

**Joint Legislative Committee on Performance
Evaluation and Expenditure Review (PEER)**

Report to
the Mississippi Legislature



An Accountability Assessment of the Mississippi Technology Alliance

The Mississippi Technology Alliance (MTA) was created as part of the state's strategy to provide high-technology products and services for a global market, resulting in more high-paying jobs. Programs and services are delivered through three programmatic centers, each with its own respective goals designed to help achieve MTA's mission.

MTA's funding comes from a combination of state, federal, and private sources. MTA received approximately \$2.8 million in state funds in FY 2008. While the majority of MTA's 2008 federal and private funding was expended directly for programs and services, approximately thirty-nine percent of its FY 2008 expenditures from state funds were in the General and Administration category.

PEER found that the Mississippi Technology Alliance has a need for additional accountability measures, both for efficiency and effectiveness. MTA's current efficiency measures do not contain a complete estimate of return on investment and MTA does not collect the data needed to assess duplication of effort with other entities. Also:

- specific objectives are not present for every state-funded program;
- every program is not included in MTA's strategic planning, accounting, and performance measurement systems;
- data collection systems are incomplete; and,
- MTA does not measure its progress toward statewide economic development goals established in its own Innovation Index.

Based on these observations, PEER concludes that MTA has not had a data collection/reporting system in place to produce the information needed to monitor programs. Thus a third party such as the Mississippi Development Authority, the Legislature, or the public cannot determine whether MTA expends state funds efficiently or effectively.

October 14, 2008

PEER: The Mississippi Legislature's Oversight Agency

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The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

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The Mississippi Legislature

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October 14, 2008

Honorable Haley Barbour, Governor
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On October 14, 2008, the PEER Committee authorized release of the report entitled **An Accountability Assessment of the Mississippi Technology Alliance**.

A handwritten signature in black ink, appearing to read "Sidney Albritton", written over a horizontal line.

Senator Sidney Albritton, Chair

This report does not recommend increased funding or additional staff.

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An Accountability Assessment of the Mississippi Technology Alliance

Executive Summary

Introduction

In response to a legislative inquiry, the PEER Committee conducted an accountability assessment of the Mississippi Technology Alliance to identify the performance measures in place to monitor the efficient use of state funding and the effectiveness of programs.

Background

The Mississippi Technology Alliance, a non-profit corporation, was created as part of the state's strategy to provide high-technology products and services for a global market, resulting in more high-paying jobs. MTA states that its mission is to:

. . .drive innovation and technology-based economic development for the State of Mississippi. . .with the end goal being wealth creation through higher paying quality jobs.

Although MTA is funded through a combination of state, federal, and private funds, 86% of MTA's FY 2007 revenues came from state general fund appropriations (\$1,202,294) and federal sources (\$3,628,405). Since FY 2000, MTA has received over \$12.3 million in state general funds. While the majority of MTA's 2008 federal and private funding was expended directly for programs and services, approximately 39% of MTA's FY 2008 expenditures from state funds were in the General and Administration category. As of July 1, 2008, MTA had twenty-one employees.

MTA's programs and services are delivered through three programmatic centers, each with its own respective goals designed to help achieve MTA's mission:

- The *Center for Innovation and Entrepreneurship* identifies and develops entrepreneurs, connects employees having technology-based experience with early-stage companies, and administers federal programs related to technology-based expertise.
- The *Center for Innovation-Led Economic Development* develops resources to support an entrepreneurial environment, including an annual index that provides information about how well the state is performing in key areas of innovation-related activity.

- The *Center for Capital Formation* connects entrepreneurs and early-stage companies with private equity investment and seed funding available through a revolving loan fund established with state bond proceeds.

Accountability for MTA Programs and Services

The Mississippi Technology Alliance has not had a data collection/reporting system in place to produce the information needed to monitor programs. While MTA reports outputs as “return on investment” for some of its programs, it does not consistently track or report the data elements and performance measures necessary to document and calculate the actual return on investment for each program. Thus a third party such as the Mississippi Development Authority, the Legislature, or the public cannot determine whether MTA expends state funds efficiently or effectively.

Any entity such as MTA that receives public funds should be held accountable for the efficient and effective use of those funds. MTA annually receives state funds, as well as federal and private funds, for administration and implementation of its programs. As stated within the Mississippi Development Authority’s FY 2009 appropriation bill that designated state funding for MTA, the purpose of this funding is:

. . .to strengthen the business environment in Mississippi to spur the creation and growth of high technology-based industries, thus creating many more high-paying jobs and a more diversified, competitive Mississippi economy.

MTA should be accountable for programs and services provided through annual state funding. Further, the MTA by-laws state that one goal of MTA is to:

Provide accountability to state government technology-related economic development expenditures through outcome monitoring.

PEER found that the Mississippi Technology Alliance has deficiencies in the type of data elements collected and reported for its programs that inhibit monitoring of MTA programs and services for efficiency or effectiveness.

Need for Efficiency Measures

PEER found the following issues related to the need for efficiency measures:

- ***Need for Accurate Reporting of Return on Investment:*** While the Mississippi Technology Alliance reports what it calls “return on investment” (ROI) for some programs, MTA’s use of this term reflects only outputs without considering inputs. Therefore, MTA’s reporting of ROI is not a complete, accurate measure for determining efficient use of state funds.
- ***Potential for Duplication of Programs and Services:*** The Mississippi Technology Alliance does not track

information (such as referrals from other economic development entities) that permits determination of whether MTA provides a unique service that participants could not receive from other economic development or small business support organizations.

Need for Effectiveness Measures

PEER found the following issues related to the need for effectiveness measures:

- ***Specific Objectives Not Present for Every State-Funded Program:*** MTA has not established specific objectives for the state-funded programs within the strategic plan for its three programmatic centers.
- ***Every MTA Program Not Included within Its Strategic Planning, Accounting, and Performance Measurement Systems:*** Because the Mississippi Technology Alliance does not include every program within its strategic planning, accounting, and performance measurement systems, MTA cannot readily determine the efficiency and effectiveness of all of its programs and communicate this information to outside parties.
- ***Need for a Comprehensive Data Collection System:*** Mississippi Technology Alliance's current data collection system captures and reports adequate data to monitor program outputs, but it does not have the capability to capture and maintain historical data to monitor the long-term effectiveness of programs. While the Mississippi Technology Alliance has purchased a new data system to connect all of the MTA programs and services through a single database and provide a regional overview of programs and services available to economic developers, MTA still must ensure that the necessary data elements and performance measures are clearly defined to maximize the benefit of a uniform data system.
- ***No Measurement of MTA's Progress Toward Statewide Economic Development Goals:*** The Mississippi Technology Alliance does not measure or monitor the impact that its three major programmatic centers have on the statewide economic development goals established in MTA's Innovation Index.
- ***MTA Has Not Provided an Annual Report to MDA:*** The Mississippi Technology Alliance does not fulfill all of the requirements established within the letter of agreement with the Mississippi Development Authority because it does not provide an annual performance report.

Recommendations

1. MTA should develop performance measures and objectives for each of its programs. Continued state funding for MTA should be contingent on the establishment of these performance measures and objectives.

At a minimum, MTA should develop the following measures:

- *measurable return on investment (ROI)* to monitor program efficiency and to make comparisons between multiple programs or analyze trends for a specific program over a given period;
- *defined objectives and benchmarks for each program* that will serve as target performance levels in relation to the desired impact for each program; and,
- *clear and specific performance measures for each program* that will allow MTA to analyze the effectiveness of each program and document the impact and effectiveness of how these program outputs have produced outcomes that directly link to the MTA mission and program goals.

One option for MTA to establish a standard method for reporting on each of its programs is through MDA, since MDA serves as the conduit for MTA's state funding and MTA enters into an annual letter of agreement with MDA. MTA could develop its own reporting requirements for each program to be reviewed and accepted by MDA, or MDA could establish clear minimum reporting requirements that MTA should adhere to regarding what information should be provided on a quarterly and annual basis. Furthermore, regardless of whether minimum reporting requirements are established by MTA or MDA, MDA should define what action will be taken should MTA fail to fulfill all of the requirements provided within the letter of agreement.

MTA should provide an annual report to MDA and to the Legislature, with copies available to other interested parties upon request. This annual report to MDA should serve as the means of reporting on the measures established for each program, as well as documenting MTA's overall performance on an annual basis. This annual report should include the measurable ROI, defined objectives and benchmarks, and the performance measures for each program.

2. MTA should capture the necessary data elements to document accurately the effectiveness of its programs and services in relation to the MTA mission, goals, objectives, and performance measures for each program. In addition, MTA should collect and maintain historical data in order to establish trends and relationships for each of its programs over any given time frame.
3. Similar to the federally established self-assessment surveys utilized to measure the impact of the Manufacturing Extension Partnership program, MTA should develop a follow-up

instrument, such as a survey, to collect data regarding the long-term impact or outcomes of its programs, such as changes in the number of employees, additional funding generated by its program participants, and participant satisfaction for its training programs.

4. During its intake process for entrepreneurs and early-stage companies, MTA should document the referral source of the potential program participant and should note whether the entrepreneur was referred to another entity, such as SBA or MDA. Also, MTA should determine during intake whether funding or services for the potential participant could be fulfilled by any other economic development entity.
5. Because MTA reports on the Innovation Index annually, MTA should ensure that performance measurement and reporting are in place for each of its three programmatic centers that link the impact of each of these centers to the statewide innovation indicators as defined within the index. Also, MTA should tailor its programs and services in order to provide strategic direction for the state in achieving the goals established through the index. For example, one statewide innovation indicator targets investment capital. MTA should therefore be able to document its contribution to this statewide indicator through its Center for Capital Formation and document any necessary program changes or new programs necessary to achieve the statewide investment capital goal.
6. MTA should clearly define what constitutes a program versus an activity or sub-component of a program and include every program within its strategic planning, accounting, and performance measurement systems in order to determine the efficiency and effectiveness of all of its programs and communicate this information to outside parties.

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An Accountability Assessment of the Mississippi Technology Alliance

Introduction

Authority

In response to a legislative inquiry, the PEER Committee conducted an accountability assessment of the Mississippi Technology Alliance. PEER conducted the review pursuant to the authority granted by MISS. CODE ANN. Section 5-3-57 et seq. (1972).

Scope and Purpose

The purpose of this review was to conduct an accountability assessment of the Mississippi Technology Alliance to identify the performance measures in place to monitor the efficient use of state funding and the effectiveness of programs.

In conducting this assessment, PEER had the following objectives:

- describe MTA expenditures since inception by funding source;
- review the accountability measures in place at MTA regarding efficient use of funding;
- review the performance measures and accountability measures in place at MTA regarding the effectiveness of programs and services; and,
- determine whether MTA duplicates the role of other small business lenders.

Scope Limitation

Although PEER acknowledges the critical importance of ensuring the administration of quality, cost-effective federal economic development programs, PEER did not conduct an effectiveness review of individual federal programs or services provided through MTA. PEER

assessed whether MTA has the accountability measures in place that would allow evaluation of state-funded programs and services.

Method

In conducting this review, PEER:

- reviewed the literature on technology-based and innovation-led economic development;
- reviewed the 1998 Mississippi Science and Technology Action Plan, the intent of which was to provide a strategy to use the state's science and technology capability to stimulate economic growth;
- reviewed relevant executive orders from the Governor's Office regarding creation of the MTA;
- reviewed the MTA's by-laws;
- reviewed the MTA's policies and procedures;
- interviewed the MTA's staff within each of its three primary programmatic centers;
- reviewed the MTA's fiscal controls and accounting systems;
- reviewed the MTA's budget requests for FY 2000 through FY 2009 that were submitted to the Legislature;
- reviewed the MTA's Strategic Plan as updated in June 2008;
- reviewed MTA's human resources process for evaluating the personal measurement criteria of project managers through personal business plans and performance matrices from FY 2006 through FY 2008;
- examined the data collection and maintenance processes regarding entrepreneurs that receive assistance through the MTA's programs; and,
- examined MTA's board minutes for May 1999 through July 2007.

Background

The Mississippi Technology Alliance was created as part of the state’s strategy to provide high-technology products and services for a global market, resulting in more high-paying jobs.

This chapter provides a brief history of the MTA and provides background information on MTA’s purpose, goals, and organizational structure.

History and Purpose of the Mississippi Technology Alliance

The Mississippi Science and Technology Action Plan recommended creation of a politically independent non-profit organization to help make Mississippi a national leader in providing targeted high-technology products and services for a global market.

Creation of the Mississippi Science and Technology Action Plan and the Mississippi Technology Alliance

In response to its legislative mandate to “develop long-term plans to enhance all phases of science and technology,” in 1998 the Mississippi Science and Technology Commission produced the Mississippi Science and Technology Action Plan.

In 1995, the Legislature created the Mississippi Science and Technology Commission (MISS. CODE ANN. §57-81-1 through §57-81-3 [1972]), one of the major goals of which was “to develop long-term plans to enhance all phases of science and technology appropriate to the needs of industry and the Mississippi economy.” In June 1998, the commission produced the Mississippi Science and Technology Action Plan for the Governor and the Legislature. Upon completion of the Action Plan, the commission was repealed effective June 30, 1998.

The goal of the Action Plan was to put forth a strategy to make Mississippi a national leader in providing targeted high technology products and services for a global market.

The goal of the Mississippi Science and Technology Action Plan was to put forth a strategy to make Mississippi a national leader in providing targeted high technology products and services for a global market, directly resulting in significantly more high paying jobs in the state. To accomplish this goal, the strategy would require teamwork among industry, academia, and government within the state.

The Action Plan recommended creating the Mississippi Technology Alliance to bring the state's science and technology capability to stimulate economic development.

The Action Plan noted that MTA was not intended to replace or replicate existing organizations.

In order to implement this strategy, the Action Plan recommended creation of a politically independent non-profit organization referred to as Mississippi Technology, Inc., now known as the Mississippi Technology Alliance. (Subsequent quoted references to MTI refer to the Mississippi Technology Alliance.)

The Action Plan stated that creation of MTA encompasses the best efforts within the state to recommend strategic approaches to bring the state's science and technology capability to stimulate economic development. The Action Plan also acknowledged existing economic development entities and noted that:

MTI is not intended to replace or replicate existing organizations. Rather, the creation of MTI is intended to fill gaps and to enhance the functioning of the overall system.

The Action Plan included components that should be in place in order for MTA to be successful, which included:

- vision and strategic goals;
- operational details;
- projected budget and funding; and,
- relationships with other entities and organizations.

The following sections include the chief components of the Action Plan.

Purposes of the MTA Set Forth by the Mississippi Science and Technology Action Plan

The Action Plan laid out MTA's vision and strategic goals, operational details, projected budget and funding, and relationship to other entities and organizations.

Vision and Strategic Goals

The Action Plan established an initial vision for MTA with a focus on commercializing science and technology to stimulate economic development.

The Action Plan provided strategic goals for MTI in the four focus areas of Science and Technology, Infrastructure, Capital, and Workforce. Highlights of these strategic goals included:

- *create state funded science and technology infrastructure investment pools;*
- *implement a unified statewide science and technology brokering system with participation by 90% of the customers and partners;*
- *increase the availability of risk capital for promoting the growth of Mississippi technology-based companies;*
- *foster and support a significant increase in focused and coordinated funding for research and technology development programs in the state; and,*
- *identify and respond to the short and long term science and technology-related workforce needs of business and industry.*

Operational Details

Mission and Guiding Principles

The Action Plan provided a framework regarding the initial mission of the MTA and guiding principles.

The initial mission established through the Action Plan stated:

MTI is to coordinate policy development, planning and implementation of programs that promote science and technology-related economic development by delivering investment, management, and marketing services to infrastructure organizations in order to accomplish statewide technology-based economic development goals.

The Action Plan's guiding principles were to serve as the fundamental guidelines that the MTI Board would use to evaluate and guide future programmatic decisions. Highlights of these guiding principles brought forth within the plan were:

- *MTI will enhance the expected and planned research development activities of existing organizations; and,*
- *MTI will continue to exist based upon its ability to deliver measurable return on*

investment (ROI) from the investment of public and private funds.

Customer Base and Core Service Areas

The Action Plan outlined the customer base that MTI would interact and develop working relationships with, both externally and internally. External customers included entrepreneurs, existing and recruited industry, the federal government, and other states. Internal customers included universities, community colleges, the Governor and the Legislature, and state agencies.

The plan listed the six following core service areas for MTA:

- *Long-Range Planning for Science and Technology*--Provide strategic direction and develop, implement, and evaluate program results against long-range goals;
- *Policy Development*--Develop and recommend policy to the Legislature and the Governor;
- *Contract Management*--Receive funds for specific program activity and contract with other organizations for program implementation and management;
- *Fund Management*--Directly manage an investment fund for capacity building and risk capital;
- *Program Management*--Directly manage program activity as necessary; and,
- *Program Marketing, Evaluation and Reporting*--Serve as a central point of contact for information about the state's science and technology resources, programs, capabilities and needs.

Projected Budget and Funding Levels

The Action Plan recommended annual funding for MTA ranging from \$6 million to \$35 million, with revenues coming from state, federal, and private sources.

Although the Action Plan did not specify a funding amount that would be required to operate the MTA, it did provide a table of recommended annual funding ranging from \$6,000,000 to \$35,000,000. This annual funding range consisted of revenues from state, federal, and private sources in the areas of State/Federal Partnership Programs, Small Business Investment and Research programs, and Seed and Venture Capital programs.

While the Action Plan did not specify that the MTA should be self-sufficient, it did state that it should expend the funding it receives efficiently and should only continue to exist based on its ability to deliver measurable return on investment.

Relationship to Similar Entities

The Action Plan stated that MTA should only continue to exist based on its ability to deliver measurable return on investment.

The Action Plan stated that it was a critical component for the success of MTA to produce significant and measurable economic growth through establishing working relationships and partnerships with other similar economic development and technology-based entities. The Action Plan stated some specific entities and organizational interfaces that MTA should partner with due to their contributions to science and technology-based economic development:

- *the Department of Economic and Community Development (now known as the Mississippi Development Authority)*—The Action Plan anticipated that MTA would work closely with MDA in order to spur creation of technology-based ventures and assist existing businesses with management, marketing, and financial assistance. In addition, MDA was expected to serve as the primary pass-through for funds appropriated from the Legislature for MTA’s administration of programs.
- *the Institutions of Higher Learning*—The Action Plan noted that MTA should strive to enhance the research universities’ ability to obtain support for new and existing research activities.
- *the community and junior colleges*—The Action Plan specifically noted MTA’s involvement in workforce development and skills training based on the needs of new and existing industry.

The Mississippi Technology Alliance’s By-Laws and Goals

One of MTA’s primary goals is to create more high-paying job opportunities in Mississippi by promoting and leveraging state science and technology capabilities and resources.

MTA adopted its by-laws in November 1998 and stated that MTA was to be organized and operated as a non-profit corporation under the provisions of MISS. CODE ANN. §79-11-137 (1972). These by-laws stated the following purposes for MTA:

- *enhancing the state's research capacity and supporting technology-based business development;*
- *providing the state's strategic direction in technology-based economic development;*
- *investing in human resource development and management assistance programs;*
- *creating and administering a source of capital and partnerships to finance applied research;*
- *commercialization of technology and seed-spin-off companies;*
- *developing a coordinated state strategy to maximize exploitation of existing high technology investments in the state; and,*
- *providing guidance for aiding education and training organizations in targeted technology areas through identification of critical training needs.*

The by-laws stated the following goals of MTA operations:

- *create more high paying job opportunities in Mississippi by promoting and leveraging state science and technology capabilities and resources. . .serving as a central voice and strategic direction for all of those involved in technology based economic development;*
- *build a broad based understanding of the needs and opportunities of science and technology based business in the state;*
- *provide science and technology investment and technical assistance;*
- *fill program gaps in science and technology infrastructure; and,*
- *provide accountability to state government technology-related economic development expenditures through outcome monitoring.*

MTA's Organizational Structure

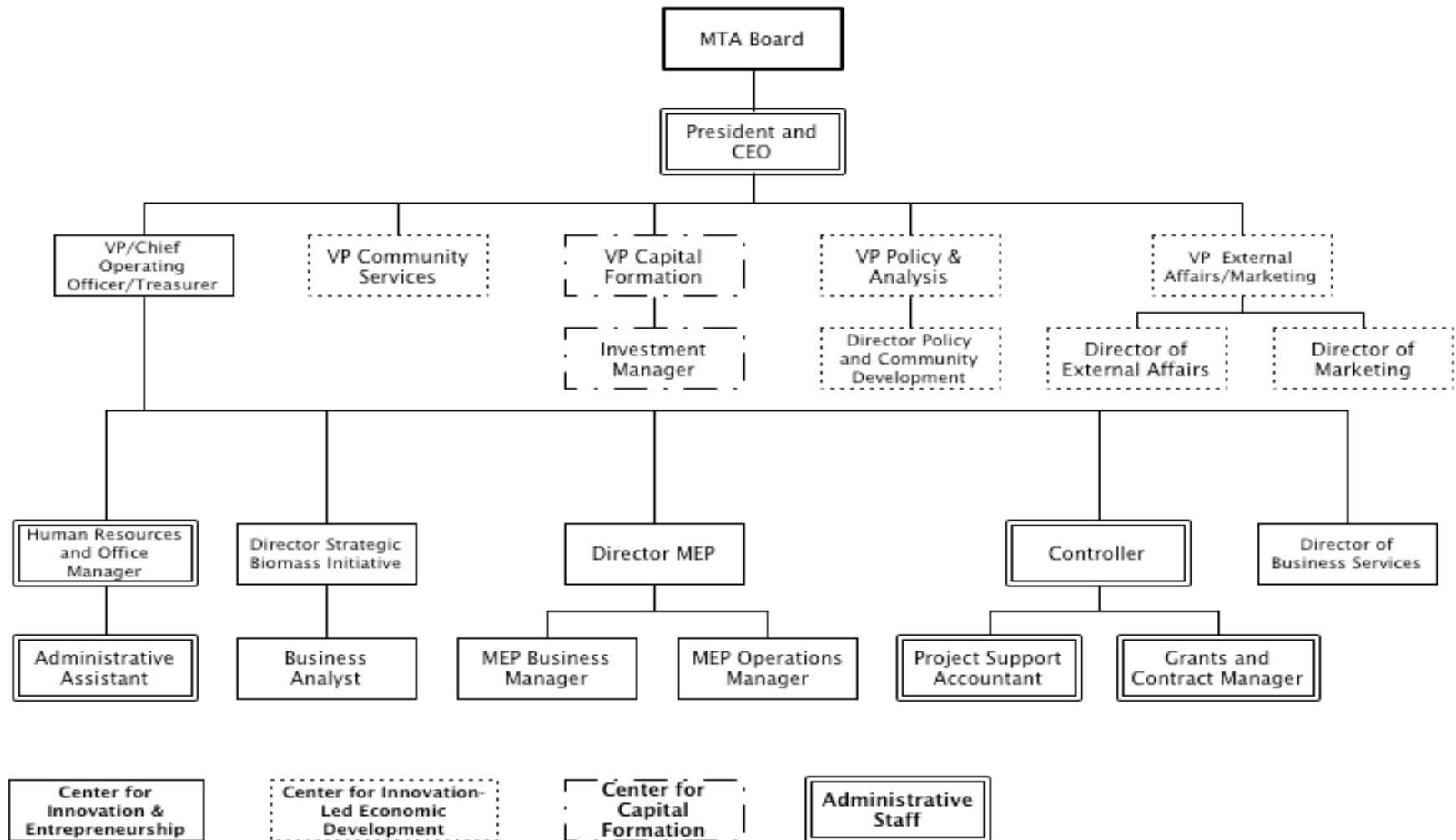
MTA's organizational structure includes a Board of Directors with both private sector and public sector members, three programmatic centers, and administrative and support staff.

As noted earlier, MTA was established as a private non-profit corporation; therefore, it is not a state agency, but a public-private partnership (see page 7).

The current MTA Board of Directors is composed of twenty-two members, which are divided into two categories, public and private. Fifteen board members are from the private sector and seven board members are from the public sector, primarily representatives of the state's institutions of higher learning and State Board for Community and Junior Colleges. The Chairman of the MTA Board is from the private sector. The MTA Board meets on a quarterly basis, in addition to its annual meeting. For a list of current MTA Board members, see Appendix A on page 55.

Currently, the MTA employs twenty-one staff members. The general organization of this staff includes a President/Chief Executive Officer who reports to the MTA Board of Directors. The next tier of the MTA includes a Chief Operating Officer and four vice presidents within each of the primary administrative functions and three programmatic centers operated within MTA. Additional organizational tiers include program directors and support staff. Exhibit 1, page 10, is an organizational chart for MTA.

Exhibit 1: Organization Chart for the Mississippi Technology Alliance



SOURCE: Mississippi Technology Alliance Organization Chart; PEER Analysis.

Overview of MTA's Operations

MTA's programs and services are delivered through three programmatic centers, each with its own respective goals designed to help achieve MTA's mission. MTA's funding comes from a combination of state, federal, and private sources. While the majority of MTA's 2008 federal and private funding was expended directly for programs and services, approximately thirty-nine percent of MTA's FY 2008 expenditures from state funds were in the General and Administration category.

Mission, Vision, and Strategic Goals

MTA's programs and services are delivered through three programmatic centers, each with its own respective goals designed to help achieve MTA's mission, vision, and goals.

The Mississippi Technology Alliance has established a mission, vision, and strategic goals in order to identify the overall purpose of the corporation and identify where MTA strives to be in the future.

According to the MTA website, the mission of the MTA is to:

. . .drive innovation and technology-based economic development for the State of Mississippi. . .with the end goal being wealth creation through higher paying quality jobs.

Also according to the MTA website, the vision of the MTA is:

. . .for Mississippi to have strong, fully integrated technology, education and industrial sectors so that Mississippians can enjoy higher paying jobs and a more diverse, stable and competitive economy.

MTA lists the following six goals on the website that it must reach in order to achieve its mission and vision:

- assist companies, especially early-stage companies and entrepreneurs in the technology sector, by helping them plan and grow their businesses;
- connect investors and investment capital with early-stage companies;
- assist communities with identifying resources necessary to support technology-based economic development;
- communicate the message of technology in Mississippi;

- assist Mississippi manufacturers in implementing workforce modernization solutions; and,
- assist educators in developing and enhancing the education of Mississippi students and workers.

Based on its mission, vision, and goals as stated above, the MTA provides an array of programs and services, operating under the structure of three primary programmatic centers:

- the Center for Innovation and Entrepreneurship;
- the Center for Innovation-Led Economic Development; and,
- the Center for Capital Formation.

Programs and Services

Each of the MTA's centers has a variety of programs and services targeted around the respective goals of each center. The following sections provide a brief overview of the programs and services of these centers, with additional details in Appendix B, page 56.

Center for Innovation and Entrepreneurship

The Center for Innovation and Entrepreneurship identifies and develops entrepreneurs, connects employees having technology-based experience with early-stage companies, and administers federal programs related to technology-based expertise.

The overall goal of the Center for Innovation and Entrepreneurship is to prospect for entrepreneurs and emerging companies within the state for commercially promising research; identify, develop and support high-performance business ventures; and recruit qualified business executive talent. This center works toward achieving this goal by utilizing six primary programs, as described briefly below.

- *Entrepreneurial Services*--Utilizing an online entrepreneurial assessment tool, this program helps to provide focus and direction to drive innovation- and technology-based business to a commercial outcome.
- *Entrepreneurial Service Provider Network*--This program connects entrepreneurs to resources and service providers through the MTA website.

- *Innovation Center*--This center assists clients in the formation and development of new enterprises, with services such as furnishing office space and data center access.
- *Mississippi Executive Talent Exchange*--This program connects Mississippi employees with executive and technology-based experience with seed and early-stage companies through an online searchable database of potential candidates and registered companies.
- *Manufacturing Extension Partnership of Mississippi*--This is a federal program administered through MTA that provides expertise and services tailored to the needs of area manufacturers through a nationwide network.
- *Strategic Biomass Initiative*--Another federal program administered through MTA, this initiative's purpose is to strengthen biomass research and development among Mississippi universities and the private sector in order to commercialize renewable energy resources.

Center for Innovation-Led Economic Development

The Center for Innovation-Led Economic Development develops resources to support an entrepreneurial environment, including an annual index that provides information about how well the state is performing in key areas of innovation-related activity.

The overall goal of the Center for Innovation-Led Economic Development is to assist regional areas within Mississippi to develop Innovation Councils that can identify local and regional needs and resources to support an entrepreneurial environment. This center works towards achieving this goal utilizing four primary programs, which are briefly described below.

- *Technology/Innovation Councils*--The center works with economic developers and stakeholders to develop a statewide network of regional organizations that have a common interest in innovation and that will support an entrepreneurial environment.
- *Allies Training Institute*--This program seeks to develop and implement a curriculum to educate stakeholders, such as entrepreneurs and investors, about the importance of innovation-led economic development approaches and provides best practices for regional economic development.
- *Innovation Index*--This tool is a statewide database of innovation-related indicators, goals, and performance measures reported on an annual basis

to provide information about how well the state is performing in key areas of innovation-related activity.

- *Communication Services*--This service area encompasses programs and services within MTA in relation to external affairs and marketing. These programs and services include *Pointe Innovation* magazine, electronic newsletters, and the MTA website. Additionally, MTA events such as the annual Conference on High Technology, the Annual Innovators Hall of Fame and Gala, and Discovery Luncheons/Breakfast with an Innovator sessions are included within this service area.

Center for Capital Formation

The Center for Capital Formation connects entrepreneurs and early-stage companies with private equity investment and seed funding.

The overall goal of the Center for Capital Formation is to connect entrepreneurs and early-stage companies with private equity investment and seed funding. This center works toward achieving this goal utilizing two primary programs, the Mississippi Angel Network and the Mississippi Seed Fund. The center also operates the MS FAST program. These are described briefly below.

- *Mississippi Angel Network*--This program develops a network of accredited investors ("Angels") and provides them education and tools to invest in suitable companies. Entrepreneurs submit information and make presentations to the investors, who make their own decisions on which proposals to finance.
- *Mississippi Seed Fund*--This revolving loan program provides seed and early stage capital funding for innovation-based companies in their earliest stages. MTA administers the fund and the funding passes through MDA. During the 2007 Regular Session, the Legislature created this fund and authorized \$4 million in state bonding authority, with \$500,000 being issued in January 2008.
- *Mississippi Federal and State Technology Partnership (MS-FAST) Program*--This program is a partnership between the Mississippi Research Consortium (a coalition of Jackson State University, Mississippi State University, University of Mississippi, and University of Southern Mississippi), MTA, and the U. S. Small Business Administration. The program provides financial assistance in the form of grants of up to \$3,000 and other support to small high-technology

businesses and start-up companies. This program made no awards in FY 2008.

Funding

MTA is funded through a combination of state, federal, and private funds. The majority (86%) of MTA's FY 2007 revenues came from state general fund appropriations (\$1,202,294) and federal sources (\$3,628,405).

MTA is a non-profit corporation entered into a public-private partnership comprised of leadership from the private, academic, and public sectors in Mississippi. Thus MTA is funded through a combination of state, federal, and private funds.

The original funding recommendation for the MTA in the Mississippi Science and Technology Action Plan was a range of \$6,000,000 (“minimally sufficient funding”) to a maximum goal of \$35,000,000 annually in state, federal, and private funds.

State Funding

Since FY 2000, MTA has received over \$12.3 million in state general funds.

The primary source of state funding for the MTA is state general funds designated in the annual appropriation bill for the Mississippi Development Authority. Exhibit 2, page 16, shows the general fund appropriations provided to the MTA through MDA for fiscal years 2000 through 2008.

The primary source of state funding for the MTA is state general funds designated in the annual appropriation bill for the Mississippi Development Authority.

In addition to the general fund appropriations shown in Exhibit 2, MTA received \$200,000 in FY 2008 from MDA to begin implementation and administration of the Mississippi Seed Fund (see page 14). MTA also received \$500,000 in FY 2008 from Jackson State University to operate and administer the Innovation Center incubator housed within Jackson State University's E-Center (see page 17). In FY 2009, MTA will not receive funds from Jackson State University for the Innovation Center, as the program and its two MTA staff will become part of Jackson State University's E-Center. According to the MTA's audited financial statements, revenue from state funding sources also includes reimbursement of indirect program costs and other state grants and contracts.

Exhibit 2: State General Fund Appropriations to the MTA for Fiscal Years 2000 through 2008

Fiscal Year	Appropriation
2000	\$1,500,000
2001	1,500,000
2002	1,000,000
2003	1,333,670
2004	1,300,000
2005	1,250,000
2006	1,150,612
2007	1,202,294
2008	1,153,374
2008*	950,000
Total	\$12,339,950

SOURCE: Appropriation bills for the Mississippi Development Authority (FY2000-FY 2008)

* Due to a shortfall in federal funding, in FY 2008 MTA received an additional appropriation of \$950,000 from MDA through the Budget Contingency Fund, which was established through MISS. CODE ANN. §27-103-301 (1972).

Federal Funding

In FY 2008, MTA received approximately \$2.6 million in federal funds.

The following are MTA's three primary sources of federal funding, their associated programs, and the amount received in federal funding in FY 2008 for each of those programs:

Federal Funding Source	MTA Programs That Received Funding in FY 2008	FY 2008 Funding Amount
U. S. Department of Energy	Strategic Biomass Initiative	\$1,136,325
National Institute of Standards-Manufacturing Extension Program	Manufacturing Extension Partnership of Mississippi	1,186,380
U. S. Small Business Administration	Mississippi Federal and State Technology Partnership, Entrepreneurial Services	287,937

Although MTA receives federal funding for programs annually, two of its primary federal fund sources are for two specific federal programs administered in Mississippi by MTA. The funds received from the Small Business Administration may be utilized for programs exclusive to MTA, such as Entrepreneurial Services and the Technology/Innovation Councils, but this is not stable funding and according to MTA staff, varies significantly by fiscal year.

Private Funding

In FY 2008, MTA received \$947,132 in private funds.

The majority of MTA's private funding results from the programs within Communication Services and External Affairs/Marketing and is used to cover the costs associated with these programs.

MTA receives private funding through a variety of sources. The majority of this private funding results from the programs within Communication Services and External Affairs/Marketing and is used to cover the costs associated with these programs (see Exhibit 3, page 18, for a description of private fund expenditures at MTA). These private funds come from magazine subscriptions and advertising layout fees of the *Pointe Innovation* magazine (see page 27). MTA also receives donations from private sponsors to promote the MTA annual Conference on High Technology and other MTA events, as well as fees associated with the Mississippi Angel Network, the Mississippi Executive Talent Exchange Program, and the MTA Innovation Center incubator.

Exhibit 3: MTA's FY 2008 Expenditures by Funding Source

MISSISSIPPI TECHNOLOGY ALLIANCE - FY2008 Expenditures from State Funding Sources

	Personnel	Fringe Benefits	Travel	Equipment	Supplies**	Contractual	Marketing	Other*	Total
General & Administration	106,519	69,601	51,657	42,165	36,255	236,639	20,831	301,529	865,196
Center for Innovation & Entrepreneurship									
Entrepreneurial Services	306,634	157,519	535	0	1,289	40,548	0	14,947	521,472
Entrepreneur Training	0	0	0	0	0	0	0	0	0
Innovation Services Special Projects	0	0	0	0	0	0	0	0	0
Innovation Services	0	0	0	0	0	0	0	0	0
Manufacturing Extension Partnership of Mississippi	0	0	0	0	0	0	0	0	0
Mississippi Executive Talent Exchange	0	0	0	0	0	0	0	0	0
Entrepreneurial Service Provider Network	0	0	0	0	0	0	0	0	0
Statewide Incubator Network	0	0	0	0	0	0	0	0	0
Innovation Center	122,243	47,064	14,173	1,184	10,375	11,604	19,788	273,569	500,000
Total Center for Innovation & Entrepreneurship	428,877	204,583	14,708	1,184	11,664	52,152	19,788	288,516	1,021,472
Center for Innovation - Led Economic Development									
Technology/Innovation Councils	0	0	0	0	0	0	0	0	0
Allies Training Institute	98,001	37,730	7,056	0	2,156	2,100	2,137	2,472	151,652
Community Innovation Index	0	0	0	0	0	0	0	0	0
Communication Services	0	0	0	0	0	0	0	0	0
Total Center for Innovation - Led Economic Development	98,001	37,730	7,056	0	2,156	2,100	2,137	2,472	151,652
Center for Capital Formation									
Mississippi Angel Network	64,170	24,705	762	0	0	0	0	3,157	92,794
MS-FAST Program	0	0	0	0	0	0	0	0	0
Mississippi Seed Fund	72,182	27,790	3,775	0	0	0	0	4,167	107,914
Total Center for Capital Formation	136,352	52,495	4,537	0	0	0	0	7,324	200,708
TOTAL MISSISSIPPI TECHNOLOGY ALLIANCE	769,749	364,409	77,958	43,349	50,075	290,891	42,756	599,841	2,239,028

NOTE: The General & Administrative costs are recoverable from the Federal projects at a rate of 27%.

MISSISSIPPI TECHNOLOGY ALLIANCE - FY2008 Expenditures from Federal Funding Sources

	Personnel	Fringe Benefits	Travel	Equipment	Supplies**	Contractual	Marketing	Other*	Indirect Cost Allocation	Total
General & Administration	0	0	0	0	0	0	0	0	0	0
Center for Innovation & Entrepreneurship										
Entrepreneurial Services	87,571	24,695	5,152	0	0	95,519	0	0	57,493	270,430
Entrepreneur Training	0	0	0	0	0	0	0	0	0	0
Innovation Services Special Projects	0	0	0	0	0	0	0	0	0	0
Innovation Services - Strategic Biomass Initiative - Federal Funds	98,702	27,834	13,977	0	0	977,568		18,244	168,265	1,304,590
Manufacturing Extension Partnership of Mississippi - Federal Funds	225,690	86,891	18,452	6,206	2,262	752,494	7,349	87,036	318,338	1,504,718
Mississippi Executive Talent Exchange	0	0	0	0	0	0	0	0	0	0
Entrepreneurial Service Provider Network	0	0	0	0	0	0	0	0	0	0
Statewide Incubator Network	0	0	0	0	0	0	0	0	0	0
Innovation Center	0	0	0	0	0	0	0	0	0	0
Total Center for Innovation & Entrepreneurship	411,963	139,419	37,581	6,206	2,262	1,825,582	7,349	105,280	544,096	3,079,738
Center for Innovation - Led Economic Development										
Technology/Innovation Councils	0	0	0	0	0	0	0	0	0	0
Allies Training Institute - State Funds	0	0	0	0	0	0	0	0	0	0
Community Innovation Index	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Total Center for Innovation - Led Economic Development	0	0	0	0	0	0	0	0	0	0
Center for Capital Formation										
Mississippi Angel Network	0	0	0	0	0	0	0	0	0	0
MS-FAST Program - Federal Funds	0	0	0	0	0	75,000	0	0	20,250	95,250
Mississippi Seed Fund	0	0	0	0	0	0	0	0	0	0
Total Center for Capital Formation	0	0	0	0	0	75,000	0	0	20,250	95,250
TOTAL MISSISSIPPI TECHNOLOGY ALLIANCE	411,963	139,419	37,581	6,206	2,262	1,900,582	7,349	105,280	564,346	3,174,988

NOTE: The General & Administrative costs are generally recoverable from the Federal projects at a rate of 27%; however, the Strategic Biomass Initiative program with the Department of Energy has a amount of indirect cost recoverable.

MISSISSIPPI TECHNOLOGY ALLIANCE - FY2008 Expenditures from Private Funding Sources

	Personnel	Fringe Benefits	Travel	Equipment	Supplies**	Contractual	Marketing	Other*	Total
General & Administration	0	0	0	0	0	0	0	0	0
Center for Innovation & Entrepreneurship									
Entrepreneurial Services	166,380	54,713	469	0	0	35,000	3,600	239	260,401
Entrepreneur Training	0	0	0	0	0	0	0	0	0
Innovation Services Special Projects	60,917	17,178	10,202	0	0	89,797	0	8,813	186,907
Innovation Services - Strategic Biomass Initiative	0	0	0	0	0	0	0	0	0
Manufacturing Extension Partnership of Mississippi	0	0	0	0	0	0	0	0	0
Mississippi Executive Talent Exchange	0	0	0	0	0	0	0	0	0
Entrepreneurial Service Provider Network	0	0	0	0	0	0	0	0	0
Statewide Incubator Network	0	0	0	0	0	0	0	0	0
Innovation Center	0	0	0	0	0	0	0	91,822	91,822
Total Center for Innovation & Entrepreneurship	227,297	71,891	10,671	0	0	124,797	3,600	100,874	539,130
Center for Innovation - Led Economic Development									
Technology/Innovation Councils	0	0	0	0	0	0	0	0	0
Allies Training Institute	0	0	0	0	0	0	0	0	0
Community Innovation Index	0	0	0	0	0	0	0	0	0
Communication Services	216,865	83,493	1,391	0	140,657	48,250	13,901	105,473	610,030
Total Center for Innovation - Led Economic Development	216,865	83,493	1,391	0	140,657	48,250	13,901	105,473	610,030
Center for Capital Formation									
Mississippi Angel Network	10,830	4,170	0	0	0	0	0	0	15,000
MS-FAST Program	0	0	0	0	0	0	0	0	0
Mississippi Seed Fund	0	0	0	0	0	0	0	0	0
Total Center for Capital Formation	10,830	4,170	0	0	0	0	0	0	15,000
TOTAL MISSISSIPPI TECHNOLOGY ALLIANCE	454,992	159,554	12,062	0	140,657	173,047	17,501	206,347	1,164,159

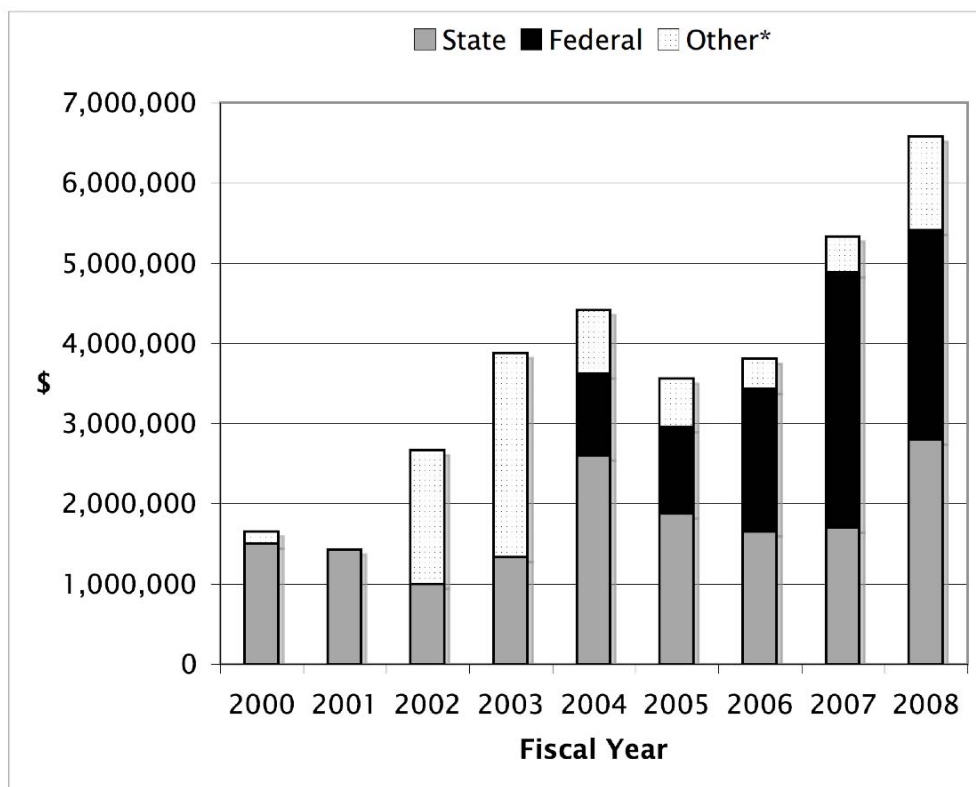
*Other includes Rent, Utilities, Telephone, Internet, Professional Development and all other items not covered in other categories.

Expenditures

The majority of MTA's 2008 federal and private funding was expended directly for programs and services. Approximately thirty-nine percent of MTA's FY 2008 expenditures from state funds were in the General and Administration category.

Exhibit 4, below, shows MTA's expenditures by funding source for fiscal years 2000 through 2008.

Exhibit 4: MTA Expenditures by Funding Source, FY 2000 through FY 2008



*Expenditures from other funding sources include expenditures for MTA's *Pointe Innovation* magazine and expenditures from private funds.

SOURCE: MTA Controller; MTA budget requests (FY 2002-FY 2009).

Expenditures from State Funds

In FY 2008, approximately thirty-nine percent of MTA's expenditures from state funds were in the General and Administration category, with the other portion of expenditures used directly for programs and services.

MTA's largest expenditure of state funds in FY 2008 occurred within the Center for Innovation and Entrepreneurship for two programs: Entrepreneurial Services and the Innovation Center.

As shown in Exhibit 3, 38.6 percent of MTA's FY 2008 state fund expenditures were in the General and Administration category, totaling \$865,196. The largest expenditure of state funds occurred within the Center for Innovation and Entrepreneurship (\$1,021,472) for two programs: Entrepreneurial Services (\$521,472) and the Innovation Center (\$500,000). The remainder of the expenditures for state funding incurred within the Center for Capital Formation (\$200,708) and the Center for Innovation-Led Economic Development (\$151,652).

For fiscal years prior to 2008, PEER obtained actual expenditures from budget requests submitted by MTA to the Legislature. Because these budget requests specify MTA as a single program, no breakdown was available by center or program. Exhibit 5, page 23, provides a summary for MTA expenditures of state funding by major budget category.

Expenditures from Federal Funds

Expenditures for programs and services of the Center for Innovation and Entrepreneurship accounted for 97% of MTA's FY 2008 expenditures from federal funds.

MTA's FY 2008 expenditures of federal funds totaled \$3,174,988.

As of June 30, 2008, MTA's FY 2008 expenditures of federal funds totaled \$3,174,988. Exhibit 3, pages 18 through 20, provides a breakout of expenditures for the three programmatic centers. Within each center, expenditures are shown by program. As shown in the exhibit, the majority of MTA's federal fund expenditures were incurred through the Center for Innovation and Entrepreneurship, totaling \$3,079,738.

Regarding expenditures of federal funds for fiscal years prior to 2008, PEER obtained actual expenditures from budget requests submitted by MTA to the Legislature. Because these budget requests specify MTA as a single program, there is no breakdown by center or programs.

Exhibit 5: Summary of Expenditures by Major Budget Category for MTA (FY 2000 through 2007)

FY	Salaries		Travel		Contractual		Commodities		Equipment		Subsidies, Loans, & Grants		Total
2000			\$3,199	0.2%	\$111,331	7.4%	\$1,605	0.1%			\$1,383,865	92.3%	\$1,500,000
2001	\$222,996	15.6%	13,997	1.0	191,895	13.5	18,944	1.3	\$33,690	2.4%	943,478	66.2	1,425,000
2002	897,689	89.8	65,103	6.5	37,208	3.7							1,000,000
2003	1,333,670	100											1,333,670
2004	1,048,900	80.7	48,927	3.8	202,173	15.5							1,300,000
2005	954,514	76.4	52,063	4.2	121,300	9.7	15,470	1.2			106,653	8.5	1,250,000
2006	968,608	84.2	45,167	3.9	118,994	10.3	17,843	1.6					1,150,612
2007	871,817	72.5	51,661	4.3	198,896	16.5	79,920	6.7					1,202,294
Total	\$6,298,194	62.0%	\$280,117	2.7%	\$981,797	9.7%	\$133,782	1.3%	\$33,690	0.3%	\$2,433,996	24.0%	\$10,161,576

SOURCE: LBO; MTA budget requests.

Expenditures from Private Funds

MTA's FY 2008 expenditures from private funds totaled approximately \$1.1 million, with nearly all of this amount being expended by the centers of Innovation and Entrepreneurship and Innovation-Led Economic Development.

As of June 30, 2008, MTA's FY 2008 expenditures using private funding totaled \$1,164,160. Exhibit 3, pages 18 through 20, provides a breakout of expenditures for the three programmatic centers. Within each center, expenditures are listed by program.

For FY 2008, roughly one-half of the expenditures from private funds were incurred through the Center for Innovation and Entrepreneurship, totaling \$539,130, with the other half incurred through the Center for Innovation-Led Economic Development, totaling \$610,030.

Regarding expenditures of private funding for fiscal years prior to 2008, no data was available because the actual expenditures obtained from budget requests submitted by MTA to the Legislature do not specify a private category, but specify "other" sources.

Accountability for MTA Programs and Services

The Mississippi Technology Alliance has not had a data collection/reporting system in place to produce the information needed to monitor programs. While MTA reports outputs as “return on investment” for some of its programs, it does not consistently track or report the data elements and performance measures necessary to document and calculate the actual return on investment for each program. Thus a third party such as the Mississippi Development Authority, the Legislature, or the public cannot determine whether MTA expends state funds efficiently or effectively.

MTA should be accountable for programs and services provided through annual state funding.

Any entity such as MTA that receives public funds should be held accountable for the efficient and effective use of those funds. As described on page 15, MTA annually receives state funds (approximately \$2.8 million in FY 2008), as well as federal and private funds, for administration and implementation of its programs. As stated within the Mississippi Development Authority’s FY 2009 appropriation bill that designated state funding for MTA, the purpose of this funding is:

. . .to strengthen the business environment in Mississippi to spur the creation and growth of high technology-based industries, thus creating many more high-paying jobs and a more diversified, competitive Mississippi economy.

Therefore, MTA should be accountable for programs and services provided through annual state funding. Further, the MTA by-laws state that one goal of MTA is to:

Provide accountability to state government technology-related economic development expenditures through outcome monitoring.

PEER found that the Mississippi Technology Alliance has a need for additional accountability measures, both for efficiency and effectiveness, as follows:

- While the Mississippi Technology Alliance reports what it calls “return on investment” for some programs, MTA’s use of this term reflects only outputs without considering inputs.
- The Mississippi Technology Alliance does not track information that permits determination of whether MTA provides a unique service that participants could not receive from other economic development or small business support organizations.

- MTA has not established specific objectives for the state funded-programs within the strategic plan for its three programmatic centers.
- Because the Mississippi Technology Alliance does not include every program within its strategic planning, accounting, and performance measurement systems, MTA cannot readily determine the efficiency and effectiveness of all of its programs and communicate this information to outside parties.
- The Mississippi Technology Alliance's current data collection system captures and reports adequate data to monitor program outputs, but it does not have the capability to capture and maintain historical data to monitor the long-term effectiveness of programs.
- The Mississippi Technology Alliance does not measure or monitor the impact that its three major programmatic centers have on the statewide economic development goals established in MTA's Innovation Index.
- The Mississippi Technology Alliance does not fulfill all of the requirements established within the letter of agreement with the Mississippi Development Authority because it does not provide an annual performance report.

The following sections contain discussions of the above-noted deficiencies.

Need for Efficiency Measures

Because MTA receives state funding each year as part of its revenue stream, it should account for the efficient use of those funds. However, MTA does not calculate true return on investment for its programs and does not track information (such as referrals from other economic development entities) showing that it provides unique programs and services not provided by similar organizations.

MTA Should be Accountable for Efficient Use of Its State Funding

According to MTA's financial records, in Fiscal Year 2008 the state funded 61% of MTA's general and administrative expenses. Federal reporting requirements require accountability for efficient use of federal funds, but MTA should also be held accountable for efficient use of state funds.

As stated on page 3, the 1998 Mississippi Science and Technology Action Plan was developed to drive the focus of innovation and technology-based economic

development within the state. One of the elements included within the Action Plan was the projected annual funding of MTA. The Action Plan stated that a projected annual funding range between \$6,000,000 and \$35,000,000 should be obtained from state, federal, and private funding sources in order for the MTA to operate. The majority of this projected funding was included within the sources of state and federal monies and seed and venture capital.

MTA's operation is not viable without support from state and federal funding.

MTA's operation is not viable without support from state and federal funding. As noted in MTA's annual Independent Auditor's Report, for fiscal years 2006 and 2007, eighty percent and eighty-eight percent, respectively, of MTA's revenue came from state and federal funding sources. The only MTA program or service that is self-sufficient is the *Pointe Innovation* magazine, which is funded through annual subscription costs and advertising fees. Exhibit 6, below, provides a breakout of MTA unrestricted net assets and revenues by funding source for fiscal years 2006 and 2007.

Exhibit 6: MTA Net Assets and Revenues for Fiscal Years 2006 and 2007

Revenue Source	FY 2006	FY 2007
State grants and contracts*	\$1,808,522	\$1,334,505
Federal grants	1,836,894	3,628,405
Magazine advertisement income	243,399	258,719
Other operating revenue	649,000	338,493
Net assets released from restrictions	0	57,260
Total	\$4,537,815	\$5,617,382

*FY 2006 includes \$1,150,612 in state general fund appropriations and \$657,910 in reimbursed program costs and other state grants and contracts. FY 2007 includes \$1,202,294 in state general fund appropriations and \$132,211 in reimbursed program costs and other state grants and contracts.

SOURCE: MTA *Financial Statements with Supplementary Information* (FY 2006-FY 2007).

Federal funding normally is based on meeting a set of requirements and includes fulfillment of reporting requirements. State agencies are held accountable for the efficient use of state funds through requirements of state laws and regulations. Examples of controls in place for state agencies include requirements of the State Personnel Board (provides guidelines for equitable and reasonable compensation of employees), purchasing laws administered through the Department of Finance and Administration (provide oversight of state agencies' procurement), and appropriations bills (include requirements for expenditures and use of state funds,

MTA received approximately \$2.8 million in state funds in FY 2008.

such as authorized employee positions and targeted performance measures).

MTA is not subject to these same controls because it was created as a private non-profit corporation through executive order and is not classified as a state agency. (Although MTA submits an annual budget request to the Legislature, it does not receive funding through a separate appropriation bill, but through MDA's appropriation bill.) However, as noted on page 25, MTA received approximately \$2.8 million in state funds in FY 2008 and any entity that receives public funds should be accountable for efficient use of those funds.

The Mississippi Science and Technology Action Plan stated that MTA would continue to exist and receive state funding based on its ability to deliver measurable return of investment (see discussion on page 7). Also, the Mississippi Performance Budget and Strategic Planning Act of 1994 states that it is the intent of the Legislature for state funds to be utilized in the most efficient and effective manner possible to achieve the intended mission of the respective agency or entity receiving these funds.

Need for Accurate Reporting of Return on Investment

While the Mississippi Technology Alliance reports what it calls "return on investment" (ROI) for some programs, MTA's use of this term reflects only outputs without considering inputs. Therefore, MTA's reporting of ROI is not a complete, accurate measure for determining efficient use of state funds.

As noted in PEER's description of the Science and Technology Action Plan on page 4, the plan states that MTA operations should be capable of producing measurable benefits to "fill in the gaps" and to enhance functioning of the statewide economic development system. Regarding the efficient use of funds for MTA programs and services, the Action Plan states that MTA:

. . . will continue to exist based upon its ability to deliver measurable return on investment from the investment of public and private funds.

The formula for calculating return on investment in generally accepted business use is to divide the benefit of the investment by the cost of the investment.

Return on investment (ROI) is a performance measure for efficiency used to evaluate an investment or to compare different investments to each other. The formula for calculating ROI in generally accepted business use is to take the benefit of the investment (gain from the investment minus the cost of the investment) and divide this figure by the cost of the investment. ROI is often expressed as a percentage value or a ratio and may be modified to suit the business needs of a particular company or organization.

MTA's strategic plan dated July 2007 included background information regarding the three MTA programmatic centers, lessons learned, and MTA impact and effectiveness. Within the section regarding MTA impact, MTA stated:

Ultimately the economic return on investment is based upon how many councils formed, new ventures created, and private equity investments made.

Based on these ROI established by MTA within the strategic plan, the following returns on investment were noted:

- *Established 5 regional contracts with Innovation Councils; and,*
- *Since 2002, MTA clients have received more than \$111 million in funding.*

No clear reporting results were noted within the MTA strategic plan regarding the new ventures created. While the ROI identified by MTA might serve as adequate process outputs that could help in measuring effectiveness of programs (see discussion on page 34), only one of these measures (the dollar amount of funding received by MTA clients) has the capacity to be used in calculating a specific ROI value. For example, reporting the number of councils created is an output measure. Without any comparison to the potential gain for these councils in relation to the amount of investment made to create these councils, there is no way to ensure that the funding utilized within the program to form these councils was utilized efficiently.

Reporting only the value of private equity investments made is only part of the equation to calculate return on investment.

Even though MTA has the capability to calculate ROI for the amount of private equity investments made versus the amount of funding utilized to acquire these investments, just reporting the value of private equity investments made is only part of the equation to calculate an ROI measure. MTA provided no specific ROI regarding the investments made versus funding utilized to acquire these investments within the MTA strategic plan document. There was also no inclusion of how the ROI reported by MTA compared to previous years, or any future goals or targets to achieve regarding their ROI measures.

Potential for Duplication of Programs and Services

The Mississippi Technology Alliance does not track information (such as referrals from other economic development activities) that permits determination of whether MTA provides a unique service that participants could not receive from other economic development or small business support organizations.

As noted in PEER's description of the Science and Technology Action Plan on page 4, MTA should provide a

unique service not provided by other economic development or small business support organization:

MTA is not intended to replace or replicate existing organizations. MTA is intended to fill gaps and to enhance the functioning of the overall system.

MTA staff members have stated that MTA fulfills a unique niche and does not duplicate the services of other economic development entities because it strives to connect entrepreneurs and early-stage companies with private equity investors. MTA staff further noted that the majority of economic development entities, such as the Small Business Administration, provide debt-based financing for those individuals and companies with a “bankable” investment. (MTA defines *bankable* as something that a bank would provide a loan for, such as a tangible or hard asset like equipment and office space.) MTA staff noted that the main difference between MTA and similar entities is that MTA seeks private funding for those in need of funding for non-tangible assets necessary for economic growth, such as capital to hire staff such as software designers or engineers or to cover the costs of preliminary research and development. MTA staff noted that currently one of the cornerstone programs at MTA that best represents the difference between it and other economic development entities is the Mississippi Angel Network within the Center for Capital Formation.

According to MTA, the main difference between MTA and similar entities is that MTA seeks private funding for those in need of funding for non-tangible assets necessary for economic growth.

MTA staff also noted that SBA and MDA are able to provide services to those seeking assistance outside the scope of MTA programs and services. However, MTA does not currently track referrals to and from MTA for its program participants. Additionally, MTA provided no documentation that the entrepreneurs and companies that it assists to receive funding could not have been provided by any other economic development entity.

Need for Effectiveness Measures

MTA has not established specific objectives for every state-funded program within its strategic plan. Such objectives are necessary to measure intermediate and long-term program outcomes. Also, MTA’s data collection system does not capture and maintain historical data needed to monitor long-term program effectiveness and MTA does not measure its progress toward statewide economic goals.

The Importance of Strategic Planning and Measures of Effectiveness

As stated previously, any entity that receives public funds should be held accountable for efficient and effective use

of those funds. This is also noted in the Mississippi Performance Budget and Strategic Planning Act of 1994, which states that it is the intent of the Legislature for state funds to be utilized in the most efficient and effective manner possible to achieve the intended mission of the respective agency or entity receiving these funds.

As noted in PEER's description of the Science and Technology Action Plan on page 6, MTA operations should include at least six core services provided to its internal and external customers. One of the core services according to this Action Plan includes "Long Range Planning for Science and Technology," stating that MTA:

. . .should provide direction for science and technology within the state through an annual process to develop, implement, and evaluate program results against long range goals.

Additionally, another of the core services included in the Action Plan was "Program Marketing, Evaluation, and Reporting," stating that MTA:

. . .should serve as a central point of contact about the state's science and technology resources, programs, capabilities, and needs.

In order for MTA to be accountable for programs, it must have the capability to report program outputs and document performance measures on how these outputs contribute to and achieve the objectives and goals of each program through outcomes.

Based on the requirements for core services stated above, MTA should have a strategic planning process in place that ensures that MTA is providing effective programs and services. In order for MTA to be accountable for effective programs, it must have the capability to report program outputs and document performance measures on how these outputs contribute to and achieve the objectives and goals of each program through outcomes. (See Appendix C, page 65, on strategic planning and performance measures.)

For any organization that provides programs or services, goals, objectives, and baselines or benchmarks must be present to hold the organization accountable. A program goal is a broad description that often represents the solution to a problem or the desired impact of a program or service. For each program goal that is established, specific objectives should be derived that allow an organization to quantify and verify the goal. According to evaluation and accountability literature, the following are characteristics of good objectives:

- *Specific*: clear about what, where, when and how the situation will be changed;
- *Measurable*: able to quantify the targets and benefits;

- *Achievable*: able to attain the objective;
- *Realistic*: able to attain the level of change reflected within the objective; and,
- *Time bound*: stating the period in which the objective will be accomplished.

In order to address the question of how the organization measured in relation to goals, that organization should utilize baselines or benchmarks. A baseline or benchmark allows an organization to measure the desired values of a program at any given point in time by establishing the minimum acceptable results or current level of a program and compare this value to the current results or outputs of a program. An output for a program can usually be seen, felt, and easily quantifiable because it is the direct result of a program or process. Utilizing benchmarks and outputs, performance measures can be applied to determine the long-term effectiveness of programs through outcomes. An outcome is a level of performance or achievement as a result of a program or service.

MTA has not developed specific objectives that contain baselines or benchmarks that can allow one to determine the effectiveness of its programs through outcomes within its strategic plan.

While MTA has established a strategic plan that documents its mission and states the programs and the respective goals for each as the strategy to achieve this mission, MTA has not developed specific objectives that contain baselines or benchmarks that can allow one to determine the effectiveness of its programs through outcomes within its strategic plan. Rather, MTA only reports within its strategic plan program outputs as its performance measure for its effectiveness in achieving the MTA mission and goals.

Specific Objectives Not Present for Every State-Funded Program

MTA has not established specific objectives for the state funded-programs within the strategic plan for its three programmatic centers. Such objectives are necessary to measure intermediate and long-term program outcomes and determine the effectiveness of each program. While MTA utilizes target goals within individual program leaders' personal performance measurement matrices and documents output measures for each program that can provide insight that services were provided, these measures do not reflect whether the service provided was effective or adequately addressed the needs of the companies and entrepreneurs that participated.

When asked for documentation of MTA's program-specific objectives, MTA staff provided PEER with a document entitled "Center Goals, Measurements, and Results" within its strategic plan that was updated in June 2008. This document lists each program by center with its respective goals, performance measures, and reported results. MTA also provided PEER with individual performance

measurement matrices for leaders of its three major programmatic centers.

Using the information provided within these documents, PEER selected and cited examples of performance measurement and reporting for several programs within each of the three MTA programmatic centers. PEER then compared the measures established by MTA to the characteristics of good performance measurement to highlight the strengths and weaknesses of MTA's program reporting. The following are examples of the performance information reported for MTA programs by programmatic center.

Center for Entrepreneurship and Innovation

MTA documents program performance through output measures within the Center for Innovation and Entrepreneurship, but not all of the performance measures defined by MTA are clear and measurable, nor could these measures be used to evaluate program effectiveness in terms of the impact that the output measures for each program have on achieving the MTA mission. However, the MEP program administered through MTA, which is federally funded and has federally established reporting requirements, does have adequate performance measures in place to document and monitor impact and long-term program outcomes.

When asked to provide specific objectives, in addition to the above-cited document within its strategic plan, MTA provided copies of performance measurement matrices for individual leaders of many of its programs and centers (as will be discussed in the following sections). These matrices include individual and personal goals as well as targets versus actual performance for the respective staff member in relation to his or her program activity and tasks. While these target measures may be suitable for MTA to utilize as personnel appraisals, PEER contends that these measures do not adequately measure or report trends and relationships regarding the long-term impact and overall performance of programs.

PEER contends that MTA's target measures within performance measurement matrices for individual program leaders do not adequately measure or report trends and relationships regarding long-term impact and overall performance of programs.

The performance measurement matrix MTA provided to PEER for the Center for Entrepreneurship and Innovation does not clearly link the activities within this center to each program as provided within its strategic plan, excluding the federally funded MEP and SBI programs. Exhibit 7, page 34, provides the performance measurement matrix activities and respective target and actual performance goals for FY 2008 for the Vice President and Chief Operating Officer/Treasurer's responsibilities as leader of the Center for Entrepreneurship and Innovation.

Exhibit 7: FY 2008 Performance Measurement Matrix for the Vice President and Chief Operating Officer/Treasurer’s Responsibilities as Leader of the Center for Entrepreneurship and Innovation

Activity	Threshold (80%)	Target (100%)	Maximum (120%)	Actual
Coordinate programs to recruit and engage with incoming Portfolio companies	100 new companies	150 new companies	175 new companies	Appears to be roughly 160 confirmed new companies since 7/07.
Develop Prospector Program for Universities, Federal Labs, MEP.ms, & SBI	2	3	4	2
Develop Voucher Program, including MEP & SBI and identify candidates by June 30, 2008	2	3	4	2 MEP.ms candidates
Engage in in-depth development with as many companies as possible	40	50	60	57 – Companies engaged for more substantive interactions beyond initial meetings
Develop companies into commercially viable venture	8	10	12	10 Angel presenters; 2 other Seed fund applicants, but they are R&D or POC

SOURCE: MTA.

The use of outputs as measures of performance provides insight that the service was provided, but does not provide measures that reflect whether the service provided was effective and adequately addressed the needs of the companies and entrepreneurs that participated.

While the performance measurement matrix for responsibilities of MTA’s Vice President and Chief Operating Officer/Treasurer as leader of the Center for Entrepreneurship and Innovation does list activities within this center and sets performance appraisal goals through targets in comparison to actual outputs for these activities, the use of outputs as measures of performance provides insight that the service was provided, but does not provide measures that reflect whether the service provided was effective and adequately addressed the needs of the companies and entrepreneurs that participated. In addition, there is no clear and measurable link between the activities within this center to a specific objective for each program within this center, or how the actual activity outputs provided within this matrix compare to the reported results within the strategic plan.

Similar to performance measurement issues noted in the following sections regarding the programs within this center as provided in the MTA strategic plan, these activity measures do not clearly indicate the success of the center and its programs in terms of outcomes. Also, while the use of quantity to establish target measures for each activity is clear and easily understood, not all of the actual performance documented by MTA links back to the activity.

While PEER understands that the individual whose performance is being measured is responsible for that center or program, that individual's job performance may or may not be reflective of the center's or program's effectiveness.

For example, the first activity listed within this center states: "Coordinate programs to recruit and engage with incoming Portfolio companies." However, there are no target measures established regarding the programs utilized to recruit these companies. While the use of "Portfolio" company may have value for internal MTA purposes, without any established criteria on what MTA defines as to whether a company falls within this classification is not a clear measure.

Finally, PEER believes that using the targets or goals within an individual employee's performance measurement matrix to serve as outcome measures for a center or program is not appropriate. While PEER understands that the individual whose performance is being measured is responsible for that center or program, that individual's job performance may or may not be reflective of the center's or program's effectiveness.

Within MTA's strategic plan, the first MTA programmatic center listed the goals, performance measures, and reported results for six programs: Entrepreneurial Services Program, Service Provider Network Program, Innovation Center, Mississippi Executive Talent Exchange, Manufacturing Extension Partnership of Mississippi, and the Strategic Biomass Initiative. While some of the performance measures utilized by MTA programs within this center do encompass several of the key characteristics of performance measures as listed on page 31, there are several measures used that lack these characteristics. Examples of both the weaker and the stronger performance measures utilized are provided below.

Entrepreneurial Services Program

MTA states that the goal of the Entrepreneurial Services Program is to:

Provide the path and focus needed to drive innovation to a commercial outcome.

MTA states that the performance measures utilized for this program include:

- quality and quantity of new opportunities assessed;
- quality and quantity of companies in the pipeline; and,
- number of companies reaching the various stages of Venture Readiness.

These measures do not clearly indicate the success of the program in terms of commercial outcome (e. g., no dollar amounts represented, no number of companies reaching the goal of commercialization). Also, while the use of

quantity as a measure is clear and easily understood, the use of quality as a measure without any established criteria on what MTA defines as to whether an opportunity or company is considered “quality” or not is not a clear measure. This same ambiguity applies to what classifies a company as being “in the pipeline.”

MTA states that the reported results for this program since January 2007 include:

- 191 companies engaged with the program;
- 59 currently active;
- 10 cleared and presenting to investors; and,
- 5 cleared, presented, and funded.

The results are not clearly presented by MTA because of the terminology utilized. For example, a third party outside MTA (such as a legislator or member of the general public) would not know definition of the terms “engaged” or “active status” or how they are used in terms of the information reported. Also, the reported results are targeted on program output rather than on the outcome and effectiveness of the program. These results also report only the quantity of the companies and entrepreneurs involved in the program with no description or reporting of the quality.

The performance measures MTA utilized for the Entrepreneurial Services Program do not clearly indicate the success of the program in terms of commercial outcome.

While the use of output as measures of performance provides insight that the service was provided, it does not provide measures that reflect whether the service provided was effective and adequately addressed the needs of the companies and entrepreneurs that participated. In addition, there is no specific program objective provided within the strategic plan on how the goal of this program will be achieved or how the reported results compare to benchmarks of performance to establish trends from previous results or levels of performance in relationship to target performance levels.

Service Provider Network Program

MTA states that the goal of the Service Provider Network Program is to:

Connect entrepreneurs to needed resources and service providers.

MTA states that the performance measures utilized for this program include:

- quality and quantity of service providers in the database; and,

- number of entrepreneurs finding assistance through the database.

While these measures do clearly and directly link back to the program goal, the use of quantity as a measure is clear and easily understood, but the use of quality as a measure without any established criteria on what MTA defines whether a service provider is considered quality or not, is not a clear measure.

MTA states that the reported results for this program since January 2007 include:

- more than thirty companies currently registered; and,
- entrepreneurs use the database daily to find appropriate resources.

The use of “quality” as a measure for the Service Provider Network Program without any established criteria on what MTA defines as “quality” is not a clear measure.

The reported results used above are targeted on program output rather and not on the outcome and effectiveness of the program. While these results report the quantity of the companies registered in the program, there is no documented results within the plan on the quality and quantity of service providers in the database despite this being listed as a performance measure for this program. In addition there is no reporting on the number of companies who were actually connected to a service provider as listed in the performance measures description, only that entrepreneurs use the database daily. The lack of clear and measurable performance measures for this program inhibit the evaluation of the program’s effectiveness.

Manufacturing Extension Partnership of Mississippi

MTA states that the goal of the Manufacturing Extension Partnership of Mississippi is to:

Strengthen the global competitiveness of Mississippi-based manufacturers by deploying products and services that produce measurable impacts on manufacturers’ businesses.

MTA states that the performance measures utilized for this program are established by the federal NIST-MEP program on a national level, with some of measurement criteria including:

- cost savings attributed to the program;
- number and value of new business obtained or retained;

- number and value of new investments; and,
- number of jobs created/retained/deployed.

The performance measures for the Manufacturing Extension Partnership clearly and directly link back to the program goal of producing measurable impacts on manufacturers' business.

The MEP program, which is federally funded and has federally established reporting requirements, does have adequate performance measures in place to document and monitor impact and long-term program outcomes. These measures clearly and directly link back to the program goal of producing measurable impacts on manufacturers' business. The use of quantity as a measure is clear and easily understood both in terms of the number of new business and investments and in the monetary value of these new businesses and investments. In addition, because these performance measures are established at the federal level for all participating state programs, the measurements are widely accepted and results for each state are based on outcomes for each program participant. Therefore, the federal NIST-MEP program can examine the trends and relationships of the data for the various MEP centers in each state to see which centers are performing more effectively.

MTA states that the reported results for this program since January 2007 include:

- the MEP Mississippi Center ranked number one out of 59 centers nationwide;
- MEP.ms provided assistance to 288 manufacturers last year;
- MEP.ms assisted companies that reported improvements and impact valued at \$1,921,885,000 through 39 self-assessed surveys; and,
- 1,142 created/retained/deployed jobs.

The reported results used above are targeted on both program output, such as the number of manufacturers served, and program outcome, such as the monetary value of the impact of the program and the number of jobs created/retained/deployed as a result of the program. All of the measures utilized are clear, utilize economic data, and are based on individual outcomes by manufacturer and state.

However, it should be noted that this is a solely federally funded program with federally established reporting requirements and criteria. NIST-MEP issues a request for proposals to conduct the surveys and compile and report the results of this data. Synovate is the market research arm of global communications specialist Aegis Group and was awarded the contract by the National Institute of Standards and Technology (NIST) to conduct the survey

process for the fifty-nine MEP centers nationwide. Therefore, all of the data is collected and compiled, then provided to NIST, by Synovate. While MTA can access the data that is collected and compiled for NIST, it is only responsible for overseeing the administration of the program and does not collect the survey data directly.

Exhibit 8, below, shows activities listed within the MTA performance measurement matrix for the Director of MEP for FY 2008.

Exhibit 8: FY 2008 Performance Measurement Matrix for the Director of MEP

Activity	Threshold (80%)	Target (100%)	Maximum (120%)	Actual
Number of performing MEP.ms Centers	5	6	8	6-7
Certified capacity	10	12	14	12 + 3
Number of companies served	180	200	220	200
Number of impacted companies	35	44	46	54
Total sales increases/cost savings impact	\$10,000,000	\$12,000,000	\$14,000,000	\$233 Million
Total investment impact	\$55,000,000	\$60,000,000	\$65,000,000	\$109 Million

SOURCE: MTA.

Similar to the reported results as provided within the strategic plan, the target versus actual measures shown in the performance measurement matrix for the Director of MEP incorporate both program output, such as the number of companies served, and program outcome, such as the monetary value of the total sales increase and cost saving impact of the program. These activity measures utilized are clear and easily measurable, with the exception of the use of the term “Certified capacity” with no clear MTA definition included within this MEP performance measurement matrix.

PEER believes that using the targets or goals within an individual employee’s performance measurement matrix to serve as outcome measures for a center or program is not appropriate. While PEER understands that the individual whose performance is being measured is responsible for that center or program, that individual’s job performance may or may not be reflective of the center’s or program’s effectiveness.

Center for Capital Formation

While MTA documents program performance through output and outcome measures within the Center for Capital Formation, MTA does not have a method in place to follow up on the validity and accuracy of the reported program outcomes or monitor the trends and relationships of program performance over time.

The second MTA programmatic center listed the goals, performance measures, and reported results for two programs: the Mississippi Angel Network and the Mississippi Seed Fund. The performance measures utilized by the Mississippi Angel Network are provided below. It should be noted that the first awards through the Mississippi Seed Fund were distributed in August 2008; therefore, comprehensive performance measures are not included in the discussion below.

Mississippi Angel Network

MTA states that the goal of the Mississippi Angel Network program is to:

Create an active network of regional angel investors and provide them with the dealflow, education, and tools to invest in suitable companies.

MTA states that the performance measures utilized for this program include:

- number of deals funded or achieving successful outcomes;
- number of active regional angel networks; and,
- number of individual angels participating.

While these three measures are targeted on output, they are clear and measurable regarding the program goal, based on the individual outcomes of the Angel Network investors, and focus on the positive performance of the program.

MTA states that the reported results for this program since January 2007 include:

- currently seventy-four Angel Investors in the network representing all areas of the state;
- conducts presentations five times per year;
- two new local angel groups have formed in Hattiesburg and the Delta;
- twenty-seven companies have presented at network investor meetings;

- five companies have received investment;
- two other companies declined investment;
- five others were either acquired or self-funded;
- since 2002, MTA clients have received more than \$111 million in funding; and,
- this funding should result in more than 3,500 jobs.

While the performance measures for the Mississippi Angel Network are clear and logical, they do not measure all aspects of the program, such as the amount of private equity invested through the network annually.

The reported results used above are targeted on both program output, such as the number of Angel Investors and number of companies who presented to these investors, and program outcome, such as the monetary value of the impact of the program and the number of jobs as a result of the program. MTA reported in its most recent strategic plan that the Angel Network clients have received more than \$111 million in funding since 2002, estimated to result in more than 3,500 Mississippi jobs. While these measures are clear and logical, they do not measure all aspects of the program, such as amount of private equity invested through the network annually, nor are the measures reliable. For example, the number of jobs created is only an estimate based on a “national average” reported by MTA of thirty-jobs per one million in private equity raised. MTA does not have a method in place to follow up on the validity and accuracy of these results, such as follow-up surveys (similar to those utilized through the MEP program) to note an increase or retention in the number of jobs or funding received as a result of the private equity invested within the program.

Exhibit 9, page 42, shows the MTA performance measurement matrix for the Vice President for the Center for Capital Formation’s responsibilities for the Mississippi Angel Network for FY 2008. Similar to the reported results as provided within the strategic plan, the target versus actual measures shown in the performance measurement matrix for the Angel Network responsibilities of the Vice President for the Center for Capital Formation incorporate program output, such as the number of investor workshops and statewide meetings held. However, these activities listed for this program do not clearly link to program outcomes nor the reported results as listed within the strategic plan, such as “the Angel Network clients have received more than \$111 million in funding since 2002.” These target versus actual measures do not capture all aspects of the program, such as amount of private equity invested through the network annually. While these target measures may be suitable for MTA to utilize as personnel appraisals, these measures do not

adequately measure or report trends and relationships regarding the long-term impact and overall performance of the program.

Exhibit 9: FY 2008 Performance Measurement Matrix for the Vice President for the Center for Capital Formation’s Responsibilities for the Angel Network

Activity	Threshold (80%)	Target (100%)	Maximum (120%)	Actual
Host statewide Angel Group meetings	8	12	16	3
Create new Angel Groups	2	4	6	*
Host annual investor conference	*	50 attendees	75 attendees	Conference in planning stage
Conduct investor workshops	2	3	4	1 workshop scheduled
Add new investors to the Angel Network	8	10	12	*

*No information was provided by MTA for this data field within the performance measurement matrix.

SOURCE: MTA.

Similar to the reported results as provided within the strategic plan, the target versus actual measures shown in the performance measurement matrix for the Angel Network responsibilities of the Vice President for the Center for Capital Formation incorporate program output, such as the number of investor workshops and statewide meetings held. However, these activities listed for this program do not clearly link to program outcomes nor the reported results as listed within the strategic plan, such as “the Angel Network clients have received more than \$111 million in funding since 2002.” These target versus actual measures do not capture all aspects of the program, such as amount of private equity invested through the network annually. While these target measures may be suitable for MTA to utilize as personnel appraisals, these measures do not adequately measure or report trends and relationships regarding the long-term impact and overall performance of the program.

PEER believes that using the targets or goals within an individual employee’s performance measurement matrix to serve as outcome measures for a center or program is not appropriate. While PEER understands that the individual whose performance is being measured is responsible for that center or program, that individual’s job performance may not be reflective of the center’s or program’s effectiveness.

Center for Innovation Led Economic Development

MTA documents program performance through output measures within the Center for Innovation Led Economic Development, but not all of the performance measures defined by MTA are clear and measurable, nor do they reflect whether the service provided was effective or adequately addressed the needs of the participants.

The third MTA programmatic center listed the goals, performance measures, and reported results for five programs: Regional Innovation Councils, Innovation Led Economic Development Training, FastTrac TechVenture Entrepreneur Training, Investor Training, and the Innovation index. Examples of the performance measures utilized within this programmatic center are provided below.

Regional Innovation Councils

MTA states that the goal of the Regional Innovation Councils program is to:

Assist regional areas to form networks of stakeholders to implement innovation-led economic development activities.

MTA states that the performance measures utilized for this program include:

- number of champions identified;
- number of active councils established; and,
- number of regional innovation-led economic development (ILED) events occurring.

While MTA's performance measures for the Regional Innovation Councils program do reflect the program's goal to form networks through regional councils and implement ILED activities and events, no measure is in place to determine the effectiveness this program has on the overall MTA mission.

While the performance measures listed above do reflect the program goal to form networks through regional councils and implement ILED activities and events, there is no measure in place to determine the effectiveness this program has on the overall MTA mission. While the use of quantity as a measure is clear and measurable, the use of number of champions as a measure without any established criteria of what MTA defines as a champion is not a clear measure. Without a clear definition of a champion and how identifying these champions relates to the program, this measure is ambiguous.

MTA states that the reported results for this program since January 2007 include:

- a minimum of three to five champions have been identified in each of the eight Momentum Mississippi regions (see Appendix D on page 68);

- monthly innovator Breakfast/Lunch with an Innovator; and,
- four Networking After Hours events.

MTA has no documentation or reporting within the Center Goals, Measurement, and Results appendix of the strategic plan as to what these regional councils should achieve or contribute to the overall MTA mission of wealth and job creation.

These reported results target only program output and do not reflect how these outputs can be used to measure the effectiveness or outcome of the program. The reported result of number of contracts does directly link to the program goal, but there is no documentation or reporting within the Center Goals, Measurement, and Results appendix of the strategic plan as to what these regional councils should achieve and contribute to the overall MTA mission of wealth and job creation. Also, while measuring the number of activities held does indicate that services were provided, there is no reporting of measures on whether these ILED events provided were effective in producing a positive outcome.

Exhibit 10, page 44, shows MTA's performance measurement matrix for the Vice President for Policy and Analysis's responsibilities for the Regional Innovation Councils for FY 2008.

Exhibit 10: FY 2008 Performance Measurement Matrix for the Vice President for Policy and Analysis's Responsibilities for the Regional Innovation Councils

Activity	Threshold (80%)	Target (100%)	Maximum (120%)	Actual
Number of champions identified	9	18	27	3-5 champions are engaged in each Momentum Mississippi region
Number of active councils established	3	5	9	5-7 RIC contracts will be awarded in June 2008
Number of regional ILED events occurring	5	7	12	Regular events occurring in 3 regions

SOURCE: MTA.

Similar to the reported results as provided within the strategic plan, the target versus actual activity measures shown in the performance measurement matrix for the Regional Innovation Council responsibilities of the Vice President for Policy and Analysis incorporate only program output. While the number of regional innovation council contracts does directly link to the program goal as listed within the MTA strategic plan, there is no documented or estimated program outcome as to what these regional

councils should achieve and contribute to the overall MTA mission of wealth and job creation.

Again, PEER believes that using the targets or goals within an individual employee's performance measurement matrix to serve as outcome measures for a center or program is not appropriate. While PEER understands that the individual whose performance is being measured is responsible for that center or program, that individual's job performance may not be reflective of the center's or program's effectiveness.

Investor Training

MTA states that the goal of the Investor Training program is to:

Develop and implement training modules via webinars to educate private sector investors about Mississippi funds and programs related to high performance innovation-based ventures.

MTA states that the performance measures utilized for this program include:

- curriculum developed and implemented;
- number of webinars presented; and,
- number of webinar attendees.

These three measures are targeted on program output and are clear and measurable regarding the program goal. However, these measures do not clearly reflect the impacts this program has on the mission and overall goals of MTA leading to wealth creation and job creation.

MTA states that the reported results for this program since January 2007 include:

- investor curriculum developed based upon the Goldsmith Commercialization Model;
- one webinar presented; and,
- 102+ participants logged on to the webinar.

The MTA strategic plan has no description of a method in place to verify and evaluate whether the training provided through MTA is effectively meeting the needs of its participants.

Based on the performance measures for this program, the reported results used above are targeted on program output and are clearly linked to what is intended to be measured as specified by MTA. However, these performance measures and reported results do not reflect on the long-term impact and effectiveness of this program. These results report only the quantity of the webinars presented and the participants involved in the program,

which only provides insight that the service was provided. These measures do not reflect whether the service provided was effective. There is no description within the MTA strategic plan of a method in place to verify and evaluate whether the training provided through MTA is effectively meeting the needs of its participants, such as a customer satisfaction survey.

Every MTA Program Not Included Within Its Strategic Planning, Accounting, and Performance Measurement Systems

Because the Mississippi Technology Alliance does not include every program within its strategic planning, accounting, and performance measurement systems, MTA cannot readily determine the efficiency and effectiveness of all of its programs and communicate this information to outside parties.

According to *Program Evaluation: Forms and Approaches*¹, a program is “set of planned activities directed toward bringing about specified change(s) in an identified and identifiable audience.” Programs are the basis for evaluating the performance (both efficiency and effectiveness) of an organization. Programs should consistently track through an organization’s management reporting systems-i. e., the programs specified in the entity’s strategic plan should track to its budget, accounting, and performance measurement systems. These are the tools that an organization should be using to monitor its own program efficiency and effectiveness.

Programs specified in an entity’s strategic plan should track to its budget, accounting, and performance measurement systems.

As shown in Appendix E on page 70, MTA does not include all of its centers and programs within its strategic planning, accounting, and performance measurement systems. (As footnoted in the Appendix, the budget system programs are not shown because there is only one program listed in MTA’s state budget request, “Mississippi Technology Alliance.”) While some MTA programs, especially those with designated funding sources, do track between its strategic planning, accounting, and performance measurement systems (i. e., Manufacturing Extension Partnership of Mississippi, Strategic Biomass Initiative, Mississippi Angel Network, Mississippi Seed Fund, Innovation Index, and *Pointe Innovation Magazine*), others do not (e. g., Regional Innovation Councils, Service Provider Network Program, Mississippi Executive Talent Exchange, Investor Training, FastTrac TechVenture Entrepreneur Training, MTA Allies Training Institute, and MTA Community Services). As a consequence, MTA cannot readily determine for itself or for outside parties the true costs or effectiveness of all of its programs.

¹ John M. Owen and Patricia J. Rogers, *Program Evaluation: Forms and Approaches* (Thousand Oaks, CA: SAGE, 1999).

Need for a Comprehensive Data Collection System

Mississippi Technology Alliance's current data collection system captures and reports adequate data to monitor program outputs, but it does not have the capability to capture and maintain historical data to monitor the long-term effectiveness of programs.

Based on MTA's mission statement, data elements to be collected should include wealth generation through the amount of funding obtained for MTA program participants and the number of jobs created through this funding.

A key component in measuring and reporting the effectiveness of any organization and its programs is the presence of a data collection and reporting system. The data system should be able to be used to determine the overall effectiveness of a program by identifying what data elements need to be collected, the source of this data, and allow for comparisons of this data over a specific time frame. Currently, MTA collects and reports data regarding only the current status of program participants through program outputs and lacks the capability of monitoring and comparing historical data.

Some of the data elements captured by the MTA data system include:

- company name and basic contact information;
- market segment of the product or company;
- revenue stage and funding type;
- milestones/significant accomplishments;
- current number of employees;
- date of initial data entry and most recent date the data was updated;
- funding request amount; and,
- current valuation of company/product.

While these data elements are able to provide information on the program participant's status within the MTA programmatic structure, they cannot be used alone to determine the long-term effectiveness of MTA programs respective to the MTA mission. As stated on page 11, the comprehensive mission of the MTA is to:

. . .drive innovation and technology-based economic development for the State of Mississippi...with the end goal being wealth creation through higher paying quality jobs.

Based on the above mission statement, data elements to be collected should include wealth generation through the amount of funding obtained for MTA program participants and the number of jobs created through this funding. For example, even though one data element present in the

MTA data system is the current number of employees, when the data is updated it will reflect the current number of employees only because the previous value for number of employees within that data field will be overwritten.

Since wealth creation through higher paying jobs is one of the MTA major goals within its mission statement as noted above, the data system at MTA should collect historical data and allow analysis of the potential long-term impact of MTA programs through the creation of jobs by comparing the current number of employees to the baseline number of employees at initial MTA interaction to determine whether jobs were created, retained, or terminated.

While the Mississippi Technology Alliance has purchased a new data system to connect all of the MTA programs and services through a single database and provide a regional overview of programs and services available to economic developers, MTA still must ensure that the necessary data elements and performance measures are clearly defined to maximize the benefit of a uniform data system.

In April 2008, MTA purchased the Customer Relationship Management (CRM) system to serve as a central and uniform database to connect all of the MTA programs. The ultimate goal is to track every interaction of MTA with each program participant in order to produce a regional view for economic developers within the state to know what MTA projects and resources are present within their region. The CRM system should also allow MTA program managers to search a particular company or entrepreneur in order to see which programs and services are or have been provided through MTA.

According to interviews with MTA staff, the CRM system should have the capability to track emails, phone calls, meetings, and other points of contact between MTA and its program participants. Additionally, MTA staff noted that the CRM program will have the capacity to export reports and report data for use in presentational tools and documents, such as a complete picture of project funding and private equity invested in a particular company or entrepreneur.

While the CRM system appears to have the capability to serve as a central database for all MTA programs, MTA staff must utilize due diligence to ensure that the correct data elements are captured and stored within this system in order to produce accountability results through performance measures and long-term outcomes.

No Measurement of MTA's Progress Toward Statewide Economic Development Goals

The Mississippi Technology Alliance does not measure or monitor the impact that its three major programmatic centers have on the statewide economic development goals established in MTA's Innovation Index.

As noted on page 9, the MTA organizational model structures the administration of its programs through three major centers. Due to the limited data elements collected regarding MTA programs and the need for stronger program goals and performance measures, MTA lacks a cumulative evaluation system to measure the impact that each of its programmatic centers has on the statewide economic development goals established by MTA in the Innovation Index.

MTA should provide strategic direction for the state by tailoring the programs and services it provides to meet or exceed the goals established through the Innovation Index.

One primary function of the Center of Innovation Led Economic Development is to develop an Innovation Index comprised of eight broad innovation indicator goals at the state level on an annual basis. MTA first compiled and published the Innovation Index in January 2002. The goal of the index is to establish a process of annual performance measurement to focus attention and provide feedback about how well the state as a whole is doing in key areas of innovation-related economic development activities. Appendix F on page 71 describes the goals and measures utilized for the eight statewide innovation indicators.

The creation of the Innovation Index and the eight innovation indicator goals at the state level does partially fulfill one of the core service areas of the Action Plan as described on page 9 to develop, implement, and evaluate long-range goals with the focus on innovation-led economic development. The Action Plan noted that MTA should:

Provide strategic direction...and develop, implement, and evaluate program results against long range goals.

While MTA does monitor the trends for each of the eight goals within the index, it has produced no clear analysis of the impact that MTA's programmatic centers contribute to these goals. In order to comply fully with this core service area, MTA should also evaluate the effectiveness of its programs in regard to achieving the respective goals within the index. MTA should provide strategic direction for the state by tailoring the programs and services it provides to meet or exceed the goals established through the index. For example, two of the index goals listed in Appendix F on page 71 focus on technology business development and investment capital. Based on the performance measures and reported results within the MTA strategic plan, MTA should examine how it could modify or enhance its Mississippi Angel Network program

in order to achieve the goal of venture capital invested in Mississippi companies resulting in an increase in technology firm births.

MTA Has Not Provided an Annual Report to MDA

The Mississippi Technology Alliance does not fulfill all of the requirements established within the letter of agreement with the Mississippi Development Authority because it does not provide an annual performance report. Thus MDA cannot determine whether MTA has made effective use of state funds.

As stated on page 15, MTA receives state funds through MDA's legislative appropriation. Since MDA serves as the conduit for these funds, it enters into an agreement with MTA at the beginning of each fiscal year. This letter contains requirements that MTA is to fulfill in exchange for receipt of the funding.

MDA states within the letter that MTA will receive funding as follows:

The grant will be paid on your receipt and acceptance of the terms of this agreement.

One requirement within the letter of agreement is that MTA must be fiscally responsible and accountable for the use of the funds, stating that:

MTA is to maintain accurate financial records on the receipt and use of these funds ready for inspection by this Department, the State Auditor's Office or any other authorized agency for a period of no less than three years.

Additionally, the letter of agreement between MDA and MTA states reporting requirements for MTA:

MTA is required to provide quarterly reports and a final report describing activities and achievements to date.

MTA stated that an MDA staff member attends each of the MTA board meetings and this staff member receives the same information and reports that are provided to MTA board members. Within these quarterly reports, MTA includes the meeting agenda, program updates, and quarterly financial statements, such as a balance sheet, income statement, and cash summary.

While MTA has complied with the financial statement and quarterly reporting requirements in the letter of agreement, MTA does not have fulfilled all of the requirements of the letter because it did not provide a final (annual) performance and achievement report to MDA. MDA provided PEER with copies of the letters of agreement with MTA regarding the funding for fiscal years

MDA has continued to allocate state funds to MTA despite the fact that MTA has not fully complied with reporting requirements in the letter of agreement.

2006 through 2009, which stated that MTA is to provide “a final report describing activities and achievements to date;” MTA did not provide MDA with an annual report for those fiscal years. During interviews with PEER, MTA staff stated that MTA does not provide a separate document describing final activities and achievements to MDA other than the quarterly reporting documents and has never provided an annual report to MDA.

While MDA establishes that MTA should provide documentation on a quarterly basis and a final performance report, it does not include any specific requirements for information that should be included in these reports. MDA only states that MTA should provide the reports, without giving MTA any guidance or minimum data/information requirements. Thus MDA cannot determine whether MTA has efficiently used the state funds provided through MDA’s appropriation bill. Additionally, MDA has not fulfilled its responsibility because it has not enforced the terms of the letter of agreement and it has continued to allocate state funds to MTA despite the fact that MTA has not fully complied with reporting requirements in the letter of agreement.

Recommendations

1. MTA should develop performance measures and objectives for each of its programs. Continued state funding for MTA should be contingent on the establishment of these performance measures and objectives.

At a minimum, MTA should develop the following measures:

- *measurable return on investment (ROI)* to monitor program efficiency and to make comparisons between multiple programs or analyze trends for a specific program over a given period;
- *defined objectives and benchmarks for each program* that will serve as target performance levels in relation to the desired impact for each at the program level; and,
- *clear and specific performance measures for each program* that will allow MTA to analyze the effectiveness of each program and document the impact and effectiveness of how these program outputs have produced outcomes that directly link to the MTA mission and program goals.

One option for MTA to establish a standard method for reporting on each of its programs is through MDA, since MDA serves as the conduit for the MTA's state funding and MTA enters into an annual letter of agreement with MDA. MTA could develop its own reporting requirements for each program to be reviewed and accepted by MDA, or MDA could establish clear minimum reporting requirements that MTA should adhere to regarding what information should be provided on a quarterly and annual basis. Furthermore, regardless of whether minimum reporting requirements are established by MTA or MDA, MDA should define what action will be taken should MTA fail to fulfill all of the requirements provided within the letter of agreement.

MTA should provide an annual report to MDA and to the Legislature, with copies available to other interested parties upon request. This annual report to MDA should serve as the means of reporting on the measures established for each program, as well as documenting MTA's overall performance on an annual basis. This annual report should include the measurable ROI, defined objectives and benchmarks, and the performance measures for each program.

2. MTA should capture the necessary data elements to document accurately the effectiveness of its programs and services in relation to the MTA mission, goals, objectives, and performance measures for each program. In addition, MTA should collect and maintain historical data in order to establish trends and relationships for each of its programs over any given time frame.
3. Similar to the federally established self-assessment surveys utilized to measure the impact of the Manufacturing Extension Partnership program, MTA should develop a follow-up instrument, such as a survey, to collect data regarding the long-term impact or outcomes of its programs, such as changes in the number of employees, additional funding generated by its program participants, and participant satisfaction for its training programs.
4. During its intake process for entrepreneurs and early-stage companies, MTA should document the referral source of the potential program participant and should note whether the entrepreneur was referred to another entity, such as SBA or MDA. Also, MTA should determine during intake whether funding or services for the potential participant could be fulfilled by any other economic development entity.
5. Because MTA reports on the Innovation Index annually, MTA should ensure that performance measurement and reporting are in place for each of its three programmatic centers that link the impact of each of these centers to the statewide innovation indicators as defined within the index. Also, MTA should tailor its programs and services in order to provide strategic direction for the state in achieving the goals established through the index. For example, one statewide innovation indicator targets investment capital. MTA should therefore be able to document its contribution to this statewide indicator through its Center for Capital Formation and document any necessary program changes or new programs necessary to achieve the statewide investment capital goal.
6. MTA should clearly define what constitutes a program versus an activity or sub-component of a program and include every program within its strategic planning, accounting, and performance measurement systems in order to determine the efficiency and effectiveness of all of its programs and communicate this information to outside parties.

Appendix A: Mississippi Technology Alliance Board of Directors

The current MTA Board of Directors is composed of twenty-two members and is divided into two categories, public and private. There are fifteen board members from the private sector and seven board members from the public sector. Listed below are the board members and their respective affiliated entities.

Private Sector Board Members	
Name	Affiliation
Mr. R. Barry Cannada (Chairman)	Butler, Snow, O'Mara, Stevens & Cannada
Mr. Charles Doty	President/CEO Lextron Corporation
Mrs. Jan Farrington	Investor
Mr. Mayo Flynt	President AT&T Mississippi
Mr. Ashby Foote	President Vector Money Management, Inc.
Dr. Randy Goldsmith	President/CEO MTA
Mr. Dan Grafton	Consultant L-3 Corporation
Dr. Charles Grayson	Investor
Mr. Matthew L. Holleman, III	
Mr. Warren A. Hood, Jr.	COB/CEO Hood Industries, Inc.
Mr. Bobby Martin	Chairman Peoples Bank
Mr. John McCullough	
Mr. Glenn McCullough	Partner Ardillo, McCullough & Taggart, LLC
Mr. William M. Mounger, II	
Dr. Bill Rayburn	CEO FNC

Public Sector Board Members	
Name	Affiliation
Dr. Eric Clark	Board for Community and Junior Colleges
Mr. Edward Gough	Naval Meteorology and Oceanography Command
Dr. Robert C. Khayat	University of Mississippi
Dr. Ron Mason	Jackson State University
Dr. Tom Meredith	Board of Trustees of Institutions of Higher Learning
Dr. Martha Saunders	University of Southern Mississippi
Dr. Vance Watson	Mississippi State University

SOURCE: MTA website.

Appendix B: Additional Information on Programs and Services of MTA's Programmatic Centers

Center for Innovation and Entrepreneurship

Entrepreneurial Services

The primary goal of the Entrepreneurial Services program is for MTA to provide the necessary focus and direction required to drive innovation- and technology-based business to a commercial outcome. Through this program, MTA utilizes an online entrepreneurial assessment tool, which contains evaluations to measure a project's risk, venture readiness, and business plan completion. This online assessment tool allows MTA staff to evaluate the entrepreneur or company to understand where the project ranks in its current state and what steps should then be taken in order for the project to be ready for a presentation to private equity investors.

The typical process when an entrepreneur enters this program consists of six basic steps. First, the entrepreneur must complete the basic intake form and the online assessment. This MTA intake tool provides a standardized method for collecting the necessary application information. Next the entrepreneur must contact MTA to schedule an initial meeting. This initial meeting is the third step in the process, where MTA staff discuss answers to the intake tool and the proposed business plan where applicable. At this time, MTA discusses with the entrepreneur the necessary next steps and provides technical assistance and other development resources as needed. MTA will then have the entrepreneur complete the online Venture Capital Tools, designed and implemented by current MTA President and CEO Dr. Randall Goldsmith. Through this proprietary tool, provided at no cost to Mississippi residents or companies that wish to develop business ventures within Mississippi, MTA is able to view the readiness of the project or company based on six focus areas. These focus areas include the following: Entrepreneurial Readiness, Risk Readiness, Venture Readiness, Business Plan Readiness, Valuation, and Capitalization.

Once all of the above steps have been completed, MTA then assists the entrepreneur by connecting and networking them to other programs provided through MTA, particularly the Entrepreneurial Service Provider Network, the Mississippi Executive Talent Exchange, the Mississippi Angel Network, or the Mississippi Seed Fund.

Entrepreneurial Service Provider Network

The primary goal of the Entrepreneurial Service Provider Network program is for MTA to connect entrepreneurs to the necessary resources and applicable service providers in order to drive innovation- and technology-based ventures one step closer to commercialization. This network is provided through the MTA website. Individuals and companies subscribe to the network and then are either paired with service providers by MTA or allowed to search the network for other service providers on their own.

Innovation Center

The mission of the Innovation Center is to assist clients in the formation and development of new and successful enterprises. The goal is to empower emerging technology companies to become independent and self-sustaining in order to ultimately provide higher wage jobs within Mississippi. Services provided through the innovation center include:

- furnished office space;
- data center access;
- capital and financing access;
- administrative services;
- marketing assistance;
- advisory boards;
- business planning;
- business mentoring;
- performance reviews; and,
- technical assistance upon exiting the innovation center to become independent and self-sufficient companies.

Companies may complete the application online to become a tenant at the Innovation Center. Criteria of eligible applicants include:

- a technology, energy, or life sciences product and/or service that includes a management or product development team;

- sufficient capital to carry forward and implement the business plan for at least a six-month period;
- a product and/or service that is less than eighteen months from market exposure; and,
- realistic financial projections demonstrating significant revenues and/or employment within the first five to seven years.

It should be noted that effective July 1, 2008, the MTA Innovation Center and the two MTA staff overseeing the administration of the center were to be transferred to and become Jackson State University (JSU) E-Center staff.

Mississippi Executive Talent Exchange

The purpose of the Mississippi Executive Talent Exchange (MXTX) program is to connect Mississippi employees that have executive and technology-based experience with seed and early-stage companies. It allows companies who participate in MXTX to find pre-screened and experienced executives who have an interest in living and working in Mississippi.

The MXTX is provided by MTA as an online service through a searchable database of potential candidates and registered companies. MXTX is open to Mississippi-based seed and early stage companies. An annual fee is assessed to these companies who wish to utilize the MXTX service on an annual basis. These companies are able to register and log in to the database, which is password protected, in order to view potential candidate profiles and resumés. In turn, candidates are able to register for the MXTX service at no cost and compile an online profile and resumé, as well as view the profiles of the registered companies.

Manufacturing Extension Partnership of Mississippi

The Manufacturing Extension Partnership of Mississippi (MEP) is a federal program administered through the MTA. MEP works with Mississippi's manufacturing organizations to provide expertise and services tailored to the needs of area manufacturers in order to maximize success. The MEP program in Mississippi is part of a nationwide network of nonprofit centers linked together through the Department of Commerce's National Institute of Standards and Technology. The MEP program in Mississippi is comprised of partnerships between MTA and the Mississippi Manufacturers Association, state universities, state community and junior colleges, and private sector service providers.

The MEP program works with manufacturers within the state who wish to participate on a case-by-case basis. An MEP assessor performs an initial analysis of the manufacturer's current operations in order to identify opportunities for process or technical improvement and training. MEP operates a network of service providers to assist manufacturers obtain the services they require to maximize their potential. MEP services can be grouped into the following seven general areas:

- Assessments;
- Lean Enterprise Solutions;
- Strategic Management;
- Quality;
- Industrial Marketing;
- Environmental; and,
- Human Resources/Organizational Development.

Utilizing these focus areas for its services, MEP develops customized, tailored consulting and training solutions for each respective manufacturer.

Strategic Biomass Initiative

The Strategic Biomass Initiative (SBI) is a federal program administered by MTA. The primary purpose of the SBI is to strengthen biomass research and development among Mississippi universities and the private sector in order to commercialize renewable energy resources. The vision of the SBI is:

. . .to foster viable commercial enterprises based on Mississippi's natural biomass resources and further the development of near-term technologies through university based applied research and development.

The SBI program began through a state-funded pilot program charged with the task of coordinating the work of governmental groups, universities, and the private sector to focus on alternative energy resources and technologies. The initial pilot program was known as the Mississippi Alternative Energy Enterprise, which concluded in late 2004. As a result of this pilot program, MTA was able to receive and administer federal funding from the U. S. Department of Energy to establish what is now the SBI. A request for proposals was issued by MTA in December 2005 for applied research and commercialization projects

to utilize this federal funding source. SBI established the following three goals for project proposals:

- examine biomass-to-energy and biomass-to-chemical conversion technologies and their respective application to existing and potential biomass resources within Mississippi;
- establish formal technical partnerships and collaborative efforts with university personnel to further applied research and development in the areas of biomass technology; and,
- partner with private sector companies to further the commercialization and deployment of biomass technologies.

Center for Innovation-Led Economic Development

Technology/Innovation Councils

The primary goal in developing Technology and Innovation Councils is to create a statewide network of regional organizations for the implementation of the innovation-led economic development (ILED) program throughout Mississippi. In order to accomplish this, MTA coordinates with economic developers and regional stakeholders with a common interest in innovation-based economic development in a minimum of five of the regions defined by Momentum Mississippi (see Appendix D, page 68). The primary purposes of the establishment of these councils include:

- identify and marshal resources to support an entrepreneurial environment;
- identify, recruit, and engage emerging technology industry representatives;
- implement regionally specific ILED strategies; and,
- develop and promote an environment for regional investment opportunities.

MTA will develop one contract per respective region for a one-year period beginning on July 1, 2008, through June 30, 2009. MTA will utilize Small Business Administration funding for cost reimbursement up to \$25,000. In addition, MTA will provide technical assistance and training to these regional councils in order to accomplish quarterly meetings and networking events, business development seminars, develop regional service provider

networks, and organize regional investor groups that will meet on a quarterly basis.

Allies Training Institute

The purpose of the Allies Training Institute at MTA is to develop and implement a training curriculum to educate stakeholders about the importance of innovation-led economic development approaches as part of an overall economic development strategy. It also provides best practices for regional economic development and Mississippi-specific programs and activities.

MTA provides training in three primary areas: Innovation-Led Economic Development, FastTrac TechVenture Entrepreneur, and Investor. The ILED training was developed through a partnership between MTA and the University of Southern Mississippi in order to educate individuals about the importance of ILED approaches as a component of an overall economic development strategy. The ILED training was developed and implemented as a curriculum for students, while also being available to the public. The FastTrac TechVenture program was developed with the goal of establishing a regional capability for ongoing training programs targeting high performance innovation-based entrepreneurs. Investor training was developed with the goal of implementing training modules via online seminars to educate private sector investors about Mississippi funds and programs related to high-performance innovation-based ventures.

Innovation Index

The Innovation Index was developed as a tool in order to measure, monitor, and promote progress of the innovation potential statewide in Mississippi. The first Innovation Index was issued in January 2002. It is a statewide database of innovation-related indicators, goals, and performance measures that is produced on an annual basis by MTA and published within the *Pointe Innovation* magazine.

For more information on the Innovation Index, see Appendix F, page 71.

Communication Services

This service area encompasses programs and services within MTA in relation to external affairs and marketing. These programs and services include *Pointe Innovation* magazine, electronic newsletters, and the MTA website. Additionally, MTA events such as the annual Conference on High Technology, the Annual Innovators Hall of Fame

and Gala, and Discovery Luncheons/Breakfast with an Innovator sessions are included within this service area.

Center for Capital Formation

Mississippi Angel Network

The primary purpose of the Mississippi Angel Network is to create an active network of regional investors, referred to as Angels, and provide them with the education and tools to invest in suitable companies. The network is administered through the MTA and is comprised of a group of accredited investors interested in reviewing fundraising presentations from Mississippi-based technology companies seeking seed and growth capital.

The network serves both investors and entrepreneurs. Regarding investors, a \$500 annual fee is assessed to become an Angel and participate within the network. This annual fee covers the majority of the costs of participation, meetings, access to the database, and communication provided by MTA. Meetings are held five times per year at which two to four Mississippi-based entrepreneurs or companies present an executive summary and business plan to accredited investors. Regarding entrepreneurs, there is no cost associated with submitting an executive summary or business plan to MTA for potential presentation to the network. MTA provides feedback on the submitted materials and prepares these proposals for presentation utilizing the services and tools provided through the MTA Entrepreneurial Services Program. Once a proposal is deemed ready for presentation to the network, the MTA Selection Committee then determines from two to four of the companies whose proposals are most appropriate for presentation to the network's investors.

It should be noted that although MTA screens and recommends which companies' proposals will be presented at the five network meetings, MTA does not decide which companies will receive private equity investment from the Angels. All due diligence responsibilities and investment decisions remain with the investors. Investors make their decisions on an individual basis with their own capital.

Mississippi Seed Fund

The overall goal of the Mississippi Seed Fund is to provide the critical seed and early stage capital funding for innovation-based companies in their earliest stages in order to attract additional outside private funding necessary for successful growth. The Mississippi Seed

Fund was created by House Bill 1724, Regular Session 2007. The purpose of the Seed Fund was stated as:

Making assistance available for seed and early stage capital to small and medium sized Mississippi businesses with high growth potential that are engaged in research and development activities with a Mississippi university, college and/or community/junior college; and to make assistance available to provide working capital to support the initial capitalization of technology based businesses in Mississippi.

The Seed Fund is implemented and administered by MTA, while the funding passes through the Mississippi Development Authority. Funds may be awarded within the following five program areas:

- Research and Development Fund;
- New Technology Business Level I;
- New Technology Business Level II;
- Rural Innovation Fund I; and,
- Rural Innovation Fund Level II.

Because MTA administers the program, while funding comes from MDA, MTA must submit to MDA quarterly reports that include a list of funding applicants, status of investments, balance and repayment of contracts, and repayments to special funds created by the State Treasury. In addition, MDA established the following disbursement requirements:

- amount of funds requested with a copy of the approved application or applications matching the fund amount requested;
- Seed Fund Investment Board approval of the application or applications;
- copy of the contract or contracts for the approved applications; and,
- timeline for disbursing funds for each approved application.

The total amount of bonding authority authorized by the Legislature for the Seed Fund is \$4,000,000, with \$500,000 being issued in January 2008. In addition, the Mississippi Technology Alliance fund was created by the Legislature to defray the costs incurred by MTA in the implementation and administration of the Seed Fund. MDA reimburses

costs incurred by MTA for administration of the Seed Fund as they occur.

MS-FAST Program

The Mississippi Federal and State Partnership (MS FAST) Program was established in October 2001 through a partnership with the Mississippi Research Consortium, MTA, and U. S. Small Business Administration. The main purpose of the MS Fast program is to provide encouragement and assistance to Mississippi's small high-technology businesses and start-up companies competing and participating in the federally funded Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs.

Currently the MS FAST program is administered through MTA by a contractual agreement with an outside individual who provides technical assistance to companies interested in preparing proposals to participate in the SBIR and STTR federal programs. MS FAST provides these companies with up to \$3,000 in funding for the following areas: research to acquire preliminary data, proposal writing assistance, and travel grants. Once the proposal is ready for submission, the company then may submit its proposal response to any of the federal agencies that solicit proposals for their own Research and Development needs. Actual awards of SBIR and STTR funding are provided based upon the federal agencies' decisions on those proposals that are most compatible with their needs and/or the experience of the applicant's research and development team.

It should be noted that although the MS FAST program is listed under the Center for Capital Formation, it is currently managed by the MTA Vice-President of the Center for Innovation and Entrepreneurship. This is primarily attributed to the fact that although the goal of the SBIR and STTR programs is to provide federal funding for research and development, the MS FAST program provides the technical assistance and initial funding to assist entrepreneurs and companies in competing for this federal funding.

SOURCE: MTA's website and strategic plan.

Appendix C: Strategic Planning and Performance Measures

Strategic planning is a decisionmaking process in which decisions are made about establishing organizational purposes/mission, determining objectives, selecting strategies and setting policies. Strategic planning strives to answer three basic questions based on the status or position of an organization:

- Where do we want to be?
- How do we get there? and,
- How did we measure in relation to our goals?

The following briefly describes key elements within the strategic planning process.

A key component regarding the first question is a mission statement. A mission statement defines the overall purpose of the organization. The second question is in regard to the strategies and plans in place for the organization to achieve its mission. These strategies and plans include the resources in place and how these resources should be allocated to best achieve the mission. Often the strategies and plans in place are in the form of programs and services to be provided to an identified population or customer. For any organization that provides programs or services, goals, objectives, and baselines or benchmarks must be present to hold the organization accountable. A program goal is a broad description that often represents the solution to a problem or the desired impact of a program or service. For each program goal that is established, specific objectives should be derived that allow an organization to quantify and verify the goal. According to evaluation and accountability literature, the following are characteristics of good objectives:

- *Specific*: clear about what, where, when, and how the situation will be changed;
- *Measurable*: able to quantify the targets and benefits;
- *Achievable*: able to attain the objective;
- *Realistic*: able to attain the level of change reflected within the objective; and,
- *Time bound*: stating the time period in which the objective will be accomplished.

In order to address the third question, an organization should utilize baselines or benchmarks, program outputs, and program outcomes through performance measurement. A baseline or benchmark allows an organization to measure the desired values of a program at any given point in time by establishing the minimum acceptable results or current level of a program and compare this value to the current results or outputs of a program. An output for a program can usually be seen, felt, and is easily quantifiable because it is the direct result of a program or process. Utilizing benchmarks and outputs, performance measures can be applied to determine the long-term effectiveness of programs through outcomes. An outcome is a level of performance or achievement as a result of a program or service. Outcomes are often based on one or multiple program outputs and reported through performance measurement.

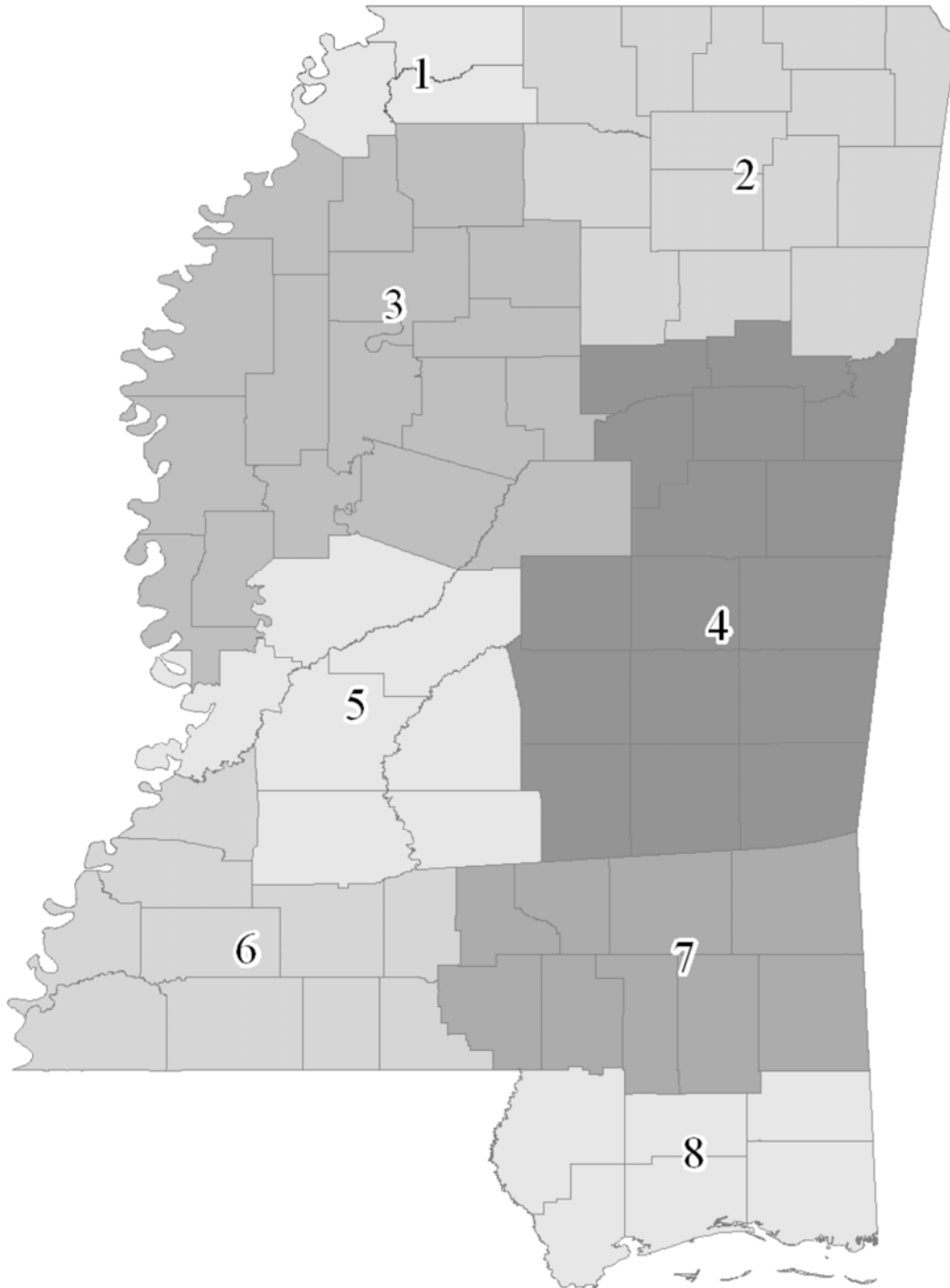
Performance measurement is often utilized as a management tool to enhance decisionmaking and ensure accountability for organizational and programmatic goals and objectives. Performance measures tell how well someone or something is performing. The presence of good performance measures is a fundamental component necessary for any organization to determine accurately the effectiveness of its programs and services. According to evaluation and accountability literature, the following are some of the characteristics of good performance measures:

- *Mission based:* grounded in the core values of an agency or organization aimed at achieving the overarching goals of the system;
- *Widely accepted:* should be widely accepted and invested in by interested stakeholders at all levels;
- *Clear and measurable:* should be clear, logical, and directly linked to missions, goals, objectives, and outcomes;
- *Valid and reliable:* should measure what is supposed to be measured and yield expected results over time;
- *Based on individual outcomes:* should be based on case-level or program-level data, have comparisons made to a baseline, and therefore be capable of reporting also on trends and relationships;
- *Unambiguous:* should be easily understood with little debate;

- *Utilize economic and timely data:* data should not take too long to collect or be too expensive to collect, process, and be reported; and,
- *Strength-based:* should be focused on positive performance leading to successful outcomes rather than focused on deficits.

SOURCE: PEER analysis; American Prosecutors Research Institute; Oregon Progress Board (www.econ.state.or.us); and www.performance-measurement.net.

Appendix D: Momentum Mississippi Regional Map



The MTA Regional Innovation Councils program assists regional areas in forming networks of stakeholders to implement innovation-led economic development activities. MTA has adopted eight regions as implemented within Momentum Mississippi. Shown on the previous page is a map of these regions.

SOURCE: *Momentum Mississippi* website.

Appendix E:					
Listing of MTA Centers and Programs, by Their Inclusion					
in MTA's Strategic Planning, Accounting, and Performance Measurement Systems*					
Centers and Programs	Strategic Planning Document	Accounting Project Codes	Individual Program Leaders' Performance Measurement Matrices		
<i>Center for Entrepreneurship & Innovation</i>					
Entrepreneurial Services Program	√	√			
Service Provider Network Program	√				
MTA Innovation Center - Business Incubator	√				
Mississippi Executive Talent Exchange	√				
Manufacturing Extension Partnership	√	√		√	
Strategic Biomass Initiative	√	√		√	
<i>Center for Capital Formation</i>					
Mississippi Angel Network	√	√		√	
Mississippi Seed Fund	√	√		√	
<i>Center for Innovation Led Economic Development</i>					
Regional Innovation Councils	√			√	
Innovation-Led Economic Development Training	√	√		√	
FastTrac TechVenture Entrepreneur Training	√			√	
Investor Training	√				
Innovation Index Statewide and County Data	√	√		√	
<i>External Affairs/Marketing</i>					
Pointe Innovation magazine	√	√		√	
MTA e-newsletter	√				
MTA website	√			√	
Earned Media	√			√	
A √ indicates that the named program appears in documents related to that category (strategic planning, accounting, or performance measurement matrix.)					
* MTA's budget request includes only one program--"Mississippi Technology Alliance." Therefore, all of the agency's centers and programs are incorporated into that one program.					
NOTE: MTA has accounting project codes, such as state lobbying, federal lobbying, marketing, EdNet, that are not assigned to specific centers or programs. In addition, MTA includes performance measures for activities, such as MTA community services and U. S. Academic Decathlon, that are not assigned to specific centers or programs.					
SOURCE: PEER analysis of MTA data.					

Appendix F: MTA Innovation Index Indicators and Goals

Innovation Index Indicators

MTA established the Innovation Index to measure statewide performance against eight Innovation Index Indicators, which are expressed as ratios. The following list provides these Innovation Index Indicators and a brief explanation of how MTA calculates a ratio for each.

- **Wealth Creation**--High Technology Employment divided by Total Employment;
- **Statewide Research Capacity**--Research and Development (R&D) Expenditures divided by \$1,000 Gross State Product (GSP);
- **University Research Capacity**--University Patent Royalties divided by \$1,000 R&D Expenditures;
- **Business Research and Development**--Small Business Innovation Research (SBIR) Awards divided by \$1,000 GSP;
- **Technology Business Development**--Number of Technology Firm Births minus Deaths, then divided by the Number of Technology Firm Births;
- **Industrial Productivity**--Value Added in Manufacturing divided by the number of Manufacturing Employees;
- **Technology Workforce Development**--Number of Scientists and Engineers in the Workforce divided by the Mississippi Total Workforce; and,
- **Investment Capital**--Amount of Venture Capital Invested in Mississippi Companies divided by \$1,000 GSP.

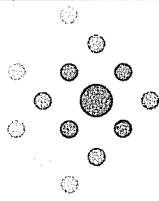
Innovation Index Ten-Year Goals

MTA established the following outcomes and ten-year goals for each of the eight Innovation Index indicators:

- **Wealth Creation:** Increase high-tech employment to 7.9% of total employment;
- **Statewide Research Capacity:** Increase total R&D expenditures to \$17 for every \$1000 of gross state product (GSP);
- **University Research Capacity:** Increase university royalties from patents and licenses to \$2.50 for every \$1,000 university R&D expenditures;
- **Business Research and Development:** Increase Small Business Innovation Research (SBIR) awards to \$.10 for every \$1,000 GSP;
- **Technology Business Development:** Increase net growth in the number of technology intensive firms to 33%;
- **Industrial Productivity:** Increase value added in manufacturing to \$84,000 per manufacturing employee;
- **Technology Workforce Development:** Increase the percentage of scientists and engineers in the workforce to .30%; and,
- **Investment Capital:** Increase venture capital invested in Mississippi companies to \$1 for every \$1,000 GSP.

SOURCE: MTA's Innovation Index website.

Agency Response



Mississippi *Technology Alliance*

October 6, 2008

Dr. Max Arinder, Executive Director
PEER Committee
501 North West Street
Woolfolk Building, 3rd Floor
Jackson, MS 39201



Dear Dr. Arinder:

Thank you for the opportunity to respond to your report and for the time and patience you have taken to try to appreciate our vision and mission. We appreciate the opportunity to explain in more detail the work that we are so passionate in doing – driving innovation to market in Mississippi. We especially appreciate PEER working with our company to provide such consulting, analysis, and recommendations at no cost to MTA. Such analysis would have come at substantial cost from private sector consultants.

While we disagree with a few of the assertions regarding our current operations, we wholeheartedly agree that implementation of 100% of the recommendations would result in better, more specific demonstration of the results – especially in our ability to more concisely demonstrate our already substantial impacts. We share the belief that such calculations of Return on Investment for all of our programs will no doubt demonstrate impacts as clear and substantive as the impacts and Return on Investment currently measured.

We also appreciate the fact that PEER pointed out that the State Science & Technology Action Plan called for annual funding for MTA between \$6 million and \$35 million – figures well beyond any appropriation to date. We take very seriously our commitment to the State of Mississippi to help drive innovation-based economic development and we are appreciative for the opportunity to continue to demonstrate our value to Mississippians from all areas of the state.

If you have any questions or require additional information, please do not hesitate to contact me at 601-960-3610 or tjeff@mta.ms.

Sincerely,

Tony Jeff
Vice-President and Chief Operating Officer

Think Big. Think Often.

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Responses to Specific Sections

“The Mississippi Technology Alliance... does not consistently track or report the data elements and performance measures necessary to document and calculate the actual return on investment for each program” page. 25, paragraph 1; Section beginning on page 28.

We completely agree that additional surveying of companies for several years after their work with MTA will provide the opportunity to better understand the full impact of our work. Such information can then be used to calculate a specific ROI for most of our programs. Such measurements and calculations are conducted for our MEP program. While those results lead the nation in return per state dollar (1117 to 1 *increased sales* return; 24 to 1 *cost savings* return; 51 to 1 *investment* return) and are unlikely to be replicated anywhere, we would expect to demonstrate significant returns from this formal calculation on all programs as well. Although some of our activities do not naturally lend themselves to such calculations, we’ll certainly begin quantifying our outcomes for the significant work being done by MTA.

“MTA does not fulfill all of the requirements established within the letter of agreement with the Mississippi Development Authority because it does not provide an annual performance report.” page 26, bullet #4; Section beginning on page 49.

The Mississippi Development Authority (MDA) receives the same quarterly and annual reporting as the MTA Board of Directors and participates in these meetings. Information reported on includes detailed breakdowns, explanations, and Q&A regarding financial documents and MTA programs each quarter. While MTA has not provided a written document entitled “Final Report”, MTA reports all the required information quarterly and annually to MDA during our Board of Directors meetings. We firmly believe that our reporting of all of this information on a quarterly basis does meet the requirement “to provide quarterly reports and a final report describing activities and achievements to date.” Since we know of no additional requirements from the Mississippi Development Authority and have never been informed of their dissatisfaction with our reporting, we respectfully submit that we have met the intent and letter of our agreement.

However, the recommendation to begin providing a written report entitled “Annual Report” to the Mississippi Development Authority and other MTA stakeholders is a great recommendation that we plan to implement. This will provide an excellent mechanism to display the tremendous outcomes and activities of MTA and we would anticipate attempting to distribute it as widely and broadly as possible, including to Legislators, local MTA partners, and even the media.

“MTA has not established specific objectives for the state funded programs within its strategic plan for its three programmatic centers.” page 25, final paragraph & subsequent section on page 32.

MTA employs a rigorous measurement system that starts with the overall goals of the company, flows to departmental or center goals, then to individual goals, and finally to specific tasks for each employee. Each employee’s daily tasks therefore have specific ties to the overall company Goals, Strategic Plan, Mission, & Vision. While goals at each level are intended to be specific and measurable, the level of detail provided varies from very little quantified detail at the Vision level and very specific detail at the Task level. The Strategic Plan falls in the middle of this continuum, so while it may be true that all objectives at this level are not specific, they are specific at lower levels which tie to the Strategic Plan. Many of the dozens of pages of Performance Measurements provided to PEER are included in the PEER report and these lower-level measures tie to the Strategic Plan. As an example, the performance measures listed on page 35 under the Entrepreneurial Service Program clearly tie to the Performance Measurement Matrix in Exhibit 7 on page 34.

Some of this confusion is simply a matter of wording regarding “Centers”, “Programs”, “Activities” and other terms used somewhat interchangeably as addressed on page 52, Item #6. This confusion, although certainly relevant for discussion, is simply a function of MTA’s continuing tailoring of activities to meet the needs of innovation-based ventures and communities. While it will remain important to respond to market needs immediately and therefore immediately create new activities to meet these needs, we will certainly heed the advice to use more consistent language going forward to avoid some of the confusion mentioned.

“The Mississippi Technology Alliance does not track information that permits determination of whether MTA provides a unique service that participants could not receive from other economic development or small business support organizations” page 25, bullet #2 & subsequent section beginning on page 29.

Entrepreneurs have a lot of options regarding where to turn for assistance. The Mississippi Technology Alliance has worked with all of the known relevant organizations to hold various meetings, webinars, and conferences to explain how each of our groups works with entrepreneurs and who they should visit to best meet their needs. In some ways, this is a clear indication that among the various groups, there is a clear understanding of each group’s unique services. We agree, however, that this clarity doesn’t exist within the general public.

In 2008, we contracted with most, if not all, of the relevant groups in regional contracts to more clearly define each group’s role. In addition, organizations like the Montgomery Institute have put together programs like *MyBiz.am* to help sort through all of the service organizations and give an easy web-based source to decide where to go. Because each entrepreneur’s situation is different, however, it is hard to make hard and fast rules. The fact that more than 150 entrepreneurs called on MTA for services last year is a strong indication that our services, whether unique or not, were needed by entrepreneurs.

Based on the PEER recommendations, we have begun to track referrals. We are referred clients on a fairly regular basis and will certainly continue to refer them to SBDC's or other groups when appropriate. Since most clients probably won't be referred from anywhere else or from MTA to any other group, however, we'll continue to work with each of the other economic development groups to try and clearly articulate to the public what each of our roles is in the business development process.

The Mississippi Technology Alliance does not measure or monitor the impact that its three major programmatic centers have on the statewide economic development goals established in MTA's Innovation Index. page 26, bullet #3; Section beginning on page 48.

The Mississippi Innovation Index indicators was formed through a series of focus groups from perceived relevant stakeholders including IHL, individual universities, economic development organizations, government agencies, and MTA. It was intended to publish indicators of progress toward statewide goals and outcomes related to innovation and technology-based economic development. It is not a measure of MTA's organizational performance. While MTA does play a role in the steps which might lead to improvements in these key indicators, MTA shares responsibility for achieving these outcomes with other academic, private industry and government organizations. While it is unlikely that a one-to-one relationship would be established between MTA organizational outcomes and these indices; we look forward to continuing to work with our partner organizations to make progress in these key areas.

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