ways to connect people and ideas?"

- **Example:** Participants in different industry cluster working groups came to parallel conclusions about the need for action in certain areas (e.g., building an electronic community, regulatory streamlining, education reform). As Joint Venture evolved, it created new opportunities for these leaders to come together around Initiatives important to several industries. The process enabled the original working groups to complete their work and allowed individuals who wanted to be involved in implementation the opportunity to join an implementation team.

- **Example:** Joint Venture is driven by a spirit of continuous improvement and sets out specific measurable objectives for developing new partnerships inside and outside the Network. Partnerships have ranged from the tactical (e.g., sharing of space or administrative staff) to the strategic (e.g., developing a joint vision and program in education, organizing external organizations like cities around a regional economic development agenda). In 1994-95, Joint Venture Initiatives produced 14 measurable networking arrangements and worked with dozens of other organizations.

- **Example:** Joint Venture is constantly experimenting with new ways to bring people together around important issues. It is working with other Bay Area and Southern California organizations to foster an emerging North-South multimedia and entertainment industry cluster. Joint Venture's Index of Silicon Valley created the basis for a community discussion about key indicators of the region's economic climate and quality of life. And Joint Venture explores issues on a pilot basis before making any determinations about scale-up (e.g., addressing workforce renewal needs in the region).

- **Example:** Joint Venture originally established a Diversity Task Force as a response to criticism that the effort was not representative of the broad range of community interests. The Task Force issued statements about the need for inclusiveness in various aspects of Joint Venture, but was never given substantive roles and little progress was made. In Phase III Implementation, Joint Venture tried a different approach: it made a formal commitment by setting aside funding for outreach staff to recruit women and minorities to leadership positions in the Network and Initiatives. In six months, at least 40 new women and minorities were appointed to leadership positions.
Lesson #5: Demand Measurable Outcomes and Accountability

Joint Venture has learned that the discipline of explicit outcomes and public accountability produces many benefits. Building community confidence requires publicly setting and meeting (if not exceeding) real, meaningful, measurable objectives. By delivering what it has promised, Joint Venture has gained a reputation for effectiveness that now acts as a magnet, attracting new ideas, people, and funding.

What do we mean specifically when we say "demand measurable outcomes and accountability?"

- **Example:** The Joint Venture process has always been open, but demanding. In the original working groups, participants were expected to link every problem statement with a possible solution. Those who attempted to exert control over the process for personal gain were met with strong resistance and lost interest. The discipline of having every Initiative develop a business plan for review by the Joint Venture Board was a critical ingredient for success. The process was fair, but firm, screening out ideas and plans that were not well-conceived or supported. And, the process of developing and implementing an annual, renewable memorandum of understanding between the Network and each Initiative creates a very public statement of accountability.

- **Example:** Although Joint Venture invites many people to the table, it expects everyone to put something on the table. Joint Venture is about getting things done. Those who commit significant time, resources, or in-kind expertise are welcome. Those who attempt to use Joint Venture to find work or as a soapbox to make political pronouncements are generally not well-received. The emphasis on action and results has had many dividends—good media relations, excellent fundraising, strong community credibility, and a reputation for making a difference.

- **Example:** Joint Venture has discovered that how it does something can be as important as what it does. Outcomes come in many forms. The bottom-line is tangible results: Did you do what you said you would do in your memorandum of understanding? But much can happen along the way that is just as meaningful. Process outcomes including individual behavioral changes, new partnerships, and new ways of thinking are important building blocks for collaboration in the future. Capturing these outcomes through stories, testimonials, and other means is important to inspire and sustain collaboration through its early stages and expand it into new issue areas.
Part II.

Initiating the Collaborative Effort

Joint Venture: Silicon Valley Network was launched by the San Jose Metropolitan Chamber of Commerce in January 1992 to address the growing belief that something was fundamentally wrong with the Silicon Valley economy.

Joint Venture was initially envisioned as a collaborative Initiative in two parts. Phase I was designed to provide a diagnosis of the economic challenges the region faced. Phase II brought leaders together from government, industry, education, and community to solve problems too large for any one of these groups to solve alone.

The Phase I initiation stage lasted six months and accomplished three goals:

- **Connected Leadership**—Joined leaders from the downtown San Jose business services sector with leaders from the north-Valley high-tech community.

- **Specified Problem**—Specified, through research conducted with an experienced consulting firm, what the problems were. Key issues included continuous restructuring of industry clusters, ill-suited community infrastructure, and a culture of blame.

- **Galvanized Interest in Action**—At a 1,000-person luncheon, the research findings and personal testimonials of business and community leaders sounded a wake-up call to the community, and galvanized people to organize for action.

Phase I set the stage for the Phase II participatory strategy process.

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In the beginning, Joint Venture was like a community barn raising.

— Tom Hayes

Director of Global Communications, Applied Materials
& a founder of Joint Venture: Silicon Valley Network
Key Lessons:

Initiating the Collaborative Effort (Phase I: January to June 1992)

REGIONAL READINESS
- Economic downturn and regional competition were important for generating commitment to action.
- Some of the economic problems were related to a "culture of blame."
- The regional approach (spanning more than 20 municipal jurisdictions, one county, and parts of three counties) united people, as did the emphasis on working with existing companies and industries, rather than attracting "outsiders."

LEADERSHIP
- Movement needed a visible leader willing to challenge existing ways of thinking, to serve as "lightning rod," and, on occasion, to be attacked by the community.
- Movement also needed a highly placed CEO willing to lend his or her credibility, network, and leadership experience.
- "The business community" is not a homogeneous mass; it had varying interests and orientations. It had to organize itself before it could effectively collaborate with the public sector.
- "Early adopter" companies got involved because "companies go where they're wanted and stay where they're appreciated." Companies felt unappreciated by Silicon Valley relative to other regions.

EXPERTISE
- Problem definition helped educate the community about the real economic drivers of the economy. Credible, widely communicated research findings generated excitement.
- Access to a neutral consultant with experience in other regions was essential.
- Benchmarking against other communities helped identify relative strengths and weaknesses.

PARTICIPATION
- Involving people in the problem definition helped generate excitement in taking action.
- The catalytic event (luncheon) brought people together, created a sense of movement, and generated interest in further participation.
- Opportunities were sought to connect existing organizations, networks, and leaders around specific events and tasks, and were tapped to invite participation, enriching the discussion of issues and solutions.
- Leaders with "veto power" were targeted and asked to withhold judgment, giving the effort time to develop.
COMMUNICATION

- The media and community were suspicious of Joint Venture—that it was run by property developers, just a PR gimmick, a platform for political office, a mechanism for bashing government—underscoring the need for a clear, open communications strategy from the outset.

- Interviews with opinion leaders (e.g., elected officials, editorial boards, business executives) were good opportunities to communicate what Joint Venture was about.

- The collaborative effort had a single spokesperson, which helped avoid multiple, conflicting messages about Joint Venture.

- Luncheon event and related media coverage were used to build momentum and attract participation.

- The problem statement report was reprinted in the San Jose Business Journal and distributed to 12,000 people.

- A special effort was made to work with editorial boards to explain the rationale for Joint Venture, and to seek input.

FUNDING

- It was difficult to raise funds for a project that was a vision with an uncertain future.

- Investment was made in credible consulting expertise, with proven track record.

- The investment of several key leadership companies sent a tangible symbol of commitment and set a standard for other companies.

TRANSITION

- The effort met its objectives on time and reported results widely.

- Transition to Phase II was delayed because it took time to design a collaborative process framework that would work for Silicon Valley.
Regional Readiness: Changed Economic Context

In fall of 1991, leaders at the San Jose Metropolitan Chamber of Commerce decided they needed to do something about the region's troubled economy. The last few years had brought growing recognition that things were changing in Silicon Valley, that the boom days may have gone bust. People saw various signs of difficult times:

- **Crisis of confidence**—Major, high-profile companies were assessing the relative merits of Silicon Valley and Austin, and expanding in Austin. The confidence of businesses in Silicon Valley reached an all-time low. Only 29% had confidence that the next 12 months would bring good times, down from a peak of 71% in 1987.¹

- **Restructuring in high-tech industries**—Large, mainstay Silicon Valley companies were either laying off people in Silicon Valley or slowing hiring in an effort to boost productivity and flexibility.

- **Sudden defense cutbacks**—Defense companies were shedding employees, and growing pools of 20- and 30-year veteran professionals were out of work.

- **Real estate slump**—The markets for commercial, industrial, and residential real estate abruptly plateaued after years of exceptional growth.

- **Gridlock and setbacks**—Losing competitions for major federally funded consortia, such as SEMATECH, the Microelectronics Computer Technology Corporation (MCC) and Earthquake Research Center, to other regions reinforced the sense that Silicon Valley was complacent and leaderless.

After decades of rapid growth, Silicon Valley received a wake-up call in the 1990s as job growth slowed dramatically. Since 1988 job growth was virtually stagnant after growing at 7% annually for much of the 1970s and 1980s (see Exhibits II-1 and II-2). Since 1984, Silicon Valley had lost more than 40,000 jobs in manufacturing industries. Soaring corporate revenue and productivity portended a future where companies could succeed (i.e., generate wealth), while the community lost out (i.e., wealth reinvested elsewhere).

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¹Field Poll/Bay Area Council.
Exhibit II-1  Silicon Valley Job Growth Slows Dramatically

Source: Center for Continuing Study of the California Economy & California Employment Development Department

Exhibit II-2  Silicon Valley Semiconductor Industry: Output Grows, Jobs Stagnate

Source: Center for Continuing Study of the California Economy
Leadership: Business Services Joins High-Tech

Creation of Joint Venture

In 1991 the leadership of the San Jose Metropolitan Chamber of Commerce was concerned about the economic slowdown which was occurring in Silicon Valley and the problem of local companies expanding or relocating to other areas.

Recognizing that potential solutions to these problems would need to be regional in scope, in May 1991 Chamber chairman-elect John Kennett invited representatives of 26 different business associations to the Chamber's annual two-day planning conference. This was the first time so many different business organizations had met to discuss common economic development agendas and possible coalitions. Later that fall the Chamber board identified "coalition building" as one of its top priorities for 1992.

As the local economy worsened, the need for an action-oriented agenda increased. A committee at the Chamber met to discuss options. They recommended that the board adopt a coalition framework for "Joint Venture: Silicon Valley" which had been drafted by board member Brenna Bolger, owner of PRx (a public relations firm). The Chamber board gave its approval. Kennett then convened a meeting in January, 1992 which involved numerous organizations including the Santa Clara Manufacturing Group, the American Electronics Organization, the Semiconductor Industry Association, the Building Industry Association, and the San Jose Real Estate Board.

The minutes from the first meeting refer to the various organizations as "coalition partners" and noted during the first meeting "we reached a consensus regarding the need to develop a comprehensive future agenda for Silicon Valley."

After the first meeting, a proposed mission statement was distributed and Kennett approached Tom Hayes about leading this effort. Hayes was asked because he bridged both the business services sector (i.e., Hayes served on the Chamber board) and the high-tech world (i.e., Hayes was Corporate Affairs Manager at Applied Materials.)

Hayes was highly motivated by this vision of a Valley-wide project and proved to be an effective leader. One by one, he added key private sector leaders to the Joint Venture project's board of directors, engaging an increasingly wider web of corporate and industry association leaders—some committed, others cautious—on what the first steps should be. Their goal became to develop a blueprint for continued economic vitality of Silicon Valley.

The Board grew to 53 and met biweekly from January 1992 to May 1993.
CEO Advisory Board

In March, Hayes asked his boss, Jim Morgan, CEO of Applied Materials, for his involvement. As CEO of a global, $1 billion (at that time) semiconductor equipment company, Morgan believed from his experiences that other communities were better than Silicon Valley in dealing with economic changes. Morgan also knew the value of building new relationships in turnaround situations. Morgan recognized that the evolving Initiative to reinvigorate the Valley would require corporate leadership at the highest levels.

Reaching into his personal network, Morgan formed a 38-person CEO Advisory Board to provide oversight for the change process and to offer leadership in carrying it out. A strong motivator for their personal involvement was the positive experience many of the CEOs had working in other regions. They believed through firsthand experience that "companies go where they're wanted, and stay where they're appreciated," and that other regions understood this better than Silicon Valley.

The CEO Advisory Board and the founding Board of Directors demonstrated quiet persistence in the face of skepticism and challenges throughout Phases I and II. The group faced tremendous skepticism from the community and within its ranks that Joint Venture would amount to anything significant. Many people believed the Valley was simply too entrepreneurial ever to get together on anything.

Expertise: An Economy at Risk

The Board of Directors decided a logical first step was to diagnose what the problem was: What was really going on to spawn the crisis of confidence? Although many acknowledged that a problem existed, few agreed on the nature of the problem.

In one of Joint Venture's first dramatic events, Tom Hayes proposed engaging SRI International to do the diagnostic work for $75,000; the board balked at the amount and questioned the need for “outside” professional assistance. Hayes believed strongly that the group needed advisors who could bring in new ideas and share the experiences of other regions. Morgan had developed confidence in the SRI group specializing in regional development from several international conferences which he had attended. Hayes, who had been working with Morgan, was able to commit $25,000 on the spot, which immediately changed the discussion and created momentum. Applied Materials community investment philosophy was to focus funds on new Initiatives where there was a unique idea and a small core of people willing to commit to achieving a worthwhile vision. Hayes committed to help raise the remaining funds from other companies and industry organizations.

Hayes believes this was the first moment of truth: “We could have lost it right there, but someone had to step forward and make a dramatic statement that this effort was going to be real and worldclass.”

On June 23, 1992, after six months of analysis and interviews, Joint Venture issued its Phase I report, An Economy at Risk. The report documented major long-term
challenges faced by the Silicon Valley economy and community. It identified "warning signs" that the region's infrastructure was not meeting the needs of its enterprises (see Exhibit II-3). The research combined preexisting economic data, original research, more than 100 interviews with CEOs and civic leaders, and a broad-scale community survey.

### Exhibit II-3  Major Findings: An Economy at Risk

An Economy at Risk identified warning signs of a region whose economy and infrastructure were "out of balance."

**THE VITAL CYCLE**

"A competitive regional economy has dynamic clusters of enterprises that create quality jobs based on a supportive economic infrastructure. A positive, vital cycle develops when clusters and economic infrastructure become mutually supportive. Technology, skills, and capital sustain enterprise development; enterprises generate quality jobs and wealth that support development of economic infrastructure."

**ENTERPRISE WARNING SIGNS**

- Warning Sign #1: Valley's Portfolio of Industries Is Changing
- Warning Sign #2: Slower Employment Growth
- Warning Sign #3: Silicon Valley Is No Longer an Economic Island
- Warning Sign #4: Supporting Industries Are Hurting
- Warning Sign #5: Major Restructuring
- Warning Sign #6: Birth and Growth of Companies May Be at Risk
- Warning Sign #7: Loss of Confidence?
- Warning Sign #8: Culture of Blame

**INFRASTRUCTURE WARNING SIGNS**

- Warning Sign #1: Declining Technology Advantage
- Warning Sign #2: Declining Human Resource Advantage
- Warning Sign #3: Declining Finance Advantage
- Warning Sign #4: Limited Physical Infrastructure
- Warning Sign #5: Regulatory Constraints
- Warning Sign #6: Quality-of-Life Decline

Source: An Economy at Risk, Joint Venture: Silicon Valley Network/SRI International

The report's seminal finding was that a "culture of blame" had afflicted Silicon Valley: Business blamed government for the region's ills, government blamed business for not getting involved in solutions. Confrontation and finger-pointing were the norm. The result of this affliction: gridlock on issues important to the Valley's future.

Silicon Valley had become a victim of its own success. The region had grown to a size and complexity that made real communication and problem solving difficult. As companies grew from fledgling start-ups to significant corporations, they interacted more and more with public and community organizations. Frustrations emerged as a by-product of growth.
Participation: Engage the Community

At the beginning, the Joint Venture Board made an explicit decision to engage the community in deciding what to do and take action. One alternative, according to John Kennett, then-Chairman of the Chamber, was "to get 100 smart people in a room, identify 100 things we could do to turn around the economy, and then go do them." This approach was rejected because the majority of those involved believed that Joint Venture was about fundamental renewal. Hayes believed that the coalition should build over time, and that solutions should emanate from the same group that would need to carry out the actions. As Jim Morgan would explain, "Sure, a few of us could get together and develop a plan, but no one would believe it." Morgan and others had learned that belief in the plan was critical for implementation and could come only from broad-based participation.

The working mission statement for Phase I of Joint Venture reflected this carefully considered approach:

Joint Venture: Silicon Valley is a landmark collaboration of leading economic interests in the Silicon Valley committed to developing a workable plan for regional economic growth and renewal.

The objective of this unprecedented community-wide effort is to construct a rational blueprint for the continued economic vitality of Silicon Valley as it enters a new era of fierce global competition.

Joint Venture: Silicon Valley will achieve its objectives by seeking out the broadest possible range of insights and perspectives from organizations and individuals throughout the region.

From the start, the board sketched out Joint Venture as a two-phase process. Phase I "would identify regional economic issues and key questions to be acted upon in Phase II." The explicit purpose of the Phase I report was to get a better fix on Silicon Valley's economic woes. Perhaps more important, the board viewed the development and release of the report as mechanisms to test community interest in developing a collaborative strategy. Joint Venture was able to move successfully from problem definition to participatory strategy because problem definition involved and excited so many people.

Participation in the Research

How were people involved in the initial diagnostic phase? SRI interviewed more than 100 leaders from industry, government, education, and community organizations. These interviews provided face-to-face opportunities to learn about people's perceptions and communicate what Joint Venture was about. A working group of the economic development directors of 17 Valley communities met twice to offer advice, as did the CEO Advisory Board.

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2An Economy at Risk, p. 79.
Professor Larry Gerston, San Jose State University (SJSU), surveyed Silicon Valley citizens and 550 private and public leaders to identify community perceptions of the current status and risks facing Silicon Valley. He found major differences in the ways business leaders and government officials viewed the problems and future promise of Silicon Valley (see Exhibit II-4). The interviews corroborated the lack of dialogue and shared understanding between the two sectors.

### Exhibit II-4

**Summary of Major Findings, 1992 Survey**

**ATTITUDES OF SILICON VALLEY BUSINESS AND GOVERNMENT LEADERS:**

**CONCERNS, FEARS, AND HOPES ABOUT THE REGION’S ECONOMY**

- Compared to five years ago, Silicon Valley business and government leaders share negative assessments of the region's economy today.
- Whereas business leaders are gloomy about the region's future, elected government officials and administrators are decidedly upbeat.
- Sizable numbers of businesses have attempted to leave or shift resources to other areas within the past twelve months; even larger percentages are looking to relocate or expand outside the region in the future.
- Despite the obviously high discomfort level among local businesses about the area's economy, government leaders believe that businesses are committed to remaining in the area.
- Business concerns about the area's shortcomings are hardly monolithic; in fact, they vary both by type of enterprise as well as by their size.
- Major differences exist in the values among elected local government officials and administrators, with the former considerably more optimistic about the region's future than the latter.
- Business and public sector leaders differ significantly on the value of additional taxes as a means for solving local revenue shortages and service problems; most business leaders oppose the idea, while most government leaders are for it.
- Telecommuting and job-sharing emerge as potential flagship Initiatives for Joint Venture: Silicon Valley Network. The concepts enjoy wide support among leaders in both the public and private sectors.

Source: Gerston and Associates, Larry N. Gerston, Ph.D.

### Catalytic Event: Unveiling *An Economy at Risk*

The key catalytic event in Phase I that propelled the movement into Phase II was the June 23, 1992 luncheon at the Fairmont Hotel to publicly release *An Economy at Risk*. The board envisioned the event as both a wake-up call report to the community on the competitive position of the Silicon Valley economy, and as a call to action. Done correctly, the board believed the event would generate interest in taking collaborative action to develop a strategy.
To the surprise of all, the 1,000-seat, $65-a-head luncheon was filled to capacity, and nearly 300 people were turned away. Senior executives, small business people, developers, public managers, elected officials and others came in unprecedented numbers to hear about their Valley. Also in attendance were key state-level leaders, including Julie Wright (Secretary of the California Trade and Commerce Agency) and Kirk West (President of the California Chamber of Commerce).

The lunch program began with a dual-screen slide presentation of the key findings of An Economy at Risk. The report painted a picture of eroding economic performance and community infrastructure relative to aggressive, competing regions globally. Gerston of SJSU highlighted survey results showing diminished expectations about what Silicon Valley had to offer and large numbers of young people looking to relocate elsewhere. The program then turned to personal statements by Valley leaders.

The event was not without dramatic flair. CEOs and senior executives passed hand-held microphones and told of their love for the Valley and how they as individuals needed to change—to become leaders, to stop blaming—for the Valley to thrive. T. J. Rodgers, CEO of Cypress Semiconductor, flew in from vacation in Idaho on a private plane to tell tales of being courted aggressively by the city of Roundrock, Texas. As contrast, he told the audience how frustrated he was that he had to get personally involved in getting permit approvals to hoist a flagpole at his Silicon Valley headquarters.

Rodgers admitted, however, that he was part of the problem: Instead of working with public executives to solve the fundamental problem, he had been fiercely antagonistic and talked at them through the press. Many others also spoke of the need to start acting differently.

By the close of the luncheon, more than 350 attendees filled out cards indicating their interest in participating in the next Phase.
Communication: Galvanize Interest

The communications activities for Phase I and Phase II were led by Brenna Bolger, founder of PRx and member of the Chamber board. The firm specializes in public relations for high-tech companies. Bolger, along with Tom Hayes, conceived the "Joint Venture" name to reflect a new collaborative effort with a business orientation. Bolger and Hayes, along with professor Gerston, drove the Phase I communications effort.

Phase I communications efforts focused on four goals:

- Communicating to the community new findings about the nature of Silicon Valley's economic downturn
- Generating attendance at the June luncheon and commitments to participate in follow-on activities
- Planning a luncheon program and atmosphere that evoked credibility and an action-orientation
- Positioning Tom Hayes as the visible leader of the Joint Venture effort

On all four accounts, the Phase I communications strategy met its mark. Between March and June 1992, Joint Venture was mentioned in the San Jose Mercury News eight times. Coverage reflected the concern of Valley executives about the economy, and the key findings of An Economy At Risk. It noted how difficult it would be to get different sectors working together, but expressed mild optimism that this "self-selected private consortium" could make a difference.

The San Jose Business Journal reprinted An Economy At Risk as an insert, reaching 12,000 people. Joint Venture distributed more than 10,000 copies of An Economy At Risk by the close of 1992. The luncheon program was well-executed in style appropriate for Silicon Valley, and Hayes clearly assumed a public identity as Chairperson of the Joint Venture: Silicon Valley effort.

Results: Widespread Interest in Action

The luncheon release of the Phase I report accomplished what the Joint Venture project board set out to do: generate widespread community interest in taking action to revitalize the regional economy. It had done this in a manner that left a solid statement of the problem and began to build a new group of regional leaders.

Many economic development efforts start and stop at the point of a "study." By involving people, recruiting key leaders, and building visibility, Joint Venture became much more than a "study" or a "luncheon"—it became a movement. This movement was viewed by many as exciting and overdue and, by some, as threatening.
Transition: Design Process for Action

What to do next? The pressing need was for a process design to channel community interest into an action plan. Over the six-month Phase I period, four requirements for the Phase II process design became clear:

- **Need to Invite Government Participation**—
The conscious decision made by the Joint Venture initiators to focus first on bringing the business community together and then to reach out to government, began to have consequences. To go any further, the Joint Venture movement would need to repair the negative feelings of elected officials and public executives for not being brought in at the beginning; many believed they were excluded because they were the "target."

- **Need to Avoid Government Bashing**—
The luncheon reinforced how important it would be, as the project moved forward, to avoid government-bashing. Fundamental change would have to come through real public-private dialogue, brainstorming, and action, rather than public embarrassment. While the luncheon overall was a success, a few comments by industry leaders were taken negatively by public sector officials, reminding them of the all-too-familiar "blame-game."

- **Develop Next-Generation Leaders**—
Many of the private-sector leaders who began to be visible in the Phase I project had come to the Valley from outside and built successful companies, but maintained low visibility and involvement in the Valley. Others were third-generation small business and real estate leaders who, for the first time, were stepping outside their more narrow arena to exercise leadership on broad community issues. People from both groups talked of how they focused single-mindedly on making money and raising families in the 1970s and 1980s and wanted something more in the 1990s (one speaker even claimed that Silicon Valley executives and Silicon Valley itself were going through "mid-life crises" at the same time!). Joint Venture had the potential to give birth to a second generation of community leaders, following in the footsteps of esteemed first-generation leaders: David Packard, Bill Hewlett, and Bob Noyce.

- **Need to Channel Participation**—
Joint Venture would have to find meaningful ways to involve large numbers of people. The notion of facing up to problems and acting together in new ways to solve them resonated with large numbers of people from many parts of the Silicon Valley community. The movement created hope; people committed their time.
Part III.

Participatory Strategy

In July of 1992, the Joint Venture: Silicon Valley Network Board of Directors launched a collaborative problem-solving and opportunity-identifying process that would involve more than 1,000 people. The goal:

To develop and launch a collaborative strategy to compete in the global economy and create balanced economic growth, increasing individual prosperity, and a high quality of life.

As promised, the process delivered—one year to the date of issuing An Economy At Risk—a blueprint for action. Blueprint for a 21st Century Community: The Phase II Report identified 13 action initiatives to revitalize the Silicon Valley economy. This report set the stage for the establishment of a new nonprofit organization for implementation: Joint Venture: Silicon Valley Network.

Unlike a business, Joint Venture conducted its R&D in public. The creative process was inherently messy. It did, however, build commitment for implementation top-down and bottom-up.

—Becky Morgan
President/CEO, Joint Venture: Silicon Valley Network
Key Lessons

Participatory Strategy (Phase II: July 1992-June 1993)

**PROCESS DESIGN AND MANAGEMENT**

- The economic logic and findings outlined in the first phase served as a framework for the strategy process design, helping keep the process focused and manageable.
- The process was designed to identify and develop good, big ideas, and attract people that could connect them to implementation resources.
- The process included bottom-up open participation and top-down involvement of corporate and community leaders, which generated many creative ideas and the ability to implement the best of them.
- The process balanced structure with openness to new participants, ideas, process modifications, which allowed some innovative ideas the time to develop, attract support, and link to other new ideas.
- Emerging and transitioning industry clusters identified special support needs specific to their industry; large, existing clusters were more concerned about cross-cutting regional issues.
- The Working Groups that focused on infrastructure issues should have been structured to respond more directly to industry group needs and should have included more industry people to explain their needs face-to-face and to brainstorm potential solutions.
- The discipline of the Initiative screening process weeded out ideas in a systematic, fair manner. Leadership Group developed criteria for deciding which ideas would get support and inclusion in the Blueprint strategic plan. We learned the importance of making these criteria explicit and transparent, as they precluded political favoritism or support for poorly-conceived solutions ("agenda explosion").
- The community ultimately rejected ideas that circumvented the participatory process. For example, an attempt to force quick action on the complex issues around housing backfired, moving both sides further apart and generating negative media coverage. These actual or perceived violations of the process did undermine Joint Venture’s early credibility.

**LEADERSHIP**

- Having the involvement of an influential CEO willing to tap his or her personal network for leaders of Working Groups was a critical pre-requisite for a successful strategy process.
- The process looked for leaders in nontraditional places and juxtaposed leaders from different sectors and backgrounds, which provided a strong mix of ideas and perspectives and built a good foundation for future implementation.
• Public testimonials by civic leaders about the substance and process of Joint Venture were important for building credibility and attracting new leaders to Joint Venture.

• Leaders had to persevere through much skepticism that people who were so entrepreneurial could collaborate. At various times, leaders had their fears that the Joint Venture process might not succeed, but were ultimately determined to not let the effort fail.

• The perception that some Joint Venture board leaders were seeking personal publicity caused a media challenge to their credibility.

EXPERTISE
• We engaged an experienced consulting team to drive the strategy process. Consultants had a combination of substantive and process expertise, neutrality, credibility, experience, and persistence.

PARTICIPATION
• After the public sector was excluded from the founding Joint Venture board, it was difficult to gain their participation, trust, and leadership in Phase II. This began to change with the leadership of Mayor Hammer in setting up a Public Sector Roundtable to get input from government leaders. With her sensitivity to public officials, former county supervisor and state senator Becky Morgan subsequently worked with the Roundtable in Phase III to get public officials more substantively involved in various Joint Venture Initiatives (e.g., Economic Development Team, Smart Valley, Regulatory Streamlining Council).

• People could focus their participation in one of many different Working Groups. Having many Working Groups created many opportunities for people to get involved, helped Joint Venture have wide appeal.

• Some people participated for "defensive" reasons. While few were overtly obstructionist, some practiced "subtle obstructionism," with comments that discouraged brainstorming, such as "this idea has been tried before, and failed" or "we are already doing that." This kind of input complicated the process of Working Groups trying to fashion consensus recommendations.

• In Working Group discussions, participants were expected to link problems with solutions. This technique discouraged people from using the process as a "soap box" to complain about the "problem," without a constructive idea as to its solution.

• True collaboration took place when people made a concrete commitment—contributing their time, expertise, resources, and/or personal networks. Those who did not make such a commitment generally lost interest quickly or failed to win support for their ideas from their Working Group.

• People who tried to use the process for personal gain were ultimately sanctioned by the community. They were not allowed to dominate the Working Group discussions, did not generally receive support from other Working Group participants when the group voted on priorities, and in some cases became the subject of negative media attention.

• To address criticism that the effort was not representative of the broad range of community interests, Joint Venture created a Diversity Task Force.
This approach failed to increase the participation of women and minorities substantially, instead producing only statements about the need for inclusiveness in various aspects of Joint Venture.

COMMUNICATION

- Near the end of Phase II, Joint Venture received heavy negative press, partially from the perception that the effort was more about PR than substance. The media picked up stories about PR strategy and debts owed by Joint Venture. In retrospect, Joint Venture's communications strategy should have concentrated more on packaging and promoting the positive message of progress from the Working Groups.

- The communications strategy did do well in highlighting volunteer leaders and participants and communicating the broad process, which helped offset some of the negative publicity about PR and debts.

- We used a high-profile visioning event to stimulate participation and launch the process. While the event raised community consciousness, that fact that it also was a launch for future action positioned it as more than one-time event to generate PR.

- An important lesson learned was to be vigilant in countering any perception that leaders involved with the collaborative process were trying to build a personal following, so the integrity of the collaborative process would not be compromised.

- The communications strategy emphasized testimonials and stories that captured the action and spirit of Joint Venture, which worked well to "personalize" the effort for the community.

- It was a constant challenge to keep the communications strategy in sync with the achievement of tangible results. With critics, the media, and some Joint Venture participants pressing hard for definable results, it was difficult to resist overselling initial signs of success before the collaborative process was able to produce more lasting, substantial results.

FUNDING

- Having project consultants involved in fundraising to help pay for their services was sometimes perceived as conflict of interest.

TRANSITION

- Before the planning process was completed, Joint Venture delivered some interim results that were tangible and portended things to come.

- Phase II concluded with a television special, which did not allow for an important, shared celebration to mark the contributions of the hundreds of process participants. It appeared to violate the Joint Venture process, which had been collaborative and inclusive.
Some ideas from the Phase II process were handed off to existing organizations that stepped forward to champion them. For example, recommendations from the Workforce group regarding school-to-work transition were championed by the Santa Clara Valley Manufacturing Group, which had already done some work in that area and has since implemented a regional Initiative on school-to-work transition.

We learned through trial and error that not every issue is easily amenable to collaboration, especially by a new organization.

Through experience, we learned the importance of under-promising and over-delivering. When we over-promised and under-delivered, it undermined our credibility.

Process Design

Before officially launching Phase II, the Joint Venture Board spent three months designing a collaborative strategy process. The goal was to design a process, tailored to the Silicon Valley economy and community, that would identify and develop consensus around the best ideas for regional rejuvenation. The process would connect good ideas to people who could help develop them further and then implement them.

The final process design (see Exhibit III-1) reflected the framework introduced in the diagnostic research to chart the strengths and weakness of the Silicon Valley economy. A fundamental premise was that the industries were in rapid transition and that there was an increasing gulf between the industries' needs and world view and that of the community infrastructure providers. The process, therefore, evolved to a three-track approach: one track focused on industry, one track focused on infrastructure, and a third track focused on managing the interaction between the industry and infrastructure tracks.
At the start of the Phase II process, 15 Working Groups organized around infrastructure and industry themes (see Exhibit III-2). The Industry Working Groups were based on the driving industry clusters identified in *An Economy at Risk*, modified slightly (see Exhibit III-3). The Infrastructure Working Groups paralleled the six key infrastructure weaknesses also identified in the diagnostic report. Each group was co-chaired by two or three senior business or community leaders, staffed by a facilitator, and made up of volunteers from around the Valley’s public, private, education and community sectors.
The plan was for these volunteer Working Groups to meet at least three times over a four-month period (October 1992 to February 1993). Their objective was to "create a set of projects, or 'initiatives' that would make a difference to the Silicon Valley economy." Over the four-month period, industry and infrastructure groups would move from identifying issues, to generating possible solutions, to developing action Initiatives.

**Exhibit III-3**  
**Key Lessons: Identifying Industry Clusters**

Other regions have asked Joint Venture, “How did you determine which industry clusters to work with?” The board decided to establish Working Groups for a manageable number of clusters that had the following characteristics:

- **BUSINESS INTERDEPENDENCE:**  
  We chose clusters where businesses relate to each through the buyer-supplier “food chain”, as competitors, or as partners.

- **EXPORT ORIENTED:**  
  Many of the companies in the cluster sell products or services to companies outside the region.

- **CONCENTRATED:**  
  Employment in the cluster is more concentrated in the region than the national average, and the cluster is an existing or emerging area of specialization.

- **SIGNIFICANT SIZE OR RAPID GROWTH:**  
  The cluster is of a significant size or, if new, has an above average growth rate compared to that of the U.S. as a whole.

A key point, however, is that the Phase II process and the new Joint Venture: Silicon Valley Network are fluid enough to accommodate new clusters that want to work through Joint Venture to meet their needs. During Phase II, for example, laboratories and companies interested in micromachining technologies formed, through Joint Venture, a micro-electrical-mechanical systems consortium that never became an official Initiative of Joint Venture, but has resulted in significant federal funding and activity.

Also, in fall 1994, Joint Venture began working in partnership with the Bay Area Economic Forum to strengthen connections between multimedia developers in San Francisco, multimedia technology providers in Silicon Valley, and the entertainment executives in Hollywood. Through this effort, industry and community leaders are collaborating to create a multimedia training institute, fiber-linked multimedia development sites, and a research center for fundamental technology breakthroughs.
Leadership: Bringing in the Public Sector

Two new Leadership Groups were created at the start of the participatory strategy phase. A Public Sector Roundtable and a Council of Working Group Chairs were added to the founding Joint Venture Board and CEO Advisors. Together, these four groups acted as a Leadership Group that managed the Joint Venture Working strategy process (see middle track of Collaborative Process Design, Exhibit III-1).

The Public Sector Roundtable

Bringing the public sector leaders on board after they were deliberately excluded from the board that started up Joint Venture effort was difficult. Although the board always intended to involve public leaders, it did not court them early on because of the need to focus on developing an action constituency first in the high-tech and business services communities. Until the business community got to know itself, the thinking was, it would be futile to try to interact with local governments.

The challenge was twofold:

- To encourage the mayor of the largest city, San Jose, to play a leadership role through Joint Venture in the broader economic region
- To assure the smaller communities that the Joint Venture effort would not be dominated by San Jose.

Tom Hayes and several "early adopter" elected officials, such as Barbara Tryon of the Town of Los Altos Hills, worked behind the scenes to encourage public sector elected officials and managers to participate in the Joint Venture process. This task was difficult, and many agreed to participate with a great deal of skepticism and suspicion. Some saw real value in trying something new. Others saw the success Joint Venture had in galvanizing the community in the Phase I diagnostic phase, and thought it wasn't wise to ignore the growing movement.

To ensure that elected officials had a voice in the leadership of Joint Venture, the officials decided there was value in forming their own group, the Public Sector Roundtable. The Public Sector Roundtable included all elected officials from the local, county, state, and federal levels (the Silicon Valley region alone includes more than 20 municipalities). This was the first forum for elected officials to talk across levels, and the first time local officials ever came together to talk and do something about the economy. As one official said, "We've come together to talk about housing, transportation, infrastructure and fiscal problems in our region, but never once to talk about the economy."

Mayor Susan Hammer of San Jose chaired the Roundtable in a collaborative, highly effective leadership style. The real leadership Mayor Hammer showed in helping diffuse the natural suspicions of smaller communities and the risk taken by other communities to get involved in the process were absolutely critical to the success of Joint Venture.
Council of Working Group Co-Chairs

The Joint Venture process called for high-level leaders from business, government, education, and the community to co-chair each of the Working Groups. The Joint Venture Board, consultants, and Jim Morgan identified people who:

- Were leaders in their respective sector
- Could be bridge builders across sectors
- Could model new collaborative practices

The leadership demonstrated by these co-chairs was the key to the success of the Working Group-driven process. Jim Morgan called and invited in most of the co-chairs himself, and in his words "no one turned me down." Many of the people Morgan had come to know during his 20 years of living and working in the Valley. He believed in the regional process so much that he essentially "lent" the personal network he had developed over the years—valuable for its quality, diversity, and respect for him—to the Joint Venture process.

Special care was given to juxtaposing leaders to send a clear signal about how Joint Venture aimed to be different. Unlikely allies, the head of the Building Industries Association and the head of the Sierra Club co-chaired the Working Group on Physical Infrastructure.

In return for their leadership, co-chairs were promised experienced consultant support, recognition of their effort, and the opportunity to lead a fundamental change in the Valley.

So, in addition to forming the Public Sector Roundtable, Joint Venture formed a Council composed of the executive volunteers who chaired the Working Groups. This Council of Co-Chairs met three times during the strategy process to learn from each others' experience and identify common issues and opportunities as they emerged.

Managing the Creative Process

The Working Group Process was never as linear as the Collaborative Process Design Chart conveyed (see Exhibit III-1). The dynamism of the process, characterized by feedback, synthesis, messiness, starts, and stops—was the secret to tremendous success in unearthing and developing the ideas and people that would be the hallmark of the Implementation Phase. Exhibit III-4 illustrates how some of the key Joint Venture Initiatives actually evolved from the process and captures how ideas developed fluidly within a flexible, but disciplined framework.
The text that follows highlights the major steps in the Joint Venture process.
First Round: Identifying Needs and Collaborative Ideas

The strategy process was kicked off with the first round of meetings for the Industry Working Groups. These meetings focused on identifying priority issues in each of the six infrastructure categories (see Exhibit III-2). The Leadership Group then convened to review the output from the Industry Groups.1

The Leadership Group heard from each set of Co-chairs and used hand-held electronic devices to help prioritize and shape how this information would be forwarded to the Infrastructure Working Groups. As a result of this process, two new Working Groups were formed. The prevalence of telecommunications and networking concerns among the Working Groups led to the creation of new, cross-cutting "Smart Valley" information infrastructure group. Likewise, industry concern about costs of and access to health care launched a Health Care Task Force.

The priority infrastructure issues from the Industry Working Groups and Leadership Group were the key inputs into the first meeting of the Infrastructure Working Groups. Infrastructure Working Groups also had as background the diagnosis found in An Economy at Risk, as well as a briefing paper highlighting the strengths and weaknesses of the Valley's infrastructure base. Through a facilitated process designed to link problems with potential solutions, each Working Group scoped out several potential areas for collaborative action.

Second Round: Potential Initiatives

The focus of the second round of Working Group meetings was on scoping out potential action Initiatives. At their second meeting, members of Industry Working Groups identified potential Initiatives for addressing needs specific to their industry cluster. Infrastructure Groups refined collaborative ideas identified in their first meetings into potential action Initiatives.

At the conclusion of the second round of meetings, the Co-chairs of all Working Groups met to learn what each other had accomplished and to begin the process of relating similar Initiatives. The 13 Working Groups had produced a total of 43 potential Initiatives.

1The Leadership Group is the Joint Venture Board, the CEO Advisory Board, the new Public Sector Roundtable, and the Co-chairs of all Working Groups.
Third Round: Final Initiative Business Plans

The final round of Working Group meetings focused on developing implementation plans around a select number of priority Initiatives for presentation to the Leadership Group, and possible designation as a Joint Venture Initiative for inclusion in the Blueprint strategic plan. To become a Joint Venture Initiative, they would have to demonstrate to the Leadership Group that they:

- had broad-based support within one or more Working Groups
- had commitment of identified "champions" to lead implementation
- had substantively developed to the point of business plan
- were capable of making a significant difference to the Valley's economic health.

Leadership Provided Process Discipline

The ultimate value of the Leadership Group—Board of Directors, CEO Advisory Board, Public Sector Roundtable, Working Group Co-chairs—was to impose a constructive discipline on the process. As the strategy phase advanced, the Leadership Group played a critical role in averting two inherent dangers: the danger of agenda explosion and the danger of having the process co-opted by one person or interest group.

After the final round of Working Group meetings in February of 1993, 43 candidate Initiatives for improving the Silicon Valley economy were on the table. The Leadership Group met for a final "Milestone Meeting" to review the business plans for the 43 Initiatives. At that time, there was a great deal of debate about how to winnow the large number of Initiatives down to a manageable number of concrete, actionable, items. There was a general criticism, particularly from business leaders, that Joint Venture had "too many" Initiatives to be successful. Joint Venture created a framework that could be used for sorting types of Initiatives into three tiers: 3 to 5 major "Flagship Initiatives", 20 to 30 specific "Industry" and "Infrastructure" Initiatives, and a limitless number of small pilot projects. This approach was resisted by some of the participants as premature and not necessary at this stage of the process. And, of course, everyone wanted their idea to be a "Flagship Initiative."

The Leadership Group instead decided to be clear that solid implementation plans would be required for ultimate inclusion as a Joint Venture Blueprint strategy. The group would also continue to play an active role in linking and consolidation of ideas. For the next four months, the champions for each candidate Initiative worked to further flesh out each Initiative through Implementation Teams. The "flagship" designation in fact was never needed. Through the natural "Darwinian" process and through some consolidation, the 43 Initiatives unveiled in mid-February ended up as 13 by mid-June.
By June, to varying degrees, each of the 13 Initiatives had:

- a champion or champions willing to provide leadership in implementation
- an initial set of measurable objectives to be achieved
- a funding plan
- a business plan outlining mission, principal activities, rationale, structure, progress to-date, anticipated first-year milestones, and anticipated five-year impact.

While the strongest Initiatives had "survived" the winnowing process, there still was tremendous unevenness in the quality of the initial Initiative business plans, and the nature of the support behind them.

Nevertheless, these Initiatives became the building blocks of the Silicon Valley strategy, Blueprint for a 21st Century Future. Exhibit III-5 highlights the 13 Initiatives by major objective.

<table>
<thead>
<tr>
<th>Exhibit III-5</th>
<th>Joint Venture: Silicon Valley Network Action Agenda</th>
</tr>
</thead>
</table>
| Develop specialized infrastructure | Smart Valley, Inc.  
21st Century Workforce  
Silicon Valley Technologies Corp. |
| Reduce cost of doing business | Regulatory Forum  
Council on Tax and Fiscal Policy  
Health Care Task Force |
| Retain/expand existing industry | Defense/Space Consortium  
Silicon Valley Global Trading Center  
Economic Development Team |
| Support growth of new industry | Environmental Partnership  
Software Industry Coalition  
Enterprise Network  
New Business Incubation Clusters |

*In the end, the process was successful because it was honest.* The oversight of the Leadership Groups and the discipline of the business plan requirements prevented any one person or interest from "co-opting" the process.
In Retrospect: Suggested Process Improvement

In retrospect, we believe the process could have been improved with one structural change. The intent was for the industry needs (the "demand" side) to drive the Initiative development process. The industry groups passed off their priority needs that required collaboration to the infrastructure groups which included mostly service providers (i.e., the "supply" side of government, education, other institutions). The service providers then wrestled with how best to meet the stated needs of industry.

We believe the process would have worked better if we had waited to see the key needs and ideas coming out of the first round or two of industry meetings and then convened well-focused Working Groups that included both industry and community players to develop specific Initiatives.

Process Created Pathways for "Civic Entrepreneurs"

The Joint Venture process created pathways for Working Group Co-Chairs and participants to become leaders on regional economic issues. As the process evolved, we linked related ideas to each other and linked good ideas to people who could help develop them. The practical outcome was linking together people with related interests. Throughout Joint Venture's history, it has been diligent in creating interesting pathways for turning business leaders, government leaders, education leaders, and community leaders into Silicon Valley leaders. We have started calling these people who demonstrate leadership building bridges across sectors "civic entrepreneurs."

Many of the people who emerged as leaders in the strategy process continued to provide leadership as their Working Group ideas became Joint Venture Initiatives and then moved into implementation (see Exhibit III-6).

Exhibit III-6
Creating Pathways for Civic Entrepreneurs (Illustrative)
Expertise: Linking Analysis to Process

Expertise is relevant to the strategy process in two ways. First, high-profile outside experts were brought in for a visioning conference, which kicked off the collaborative strategy process. Second, the consulting team played a key role in designing the Phase II process and driving it forward.

Visioning Conference as Transition Event

The Joint Venture Board decided a second catalytic event was needed to kick off the Phase II problem solving process. *High-Tech Summit: A Visioning Conference* was developed to engage 400 participants in dialogue about Silicon Valley's future.

In the morning, internationally renowned futurists, visionaries, and economists Alvin Toffler, George Gilder, Tom Peters, and Ken Courtise, spoke optimistically and realistically about the Valley. Toffler described Silicon Valley as leading the world in the dramatic shift from a "brute force" economy, associated with heavy industries, to a new "brain force" economy fueled by imagination, innovation, organizational skills, symbolic communications, and interpersonal relations skills.

The future of Silicon Valley depends not just on what you do locally, it depends on a fundamental shift of power in America from the forces of the old economy to the new. This will not happen until you in this astonishing region that has already transformed the world meet the political challenge needed to transform America as we all speed into the 21st century.

— Alvin Toffler
Futurist, Author
Lunchtime had participants in groups of ten developing vision statements for Silicon Valley. A favorite:

We have become a region that sets the standard for cooperation between the private, public, and nonprofit sectors and the citizenry. In practice and reputation we are a region that works.

In the afternoon, author and television host Mike Malone moderated a panel of business leaders, educators, and political leaders (three CEOs, a city manager, a mayor, a dean of a college of engineering, and a director of a nationally recognized nonprofit training organization).

The day concluded with interaction between the panel and the audience. The most symbolic interchange occurred when a "20-something" woman expressed her generation's frustration with Silicon Valley:

Never mind all this talk about how great Silicon Valley is for you. All I know, is that every party I'm at, the main topic of conversation is how we young people are going to get out of Silicon Valley.

The decision to hold the visioning conference was controversial among the CEO Advisory Board. One group preferred a lower-key, lower-budget approach. Others questioned the need for any kind of event. The benefit of the Conference was that it legitimized the need to do something to evolve Silicon Valley to its next generation. Also, the young woman's comments clearly provided a psychological moment that generated increased level of commitment from the large audience attending.

**Consultants' Value: Analysis Plus Process Management**

Professional management and facilitation of Phase II by neutral consultants experienced in economic development was key. The role of the consulting team:

- **Process Design**—The team had learned through experience that successful strategy implementation required process design tailored to the community's economy and culture. They worked with the board to design a process that made sense, giving participants enough framework to keep moving, but enough freedom to explore innovative ideas.

- **Issues and Options Analysis**—The consulting team developed ten-page Briefing Papers that provided background on each of the seven industry and six infrastructure areas for use by the Working Groups. These papers summarized existing research and provided new data sources. Most important, they provided a framework for breaking down and discussing complex issues.

- **Process Facilitation**—The consultants facilitated the Working Groups and supported the co-chair leaders. They kept the process on track and fostered flow of people and ideas across the Working Groups.
• Coaching and Process Management—The team met with the Board every two weeks and helped the Board manage the process to achieve a good product on time.

• Benchmarking—The consultants drew on their experience working with private and public leaders in other regions, which helped to accelerate the learning curve for Silicon Valley and avoid common pitfalls.

The SRI International consultants who led Phase II work for Joint Venture formed their own company, Collaborative Economics, in July 1993 so that they could remain involved in the Phase III implementation. This continuity proved important to Joint Venture’s later implementation success, because of the trust relationships Collaborative Economics staff developed during the Phase II process.

Participation: Working Group Volunteers

More than 1000 people were involved in Joint Venture in the 18 months leading to the publication of the Blueprint. The major avenue for participation was the Working Groups.

How were Working Group participants identified? The Joint Venture consultants managed participant lists for the Working Groups, and added to them throughout the strategy process. One group of people had expressed interest at the luncheon in the release of An Economy at Risk (estimated one-third of the total). A second group, mostly high-level business and community leaders, were invited at the recommendation of other Joint Venture participants (one-third of total). The last type of participant was the person who called after hearing about Joint Venture through friends or the media and asked to get involved.

At its heart, Joint Venture was about moving away from the "culture of blame" toward a collaborative, can-do spirit. This transformation of a community happens through the transformation and connections among individuals. Beyond the generation of 43 terrific ideas, the Joint Venture process was valuable for the bonds it forged among people from diverse sectors (see Exhibit III-7).

People from different walks of Valley life “felt as if they went through boot camp together - worked hard, made new contacts, made new friends, and felt real pride in participating.”

— John Kennett, Owner, Pizazz Printing & 1992 Chair, San Jose Metropolitan Chamber of Commerce
Exhibit III-7 How Did People Benefit From Participating in Joint Venture?

Dara Menashi, a graduate student at Harvard University, is studying Joint Venture to determine why people participate in Joint Venture and what they get out of it. Her work is focusing on whether the Joint Venture process contributed significantly to Silicon Valley's "social capital"—those working relationships, bonds of trust, and shared experience that Professor Robert Putnam of Harvard University and others believe are pre-requisites for strong communities and economies.

Menashi conducted a half-hour phone survey with 200 randomly selected people who participated either in the Phase II strategy or Phase III implementation of Joint Venture. Participants indicated that they personally benefited in the following ways through their Joint Venture activities:

- **Expanded Personal Network**—Increase in the number of people a participant knows
- **Increased Access to Information**—Increased access to more information from different sources
- **Changed Personal Behavior**—Participant's personal behavior is more cooperative or civic
- **Changed Attitude in Others**—Think people in the Valley are more open to compromise

Survey respondents reported different types and degrees of change in the above four factors.

Many characteristics that we might expect to explain these differences in benefits derived from Joint Venture do not seem to matter. For example, neither what sector participants worked in (public, private, nonprofit) nor their level (salary) affected their responses to the survey. Where people were raised or how long they've lived in Silicon Valley also did not affect their answers. Even respondents' primary reason for joining—whether it was to help themselves, their industry, or the broader community—did not influence what types of benefits they gained from participation.

Three personal characteristics do seem connected with people deriving greater benefit from their Joint Venture participation.

- **Financial contribution from organization**—Participants who thought their organizations contributed financially to Joint Venture reported the strongest increase in benefits. These participants were 21% more likely to have met 6 or more people through Joint Venture, 40% more likely than the sample to report changes in access to information, 22% more likely to experience changes in their behavior outside of Joint Venture, and 30% more likely to perceive differences in attitudes in the Valley.

- **Personal recommendation**—Participants who knew someone involved in Joint Venture before they themselves joined are more likely to report changes in their networks, access to information, behavior, and attitudes.

- **Frequency of participation**—Not surprisingly, people who went to more meetings are also more likely to report more benefits than those who went to fewer meetings.

The bottomline: The more positive connections people had to Joint Venture—their organization being connected financially, knowing others who were involved, participating frequently—the more likely people were to perceive benefits from the collaborative process.

Source: Dara Menashi, PhD candidate, Harvard University
Outreach to Diverse Communities

As the strategy process moved forward and gained visibility, charges were raised that Joint Venture needed to include people from the diverse communities of Silicon Valley—people of different racial and ethnic backgrounds, income classes, and genders. Communicating that the process was an open one, writing invitation letters, and encouraging people to call was not enough; to truly reach out and bring new groups in requires pro-active sustained effort.

The Phase II process started moving so quickly that proactive outreach to encourage diverse participation in the Working Groups was limited. A conscious attempt, however, was made to find women and minority leaders to chair the Working Groups. The Board did establish a Diversity Task Force, but the Task Force had an unclear connection to the Working Group process. It issued statements about the importance of inclusiveness, but participants did not assume substantive roles in the process. The Task Force was disbanded at the end of Phase II. In Phase III, a different strategy would be pursued with more success.

Communication: Keeping the Community Informed

Media Relations

Joint Venture leaders had difficulty convincing the media that Joint Venture was more than PR hype. This was in part fueled by Joint Venture’s strategy to lay low on press coverage of the actual Working Group process. Joint Venture leaders did not view the Working Groups as newsworthy in and of themselves, and the presence of the press in the Working Group meetings could have undermined the free flow of discussion.

Instead, Joint Venture provided process updates to the editorial board of the regional newspaper. Building credibility and trust with the editorial board was, and always has been, a top priority.

Absent coverage of the Working Group process, the media focused increasingly on the operational problems facing Joint Venture—cash flow, personalities, internal politics—and got exposure to Joint Venture through its two Phase II events.
Two Events: Visioning Conference and Public Briefing

The Visioning Conference that launched the Phase II process attracted local and national attention. It helped pique the interest of a cadre of leaders in getting involved in the Phase II process.

At the close of the Working Group process (three months before release of the Blueprint), Joint Venture held a large-scale Public Briefing at the San Jose Convention Center to review the proposed 43 Initiatives emerging from the industry and infrastructure Working Groups. Nearly 2,000 business and community leaders attended the briefing. The event was an important opportunity for participants and non-participants alike to preview the initial products of the Working Group process. There were, however, two problems.

First, the event was plagued by technical breakdowns and longwindedness. This undermined some people’s confidence in Joint Venture.

Second, the emphasis on “joining Joint Venture to become involved in the implementation of the Initiatives” raised expectations unreasonably that increasing numbers of people could become involved as Joint Venture transitioned from strategy to action. In fact, the opposite had to happen. Smaller numbers of people had to work hard behind the scenes to sort through which proposed Initiatives really could be implemented prior to issuance of the Blueprint. The young organization was not prepared for the onslaught of interest calls that once again ensued, and did not have mechanisms for channelling the broad community interest.

Release of Blueprint Strategy Document

The plan in the process design was to release the Blueprint document in a public way that allowed people to celebrate Silicon Valley’s accomplishment of this interim step. Instead, Phase II concluded with an hour-long television special, private party for about 150 leaders of Joint Venture, and press conference. This decision was made to reach a more general audience through television and to avoid organizing another large-scale event. The downside was that this did not allow for a shared celebration to mark the contributions of the hundreds of participants in the process to the Blueprint document. It was also perceived by some to violate the Joint Venture values, which were inclusive and collaborative.
Public Communications

The communications firm served as an information center for the general public and the 1,000-plus participants in the Phase II strategic planning process. The information center responded to public calls and inquiries. It also played a leadership role in recruiting hundreds of individuals to the Joint Venture process through special invites, mailings, and personal calls. The information center developed a brochure and Progress Report, and managed speaking opportunities. It also provided administrative and materials support for meetings of the Joint Venture board of directors, CEO advisory board, Public Sector Roundtable, and Leadership Group and for briefings with federal, state, and local officials.

It was essential to the Joint Venture process to team the economic development consulting firm with a communications firm. A focus on managing the details of information flow and meeting logistics was absolutely essential for developing good substantive recommendations and leaders out of the process.

Funding: Selling Faith in the Process

Like Phase I, Phase II was funded exclusively by the private sector. The board engaged PRx to raise funds for Phase II. PRx was a local high-tech public relations firm that was also providing communications services to Joint Venture (see above.) Jim Morgan, Tom Hayes, San Jose Metropolitan Chamber leaders, and many of the board members also participated actively. This team raised $1.2 million from 84 companies and associations.

Funds were spent in three major ways.

- **Economic Strategy Consultant**—Process design, facilitation and management, compiling the Blueprint

- **PR/Fundraising Consultant**—Managing media relations, planning the Visioning Event and Public Briefing, and fundraising

- **Visioning Conference**—Speakers and expenses for the visioning event

*Raising funds to invest in a collaborative process, rather than a tangible result, was very challenging.* The strategy was to ask for funds at the CEO level from the largest Valley companies. In return for their investment, companies were given public recognition for their contribution and personal visibility for the CEO—to the extent that they wanted it.

Several key issues began to surface in Phase II fundraising that the new succeeding nonprofit organization would eventually have to overcome:
• **Major fund-raiser also major service provider**—Some investors expressed discomfort that the fund-raiser was also providing other services funded by the raised funds.

• **Oversight mechanism/need to build investor confidence**—Because the organization was new, some investors wanted more aggressive oversight over how funds were spent than Joint Venture was prepared to provide.

• **Need to manage expectations with cash flow**—The expectations for action began increasing faster than the young movement's ability to fund itself.

By the end of the strategy phase (July 1993), Joint Venture had more than $100,000 in outstanding commitments to contractors. A front page article of the Mercury News Business Section read, “Grappling with Debts Joint Venture: Silicon Valley Documents Show Consortium is $99,000 in the Red, With More Bills on the Way.”

### Results: Blueprint for a 21st Century Community

True to its commitment, the Phase II process delivered the **Blueprint for a 21st Century Community** on time in June 1993 (see Exhibit III-8). This document was the physical manifestation of the creative process that 1,000 people experienced together. While written by the economic development consultants, the **Blueprint** genuinely reflected community input. People could "see themselves" in it.

### Exhibit III-8 Blueprint for a 21st Century Community

More than 1,000 Silicon Valley citizens, from business executives to educators to public servants to individual volunteers, created the Phase II product, **Blueprint for a 21st Century Community**. The report, of which more than 15,000 copies have been distributed, includes four main sections.

**Creating the 21st Century Community**
Documents the major economic transition experienced by Silicon Valley. Finds that Silicon Valley companies are evolving faster than the Silicon Valley community. Challenge is to reconnect the community to the economy so that both can experience success in the region.

**Silicon Valley's Export Engines**
Describes the importance and uniqueness of Silicon Valley's industry clusters. Highlights key findings about the transformation of high-tech manufacturing in Silicon Valley. Summarizes the opportunities and key needs articulated by the seven industry Working Groups.

**Blueprint for a 21st Century Community**
The heart of the report, this section summarizes the 13 action Initiatives developed by the Working Groups.

The section also describes the structure of the Working Group process.

**Maintaining the Momentum**
Describes the rationale, mission, objectives, and operating structure of the new, nonprofit Joint Venture: Silicon Valley Network.

### New Working Relationships
People involved with Phase II know it delivered much more than a tangible Blueprint product. Many participants view Phase II as "a tremendous social bonding experience" that has had lasting impact on the Valley community. As Silicon Valley grew up, the region lost the opportunities to expand personal networks and meet people informally that characterized the earlier days. People participated in networks that reflected their own "community of interest," but seldom did these networks join so people could connect with perspectives very different from their own.

Through Joint Venture, CEOs chaired meetings of many kinds of people with whom they normally did not have a chance to interact. The different sectors became personalized in the form of new professional colleagues and friends. Private-sector participants expressed surprise at the quality and commitment of their public sector counterparts, and vice versa. These relationships were grounded in a new understanding and appreciation for the real obstacles and opportunities facing everyone in the region.

The Phase II process began reigniting some sense of community that had been lost. People from different walks of Valley life "felt as if they went through boot camp together—worked hard, made new contacts, made new friends, and felt real pride in participating." With a nostalgic bent, some viewed Joint Venture as a bigger, more heterogeneous "home brew club" fostering creative, informal discussion so essential to innovation.

Transition: New Organization for Implementation & Renewal

The final result of the Phase II process was the decision to transition Joint Venture from a project of the San Jose Metropolitan Chamber of Commerce to an independent nonprofit organization. Consistently from the start, Joint Venture was viewed as a coming together of people and resources, for a finite duration, to deliver an action plan. The assumption was that the actions launched by the process would either be implemented on their own or managed by existing organizations.

And in fact, four of the Initiatives—The Environmental Partnership, Smart Valley, the Defense/Space Consortium, the Global Trading Center—had incorporated themselves even prior to the release of the Blueprint, so that they would have a certain vehicle for implementation. Moreover, some of the ideas and Initiatives generated by the Working Group process were taken up by existing organizations. The interest in educating the community about urban village-type, in-fill housing, for example, was channeled to the Housing Action Coalition at the Santa Clara Valley Manufacturing Group.
The questions remained, though, of whether and how to support the implementation of the 13 Initiatives, and whether a mechanism was needed for ongoing collaboration. The leaders of the Joint Venture board proposed that the board look at two options.

- **Option 1**: Create a new organization that would serve as the ongoing network for public-private collaboration in implementing specific Initiatives and surfacing other issues and Initiatives over time.

- **Option 2**: Let existing organizations and newly created special purpose organizations (i.e., the incorporated Initiatives) implement specific Initiatives independently.*

Opinions on the board were divided. Some people believed very strongly that the Joint Venture collaborative process should continue and that a new organization was required to serve as a regional catalyst. Others believed that a new organization was not needed, and that a decentralized model of Initiatives operating independently was best. Some people feared that the presence of a new Joint Venture organization would “compete with” existing organizations for participants and resources. Others feared 13 Initiatives scrambling for funding and visibility on their own.

In the end, most board members agreed that once Joint Venture went away there would be a void—no mechanism to facilitate public-private collaboration regionally on issues affecting the economy. The Valley’s existing organizations—business advocacy, city-based chamber groups, industry associations, government associations—all had roles to play in the community, but were not public-private and regional.

After passionate discussions, the board decided that a new, ongoing organization was necessary and articulated the following reasons:

- New habits of collaboration need to be sustained
- The people who have become involved in this effort wanted to continue to be linked
- Forums for exchange of ideas and resources are needed on an ongoing basis
- Community leaders want to sustain a shared vision of the region's future, and
- A "coaching" organization is required to help sustain individual Initiatives.

In May 1993, Joint Venture: Silicon Valley Network was incorporated as a 501(c)(6) nonprofit organization. The decision to establish a 501 (c) (6) "trade association" rather than a 501(c)(3) "charitable organization" was made to preserve Joint Venture’s flexibility to engage in lobbying/advocacy activities. 501(c)(3) organizations are restricted in their ability to lobby the government because of their tax deductable status.
Although there are differences in the tax treatment of contributions to the two types of organizations, in practice we found that most corporations do not distinguish between the two types of organizations for giving purposes. Corporations deduct their contributions to 501(c)(6) organizations as a business expense. Contributions to charitable organizations can be expensed by corporations, nonprofits, and individuals as charitable contributions. Because Joint Venture's funding targets were predominantly private corporations and local governments, the 501(c)(6) option was chosen.

One limitation of the 501(c)(6) organization is that it cannot receive contributions from 501(c)(3) organizations. It is possible, however, to establish a 501(c)(3) in addition to a 501(c)(6). In 1994, Joint Venture established a 501(c)(3) foundation that can accept contributions from private foundations and individuals for the purposes of education and health activities.

**Board of Directors Chair Steps Aside**

In a move designed to depoliticize the ongoing organization, Joint Venture Chair Tom Hayes withdrew his name from consideration to lead the new organization. To counter growing concerns that Hayes was using Joint Venture for his personal gain, Hayes believed that, for Joint Venture's sake, the time had come for him to step aside.

**New Board and Co-Chairs Chosen for a New Nonprofit**

To succeed as a regional leadership organization and to effectively implement the Initiatives, the Joint Venture board of directors recognized that the board of the new nonprofit organization would have to look different from the board that initiated Joint Venture. First, the new board would have to have representatives from a wider variety of key constituencies. Second, the new board would have to include top-level people.

A nominating committee composed of people from the existing Joint Venture board and CEO Advisory Group developed a slate of 26 directors for the new board. New board members were drawn from the following four groups: business, government, associations, and Initiative champions. Members of this group of Valley leaders were chosen for their potential to contribute to the development of the new organization, and with consideration for diversity of race/ethnicity, gender, geography, and political affiliation. The slate was presented with sensitivity, acknowledging the tremendous contribution of the founding board; it was unanimously approved by the Joint Venture board.

The Board selected as its co-chairs Jim Morgan (who had chaired the CEO Advisory Board during Phase II) and Mayor Susan Hammer (who had chaired the Public Sector Roundtable during Phase II). Morgan agreed to serve as interim co-chair until someone from the new board would agree to become co-chair. Ed McCracken, Chairman and CEO of Silicon Graphics, eventually made such a commitment.
Tom Hayes agreed to act as an interim president while a professional search was undertaken for a permanent president/CEO. The professional recruiting organization contacted over 60 candidates throughout the United States and recommended 3 finalists. A nominating committee of the Board was established to screen the finalists and to recommend a choice to the full Board for approval. The Board unanimously approved the choice of State Senator Becky Morgan as President/CEO in July 1993.

**Contributed Space**

To support the transition of Joint Venture from a project into an organization, Pacific Gas & Electric donated space in its downtown office building. The consultants and the first employee of Joint Venture, an administrative assistant on contract to the San Jose Metropolitan Chamber of Commerce, began working out of this office and establishing a tangible Joint Venture identity.

**Leadership of the San Jose Chamber**

The San Jose Metropolitan Chamber of Commerce showed leadership in helping Joint Venture, which the Chamber had initiated, transition into a new regional organization. It is not always easy to "let go" when an affiliate has evolved to a point that it needs some separation and independence. The inherent difficulty of transition was exacerbated by the fact that the project, and the Chamber as its fiduciary, had outstanding bills and pledges that had not yet been turned to cash. Although the transition period was at times difficult, the Chamber kept the transition process moving towards the establishment of an independent organization, and continues to play an important role on the Joint Venture board.
Part IV.
Implementing the Joint Venture Way

Phase III established a new type of non-profit organization, Joint Venture: Silicon Valley Network, to put into action the analytic work of Phase I and creative work of Phase II. Also in Phase III, the Initiatives developed their own governance structures and began getting results. Four major events helped make the implementation of Joint Venture a success:

- **Critical seed money** from five investors, which assured the successful transition from Phase II to Phase III in the summer of 1993: Bank of America, $250,000; Applied Materials, $100,000; Silicon Graphics, $100,000; Pacific Gas & Electric, $100,000 and office space; and the City of San Jose, $50,000.

- Establishment of a **formal nonprofit organization** with a CEO-level board composed of business, government, education and community leadership.

- Selection of a **full-time President/CEO** with experience in both the public and private sectors, strong leadership skills, and unquestioned credibility and integrity.

- Implementation of a **sustained, effective fundraising strategy** that brought solid financial support from a broad spectrum of investors ranging from large and small businesses to local government and community organizations.

Until Phase III, Joint Venture was more of a "movement" than an organization; while it had the active involvement of 1000 volunteers and community leaders, Joint Venture did not have the governance structure to implement Blueprint for a 21st Century Community, or to effectively involve the community in the implementation process.

Joint Venture continues to provide an important neutral forum for addressing community issues.

— Ed McCracken
Chairman and CEO of Silicon Graphics
Co-chair of Joint Venture: Silicon Valley Network
Key Lessons:

Implementation (Phase III: August 1993 and Ongoing)

LEADERSHIP

• It is absolutely essential to attract the right people for boards and as senior executives of Initiatives. This process took significant time, but is one of the most important ingredients to Joint Venture's success. Initiatives with strong leadership weathered difficult challenges. At the same time, as some Initiatives have discovered, it is important to define explicitly the fundraising and other responsibilities of Board members.

• Few of the champions for Initiatives coming out of the Phase II process had the interest or support to become lead staff or chairs of Initiatives in Phase III. The challenge (and importance) of transition from early champions to permanent staffing should not be underestimated.

• Transitioning the Joint Venture Board from mid-level executives and industry executive directors to CEO's and their counterparts from government, education, and community was essential for effective implementation, fundraising, and organizational development.

• The board and staff resisted the pressure to expand Joint Venture's focus on the economy that came with increased credibility and resources. By resisting this pressure, Joint Venture protected itself from "trying to be all things to all people," spreading its efforts across too many issues.

• Forums for interaction of Initiative executive directors are important. Through Champions meetings and, more recently, informal breakfast meetings, Joint Venture executive directors explore cross-Initiative partnerships and share lessons learned. However, it remains a constant challenge to maintain effective communication of ideas and opportunities across the Initiatives, and between the Initiatives and the Network Core.

EXPERTISE

• In the beginning, the core professional staff of the Network were the consultants involved in the strategy phase. This provided Joint Venture access to specialized expertise on a flexible basis and continuity. Permanent staff were important to move the Initiatives from start-up to sustainability. The consultants' role has appropriately evolved to coaching, benchmarking, economic analysis, and new issue facilitation.

• Used an executive search firm to manage the selection process for the CEO and received pro bono search services for Initiative heads. The use of outside recruiters was important to enrich the applicant pool and limit political influences in the selection process.
PARTICIPATION

- It was not possible to create as many opportunities for widespread citizen participation in the implementation stage as in the strategy phase. In Phase II, Joint Venture did not manage expectations well, as it left some believing that wide participation was likely in Phase III implementation.

- Expect the demand for involvement to grow with success. As Joint Venture has become more widely publicized, individual requests to participate have grown considerably, as have requests from other organizations in the community that want to partner with Joint Venture on projects, grant proposals, and the like. Both the Network Core and the Initiatives are constantly struggling to prioritize and handle the sheer volume of requests.

- Especially since widespread participation was not possible in Phase III, it was very important to create opportunities to celebrate results and thank participants for their contributions.

- Even if people felt left out initially, it was never "too late" to bring key constituencies on board, and was worth the time invested.

- In Phase III implementation, Joint Venture tried a different approach from the Diversity Task Force in an effort to involve more women and minorities into its activities. Joint Venture made a formal commitment by setting aside funding for outreach staff to recruit women and minorities to leadership positions in the Network and Initiatives. In six months, at least 40 new women and minorities were appointed to leadership positions. While Joint Venture still does not have enough representation of the diverse elements of the Silicon Valley community, it continues to search for new and better ways to involve people.

COMMUNICATION

- Having a strong communications (not PR) function is essential. Internal communications are as important as external communications.

- Media credibility is earned by providing information selectively and personally about real, newsworthy results.

- Personalizing the results—focusing on people or companies that have benefited—helps the media understand and communicate what Joint Venture was about.

- It is important to communicate continuously with people participating in the collaborative effort.

- As a new organization, we needed to take credit for our role in results; as a collaborative organization we need to do better at acknowledging contributions of our many partner organizations and individuals.

FUNDING

- Fundraising must be a professional team effort. It is critical to have a formal, experienced, dedicated fundraising person or capacity in the implementation phase. A professional fund-raiser's efforts were helped immeasurably by having well-respected visionaries make generous donations, and call their friends and associates. In this regard, it was essential to build a team of "believers" who tell the story, help execute the fundraising plan.

- Follow-through and persistence were as important as the quality of the investor prospect pool. It takes several contacts before an investment is likely to be made.
• It is critical to seize every opportunity to recognize investor support publicly and personally. It is important to keep lead investors "on the inside," communicating results to them built the trust that led to multi-year financial commitments.

• Sought money and talent contributions together, offering investors meaningful participation to generate deep-rooted commitment. It is important to send the message that we "don't just want your money, we want your input, time, and the expertise of your people."

• Developed a simple, results-oriented message. The need to "sell results" can create tension with Joint Venture's value of collaboration. Collaboration among multiple constituencies takes time.

• Independently incorporated Initiatives were responsible for raising their own funds. As such, access to grant-writing expertise is important. Joint Venture helped secure a federal government matching grant, which supports for two years four of the five independently incorporated Initiatives and leverages private-sector funds raised.

• Conflicts sometimes arose when the Network core and the Initiatives pursued similar funding prospects. These conflicts were lessened when the parties agreed to keep each other notified of fundraising activities. However, tension continues to exist, with some Initiatives believing that they should receive a larger share of overall Network fundraising.

• It is important to keep track of in-kind contributions, attributed to both specific projects and administration. Smart Valley, for example, when audited, had difficulty accounting for in-kind contributions made over the course of several months, and had to spend considerable staff time defining such contributions after the fact.

NETWORK GOVERNANCE

• The relationship between the Network core and the Initiatives continued to evolve during Phase III, with increasing autonomy for the Initiative executive directors balanced by the need to coordinate communications and fundraising activities.

• Initiatives that were "handed off" for implementation by other organizations should have been tracked and/or supported for successful progress.

• Joint Venture should have avoided incorporating some Initiatives "too early." These had to expand their focus on both getting results, as well as on organizational administration and development. Additionally, it is important to fully complete the paperwork to properly incorporate.

• Emphasis on quick results put a premium on action, rather than the development of administrative systems. This was a two-edged sword. While the focus on action has brought much success to Joint Venture, the Network CEO and Initiative executive directors had to invest considerable time establishing new administrative systems prior to the hiring of professional staff to manage finances and operations.
• It has been critical that the entire organization has remained fluid, with built-in periodic evaluation and re-orientation times. If Joint Venture had rigidified, it would not have been opportunistic enough to forge linkages across Initiatives, sometimes significantly shift the focus of existing Initiatives, or consider new activities.

• We learned to stay open to repacking ideas and Initiatives. One of Joint Venture's most important efforts had to be re-started with new leadership and a new process. The Phase II Workforce Working Group had difficulty synthesizing the views of 150 people into a compelling plan of action, and failed to ignite interest among other corporate and educational leaders. It was important to be flexible enough to shift gears and try something else, rather than abandon the key issue of K-12 educational reform.

• The Memoranda of Understanding (and its measurable objectives) makes clear and formal the relationship between the Network core and the Initiatives, eliminating confusion about expectations and providing a focal point to review progress and remain publicly accountable. Initiatives that cannot develop such a memoranda or that cannot meet their measurable objectives must be de-linked from the Network.

RESULTS

• Learned never to announce products or unveil Initiatives prematurely. This is particularly important in building credibility with the media. In the case of the attraction of the U.S. Display Consortium, early release of information almost jeopardized the success of the effort.

• Joint Venture felt tremendous pressure to "deliver something." It is important to identify interim steps that demonstrate progress to keep critics at bay. Some Initiative Executive Directors, however, felt that their first few months on the job were a "mad dash for results," sometimes at the expense of longer-term relationship-building that would have greater impact later.

• For "big change ideas," it is essential to take the time necessary to build support, marshal resources, and think through complex issues.

• At the Network core and the Initiatives, it is critical to distinguish process objectives from outcome objectives. Joint Venture benchmarks quarterly and release results publicly.

• While Joint Venture has promoted a collaborative model, the transition for individuals and organizations has often been painful. Some are wary of endless, feel-good meetings or "collaboration for collaboration's sake," while others push for immediate results, minimizing the importance of building a foundation of collaboration and new relationships required to sustain change. Persistence is critical to help people move to the new collaborative mindset.

• How Joint Venture does something is as important as what it does. While it is important not to measure progress, for example, in terms of meetings held, it is important to report real changes in the way people interact or in small steps that are building to a bigger outcome.
• To avoid "getting stale" Joint Venture must focus on selectively generating new Initiatives as well as getting results with, discontinuing, and merging existing Initiatives. Joint Venture must also be open to playing new roles as a neutral forum to surface important issues and solutions for the region.

Network Partners: Core and the Initiatives

Overall Structure

At the close of the "Phase II" strategic planning process, a non-profit organization was established as the "Joint Venture: Silicon Valley Network" to support the successful implementation of the Initiatives and continue the collaborative process.

Joint Venture: Silicon Valley has become more than a set of specific Initiatives. It is, most importantly, a process that brings together diverse groups to resolve problems and capitalize on opportunities where collaboration between public, private and non-profit sectors is required.

Joint Venture: Silicon Valley is now ready to move from solution design to implementation. The new Joint Venture: Silicon Valley Network will support the successful implementation of Initiatives and continue the collaborative process (Blueprint).

The network structure was developed to provide the flexibility, efficiency, and diversity needed to met the objectives.

Joint Venture: Silicon Valley Network will function as a "light network"... a regional analog to the "virtual corporation" that serves its customers by linking and leveraging human, financial and organizational resources through a series of network relationships. The JVSV "customers" are the Initiatives, the members of the Leadership Council (formerly Leadership Group), and the organizations and people that want to participate in the collaborative process. (Blueprint)
With a "core" organization linked to the Initiatives, the entire network could provide the "glue" for the Initiatives and leverage community resources (see Exhibit IV-1).

Exhibit IV-1  Joint Venture: Silicon Valley Network and Its Initiatives

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1Joint Venture: Silicon Valley Network, is the formal name for the core non-profit organization. We also use the word "network" to refer to the entire operation: core and initiatives. Initiatives refer to themselves as "affiliates of the Joint Venture: Silicon Valley Network."
Relationships Between Core & Initiatives

The relationship between the Joint Venture Initiatives and the core JVSV Network organization is defined by Memoranda of Understanding (MOUs). The Network Board of Directors and Initiative heads develop and approve an MOU annually as the basis for their working relationship. This ensures two-way accountability for support and results. There is a standard format for each MOU (See Exhibit IV-2).

Exhibit IV-2  Structure of MOUs between the Network and Each Initiative

**HIGHLIGHTS OF BUSINESS PLAN**
- Mission of the Initiative
- Organizational Structure
- Principal Activities
- Measurable Objectives
- Budget and Staffing

**WHAT THE INITIATIVE EXPECTS FROM THE NETWORK**
- Board Support
- Staff/Consultant Support
- Fundraising Support
- Communications Support
- Lobbying Support
- Administrative Support

**WHAT THE NETWORK EXPECTS FROM THE INITIATIVE**
- Meet Measurable Objectives
- Designate the Initiative as an "affiliate of Joint Venture: Silicon Valley Network"
- Coordination on Fundraising
- Mechanism for Public Participation
- Participation in Network Activities
- Establish Code of Conduct Covering Conflicts of Interest

The major interest of the Network is that the Initiatives establish and make progress on measurable objectives, while being opportunistic about achieving other results. The Network prepares a "quarterly progress report" that tracks the progress of each Initiative in meeting its measurable objectives. This progress report is widely distributed within the Joint Venture community.

There is always a challenge in defining the role of a core organization with its Initiatives. The role of the core is to provide strategic direction and overall leadership while the Initiatives have operational responsibility to carrying out specific substantive tasks. In Joint Venture, the MOU is the “contract” between the core and the Initiatives that defined that relationship. In many ways, Joint Venture has created Initiatives as “franchises” that carry out the “Joint Venture Way” in their specific issue areas.
Apart from the MOU, the day-to-day relations between the core and the Initiatives have been at times incredibly rewarding and at times difficult. This is to be expected in any core-Initiative relationship. To date, most of the Initiatives believe they get value by operating as an affiliate of Joint Venture. The biggest value is that Joint Venture raises the visibility of Initiatives and functions as a “door-opener.” Joint Venture is an ultimate “networking” organization that helps make contacts for the Initiatives. On a day-to-day basis, however, Initiatives sometimes question the “two way” flow from their relationship with Joint Venture.

In fact, the core and the Initiatives are strategic partners who together promote the Joint Venture vision and mission. The reality is that the success of the core and success of the Initiatives are very intertwined. In the future, some Initiatives may decide to “spin-away” from Joint Venture or Joint Venture may decide to sever its relationship with a particular Initiative as it has done twice in the past. (see below) This should be viewed as a natural step in the evolution of Joint Venture. Ultimately Joint Venture’s primary role in the community is as catalyst to address regional issues requiring collaboration. When issues are satisfactorily being addressed, Joint Venture can exercise the option of stepping aside. The long term partnership represented by the Network core and its Initiatives should be reviewed on a regular basis to ensure that both sides are gaining value from the relationship.

Two Initiatives developed during Phase II, the Silicon Valley Technology Corporation and the Software Industry Coalition, were not successful in negotiating an MOU with the Network Board and making sufficient progress on their measurable objectives, respectively. Their formal relationship with Joint Venture was terminated by mutual agreement. The Corporation was not able to create a business plan, and neither Initiative was able to put assemble a strong enough governing board and funding support that met the requirements set by the Network Board. This was an important development that made it clear that the Board was serious about the MOU process. Joint Venture would provide support, visibility, and credibility to Initiatives, but they would have to show results in return.

*In addition to the Network Core-Initiative relationship, the Initiatives develop relationships with each other.* In the first two years, the Joint Venture core played a key role in facilitating communication and joint projects among the Initiatives. Now that each of the Initiatives have executives in place, this networking is occurring on its own. Exhibit IV-3 provides examples of how the Initiatives have cooperated with each other to meet measurable objectives.
Role of the Core Network Organization

The Core Network organization supports the implementation work of the Initiatives and serves as a catalyst for new issues requiring collaboration. Today the organization has six core functions.

- A Reliable Source of Economic Information: In January 1995, Joint Venture published the first Index of Silicon Valley, an objective, reliable source of information of the region’s economic vitality and quality of life. This 27-indicator report was developed in cooperation with an advisory board of leading economists. It will be updated on an annual basis. The first edition stimulated widespread public discussion and media coverage. It is hoped that the Index will become an agenda-setting tool for Joint Venture and other community organizations.

- A Neutral Forum to Addressing Regional Issues: On a selective basis, Joint Venture continues to bring together diverse groups to identify important regional issues and organize collaborative action. In Phase II, this process launched 13 Initiatives. During 1995, JVSV has helped develop two new activities that are actually handled by other organizations—the Bay Area Multimedia Partnership and the Career Action Center.
• **Coaching and Administrative Support to the Initiatives:** In Joint Venture's first year, the consultants to Joint Venture actually staffed and played a leading role in the development of many of the Initiatives. By the second year (1994-95), most of the Initiatives had boards, business plans, staff, and initial funding in place, so the role of Joint Venture staff and consultants has changed. Now, the Joint Venture consultants are available to help work with the Initiatives on an as-needed, CEO-designated basis. Joint Venture's administrative staff provide computer and database support and financial administration.

• **Networking Among Initiatives:** The Network helps to forge action-oriented connections among the Initiatives, and between the Initiatives and the community. Examples include linking Smart Valley and 21st Century Education to form Challenge 2000, an effort to spark an educational renaissance in the region; connecting the Environmental Partnership with the Defense/Space Consortium for an Advanced Transportation Partnering Workshop; and Regulatory Streamlining Initiative and Economic Development Team for troubleshooting on corporate expansion issues. In the last year, at least 13 such networking efforts have been forged among the Initiatives.

• **Communications:** The Network retains a communications counsel who coordinates media relations and public communications for the Network and the Initiatives. The communications counsel works directly with the CEO to develop and implement a long-term communications strategy aimed at providing accurate and reliable information to the media and the public about Joint Venture activities. The strategy also involves quarterly newsletters and the use of electronic communications (see Communications section below.)

On a highly selective basis, the Network takes visible positions on issues of state or federal policy. If it can achieve concensus position, the Network acts as a "single voice" for the Silicon Valley region.

• **Benchmarking:** The Network benchmarks the progress of the Initiatives and the Network. The Network prepares quarterly progress reports that track the progress of each Initiative and the Network in meeting measurable objectives. In addition, the Network sends a bi-monthly progress update to the Leadership Council.
Organizational Form of the Initiatives

The Initiatives that emerged from the Phase II collaborative process have evolved into different organizational forms. The major differences lie on two different dimensions (See Exhibit IV-4):

- **Organizational Status**—Initiatives either are independently incorporated or they operate under the incorporation of the JVSV Network. Four of these Initiatives (Smart Valley, Defense/Space Consortium, Environmental Partnership, and the Global Trading Center) incorporated in Spring of 1993 prior to the incorporation of the JVSV Network. The Enterprise Network incorporated in 1994.

  For the unincorporated Initiatives, their staffs are employed by the Network. These Initiatives include the Council on Tax and Fiscal Policy, the Regulatory Streamlining Council, Healthy Community/Healthy Economy, the Economic Development Team and the 21st Century Education Initiative.

- **Fundraising**—Initiatives either raise their own funds, engage Joint Venture's fundraiser, or are funded through the JVSV budget. Four of the seven Initiatives are actually seeded by federal government matching grants that the JVSV Network secured (the Enterprise Network, the Environmental Partnership, the Defense Space Consortium, the Global Trading Center.)

  Every Initiative has either a board of directors or a board of advisors who oversee the development and activities of the Initiative.
The only conclusion to draw is that Joint Venture continues to experiment with different types of governance structures for its Initiatives. Each structure has its advantages. The advantage of independent nonprofit status is that the Initiatives can develop their own funding strategies, program directions, and identity. Smart Valley Inc., for example, has a strong board of directors, strong name recognition, and a budget equivalent that of the Network core. The advantage of operating under the Network organizational umbrella is minimizing administrative overhead and having close day-to-day interaction with the Network.

Joint Venture’s experience demonstrates the value of fluid organizations that can meet rapidly changing needs and circumstances and learn through experience. The Network itself is a small organization that can grow or decline based on changing demand. A small number of staff (5 FTE) are supported by a consultant team whose contracts can be tailored to meet the current needs. New activities can be added at any time through the MOU process. The Network has the advantage of having wide scope of activity along with a small staff at its core.
Exhibit IV-5 shows the organization chart of Joint Venture: Silicon Valley Network as of August 1995:

Exhibit IV-5  
Organization Chart from the Beginning of Phase III

Becky Morgan  
President / CEO

Legal Counsel  
Executive Assistant

Executive Director  
21st Century Education Initiative*

Fundraiser  
Community Development Director  
Lobbyist / Washington DC Liaison  
Communications Counsel

Executive Director  
Healthy Community / Healthy Economy*

On Contract

Executive Director  
Economic Development Team*

Communications Counsel  
Program Consultants Collaborative Economics, Inc.

Internal Communications Manager  
Office Manager / EDT Admin Assistant

Receptionist  
Accountant .5

OTHER DEPENDENT INITIATIVES:  
those Initiatives who are administered by Joint Venture’s staff  
•Business Incubation Alliance  
•Regulatory Streamlining  
•Tax & Fiscal Policy Council

INDEPENDENT INITIATIVES:  
those Initiatives who are independent (c) (3) or (c) (6) organizations with their own staffs  
•Defense/Space Consortium  
•The Enterprise Network  
•Environmental Partnership  
•Global Trading Center  
•Smart Valley

Denotes Regular, Full-Time Employees  
Denotes Secondary/Dual Reporting  
Denotes Contract Employees & Consultants
Leadership and Governance

Top Quality Leaders

The leadership of Joint Venture changed during the transition from Phase II to Phase III. Most significant, the Chairman of Joint Venture, Tom Hayes (an executive on loan from Applied Materials) stepped aside in July 1993. An executive search firm was retained to identify candidates to serve as full-time President/CEO for Joint Venture. The search firm presented candidates that met the following requirements:

- Could serve as an effective bridge between and be respected by both the public and private sectors,
- Could provide strong leadership,
- Could develop a creative vision for the new organization, and
- Had roots in or connections to Silicon Valley.

The group selected Becky Morgan, State Senator from Silicon Valley (see Exhibit). This selection and smooth transition were critical to the Phase III implementation process. Now there was a full-time executive who could manage and lead the Joint Venture organization.

Exhibit X  Becky Morgan: Why I Left the California Senate

I resigned from the California State Senate to accept a leadership position with Joint Venture because I saw the organization as an exciting, challenging opportunity to "do things differently." Given the size of California, I had come to believe that we would rejuvenate it region by region. Where better to start than Silicon Valley, home to thousands of entrepreneurs? I have not been disappointed.

The talent, energy, money and collaborative spirit that have infused Joint Venture are sources of great enthusiasm and passion for what we are doing. We choose a select number of areas where collaboration can make a difference. We reject finger-pointing and contentious behavior, in favor of teamwork and regional solutions. We look for ways to meet local needs locally. We will advocate for change in Sacramento and Washington only when we find that our solutions are unworkable because of state or federal government roadblocks.

Joint Venture provides an opportunity to stimulate economic vitality and improve the quality of life in the Valley through our work in improving the business climate, in business development and fostering entrepreneurship, and in building a strong social infrastructure. Being CEO of this new model of "civic entrepreneurship" has allowed me to combine my training in the business world with 18 years as an elected official at three levels of government and to push the envelope on creating change in preparation for the 21st Century. We will continue to evolve as an organization and serve the changing needs of our community. We hope that other regions can learn from our experience and will see value in our approach for their communities.
During Phase III, most of the JVSV Initiatives recruited executive staff. This was a major development in the evolution of Joint Venture as Initiatives moved from start-up to implementation. Seven Initiatives engaged in a formal executive search process to select an executive director—Smart Valley, Global Trading Center, Defense/Space Consortium, the Environmental Partnership, Economic Development Team, Healthy Community/Healthy Economy, and The Enterprise Network. Professional staff selected for the Economic Development Team are now providing staff support to the Regulatory Streamlining Council and the Council on Tax and Fiscal Policy. The 21st Century Education Initiative is now searching for a full-time Executive Director, having had a senior executive Chairperson who has been serving as interim Executive Director.

Quality Boards of Directors

At the core of the network organization is a 28-member Board of Directors composed of civic leaders drawn from four groups (see Exhibit IV-6):

- Executives of leading Silicon Valley firms
- Elected officials from local and state government
- Executive directors of business associations
- Leaders of JVSV Initiatives

The Board is legally responsible for management of the nonprofit organization. Directors provide leadership and guidance to Joint Venture, its CEO and staff. In addition, members of the board serve on the executive, finance or communications committees and /or serve as liaison to one of the Initiatives.

In addition to the Joint Venture board, each Initiative has its own board of directors or, in the case of the unincorporated Initiatives, board of advisors. More than 200 people—leaders from business, government, education, and community—serve on the various Initiative boards. Making sure that talented leaders are drawn from throughout the Silicon Valley community was a priority for Joint Venture in 1994-95. Without conscious effort to bring in new leaders from different parts of the community, many of the same recognized leaders are called on repeatedly and many important perspectives and ideas are missed. Through a grant from the James Irvine Foundation, Joint Venture has engaged a consultant, part-time, to assist in the recruitment of 40 new female and minority leaders for Joint Venture boards. These boards have added a total of 77 new members since 1994.
These people have served or currently serve on the Joint Venture Board of Directors:

Co-Chairs: Susan Hammer, Mayor, City of San Jose
Edward McCracken, Chairman & CEO, Silicon Graphics, Inc.

Barry Boulton  
Conservation Chair, Sierra Club, Loma Prieta Chapter

*Gary Burke  
President, Santa Clara Valley Manufacturing Group

*David Coulter  
Vice Chairman, Executive of WBG, Bank of America

*Lee Cunningham  
Assistant Superintendent, Morgan Hill Unified School District

Yvette del Prado  
Vice Pres., Education & Public Affairs, Tandem Computers

*Tommy Fulcher, Jr.  
Executive Director, Economic & Social Opportunities

*Ron Gonzales  
Board of Supervisors, County of Santa Clara

*Judith Hamilton  
President/CEO, Dataquest

*Jay Harris  
President/Publisher, San Jose Mercury News

*Tom Hayes  
Director of Corporate Relations, Applied Materials Inc.

*Pat Hill Hubbard  
Sr. Vice President, American Electronics Association

*Lisa Kalmbach  
President, Kaufman & Broad-South Bay, Inc.

*W. Keith Kennedy  
President & CEO, Watkins-Johnson Company

*John Kennett  
President, Pizazz Printing

*Barbara Koppel  
Council Member, City of Cupertino

*Tom Lewcock  
City Manager, City of Sunnyvale

*Paul Locatelli  
President, Santa Clara University

*William Miller  
Professor, Stanford University

*James Morgan  
Chairman & CEO, Applied Materials Inc.

*John Neece  
Executive Secretary, Building & Construction Trades Council

Peter Nelson  
Vice President, Division Operations, Pacific Gas & Electric Co.

*Joseph Parisi  
CEO, Therma

*J. Michael Patterson  
Managing Partner, Price Waterhouse

*Raymond Ruiz  
President, Community Development Resources, Inc.

*Allan Seid  
President, Asian Pacific American Coalition, Inc.

*John Sobrato, Sr.  
General Partner, Sobrato Development Companies

*Steve Tedesco  
President, San Jose Metropolitan Chamber of Commerce

Barbara Tryon  
Council Member, Los Altos Hills

*John Vasconcellos  
California State Assembly, D-District 22, Santa Clara

*current
Leadership Council

The JVSV Leadership Council is the ultimate stakeholder group for Joint Venture. Through the Leadership Council, Joint Venture:

- solicits feedback and input,
- communicates what Joint Venture is doing,
- identifies new issues requiring collaborative leadership.

In effect, the 400 members of the Leadership Council are a circle of people "in the know" who function as "Ambassadors" for Joint Venture.

The Council is an aggregate body of the following Joint Venture groups:

- JVSV Board of Directors (28)
- Public Sector Roundtable (60)
- Board Members of JVSV Initiatives (160)
- Initiative Senior Executives (11)
- Financial Investors (60)
- Co-Chairs' Council (40)
- Associations from Founding JVSV Board (20)
- and others who show particular interest in our activities.

The Council meets as a full body twice each year to learn about JVSV developments, discuss issues, and provide direction. Council members receive bi-monthly written report from the Joint Venture CEO outlining accomplishments.

Co-Chairs' Council

The final leadership body is the Co-Chairs' Council. This group of approximately 40 CEOs and senior community members serves as a sounding board for the Co-Chairs of the Joint Venture: Silicon Valley Network board. Through bi-annual meetings the group provides feedback on Joint Venture progress and suggestions for future developments.
Expertise: Getting the Right People in the Right Places

Getting the right people in the right places has always been a central challenge (and one of the biggest reasons) for Joint Venture’s success. This is true at every level: boards of directors, executive staff, and professional consultants.

Initiative Boards of Directors

The quality of leadership provided by the Initiative boards, and of their chair, has made an essential difference in the development of the Initiatives. Quality leadership implies a board that takes responsibility for the development of the Initiative, providing strategic guidance to the paid executive, linking the Initiative to resources, and re-orienting when difficult times come. With quality leadership, Initiatives can adapt when inevitable set-backs occur (e.g., slow results, unstable funding, bad press, staff changes) and new opportunities arise. The Joint Venture Board, President/CEO, and consultants invested a significant amount of time recruiting people to boards. People with a track record for making new things happen through collaboration are highly sought after.

In one case, the Joint Venture board entirely re-started an Initiative with new leadership and a new creative process. In Phase II the Workforce Working Group had difficulty synthesizing the views of 150 participants into a compelling plan of action, and failed to ignite interest among other corporate and education leaders. Rather than abandoning the key issue of K-12 reform, in Phase III Joint Venture recruited a new working board representing educators, business, and the community to develop a significant action Initiative, and provided consulting support to do so. While this Initiative is the last one to roll out its “product,” it will have tremendous impact on the Valley schools.

Executive Leaders of Initiatives

The paid executive leaders of the Initiatives (sometimes called “Executive Director,” sometimes “President”) manage the Initiatives on a day-to-day basis, and are the most visible representative of the Initiative in the community. They ensure that the Initiative gets results and maintains community support by interacting with the their boards, with their staff, and with the public. Recruiting people with the right skills, styles and experience for these positions has been absolutely essential.

At the beginning of Phase III, the consultants to Joint Venture played a strong role in the day-to-day start-up and operation of the Initiatives. Each member of the consulting team worked with 3-4 Initiatives. Then, when the Executive Directors came on board one by one, the role of the consultants transitioned to that of advisors and liaisons to the other pieces of the Network. Now, the Initiative Executives relate directly to each other and to Joint Venture’s President/CEO. They serve as an executive management team for the overall Network.
All of the executives were hired after going through formal search processes; in 4 cases these searches were conducted pro bono by professional search firms. To generalize, valued skills and experience included: working with multiple constituencies, experience starting up new organizations, good management skills, and high energy.

**Consulting Team**

The economic consultants from the Phase II strategy planning process formed a new company and became the contracted professional support for Phase III. Collaborative Economics, Inc. was formed by the lead consultants from SRI International to provide start-up support for the new Joint Venture organization. Collaborative Economics helped launch the Initiatives by developing the business plans, recruiting the boards, and managing the staff selection process. As the Initiatives developed, the consultants then became "coaches" to the Initiatives and served as "liaisons" to help manage relations between each Initiative and the Network. Now, the consultants are responsible for three other core functions: being the reliable source of economic information about Silicon Valley (particularly the Index of Silicon Valley), benchmarking progress, and facilitating new collaborative efforts.

Joint Venture uses other specialized consultants to raise funds, provide communications counsel, and represent Joint Venture in Washington, D.C. The Joint Venture fund-raiser, Keane and Company (Karen Keane, Principal) spearheads fundraising and investor relations for Joint Venture, working closely with the CEO and a fundraising committee. The communications counsel, Bud Wendell, develops and implements the communications strategy for Joint Venture, again working with the CEO and a board committee. The Washington, D.C. representative, Wayne Sayer, works with the federal government on behalf of Joint Venture. The focus has been on attracting the US Display Consortium, securing matching funds for Joint Venture activities related to defense transition activities and educational technology, and assisting with advocacy efforts related to federal technology funding policies.

Use of outside consultants for specific tasks provides specialized expertise on an as-needed basis and allows for changes in time and effort without engaging in staff layoffs. This outsourcing strategy provides maximum flexibility to the network in meeting changing needs.
Participation: Managing Outreach

In contrast to Phase II, there have been fewer opportunities for widespread participation in Phase III. As the Initiatives moved into implementation, the leaders of the Initiatives focused on developing business plans, establishing board of directors and seeking funding for their activities. The open working group aspects of Joint Venture were replaced by Initiative boards and action-oriented committees. This presented a challenge for Joint Venture: how to move forward on implementation while still remaining open to new people with new ideas?

As part of an Irvine Foundation grant to Joint Venture, an outreach coordinator was added to the Network consulting team in January, 1995. Her charge is to promote community involvement in Joint Venture and increase the diversity of Joint Venture participants. An active recruitment and orientation program has been launched to help identify volunteers for Joint Venture and match them with specific needs of Joint Venture Initiatives.

Outreach and participation remain challenging issues for Joint Venture. A perception that Joint Venture may be a "closed" organization would damage to the long-term future of the organization. To continuously renew and improve the organization, Joint Venture needs mechanisms for engaging both new participants and new issues.

Communication: Results

The communications strategy for the implementation phase of Joint Venture differed markedly from that of the earlier research and strategy phases. In the early phases, the communications goal was to generate excitement and awareness of what Joint Venture was going to do and going to mean for Silicon Valley. This led to criticism that Joint Venture was more PR than substance. When Joint Venture moved to implementation, the communications goal became helping the media understand Joint Venture's success at getting results.

Not only did the Joint Venture process have to achieve results, but people—media, potential funders, potential participants—had to know that Joint Venture was achieving results. And, this had to be done in a way that gave credit to the many organizations and people who contribute to Joint Venture's success. In the implementation phase, Joint Venture engaged Bud Wendell, an experienced communications consultant, to develop and implement a strategy for external communications (Exhibit IV-7).
Exhibit IV-7  Success Factors for Communications Strategy

- Developed and successfully implemented a communications plan which had support of the Joint Venture Board and CEO.
- Capitalized on the communications experience and capabilities of Joint Venture’s CEO.
- Used articulate staff (permanent and consulting) and board members for speeches and media briefings.
- Distributed factual information about the organization’s results and activities, avoiding marketing or “PR” approach.
- Established credibility and accessibility with the media.
- Ensured that Initiative communications activities were well coordinated with those of the core network operation.

Source: Bud Wendell, Communications Counsel to Joint Venture.

Effective internal communication among the Initiatives and between the people comprising the Leadership Council is also important. The Network and each Initiative invest a considerable amount of time on internal communications. Monthly, the Initiatives provide reports to the President/CEO of the Network about their key activities and progress towards measurable objectives, which are incorporated into internal bi-monthly reports to 400-person Leadership Council. The Mercury Center/America On-Line contributed free on-line/e-mail services for 100 Joint Venture leaders and a dedicated electronic bulletin board to promote use of internal electronic communications within the Joint Venture family. Over 50% of the board members of Joint Venture and the 11 Initiatives have e-mail addresses. Joint Venture is also creating its own Web Page and is reachable through Virtual Valley.

Quarterly, Joint Venture publishes a newsletter which is mailed to more than 5000 people in the community. Press releases, stories from the newsletter, and other announcements are regularly posted on local electronic bulletin boards and the Internet.

All Initiatives invest significant time communicating with their constituencies and some have their own communications mechanisms. Smart Valley, for example, has an internet Home Page, monthly Smart Talk breakfasts open to the public, a newsletter and an e-mail reflector system for its members. The Defense/Space Consortium and Global Trading Center each have newsletters for its members and the Global Trading Center had a monthly Global Breakfast Series.

A key finding was the intense amount of time, expertise, and tools required to communicate with the community and within the Joint Venture organizations. At both the Network core and Initiatives, the level of effort required to meet this need was higher than anticipated initially.
Funding: Broadening Private and Public Support

At the beginning of Phase III, the Joint Venture CEO and board engaged Karen Keane of The Keane Company—an experienced, professional fundraiser—to develop and implement an effective fundraising strategy with the support of a fundraising committee. Phase II had suffered from the inability to raise funds in a positive, timely fashion, leaving the impression with the public that Joint Venture could not pay its bills.

Phase III succeeded in raising all funds required in a manner that helped inspire public confidence in Joint Venture as a viable, ongoing entity. Donors, now called "investors," made an investment in the future of the Valley as an economically viable region—something that, in the long run, would help their business or public sector. Finally, the leadership at the top inspired confidence in Joint Venture.

Between July, 1993 and June, 1995, Joint Venture raised more than $3.7 million to support the activities of the Core Network organization and the unincorporated Initiatives: Economic Development Team, Regulatory Streamlining Council, Council on Tax and Fiscal Policy, 21st Century Education, Business Incubation Alliance, Healthy Community/Healthy Economy. The independently incorporated Initiatives (The Enterprise Network, Environmental Partnership, Global Trading Center, Defense/Space Consortium, Smart Valley) raised an additional $1 million. Over $500,000 of this stems from a federal government grant secured by the JVSV Network on behalf of the Initiatives. Exhibit IV-8 shows sources of funding for the core Joint Venture organization and Joint Venture-funded Initiatives. Exhibit IV-9 shows the budgets and revenue sources for the independently incorporated Initiatives.
### Exhibit IV-8

**Funding Sources for Joint Venture: Silicon Valley Network**

<table>
<thead>
<tr>
<th>Source</th>
<th>FY1993-94 (actual)</th>
<th>FY1994-95 (actual)</th>
<th>FY1995-96 (budgeted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>$1,236,000</td>
<td>$1,290,000</td>
<td>$1,236,552</td>
</tr>
<tr>
<td>Local Government</td>
<td>$196,150</td>
<td>$185,750</td>
<td>$196,150</td>
</tr>
<tr>
<td>State Government</td>
<td>- 0 -</td>
<td>$159,363</td>
<td>- 0 -</td>
</tr>
<tr>
<td>Federal Government*</td>
<td>$57,766</td>
<td>$290,356</td>
<td>$300,000</td>
</tr>
<tr>
<td>Foundations &amp; Individuals</td>
<td>$225,000</td>
<td>$142,575</td>
<td>$71,000</td>
</tr>
<tr>
<td><strong>Grand Total Investments</strong></td>
<td><strong>$2,068,044</strong></td>
<td><strong>$1,714,916</strong></td>
<td><strong>$1,803,702</strong></td>
</tr>
</tbody>
</table>

**Includes staff costs for all Initiatives except those in the exhibit. Excludes in-kind contributions.**

*Two-year grant ending June 30, 1996*

Source: The Keane Company, Karen Keane
Exhibit IV-9  Funding Sources for Separately Incorporated Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>(actual) 1993-94</th>
<th>(actual) 1994-95</th>
<th>(budgeted) 1995-96</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defense/Space Consortium</td>
<td>-0-</td>
<td>$394,500</td>
<td>$500,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>($168,500 federal, $119,000 private, $107,000 contracts)</td>
<td>($115,000 private, $180,000 federal, $80,000 foundation, $125,000 contracts)</td>
</tr>
<tr>
<td>The Enterprise Network</td>
<td>-0-</td>
<td>$144,000</td>
<td>$360,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>($115,000 federal, $29,000 private)</td>
<td>($240,000 federal, $70,000 private, $50,000 fees)</td>
</tr>
<tr>
<td>The Environmental Partnership</td>
<td>$20,000</td>
<td>$130,299</td>
<td>$307,000</td>
</tr>
<tr>
<td></td>
<td>($7,000 private; $13,000 fees)</td>
<td>($115,333 federal, $14,966 private)</td>
<td>($212,000 federal, $75,000 contracts, $20,000 private)</td>
</tr>
<tr>
<td>Global Trading Center</td>
<td>$194,000</td>
<td>$131,000</td>
<td>$185,000</td>
</tr>
<tr>
<td></td>
<td>(private)</td>
<td>($106,000 federal, $25,000 private)</td>
<td>($107,500 federal, $77,500 private)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Initiative</th>
<th>1993</th>
<th>1994</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smart Valley</td>
<td>$85,000</td>
<td>$778,647</td>
<td>$1,019,025</td>
</tr>
<tr>
<td></td>
<td>($85,000 member corporations)</td>
<td>($776,972 member corporations, $1,675 private)</td>
<td>($1,015,800 member corporations, $3,225 individual members)</td>
</tr>
</tbody>
</table>

Excludes in-kind sources of support.

Fundraising for Core Organization and Unincorporated Initiatives

In the first two years of Phase III (implementation), the primary focus of fundraising efforts was on the corporate sector. Joint Venture secured contributions from corporations ranging from a cornerstone contribution of $250,000 made by Bank of America to $500 contributions by small businesses and individuals. 53 of these corporations invested in both years.

A secondary focus was to secure financial contributions, both significant and symbolic, from local government in Silicon Valley. In the first two years of operation, Joint Venture received contributions from 21 cities and towns, Santa Clara County and the Santa Clara Valley Water District valued at $381,900.

A third focus was to seek support outside of Silicon Valley from the federal and state governments, and from foundations. Early in the Phase III implementation process Joint Venture was successful in securing a matching grant from the U.S. Department of Commerce, Economic Development Administration. The grant, under the Competitive Communities program, provides $1 million to the core network and $1.1 million to three Initiatives over a two-year period to support activities related to defense conversion. For every dollar raised locally, the grant provides $3 in matching funds.
What was the fundraising strategy? Exhibit IV-10 summarizes the Phase III fundraising strategy.

### Exhibit IV-10  Key Elements of Phase III Fundraising Strategy

- Broaden corporate support base with significant leadership demonstrated in people and cash
- Leverage investors to identify and open doors to new investor prospects.
- Add public sector support, working with both the city manager and council members on the board to secure these investments, helped by two public sector members of the Board.
- Position for multiple-year commitments, which may be at a lower level than previous annual investments.
- Avoid unnecessary overlap of solicitation of investors by coordinating with Initiatives and network fundraising.
- Use federal matching funds to leverage new private-sector support.
- Listen to the interests of the investors - sell Network as well as Initiatives
- Encourage active investor participation in activities of the organization.
- Public recognition of investors
- Seek support from various sectors:
  - Corporate Leaders
  - Business Services
  - Labor
  - Local Government
  - Foundations
  - Individuals
  - Major Businesses represented in the Valley but headquartered out of the region

(Source: The Keane Company/Karen Keane)

How did the core fundraising effort operate? The professional fundraiser drove the fundraising efforts targeting the local private and public sectors (the CEO and consultants drove the fundraising efforts with the federal government and foundations.) A fundraising committee of the Joint Venture Board members and "friends," was created to help guide the fundraising effort. The fundraiser worked closely with the Joint Venture CEO and fundraising committee to identify prospects and then drove the process of making contacts, visits, requests and follow-up. Visits to prospects included both the fundraiser and either the Joint Venture CEO or a member of the fundraising committee when Initiatives were identified as being of interest to a given prospect, Initiative representatives were brought into the strategy. Follow-ups were well organized and timely. Other key aspects of the strategy in Phase III included recognition of investors in newsletters and with momentos, and opportunities to participate in Joint Venture or Initiative leadership.

Fundraising for a regional development effort proved quite different from fundraising for community non-profits or political campaigns. Exhibit IV-11 summarizes the major lessons for other regions.
Lessons Learned from Joint Venture Fundraising

- Develop a simple, results-oriented message that has meaning to the investors.
- Get well-respected visionaries to make a generous lead donation, and call their friends and associates to seek their support.
- Build a team of "believers" who will tell the story, help execute the fundraising plan.
- Work with volunteers, but ensure seamless strategy execution and consistent message.
- Follow-through and persistence were as important as the quality of the investor prospect pool.
- Recognize investor support publicly, personally, and from many directions.
- Keep lead investors "on the inside" and communicate results to them often.
- Seek money and talent contributions together, offering investors meaningful participation, at many levels of the investor organization.
- Keep the fundraiser tightly linked to the Network core and Initiative activities.

(Source: The Keane Company/Karen Keane)

Fundraising for the Incorporated Initiatives

The boards and executive staff of the separately incorporated Initiatives are responsible for raising funds for the operation of their Initiative. In the Fall of 1993, the core Joint Venture organization secured a matching grant from the federal government on behalf of three Initiatives: the Environmental Partnership, The Enterprise Network, and the Defense/Space Consortium. The funding provides the Initiatives with a two-year window in which to focus their activities, determine their appropriate scale, deliver results, and develop a sustainable funding plan. All three Initiatives are addressing issues that have a "public good" nature (i.e., the environment, entrepreneurship and defense transition); it would have been difficult to raise private funds when these Initiatives were in their infancy. Because this federal funding expires in July, 1996, the 1995-96 fiscal year will be a key transition period for these Initiatives.

The transition time to assume responsibility for their Initiative's funding base and future has varied for the boards of the independently incorporated Initiatives. Early on, the Smart Valley board rose to this responsibility and has operated quite independently from Joint Venture, while still working with other Initiatives where collaboration makes sense (e.g., with 21st Century Education Initiative). In the latter stages of Phase II and early stages of Phase III, some other Initiative boards received extensive free support from the Network in the form of consultants' time to help define and start-up the Initiative. These consulting and funding resources appeared without significant effort from the Initiatives; they are now having to make decisions about the future of their organizations without "subsidy" from the Joint Venture parent or the federal government.

Exhibit IV-12 illustrates the transition from Joint Venture's leadership starting up the Initiatives to the Initiative boards' leadership as stewards of a new Initiative. This pattern applies to both incorporated and unincorporated Initiatives.
Fundraising Relationship between Joint Venture Core and Initiatives

Fundraising within a Network organization poses some special challenges. Coordination is essential so that different organization in the Joint Venture “family” don’t approach the same funding prospect. There have been some difficulties along the way, though experience has shown that decentralized, but well coordinated, fundraising is possible.
Other challenging issues fundraising poses for the Initiatives:

- Selling a “results-oriented” message has proven important for fundraising. Yet, from the perspective of some of the Initiatives, this creates a tension with Joint Venture’s value and expertise at collaboration. Collaboration among multiple constituencies does lead to results, but often takes significant time—in the beginning more than some funders had patience for.

- Successful fundraising involved people from the funding organization in the funded activity. Yet, from the perspective of the Initiative, there are not always real needs that volunteers can fill, and using volunteers appropriately can be a significant management task.

Results

With the above elements in place, Phase III delivered results. See Part I, The Joint Venture Way, which describes the three types of results achieved by Joint Venture: new tangible results, new regional capacities, new individual practices.

Continuous Improvement

Joint Venture’s experience demonstrates the value of fluid organizations that can meet rapidly changing needs and circumstances and learn through experience. The Network itself is a small organization that can grow or decline based on changing demand. A small number of staff are supported by consultant team whose contracts can be tailored to meet the current needs.

The continuous improvement ethic—at the core of Joint Venture since its early beginning—extends to business planning for the future of the Joint Venture organization. On an annual basis, Joint Venture develops a business plan for the core organization, and constantly re-evaluates the organization’s focus, activities, and structure.
At this point in time, the organization is thinking about the following issues:

- **Analysis & Education**—How best to continue the research and scanning function to identify new economic challenges and educate people about the Silicon Valley economy?

- **Initiative Transition**—How to transition the Initiatives dependent on federal funding? How should the core-Initiative relationship evolve as the Initiatives "grow up"? Should there be some consolidation or "spinning out"?

- **Renewing Participation**—How can Joint Venture renew itself by bringing in new volunteers at all levels? How can Joint Venture recruit leaders from the Valley’s diverse communities?

- **Substantive Leadership**—In addition to process leadership, should the Joint Venture Network core start providing substantive leadership on a select number of issues, or leave this to the Initiatives?

- **Collaborative Forum**—To what extent should Joint Venture re-create, on a smaller, more selective scale, the new issue identification and solution process from the Joint Venture’s participatory strategy phase (Phase II)?

- **Voice for the Valley**—Should Joint Venture speak for the Valley on a select number of state or federal policy issues? Should Joint Venture engage in advocacy? Who can Joint Venture claim it is speaking for?

**Conclusion**

Joint Venture: Silicon Valley Network has come along way, but it continues to evolve. Its mission is clear: to bring people together from business, government, education, and the community to act on regional issues affecting economic vitality and quality of life. Its vision is far-reaching: to build a community collaborating to compete globally. Its focus of activity has evolved from 43 ideas to 13 and then 11 formal Initiatives. The current Initiatives are clustered in three categories: business climate, business development and fostering entrepreneurship, and social infrastructure and quality of life. Joint Venture has become a unique, hybrid organization—with some Initiatives directly under its non-profit wing and others independent, along with a set of Network core activities. And, most importantly, it remains a fluid operation, an ongoing experiment in building community around the important economic and quality of life issues facing Silicon Valley.
Part V.
Case Studies

These case studies of three of the 11 Joint Venture: Silicon Valley Network Initiatives illustrate how Joint Venture's collaborative process led to results. The case studies include:

- Economic Development Team
- Regulatory Streamlining Council
- Smart Valley.
Economic Development Team

Overview

What does the Initiative do?

The Silicon Valley Economic Development Team (EDT) represents a strategic network of economic development directors, and CEOs and senior managers from cluster industry and business organizations working collaboratively to retain and expand existing businesses, to communicate and promote the Valley's assets, and to solve business climate issues. Prior to its formation, there was no single point of contact for businesses in the region and little coordination of economic development efforts.

What is the innovation?

A key innovation was identifying for the first time regional economic development priorities and then working proactively and cooperatively city-by-city to pursue those priorities. Each city in Silicon Valley has its own economic development priorities--an industrial park that needs tenants, a retail center that needs to be revitalized, a military base going through downsizing, etc. It is natural for each city to expend its resources on its individual priorities. What EDT seeks to do is raise awareness about regional priorities and coordinate action around them--something that no one city could do, but that all cities need to have done.

Also an innovation was EDT's initial retention and expansion strategy focused on the consistently fast-growing "gazelle" firms in the region, because these firms face expansion decisions and are relocation candidates for other regions. (David Birch of Cognetics coined the gazelle term and concluded from his research that these fastest-growing companies created most of the new jobs.) Using a proactive, regional team approach, EDT builds relationships with its target market, seeking to better understand the business climate issues impacting a company's ability to stay and grow in Silicon Valley. By listening to its customers, EDT helps to solve a company-specific problem; however, in the process it hopes to create systemic changes impacting the broader business community. This approach, referred to as "Smart Teams," leverages resources and relationships across geographic and public/private sector boundaries and promotes continuous improvement of the business environment.
Who are the customers?

EDT has initially identified the 220 fastest-growing high-tech companies and established manufacturers as its primary customers. However, the EDT views all businesses and industries contributing to Silicon Valley's economic vitality as its broader customer base. EDT is only as strong as its network of people and resources, thus, the EDT network itself is a customer of available resources and relationships. Much like a client server computing environment, EDT is the connector while its local community partners achieve the results.

From Idea to Business Plan

Because of the complexity of working with so many existing economic development organizations, it took more than 18 months to move from idea to action. There was much negotiation and discussion along the way. Once a consensus was formed, EDT was implemented on a rapid basis. In creating the EDT, process determined its success. A key concept was the realization that "companies go where they're wanted, and stay where they're appreciated."

Where did the idea come from?

The origins of the EDT were the Semiconductor Industry Working Group and the New Business Formation Working Group from the Phase II Joint Venture process. The blending of ideas from this industry cluster group and this infrastructure group created a unique outcome.

The Semiconductor Working Group, chaired by T.J. Rodgers, CEO of Cypress Semiconductor, and Neil Bonke, CEO of General Signal Semiconductor Equipment (which later became Electroglas in a management buyout led by Bonke), was composed of leaders from some of the region's major semiconductor firms including Intel, National Semiconductor, Advanced Micro Devices as well as a number of the key semiconductor equipment manufacturing firms including Applied Materials, Lam Research, and Silicon Valley Group. Because this industry is so highly courted by other states, many of these executives said at their first meeting that they were on a "first-name basis with many Governors." Through first-hand experience they knew that "companies go where they're wanted, stay where they're appreciated." Other regions made them feel wanted; Silicon Valley did not make them feel appreciated.
The executives lamented that, unlike other regions (who have an economic development corporation or authority), there was not a "single point of contact for business and economic development" in the Silicon Valley region. Instead there were 20-some local municipalities and several counties operating independently. The idea of creating a regional economic development organization received the highest number of votes from the group, ahead of regulatory reform, tax reform, and K-12 reform.

A second meeting of the Semiconductor Group resulted in the development of a proposal to create a Silicon Valley Economic Council that "would be driven by CEOs representing the region's existing and emerging industry clusters" and "would act as a regional forum for business-government dialogue and action to promote Silicon Valley's economic competitiveness."

On a parallel track, the New Business Formation Working Group identified business retention as the key issue facing the future of Silicon Valley. They believed that sustaining a positive climate for new enterprise depended on maintaining a strong cluster of existing firms, because those firms create opportunities for new businesses as suppliers, and create spin-off opportunities. At their second meeting, the idea of "Smart Teams" was born, to "research companies that are leaving and act as negotiators/arbitrators to bring together parties to work out ways to have companies stay and grow in the Valley."

Through the Leadership Council, the consultants managing the Phase II strategy process linked the Economic Council and Smart Team concepts. The following description of a potential Initiative was developed:

The Silicon Valley Economic Council is a regional economic organization that will promote the attraction, retention, and expansion of export-oriented business within the region. It will serve as the single point of contact for local companies from outside the region interested in relocating. It would also serve as the single point of contact for local government on regional business issues.

The Council would have the following major functions:

- Retain existing firms by working aggressively through a "smart team" that would provide an early warning system on firms considering leaving the area
- Attract firms to the region using an "account executive" approach
- Support expansion of existing firms by linking firms to the regional entrepreneurial support and incubation activities.
- Advocate for the regional interest of Silicon Valley business at the local, state, and federal levels.

This idea was presented at the March 1993 Public Forum by the Co-Chairs and discussion began on how to move forward on the idea.
Where were the significant points in the development of the Initiative?

In retrospect, the first step in implementing the concept proved to be a misstep. San Jose Metropolitan Chamber of Commerce volunteered to be the "champion" for this effort. In the spirit of regional cooperation, the Chamber changed the name to the Economic Development Team to emphasize the teamwork element and move away from the idea of creating a new Council. The Chamber identified the following principle activities:

- **Troubleshooting**—create a "911" for business, single point of contact
- **Early warning system**—develop a network of financial, supplier and service providers who can provide early warning of changes pending in the Valley
- **Smart Teams**—public/private sector teams to call on firms, stimulate action to solve problems
- **Advocacy**—address regional issues impacting the business community
- **Attracting referrals**—establish a prospect referral service to city representatives
- **Cheerleader**—advance the Valley's benefits for business investment and job creation

A decision was made to begin this effort by organizing a meeting of local economic development officials for the cities and local chambers to discuss this approach. More than 50 economic development professionals attended this organizational meeting hosted by the San Jose Chamber in August 1993.

A problem developed based on the role of the San Jose Chamber as the champion. The other communities were reluctant to give the San Jose Chamber this leadership role even though the Chamber had committed itself to a regional effort based on a team approach. To address this problem, PG&E donated the services of an economic consultant to interview the key stakeholders in the region and recommend an approach.
Based on interviews with 21 stakeholders and a review of regional economic development efforts in other communities, the outside consultant reached the following conclusions:

- There is widespread agreement in the business community and local government that the time is right for a regional economic development organization.

- While the EDT will be responsible for business attraction, the need for retention is more immediate.

- The role of the Economic Development Team should be an "honest broker" and "convenor" between at-risk businesses and the local players who can solve their problems to keep them here. The Economic Development Team should be organized and staffed through Joint Venture: Silicon Valley Network.

- An important part of the EDT should be an Economic Development Roundtable, in which local economic development providers in Silicon Valley meet regularly to share information and tools.

These key findings and recommendations were presented at a meeting in January 1994 attended by more than 70 business and economic development leaders in Silicon Valley. Shifting responsibility from the Chamber to Joint Venture was viewed as necessary to establish an honest broker. At that meeting, an initial slate of Executive Committee members was adopted and a search for an full-time executive director was launched.

Neil Bonke, CEO of Electroglas, and John Duncan, Division Manager of PG&E, were selected as Co-chairs of the Executive Committee of the EDT. As a result of an executive search led by a professional search firm, Connie Martinez, former Deputy City Manager of Mountain View was selected as the executive director of EDT.

The Co-chairs proved to be an excellent team—one represented a "fast-growth gazelle firm and the other an established company, one represented San Jose business community and the other the "high-tech" community. The executive committee was composed of leaders from high tech, real estate, construction, local government, and utilities. Local economic development offices from San Jose, Sunnyvale, and Fremont were represented.

The executive director had a combination of business, entrepreneurial and local government experience. Having consulted with small manufacturing firms and run an entrepreneurship institute, she understood business and the needs of fast-growing firms. Her government experience proved valuable in working with local economic development officials and building the trust required for a successful regional effort, using good communication and negotiation skills.
Had the idea been suggested earlier?

The need for a regional economic organization had been discussed in the Valley for a number of years. The most common suggestion was to create a regional economic development corporation (EDC). The economic development corporation is a common organizational tool in California. Usually structured as a nonprofit, the economic development corporation often focuses on attracting businesses to a region. There are 35 single-county EDCs in California. Normally, EDCs are established and driven by local governments and public funding, with varying support from local business.

One reason a regional EDC had not taken off the ground was that the primary proponent of this idea was the local economic development director of San Jose. As was the case with the San Jose Chamber and the early efforts to create the EDT, the perception that San Jose was the dominant player tended to reduce support from the other communities in the region. It took a neutral broker organization like Joint Venture with a business-driven leadership model to move the regional economic idea into fruition.

From Business Plan to Implementation

What were the significant events in implementation?

The business plan for the EDT was adopted by the Joint Venture Board in March 1994. The plan had the following elements:

**Mission:** To retain and expand existing firms and attract new firms to the region through a collaborative approach among private and public organizations in Silicon Valley.

**Organization:**
- 10-15 person Executive Committee
- 40-50 person Working Council (which evolved into a more informal "intelligence network")
- Economic Development Roundtable of economic development professionals
Activities:

- Retention
  - Early Warning System: identify companies with concerns
  - Smart Teams: organize visits to companies to determine issues

- Strategic Attraction
  - Single Point of Contact for companies interested in the region
  - Action Teams organized to attract specific opportunities

Advocacy:

- EDT will identify specific economic issues that are critical to retaining and attracting firms and advocate for changes that will help resolve those issues

- Economic Development Roundtable: monthly meeting of key economic development professionals in the region to share tools and information

Measurable Objectives:

- Identify and assist retention of 15 firms in Silicon Valley
- Identify and facilitate the expansion of 10 firms in Silicon Valley
- Identify and attract 5 firms or projects to Silicon Valley

Once Connie Martinez was on board as Executive Director in June 1994, the full implementation of the EDT business plan began. The first step was laying the foundation for success. Working relationships were established with 17 Silicon Valley cities by meeting with City Managers, and economic development directors. The Economic Development Roundtable of economic development directors was established and began meeting on a monthly basis. Elected officials on Joint Venture’s Public Sector Roundtable were briefed on a regular basis to ensure region wide support for the team.

A regional economic development strategy that targeted the retention and expansion of the Valley’s fastest growing companies (gazelles) and large, well established manufacturers (anchors) was developed in cooperation with the Executive Committee and the Economic Development Roundtable. Research was conducted on a list of the 220 fastest-growing firms and a database on gazelles and anchors was developed. EDT introduction/letters of appreciation were sent to every gazelle/anchor on the EDT Target List. The first Silicon Valley video and marketing brochure was produced and distributed to businesses and local governments in the region.
The outcome of this collaborative effort was, for the first time, the support of 17 Silicon Valley cities around a regional economic development strategy. Taking note of this accomplishment the San Jose Mercury News wrote:

With Joint Venture: Silicon Valley as their catalyst, the economic development offices of 17 area municipalities and Santa Clara County have joined in a regional effort to keep Silicon Valley's high-tech companies from migrating elsewhere. What a good idea.

What is the role of volunteers?

People who want to support the work of the EDT can act as part of the informal "intelligence network." More than 300 people from business services firms, property development firms, and high-tech companies are knowledgeable about the EDT and support it from their vantage point. They are the "eyes and ears" of Silicon Valley, a network sensitive to emerging business climate issues and cases of companies needing attention and assistance with their specific business climate concerns. These people communicate what the EDT is about to broader audiences and inform the EDT if they hear about a company having trouble interacting with government processes, or considering expansion or relocation.

What will happen next?

In the next year, EDT plans to focus in the following areas:

- Develop closer linkages to Joint Venture's Council on Tax and Fiscal Policy and Regulatory Streamlining Council to deal with business climate issues.
- Scale up the education function of the Roundtable for local economic development professionals.
- Identify existing resources in the region and state to assist companies, and play a stronger role in brokering resources.
- Participate in regional and state marketing activities.

In order to sustain a regional effort, EDT must stay tuned to changes in the Valley, continuously asking the question, "How can EDT add value to short-term and long-term business climate improvement and sustain the strength and value of its regional network?"

When EDT was formed the economy was in recession and business pointed to the three business climate issues that most impact their current expansion/relocation decisions:

1) regulations
2) taxes
3) attitudes of local and state government.
The current economy is much stronger. Local communities are streamlining their permitting processes and investing in more economic development resources to proactively build relationships with their business community. This is not to suggest that EDT’s work is completed, but rather to recognize the importance for EDT’s efforts and focus to mirror the needs of the region. Its overall function to promote Silicon Valley, foster continuous improvement to the business environment, link people and resources, and advocate with a stronger, more powerful voice in Sacramento and Washington remains constant.

Results

During its first year, EDT built relationships with 26 local companies, including 10 Smart Team visits, resolving 6 regulatory issues and assisting 5 expansions. It also gained cooperation among local economic development organizations in the region, creating the foundation for future success.

One example of the impact of a regional team effort was National Semiconductor's decision in March 1995 to expand its Fairchild research and manufacturing facilities in Santa Clara rather than Arlington, Texas. In announcing this decision to create 200 new jobs in the region, Gil Amelio, CEO of National, said that "Joint Venture was the vital catalyst" in National's decision to stay in Santa Clara. This success illustrates the important role that a regional team effort plays in corporate expansion.

In July 1994, Connie Martinez called the vice president of corporate services at National to talk about working together on regional economic development issues involving his company. That discussion led to the formation of a Smart Team of local and state government officials and the Santa Clara Chamber to understand the company's expansion plans.

At an October 1994 Smart Team meeting, the company shared its future plans and indicated that the new R&D and manufacturing facility would be built either in Texas or Santa Clara. The Smart Team immediately looked for ways to help resolve issues and provide incentives for selection in Santa Clara. At National's request, the Smart Team prepared a regional proposal to keep the project in Santa Clara. The proposal included state manufacturing tax credits, permitting assistance, training funds, property tax abatement and regional implementation of consistent waste water requirements.

National was impressed with how quickly the public sector was able to respond to their requirements. In choosing to stay in Santa Clara, National was able to "add several hundred million dollars in revenue by getting to market sooner than we would have anywhere else" according to the managing director of the Fairchild facility.

What EDT and its networks provide is the ability to speed up the decision process and thereby reduce the costs of delay that are critical to fast-moving companies. Time is money and EDT helps reduce time delay.
Lessons Learned

- **Business Leadership Key**—Initially, business leadership was key to bringing together the local communities. The regional approach to economic development was the result of a cooperative effort led by Valley businesses who said it was time to end the fragmentation.

- **Support of Local Communities**—Although business led the creation of the regional economic development approach in response to their needs, implementation is dependent on the support and participation of local communities. This is especially true in the case of "Smart Teams," which need the direct involvement of public officials who can do something about business climate issues.

- **Benefits of Cooperation and Leverage**—While local communities may compete for specific businesses, they recognized the benefit of leveraging limited resources to address regional issues.

- **Neutral Catalyst Needed**—The participation of local governments was (and remains) dependent upon a "neutral forum" built on trust, inspired by regional benefit and structured to add value to local economic development efforts. As the President of the San Jose Chamber explained, "Joint Venture has developed the trust of economic development people in the cities and that's made the difference."

- **Focus on Retention/Expansion**—Focusing on the retention and expansion of existing businesses was the key to cooperation and impact. The real job gains in the Valley have always come from the expansion of existing firms and retention of businesses. By working together on retention and expansion through Smart Teams focused on "gazelles," all communities could benefit by holding on to and growing the businesses they already have. The competition among communities was greatly reduced by a retention and expansion strategy—with the exception of the area of retail. Keeping the focus on the outreach to and preservation of "gazelles" helps avoid clashes in this area.

- **Smart Teams Lead to Systemic Change**—A successful regional economic development strategy focuses on the specific needs of individual business "customers," but uses these experiences to affect systemic change.
Overview

What does the Initiative do?

The Regulatory Streamlining Initiative works in three areas:

- **Streamlining projects**—matches private-sector process improvement experts with interested regulatory jurisdictions to reengineer specific permitting processes for time-reduction and improved customer satisfaction.

- **Multi-jurisdictional coordination**—administers, as a neutral forum, cross-jurisdictional coordination of regulations and their application.

- **Internet pilot**—sponsors pilot projects for using the Internet to improve the quality and cut the cost and time of regulatory transactions.

What is the innovation?

One innovation is providing volunteer teams of process improvement experts from private industry to work on streamlining projects with public sector officials. This approach leverages the successful experience of Silicon Valley companies in adopting Total Quality throughout their operations. By using volunteers, the Council offers world-class expertise at no charge to the local jurisdiction and minimal overhead expense to Joint Venture: Silicon Valley Network.

Another innovation is the coordination of regulations among multiple jurisdictions, especially the manner in which they are implemented. The significance is in turning the local regulatory environment from being a cause of industry locating elsewhere to being a strategic ally in the global time-based competition high-tech companies face.

Who are the customers?

Both regulatory jurisdictions and private-sector companies benefit from the Regulatory Streamlining Council.

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1 A regulatory jurisdiction includes cities, counties, water districts, fire districts, regional regulatory bodies, or other jurisdictions responsible for implementing regulations in Silicon Valley, including state and federal.
Where did the idea come from?

In the Phase II strategic planning process, improving the regulatory climate was a need commonly cited by all industry groups. By and large, this meant reforming the process of implementing regulations, but not changing the substance of the regulations.

Valley companies were increasingly engaged in time-based competition. They needed regulatory and permitting processes that moved as fast as Valley businesses did. They needed to reduce the duplicative "paperwork" overhead associated with permit compliance. The Bioscience Working Group, in particular, expressed concern about rules, regulations, fees, and permitting requirements varying widely from one local jurisdiction to another.

This information was reported to the Regulatory Streamlining Working Group, which was co-chaired by Tom Lewcock, city manager of Sunnyvale; Linda Callon, attorney at Berliner Cohen; and Tom Campbell, Stanford Law Professor and former U.S. Congressman. The group included nearly 50 active people, about 40% coming from the private sector, 60% from the public sector.

Since "regulation" and "regulatory reform" were hot topics and meant many things to many people, the consultants and co-chairs of the Working Group developed a framework to guide their analysis of problems and generation of solutions. They focused discussions in three potential areas for collaboration:

- Improve inter-agency system by consolidating and linking functions
- Improve process by which regulations are created
- Streamline permit application, review, and inspection processes.

By the end of the second meeting, the group generated three potential Initiatives for possible inclusion in the Blueprint strategy document:

- **JV 12 Electronic Environmental Clearinghouse**—create a Regulatory Clearinghouse to serve as a centralized location for collecting and disseminating regulatory and permitting information, and to electronically link regulating bodies and permit processing bodies at the local, regional, and state levels.
- **JV 13 Streamlining the Permit Process**—help municipalities develop performance standards for reducing permitting cycle times and monitor and publicize results.
• **JV 13.5 Improved Regulation Development Process**—establish an ongoing forum for sharing best practices in regulation and develop mechanisms to avoid requiring duplicate and unnecessary information.

On a parallel track, the Bioscience Working Group was developing an Initiative to create a Silicon Valley Regulatory Forum (JV24). The aim was to make uniform among the dozens of local jurisdictions the content and application of building codes.

**What were the significant points in the development of the Initiative?**

The most significant point in the early development of the Initiative was linking Chris Greene, the "champion" of the Regulatory Forum idea in the Bioscience Working Group, with the Regulatory Working Group. Jane Shaw, CEO of Alza, chaired the Bioscience Working Group, and liked Chris' idea and the leadership role he was playing. She sent Chris to the Regulatory Working Group to participate in their last meeting.

Chris met Tom Lewcock and Linda Callon, co-chairs of the Regulatory Group. Their group had experienced sporadic attendance, and had not gotten to complete closure on what they intended to do and how they would do it. So, over the next several months, the three worked as an implementation team to develop a single regulatory Initiative for inclusion in the Blueprint that addressed key needs articulated in the strategy process: code coordination, permit streamlining, and an electronic clearinghouse.

**Had the idea been suggested earlier?**

Other organizations in Silicon Valley had some activities in the regulatory streamlining area. The Santa Clara County Manufacturing Group, for example, had been working to reform permitting processes that affected large manufacturers. Many of the Silicon Valley cities had been working on permit streamlining. And the county was leading an effort to create an assistance center in Silicon Valley that would house officials who could counsel businesses on state permitting and regulatory issues.

Before the Joint Venture process, there were lots of ideas, but few pathways for turning the energy and concern into concrete action. A concrete offer of professional, neutral, and no-cost assistance had not previously existed.
From Business Plan to Implementation

What were the significant events in the implementation of the Initiative?

After the release of the Joint Venture Blueprint in July of 1993, Lewcock, Greene, and Callon agreed to play leadership roles in implementing what was now one of 13 Joint Venture Initiatives: the Regulatory Streamlining Council. Chris Greene agreed to serve as Chair. Chris got involved for two reasons: he was personally interested in how communities work together for mutual benefit, and he believed his engineering company would benefit by making Silicon Valley a more competitive region for high-tech companies.

The team of three formed a governing Council that includes representatives from a city, a county, three companies, and two non-profit environmental organizations. The Council decided to concentrate on piloting permit streamlining projects in the first year. Permit streamlining was on the top of the agenda of early Joint Venture participants because it dealt directly with the time-to-market issues of Silicon Valley companies.

The Council conceived a process of bringing private sector total quality experts together with government officials to re-engineer municipal permit processes. The model was adapted from the Harvard Business School (HBS) Community Partners program, which matches HBS alumni with non-profit organizations to solve management problems. Launching several pilot activities would help the team answer key questions: Could they get highly skilled private-sector experts to help? Would governments participate? Would it work?

In January, 1994, the Regulatory Streamlining Council launched its first project with the City of Sunnyvale. Four other projects were launched in 1994, and 3 others in the first six months of 1995 (see section below on Results.)

What is the role of volunteers?

The Regulatory Streamlining Council succeeds because highly skilled private-sector volunteers donate time to local jurisdictions. Typically, each team includes two loaned process experts and two-four experienced staff members from the jurisdiction. Each private-sector volunteer commits an average of 200 hours over a 10-month period to serving on a team. Volunteers provide training on how to apply continuous improvement concepts to permitting operations, including diagramming processes, identifying customer needs, and implementing improvements. They also enter the process flow chart the team creates on their computerized flow chart system.
During the first 18 months of the Council's work, companies that have provided release time for volunteers include Solectron (winner of the Malcom Baldridge Quality Award), ESL, Hewlett-Packard, National Semiconductor, Willis Corroon, Applied Materials, and the Council for Continuous Improvement. Typically, volunteers have positions such as Director of Quality, Manager of TQM, Director of Facilities, or Manager of Environmental Health and Safety.

What will happen next?

The Regulatory Streamlining Council is working with Joint Venture's Smart Valley Initiative to prototype an on-line permit application system. The Council is also working with Silicon Valley cities to develop a process whereby interpretations of the building code would be consistent throughout the Valley. Another important next step is developing a systematic method for measuring success consistently across the regulatory streamlining projects.

Results

The Regulatory Streamlining Council has completed streamlining projects with four client jurisdictions, each with different results.

<table>
<thead>
<tr>
<th>Client Jurisdiction</th>
<th>Process</th>
<th>Results</th>
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<tbody>
<tr>
<td>City of Sunnyvale</td>
<td>Issuing of all permits</td>
<td>95% of all permits get same day service; none take longer than 2 weeks</td>
</tr>
<tr>
<td>Fremont Fire Department</td>
<td>Hazardous Materials Unit activities</td>
<td>Implementing self-managed teams, reduced costs and lowered permit fees</td>
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<tr>
<td>Santa Clara Valley Water District</td>
<td>Leading underground fuel tank case closure</td>
<td>Cut review and approval time by three-quarters. Increased rate of case resolution 400%.</td>
</tr>
<tr>
<td>Town of Los Gatos</td>
<td>Construction licensing</td>
<td>Cut processing time in half, from 10 to 5 days</td>
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In addition, the Council facilitated one of the most dramatic and meaningful forms of regulatory reform that can be achieved at the local level. Code administrators in 27 cities and two counties agreed to unify their building, plumbing, mechanical, and electrical codes. More than 400 local amendments to these codes will be reduced to just eleven--five for building codes, one for electrical, four for plumbing, and one for mechanical. This is a 97% reduction in the number of amendments. With this unprecedented collaboration businesses will find less confusion in the codes among cities and counties, shorter time to get products to market, and lower construction costs for their projects.

The Regulatory Streamlining Council demonstrates the power of Joint Venture to change the way organizations work together. Says Tom Lewcock,

One of Joint Venture's greatest values is the dialogue it fosters by bringing people together to talk about issues and find solutions. Joint Venture isn't in the government or in the private sector. It's a new category by itself. Government couldn't do the same thing.

For example, Joint Venture's Regulatory Streamlining Council has had a powerful influence in getting people who are responsible for safety and those who are affected to find more economic ways to do things, without reducing standards.

Another important benefit is that public-sector employees acquire valuable skills from their private-sector team members. These skills, which include new methods of thinking, communicating, and operating, are usable by the public-sector employees beyond the permit streamlining activities.
Lessons Learned

- **Neutral Forum Critical**—It is critical that a "neutral forum" (neither government nor business) act as the sponsor of the projects. This increases the willingness both of the jurisdictions to request assistance, and of the private sector professionals to become involved.

- **Environmental Organizations**—Adding environmental organizations to the Council increased its credibility as a neutral forum and helped dispel fears that the Council would lower regulatory standards.

- **Private-Sector Volunteers**—Private-sector experts are challenged by public-sector problems. Many are eager to volunteer their time and expertise, particularly if done with the blessing of their CEO.

- **Process Improvements**—"Regulatory reform" means many things to many people. The arena most appropriate for collaboration is process improvements, rather than substantive changes to standards.

- **Total Quality**—The private sector’s experience with Total Quality Management is directly relevant to the public sector. Total Quality is a way of thinking that is transferable to the public-sector.

- **Delve Into Details**—Meaningful regulatory reform for a region will stem from incremental changes in every jurisdiction that has contact with corporations or citizens. Change cannot come without delving into the details of how systems currently work.

- **Public Sector Receptive**—The public sector is open to the expertise of the private sector, particularly when expertise is directed to topics over which there is a common interest and need, when the services offered are considered "value-added;" and when services are provided in a neutral, non-threatening way.

- **Improved Relationships**—More is learned than the particular objectives of the project. A better understanding of private and public sector needs evolves as well as more trusting relationships.
Smart Valley Inc.

Overview

What does the Initiative do?

Smart Valley Inc. is a non-profit organization formed to deliver, and thus demonstrate, the real-world benefits of a regional information infrastructure. Smart Valley acts an honest broker and facilitator—a catalyst that helps crystallize, coordinate and accelerate collaborative actions to create an electronic community.

Smart Valley is involved in four areas: Commerce, Education, Health Care and Community and Government. In each area, Smart Valley has identified and implemented pilot projects designed to promote expanded use of the information infrastructure in practical applications that will benefit the region.

In its first year, Smart Valley leveraged an initial $1 million investment into more than $20 million of tangible projects. Smart Valley spawned seven flagship projects and assisted 50 smaller projects.

What is the innovation?

Smart Valley is a nationally-significant model of regional collaboration in applying information infrastructure to address community needs. At a time of growing interest and excitement in the National Information Infrastructure (NII) and the Internet, Smart Valley has demonstrated how information infrastructure is effectively used at the regional level. In essence, Smart Valley has shown how to create a "local on ramp" for the information superhighway.

Smart Valley's vision is to "create an electronic community by developing an advanced information infrastructure and a collective ability to use it." Smart Valley creators understood that the important task at the regional level is to promote the ability to use the information infrastructure for regional tasks, not simply to build the infrastructure. Other regions have focused on a "top-down", "if you build it they will come" approach, concentrating on constructing the information networks rather than a "bottom up" user driven approach. Smart Valley has taken the bottom up approach- focusing more on the "software" of relationships required to build use than the "hardware" of wiring a region.
Silicon Valley provides the ideal environment for the bottom up approach since many of the key technology resources already exist in this region. The infrastructure itself is being put into place primarily by private providers. The role of Smart Valley is to act as a broker to help connect the technology providers, service providers, applications developers and end users around important community objectives.

**Who are the customers?**

Smart Valley serves the community by bringing together key elements of the information infrastructure to launch projects in four major areas: commerce, education, health and government. The ultimate customers are end users of the information infrastructure in each of these four areas. By acting as broker in packaging projects, Smart Valley provides a service to the providers and applications developers by helping them connect more effectively to end users. In this way, Smart Valley plays an important market development role by using pilot projects to help end users better understand the real-world benefits of information infrastructure, thereby stimulating demand for Silicon Valley technology providers.

**From Idea to Business Plan**

**Where did the idea come from?**

Smart Valley was a "fusion" Initiative that benefited from the Joint Venture creative process. During Phases I and II of Joint Venture, people began to talk about using information technologies in new ways including telecommuting. This idea was specifically mentioned at the October 1993 Visioning Conference.

Information infrastructure was *not* included among the original 14 Joint Venture Phase II working groups during the fall of 1992. However, ideas about using information infrastructure surfaced in five working groups: computer/communications, software, technology, workforce and regulatory climate. The following ideas were suggested:

- Urban communications network (computer/communications group)
- Telecommuting (software)
- "Smart Network" through hardware and software (technology)
- Distance learning (workforce)
- Electronic regulatory clearinghouse (regulatory climate)

Participants in the December 1992 Joint Venture Leadership Council meeting decided to create a new Working Group focused on information infrastructure that would combine these ideas. From this new Group came Smart Valley.
What were the significant points in the development of the Initiative?

Smart Valley Inc. was the result of a "bottom up/top down" process. While the working group continued to brainstorm ideas and create direction for a specific Initiative, the working group members asked the JVSV Leadership Council to help develop a high-level board of directors. Jim Morgan, Chair of the JVSV Advisory Board, asked Dr. William Miller, former CEO of SRI International and Stanford University Professor, and venture capitalist Bill Davidow, co-author of *The Virtual Corporation*, to help pull together a board. They recruited John Young, former CEO of Hewlett-Packard, and to serve as chair. Bill Miller agreed to be vice-chair.

The business plan and an organizational structure for Smart Valley was developed during the Spring of 1993. The mission became clear to the participants: *the focus should be on the use of information infrastructure to tackle important regional challenges.* The lessons of Singapore and other regions with advanced information infrastructure efforts were reviewed for insights. Singapore had learned that it could promote regional competitiveness by applying information technology in every aspect of business, education and government. The fact that Singapore used information technology to speed up its regulatory process was duly noted.

The original mission statement prepared in the February 1993 captures the spirit of Smart Valley:

*Mission:* A collaborative Initiative to create a "Smart Valley", a region that has both the information infrastructure and the collective ability to use it for maximum benefit. This means promoting real-life applications of communications and information technologies according to the needs of business, government, education and individuals. It means focusing on "hard" infrastructure improvements and "soft" organizational, attitude and educational changes required to use the infrastructure effectively.

*Components of the Mission:* (1) Make the Valley a prototype test bed for new technology applications and new approaches to work and communications; (2) develop an overall strategic plan for Silicon Valley that integrates and leverages existing efforts; and (3) Use "Smart Valley" achievements as a catalyst and magnet for economic development.

By June 1993, Smart Valley had developed a strategic plan called "Smart Valley: an Electronic Community" which outlined a shared vision, specific areas for pilot projects and an organizational structure. Smart Valley was incorporated as a 501 (c) (6) non-profit organization with a nine-person board of director who represented some of the top leaders of Silicon Valley.
Had the idea been suggested earlier?

Several leaders in Silicon Valley had been talking about "hard wiring" the Valley for a number of years. However, no specific actions had been taken to create a regional information network prior to Joint Venture. The Joint Venture process helped 1) focus attention on applications rather than infrastructure and 2) generate strong grassroots support, and 3) attract the interest of other corporate and community leaders. The process of open collaboration supplemented traditional private alliances that had been created over the years.
What were the significant events in the implementation of the Initiative?

During the Summer of 1993, Smart Valley Inc. conducted an executive search for a full-time President/CEO. Dr. Harry J. Saal, Founder and Chairman of Network General, a leading Silicon Valley networking firm, was selected.

The process of moving Smart Valley from a concept into an organizational reality was influenced by many people. However, some people played a key role in moving the idea forward. Bill Davidow and Bill Miller helped to create the board and shape its initial direction. Seth Fearey came out of the working group process and helped to connect the technical and executive leadership that drove this effort both "bottoms-up" and "top-down." John Young and Dr. Saal have provided continuing leadership to Smart Valley over the past two years.

Drawing on the background of some of the leaders, a model evolved for Smart Valley that resembled a "venture capital" model. Smart Valley would act like a venture capital organization by selecting a few areas to focus on, working with potential pilot projects to develop sound business plans, working to connect resources with projects, and serving as advisors to the project boards.

A good example is CommerceNet. Smart Valley board and staff helped CommerceNet develop its approach, supported its application for federal grant funding and continue to serve on the CommerceNet board. Smart Valley itself does not operate the pilot projects, including CommerceNet which now has a budget larger than Smart Valley.

A key step in the development of Smart Valley was articulating its role vis a vis Joint Venture. Smart Valley plays a unique role within the Joint Venture: Silicon Valley Network. While Smart Valley was created by Joint Venture, it was established as an independent non-profit organization with its own board of directors and operates as an affiliate of the JVSV Network. Each year Smart Valley establishes a Memorandum of Understanding (MOU) with the Network Board which defines how JVSV and Smart Valley work together. Since Smart Valley operates with its own staff, facilities and budget, cooperation occurs primarily along project lines.

Smart Valley plays an important role as a catalyst for information infrastructure services for Joint Venture: Silicon Valley Network. Each of the Joint Venture Initiatives has its own specific needs for information infrastructure, as does the Network. Smart Valley has helped Joint Venture and its Initiatives use communication and information services.
Specific ways that Smart Valley has helped the Network include:

- Assistance in selecting a computer bulletin board and E-mail system for the Joint Venture Network through the Mercury Center
- Collaboration with the 21st Century Education Initiative to develop the Smart Schools element of Challenge 2000 focused creating a renaissance in K-12 education
- Collaboration with Regulatory Streamlining Council on the Smart Permitting project aimed at using information technology in regulatory system
- Collaboration with the Defense/Space Consortium on the development of BADGER (Bay Area Digital GeoResource), the first on-line Internet-based system to display geographic data of the Bay Area.

Conversely, the work done by Joint Venture to build collaboration among business, government, education and the community helped prepare the way for Smart Valley collaboration around information infrastructure. The Joint Venture process launched Smart Valley, and continues to provide it with visibility and helps advocate on its behalf.

The major point is that there is value to connecting a community information infrastructure Initiative like Smart Valley with a regional economic vitality effort like Joint Venture which has many collaborative efforts, each of which require assistance with information infrastructure. The leverage achieve by this cooperation is significant.

**What were the most significant points in the development of the Initiative?**

Smart Valley is the most widely known and nationally recognized Joint Venture Initiative to date. It generated significant community interest and support early in the JVSV process because the Information Superhighway and explosion of the Internet were such hot topics when it was getting started in 1992-1993. It got the attention of President Bill Clinton and Vice President Al Gore in early 1993. Gore made a special visit to the home of Dr. Harry Saal in November, 1993.

The ability of Jim Morgan and Bill Davidow to recruit John Young and Bill Miller as the leaders of Smart Valley and then to create a top level Board gave Smart Valley the support, visibility, and experienced leadership it needed to succeed.
What is the role of volunteers?

Smart Valley is a fascinating blend of leadership, participation and expertise coming together in a “top down/bottom up” process.

Smart Valley’s is a virtual “who’s who” of the region’s technology business leadership. At the same time, Smart Valley was built on an active grassroots process that has involved 1000s of volunteers in the design effort and in the flagship projects. Each of the Smart Valley Flagship Projects is built on extensive volunteer efforts that were stimulated in large part because of the active outreach of the initial Smart Valley working group. This bottom-up process has ensured that the flagship projects are customer-driven and focused on the needs of the regional community.

Managing the volume of volunteers proves to be a continuing challenge, as does communicating effectively with the public. Smart Valley has helped develop an extensive network of people with expertise in information technology who now work together on a wide variety of collaborative projects to create an electronic community. Smart Valley tapped the Valley’s widespread expertise in information and communications technology to meet major community needs. To communicate with its members and interested people, Smart Valley issues a quarterly newsletter, hosts monthly breakfasts called "Smart Talks" and provides on-line information services through a Smart Valley Home Page on the World Wide Web.

The fact that Smart Valley is able to balance top-down and bottom-up leadership is a tribute to its Board, which is actively involved in the Flagship Projects and also works to ensure that Smart Valley maintains its grassroots quality.

What will happen next?

Smart Valley will continue to focus on its flagship regional projects, including plans to establish a significant health care project in cooperation with the JVSV Healthy Community Initiative. Smart Valley is also planning a series of sectoral workshops, including one international conference on regional networking. Smart Valley is developing an on-line means for cataloguing grassroots activities throughout the Bay Area for both member companies and community volunteers interested in matching their own skills and resources to the needs of local activities.

A challenge during 1995 was finding a replacement for Dr. Saal, who resigned as President/CEO in August 1995 after two years developing the organization. Dr. Saal created an effective organization structure and developed projects to implement the Smart Valley Vision that he inherited when he arrived in September 1993. Now the Smart Valley Board will focus more on implementation and less on start-up activities.

Another challenge is maintaining the "grassroots" involvement in Smart Valley of the public and community sectors.
Results

What are some examples of specific results?

Smart Valley has launched seven flagship projects. (Descriptions below are adapted from Smart Valley, Inc: Creating an Electronic Community in the San Francisco Bay Area, 1995.)

CommerceNet
CommerceNet is a consortium conducting the first large scale market trial of electronic commerce via the Internet. For more than 20 million Internet users, CommerceNet will provide payment methods and make the Internet secure, easy-to access and easy-to-use. Products and services from leading companies are not available through CommerceNet directories. In its full implementation, CommerceNet will not only allow for secure financial transactions, it will also create collaborative product development environments, on-line competitive bidding boards, and transportation and production scheduling services. Smart Valley helped assemble the consortium of sponsoring companies and secure the $12 million needed for this three-year project.

Smart Valley Telecommuting Project
To help manage the difficult transition from the concept of telecommuting to reality, Smart Valley undertook a three-phase telecommuting project. In phase I, Smart Valley published a Telecommuting Guide that provided essential information and guidelines for telecommuting. Smart Valley organized the largest multi-organization telecommuting pilot project of its kind. In phase III, Smart Valley will leverage these experiences to enlarge acceptance and heighten awareness throughout Silicon Valley of the concept of telecommuting.

BADGER (Bay Area Digital GeoResource)
The nonprofit BADGER consortium will create an on-line Internet-based system to display and process geographic data on the San Francisco Bay Area. BADGER establishes a sharable, Internet-accessible map of the region developed from satellite and aerial imagery. The BADGER team will develop a suite of three GIS applications to address issues of environmental regulation compliance, vegetation management, and disaster planning. To launch BADGER, Smart Valley organized a consortium of companies and secured $3 million cooperative agreement to initiate the project. Smart Valley further assisted the BADGER effort by co-authoring the funding proposal, raising the project's visibility among decision makers and contributing high-bandwidth communications services. Illustrating the value of Smart Valley links to the JVSV Network, the original contact about this potential NASA supported project came to the Network through its Environmental Partnership. Smart Valley was immediately contacted about the opportunity and BADGER was born.
Smart Schools
Smart Schools Project, in cooperation with Challenge 2000, will connect 500 K-12 schools with each other on the Internet. Smart Schools is developing a set of technical guidelines and a resource bank for bringing information technology to schools. The guidelines will allow schools to spend their money wisely, avoid dead-end products and access detailed technical data and advice. The Smart Schools resource has secured more than $10 million for hardware, software and technical expertise to help schools connect electronically. By working closely with Challenge 2000, Smart Schools is seeking to make a contribution to the renaissance of education in Silicon Valley by ensuring that technology innovation is incorporated in the overall reform efforts of local schools. While technology alone will not solve the educational challenge, it is a tool that can make a difference if included as part of a restructuring of our approach to learning.

SCPAN (Santa Clara Public Access Network)
To ensure each and every citizen has access to information resources, Smart Valley launched the Santa Clara Public Access Network (SCPAN) to establish public access sites at libraries, city and county administrative centers, retail outlets and other locations. At these sites, the general public and individuals with economic and social barriers will be able to access a wide array of tools and services on the Internet. Four sites became active in the first quarter of 1995 and as many as 30 sites available in the in the long-term.

BAMTA (Bay Area Multimedia Technology Alliance)
The San Francisco Bay Area is home to the highest concentration of multimedia businesses in the U.S. Silicon Valley has some of the world’s leading technology companies involved in multimedia, including Silicon Graphics, Sun, Oracle, Apple and HP. San Francisco has “Multimedia Gulch”—a wellspring for multimedia developers and content providers such as Rocket Science and Colossal Pictures. In 1995, a Bay Area Multimedia Partnership (BAMP) was created to link technology providers and multimedia developers/content providers, and promote the region as a world leader in this explosive industry. One of the first initiatives launched by BAMP was a Multimedia Technology Alliance, established by Smart Valley with $5 million in support from NASA. This alliance, a separate nonprofit organization, will establish a “collaboratory” to provide a test bed for cooperative efforts to develop new applications including education and health care.

Smart Permitting
Almost a year ago, Smart Valley, Inc. initiated the Smart Permitting project to facilitate communications between permit offices and customers using electronic communications. Joint Venture’s Regulatory Streamlining Council, the Santa Clara Valley Manufacturing Group, and 18 local jurisdictions are partners in the effort. The goal of the project is to improve business-government interactions by putting permitting systems on the Internet. Our vision is that construction companies and facilities managers will be able to submit building permit applications electronically, including drawings and payments, from their offices. We also want to link permitting systems with the Geographic Information systems (GIS) tools now being developed.
Smart Valley has made significant progress toward its vision of creating an electronic community. Smart Valley’s timing was good and it now rides the crests of an explosion in the use of the Internet. Silicon Valley is one of the most active regions in the nation in Internet use and growth has been exponential in recent years. Smart Valley has focused the use of the Internet on education, health, government and community issues.

Smart Valley’s Flagship Projects are demonstrating success in raising funds, an important measure of business and community support. CommerceNet has exceeded expectations in signing up corporate members for its test of electronic commerce. The Federal Technology Reinvestment Project (TRP) commitment of $6 million over three years has been matched by commitments from more than 150 companies. Smart Schools/Challenge 2000 raised more than $13 million of its $21 million goal of corporate cash and in-kind contribution as of July 1, 1995. BADGER and BAMTA are having similar success in raising their private-sector match of $3 million and $5 million respectively. In total, Smart Valley has been able to leverage its $1 million in private contributions into more than $20 million in public and private support for Flagship projects (not including Challenge 2000). Not a bad record for a nonprofit that is less than three years old.

The ultimate measure of success for Smart Valley will be whether the information infrastructure is used by the community. In the short term, this could be assessed in terms of increased use of the Internet by education, health care, government and nonprofit organizations. In the long term, Smart Valley will be viewed as a success if it creates an electronic community in Silicon Valley.
Lessons Learned

- **Combine Bottom-up and Top-Down**—The power and effectiveness of Smart Valley stems from its ability to blend top-down with bottom-up leadership.

- **Focus on Applications**—The important task at the regional level is to promote the ability to use the information infrastructure, not simply to build the infrastructure.

- **Link to Economic Initiatives**—Joint Venture’s collaborative process of identifying regional needs and opportunities launched Smart Valley. Today, Smart Valley succeeds because of its focus on using information and communications technology to address real regional problems and opportunities.

- **Brokering, Not Service Delivery**—Smart Valley acts as a broker to help connect technology providers, service providers, applications developers and end users around important community objectives.

- **Importance of Communications**—An intense amount of communication is involved to connect with the people who wanted to be involved in Smart Valley.
Implications for California Communities

Through this documentation of Joint Venture: Silicon Valley Network, we hope to share our lessons with other California communities. Although circumstances facing each community are unique and resources and capabilities are different, there are a set of guiding principles for regional rejuvenation applicable in any community. This is the key lesson learned from Joint Venture: that California communities can create their own "way," a new civic culture that strongly connects economy and community.

This chapter outlines the six fundamental principles underlying the Joint Venture effort. It also provides a Community Checklist that can be used by community leaders to determine how well they are following the six principles of the "Joint Venture Way."

The experience of Silicon Valley reveals that a community that is at odds with itself and that has become increasingly disconnected from its economy can find a new way to work together and make progress. Regardless of their economic situation or community condition, California communities can pursue the principles of the "Joint Venture Way" in their own style, at their own pace, and with different, but positive results.
What Guiding Principles Have Emerged From the Joint Venture Experience?

Six principles led to change in our community, and embody both the "what" and the "how" of Joint Venture.

- Principle #1: Communities must take responsibility
- Principle #2: Clusters drive regional economies
- Principle #3: Collaboration links economy to community
- Principle #4: Continuous improvement is the ethic
- Principle #5: Civic entrepreneurs are the catalyst
- Principle #6: Commitment to implementation is key.

Taking a cue from one of the Valley’s most successful corporate citizens, Hewlett-Packard, these principles can be considered the "Joint Venture Way." We believe these principles can help communities of many types develop and implement sound economic strategies.
Principle #1: Communities Must Take Responsibility

Through Joint Venture, Silicon Valley redefined itself as an economic community and took responsibility for the region’s continued economic vitality.

Three key forces place an increasing premium on responsibility and action at the community level: devolution, globalization, and pace of technological change. Governments at the national and state levels recognize their limits in singlehandedly providing solutions to community problems. As markets, companies, and cultures globalize, organizations and people are searching for meaningful connections to local places. The rapid pace of technological, economic, and societal changes requires that people, organizations, and places be resilient and adaptable.

This changed context means that now, more than ever, communities must shape their economic future. This means fundamentally rethinking what communities are, and who in the community is responsible for leadership. The initiators of Joint Venture faced a region viewed by many people as a technological marvel, but without a sense of community. Decades of rapid economic growth created a community that was complex, fragmented, and without a strong sense of identity. The shock of economic slowdown provided opportunity to consider the kind of community they wanted. Joint Venture was a way for people from many walks of life—business, government, education, and community—to come together and define their future. In the process, participants developed new bonds and shared understandings that defined community. They have developed the capacity and confidence to deal with a world of continuous change.

Sacramento and Washington do not have the answer for Silicon Valley. Silicon Valley has the answer for Silicon Valley.

— John Neece

Executive Secretary, Building and Construction Trades Council
Principle #2: Clusters Drive Regional Economies

Joint Venture recognized that industry clusters drive regional economies and are the ultimate "customers" of regional economic efforts.

From the start, Joint Venture defined its community on the basis of economic realities rather than political boundaries. Since the focus was on supporting driving "clusters" of specialized, related industries, the Silicon Valley region was defined by where these clusters and their workforce operated. People now recognize the Silicon Valley as an economic region of more than 2 million people encompassing 17 municipalities, one county, and parts of three other counties. Focusing on the economic region, rather than political entities, was central to the success of Joint Venture. By recognizing interdependencies, the focus on the economic region helped overcome parochialism. It also meshed well with business perception of the region.

Joint Venture Initiatives were driven by the competitive requirements of the industry clusters that propel the regional economy. Industry clusters are geographic concentrations of related companies, talent, and support institutions. In Silicon Valley, these clusters include semiconductors, computers/communications, defense, bioscience, software, business services, and environmental technologies.

Often, economic development efforts are "supply driven." Government, education, and community organizations decide what they want to do to help and then, perhaps, elicit business support. Joint Venture, by contrast, was "demand-driven." Joint Venture put the clusters in the driver's seat; Joint Venture provided opportunities for cluster representatives to articulate what they need from Silicon Valley to succeed in the region, why they need it, and what they are committed to doing to help. To start with, Joint Venture identified seven clusters of industries that are interrelated through alliances, competition, or the buyer-supplier "food chain" and that draw on a common talent, technology, and support base. The most important point is that articulation of cluster needs gave direction to the Joint Venture action Initiatives.

The fact that the semiconductor companies are right nearby is really critical to us.

— Ed McCracken
Chairman and CEO, Silicon Graphics
Co-chair, Joint Venture: Silicon Valley Network
**Principle #3:**
Collaboration Links Economy To Community

Joint Venture forges responsive, supportive links between the economy and the community through collaboration across organizations, geography, and sectors, creating a "collaborative advantage" for the region.

Joint Venture identified a fundamental disconnect between the Silicon Valley economy and community. Although many Silicon Valley companies were competitive, the community was not. To succeed, companies needed adaptable and responsive community partners to provide the foundation for value-added work—specialized workers, fast and efficient regulatory process, information-age infrastructure. The region needed to become as quality-oriented, time-sensitive, and flexible as its resident companies.

In some ways, Silicon Valley had become a victim of its own success. The Valley had grown to a size where the large number of institutions, jurisdictions, and individuals made it difficult to get things done quickly and implement fundamental change. Though the region's growth in the 1970s and 1980s was driven by fierce competition and rugged individualism (on the part of companies and local governments), as the region faced economic challenges in the 1990s the purely competitive model reached its limit. Although the Valley had many of the ingredients for success—talented people, extensive industry networks, strong entrepreneurial culture, world class technology—these resources were not being tapped to solve the festering problems undermining community competitiveness.

Joint Venture's vision became "a community collaborating to compete globally." Collaboration is emphasized not for its own sake, but as a disciplined means to action. Collaboration became the *modus operandi* at the regional level for the same reasons collaboration had become central to the new business model: it works for addressing complex problems and taking advantage of big opportunities in a fast-moving world. In Joint Venture, collaboration means involving talented people both "top-down" and "bottom-up". It means combining resources in innovative ways. It is disciplined and outcome-oriented. By combining our competitive spirit with our new "collaborative advantage," we hope to achieve a rising standard of living and a satisfying quality of life.

All we knew was that we weren't moving forward. We kept talking about the same problems, pointing the same fingers. Yet those of us who wanted to take action knew no one group could do it alone.

— John Kennett,  
Owner, Pizazz Printing &  
Former Chair, San Jose Metropolitan Chamber of Commerce
Principle #4:
Continuous Improvement Is The Ethic

The spirit of continuous improvement, ingrained in Valley companies, enabled Joint Venture to take risks, generate new ideas, and drive toward results.

Many of the central themes and practices of Joint Venture are adapted from the experience of Silicon Valley companies with the continuous improvement and total quality movements. Examples include the emphasis on improving processes and on continual communication between community "suppliers" (i.e., educators, elected officials, regulators, planners, non-profits) and industry "customers." Executives from leading organizations have demonstrated how to balance openness to new ideas and tolerance for ambiguity with an unyielding focus on the path forward and a drive to results. Also, we have learned to challenge assumptions about the way things are done, and to take risks and learn from failures. Key to the success of Joint Venture was its ability to reassess candidly what was happening every step of the way, and readjust when necessary.

The model of continual experimentation, learning, and adaptation has become embedded in the Joint Venture organization, as well as in many of the government, education, and community organizations that participate. This orientation helped move beyond the "culture of blame" that had been holding back the region. Rather than blame business or government for the region's problems, Joint Venture provides a forum for bringing key players to the table to continuously improve the region. What has proved to be true, to paraphrase quality expert Edward Deming, is that 80% of the problem is with the process and only 20% with the people.

Silicon Valley started because of a fortunate confluence of factors. As it matured, people assumed the Valley would just keep growing. Now we realize that what made for success yesterday is not enough. We have to keep improving as a region.

— Bob Kirkwood
Director of Government Affairs
Hewlett-Packard Company
Principle #5:
Civic Entrepreneurs Are The Catalyst

Civic entrepreneurs provide leadership to bridge the economy and the community, sparking new ventures to improve the economic vitality of their regions.

Civic entrepreneurs are leaders who use the skills, networks, and drive developed by working in their own sector to benefit the broader community. Like business entrepreneurs who go between an innovation and the marketplace, civic entrepreneurs "go between" the economy and the community. They play a bridging role, eliciting ideas from the "community marketplace" and convening the parties necessary to ensure implementation. They often provide process leadership and help apply and adapt the lessons learned from successful organizations to the community.

Civic entrepreneurs come from all walks of life. They are CEOs of large and small companies, public officials, educators, nonprofit leaders, union officials, and concerned citizens. They use their credibility to help people rise above politics and turf battles, to see the big picture, and to broker collaborative solutions to complex issues.

The Joint Venture process relied on and developed civic entrepreneurs. Now, more than 200 leaders contribute their talent and organizational resources to solve big community problems. They serve on boards, help "champion" Initiatives, and broker resources. Through their example, successful civic entrepreneurs motivate others to become civic entrepreneurs. Joint Venture created paths through which new Silicon Valley leaders emerged.

Joint Venture has helped change the way many institutions work together. Personally, my satisfaction comes from working with others who are volunteering their efforts.

— Chris Greene
President, Greene Engineers
Co-Chair, Regulatory Streamlining Council
Principle #6: Commitment To Implementation Is Key

After the excitement of initiation and the creativity of participation comes the reality of implementation; for Joint Venture a strong implementation plan was the key to turning good ideas into positive action.

Joint Venture committed to the hard work of implementing the specific action Initiatives generated by the Phase II strategic planning process and establishing a new type of collaborative organization. This meant developing and executing a strong implementation plan. The attraction of the right people to serve as President/CEO and to lead the Initiatives, the communications efforts, and the fundraising cannot be overemphasized. Establishing and tracking progress on measurable objectives helped maintain a tight focus.

Conditions evolve and times change. As the initial concerns that bring a collaborative effort together are addressed, the effort must adjust as new issues arise. Despite its accomplishments, Joint Venture has begun taking on new issues as times change. This requires a commitment to renewal that brings in new people with new ideas to meet new challenges. It requires a commitment to developing new models and relationships to get things done. Joint Venture’s ultimate commitment, however, is to the long-term collaborative process required to continuously improve economic vitality and quality of life in the Valley.

The difference between a short-term commitment to an idea and a long-term commitment to implementation and ongoing collaboration is the willingness to stick with the effort in face of adversity. Throughout its history, Joint Venture has been confronted with many challenges and difficult transitions and has found the collaborative process painful at times. But, the leaders of Joint Venture have persevered.

Sustainability requires attention to the "dailies" — the people, the implementation plan, the fundraising. To succeed in the future, Joint Venture must stay on the cutting edge of the ever-changing needs of Silicon Valley.

— Becky Morgan
President/CEO
Joint Venture: Silicon Valley Network
Getting Started

Would the Joint Venture process work in other communities? Is Silicon Valley unique? How would a community get started if it wanted to follow the guiding principles of the "Joint Venture Way?"

The process of Joint Venture is relevant to other communities, even though all communities are different. The first step to determine whether to try this approach is to make a clear diagnosis of the community and where it currently stands. The checklist provided later in this section is a place to start.

What is required to get started are civic entrepreneurs who are willing to take the risks to challenge the status quo and begin a movement that will create positive change for the community. This path is never easy. In the case of Joint Venture in the early phases it took a lot of perseverance to stay the course in the face of skepticism. However, civic entrepreneurs understand that high risk and high reward usually go together.

Civic entrepreneurs work in teams. This was clearly the case in Silicon Valley. The initial group of civic entrepreneurs who launched Phase I recruited more civic entrepreneur for the Phase II process, who then enrolled even more civic entrepreneurs for Phase III. Many of these teams were formed during the working process where champions emerged to lead Initiatives. A key first step is to recruit a team of civic entrepreneurs with complementary skills.

Although there are many “bumps” to be expected along the way, there are also many high points. As noted in the Joint Venture chronology the key challenges include:

- **Credibility**: Overcoming initial skepticism about why the effort is being done.
- **Publicity**: Figuring out how to communicate with the public without too much hype.
- **Funding**: Determining how to raise funds for a process that will create long-term results.
- **Leadership**: Recruiting high level leadership from business, government and the community.

There are also many highpoints to look for in the early stages

- **Hope**: The community begins to rediscover hope in its future.
- **Teamwork**: The process builds teams that can sustain action over time.
- **Trust**: An important by-product of the process is the building of trust.
- **Vision**: People in the community are not afraid to talk about vision.
The key “life lesson” from those involved in this process is the value of persistence. Changing a community is hard work and requires single-minded dedication. The challenges may be great but a strong team of civic entrepreneurs can meet such challenges and reap the rewards of a stronger community if they learn to collaborate. In fact, responding to those challenges helps to create a sense of community.

Assessing Where You Stand: A Community Checklist

This Community Checklist, developed by Collaborative Economics, Inc., can be used by community leaders to determine how well they are following the six principles embodied in the Joint Venture Way.

Community stakeholders—from economic development leaders to business executives to government officials to individual citizens—could use the Checklist in the following ways:

- Get community stakeholders to focus on the principles of success (e.g., use checklist and map to engage stakeholders in an interactive process).
- Understand the perceptions of different stakeholders in the community (e.g., survey a sample of representatives across the community).
- Begin a discussion of why and how stakeholders have different or similar perceptions (e.g., convene a leadership meeting or a series of focus groups)
- Focus discussion and action in areas of common concern (e.g., ask stakeholders to identify next steps for working together on community issues).
- Benchmark your community against others (e.g., ask stakeholders to compare their community with other communities with which they are familiar).
Community Checklist

Rank the following statements according to this scale:

4=Almost Always
3=Most of the Time
2=Sometimes
1=Almost Never

**Score**

**Principle #1: Communities Take Responsibility**

1. Local leaders act as if their community is part of a larger economic region.  
2. Local leaders understand how global economic changes are transforming their community.  
3. Local leaders take responsibility for community problems, instead of blaming state or federal government or other external factors.  
4. Local leaders look for solutions, instead of blaming each other for community problems.  
5. Local citizens feel optimistic about the future of their community.

**Total**

**Principle #2: Clusters Drive Regional Economies**

1. Local leaders understand what industries drive their regional economy.  
2. Local leaders understand how firms and industries are interdependent in the region.  
3. Local leaders understand the nature and needs of emerging industries in the region.  
4. Business leaders in different clusters work with one another on issues of common concern.  
5. Clusters clearly identify what they need and work with the community to ensure those needs are met.

**Total**

**Principle #3: Collaboration Links Economy To Community**

1. Community issues are addressed in a collaborative, rather than adversarial style.  
2. Business and community leaders are "in sync" on important economic issues.  
3. Local leaders don't let turf issues get in the way of collaborative solutions.  
4. Business and government trust and respect one another's views and expertise.  
5. Local leaders understand that a strong economy means a strong community, and vice versa.

**Total**
Principle #4: Continuous Improvement Is The Ethic

1. The community exhibits the spirit of experimentation and innovation.
2. Local leaders challenge assumptions about the way things are done, take risks, and learn from failures.
3. Business is seen as the "customer" and the community as "supplier.
4. Community success is defined as measurable outcomes, rather than the amount of inputs.
5. The community is open to outside ideas and benchmarks itself against other communities.

Total

Principle #5: Civic Entrepreneurs Are The Catalyst

1. Business leaders actively participate in local civic affairs.
2. Business leaders get personally involved in working on community issues, rather than simply giving money to community groups or causes.
3. Top-level business leadership is actively involved in the community, rather than delegating to community affairs executives or others in their company.
4. Business leaders place high expectations on one another to get involved in civic affairs.
5. Stories of local "civic entrepreneurs" are used to inspire others to get involved.

Total

Principle #6: Commitment To Implementation Is Key

1. Leaders can recruit effective people for implementation.
2. Local leaders set measurable objectives and track progress.
3. Efforts to address community issues are long-lasting, rather than a series of "quick fixes."
4. Local leaders persevere in the face of adversity to create change.
5. Local leaders are committed to staying on the cutting edge as community issues change.

Total of Scores for Principles 1 - 6
Chart the totals from the checklist on this Community Readiness Map:

Practicing the Joint Venture Way

Receptive to the Joint Venture Way

Resistant to the Joint Venture Way

Principle #1 Community
Principle #2 Clusters
Principle #3 Collaboration
Principle #4 Continuous Improvement
Principle #5 Civic Entrepreneurship
Principle #6 Commitment
In Summary

Once a process has begun to deliver tangible results, the challenge becomes one of sustaining momentum and continually redesigning the process to meet ever changing needs. That is the stage of Joint Venture: Silicon Valley Network today. Having achieved many of its initial objectives, what will be the next step for Joint Venture? With an improving economy and stronger partnerships, what is the ongoing role for Joint Venture?

We believe our role is as a "neutral forum" to assure continued success of the Initiatives and to address new issues that require collaboration among groups within Silicon Valley to achieve successful resolution.

The issues may change but the need for collaboration among business, government, education, and the community will remain.

Becky Morgan, President and CEO of Joint Venture, expresses this spirit of collaboration and continuous improvement which can be adopted by other communities as they design their own path forward:

The talent, the energy, the money, and the collaborative spirit that have infused Joint Venture are continuing sources of enthusiasm and passion for what we are doing. We will continue to choose a select number of areas where collaboration can make a difference. We reject figure pointing and contentious behavior in favor of teamwork and regional solutions. This new model of civic entrepreneurship has allowed us to push the envelope on creating change in preparation for the 21st Century. We will continue to evolve as an organization to serve the changing needs of our community.

We hope that other regions can learn from our experience and will see value in our approach for their communities.
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PREPARED BY

Collaborative Economics, Inc.
Doug Henton
Indrani Kowlessar
John Melville
Brendan Rawson
Kim Walesh

CONTRIBUTORS

Jayne Cravens, Joint Venture Silicon Valley Network
Shannon Fryhoff, Applied Materials, Inc.
Karen Keane, Keane & Company
Dara Menashi, Harvard University
Bud Wendell, Wendell Communications

PROJECT ADVISORY GROUP

Bruce DeVine, Southern California Association of Governments
Ann Draper, City of Fremont
Tom Hayes, Applied Materials, Inc.
Trish Kelly, California Association for Local Economic Development
John Kennett, Pizzaz Printing
Gonzalo Lopez, City of San Diego
John Neece, Building & Construction Trades Council
AnnaLee Saxenian, Professor, University of California at Berkeley

JOINT VENTURE INITIATIVE REVIEWERS

Joe Becker, The Enterprise Network
Neil Bonke, Electroglas
Ted Briggs, Environmental Partnership
John Duncan, Pacific Gas & Electric
Chris Greene, Greene Engineers
Laurel Hayler, Healthy Community/Healthy Economy
Sharon Huntsman, Economic Development Team
Tom Lewcock, City of Sunnyvale
Connie Martinez, Economic Development Team
William Miller, Stanford University
Tim Quigley, Defense/Space Consortium & Global Trading Center
Harry Saal, Smart Valley