Growing a Green Economy

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Energy consumption and its environmental impact are fundamental drivers of economic development.

Experts at the Kenan Institute work with public- and private-sector clients to analyze the opportunities and challenges the energy economy provides and develop profitable, sustainable responses to them.

“There is an enormous focus on green energy development in North Carolina, across the nation and around the world,” says Thomas A. Stith III, the Kenan Institute’s program director for economic development. “But a lot of work must be done to ensure the policies and practices that government and business leaders choose will promote, not undermine, the growth of the green economy,” Stith says. “Our job is to make sure they have the latest and best information and analysis so they can make those strategic choices for moving forward.”

The institute’s current energy and environment work focuses on three areas:

• Developing renewable energy solutions.
• Analyzing energy costs and investments.
• Promoting energy-related business growth.

DEVELOPING RENEWABLE ENERGY SOLUTIONS

Stith and his energy and environment team have worked on three projects for the state-funded Biofuels Center of North Carolina, providing both strategic and tactical help as the center works to meet the state’s energy goals and develop a renewable energy industry.

North Carolina’s Strategic Plan for Biofuels Leadership set a goal of producing 10 percent of the state’s liquid fuel consumption by 2017. That requires participation by a range of market players, from farmers and foresters who produce feedstocks to policymakers who create the regulatory and incentive structure to companies that convert N.C. feedstocks into biofuels and distribute them to consumers.

The first project, Business of Biofuels, developed the complex financial models the Biofuels Center uses to evaluate which feedstocks hold the greatest potential for profitable, sustainable production. The institute also conducted an economic impact analysis that revealed more than 3,000 jobs and nearly $1 billion of economic impact would result if the state achieves its 10 percent goal.

With the financial models in place, the Biofuels Center has again reached out to the institute for help examining the global and local market conditions that will affect the state’s ability to achieve its energy goals.

In one study, N.C.’s Role in the Global Biomass Energy Market, researchers are analyzing the global markets that could compete for the state’s woody biomass supply and a range of related issues, from demand and pricing to public policy to export capabilities.

In a second project, The Economic Impact of Biomass Alternatives on N.C.’s Economy, researchers are analyzing and comparing the economic impacts of producing biomass for export, for electric power generation and for liquid fuel consumption.

ANALYZING ENERGY COSTS AND INVESTMENTS

The cost of energy plays a significant role in shaping competitive strategy for both companies and communities. High energy costs can erode profits for companies and force communities to raise taxes, both of which diminish economic competitiveness.

Institute teams are working on two projects that examine the cost and impact of energy investments.

In its recent Price of Power study, institute experts revealed that many residents in eastern North Carolina pay significantly higher rates for electricity than the rest of the state and nation. Stith’s report to the N.C. General Assembly documented the economic impact of these higher costs and potential solutions for overcoming this obstacle to economic growth.

“Our analysis of 32 cities in eastern North Carolina shows an aggregate cost for electricity that is $240 million higher than the state average,” Stith says. “These higher costs make it harder to attract economic development to the area and shift the burden of payment to residential customers. We want to find out what is driving this disparity and create solutions for it.”

Researchers, with support from Ygrene Energy Fund, also are assessing the risk and financial viability of using Property Assessed Clean Energy (PACE) bonds to promote energy efficiency and growth of the green economy.

Twenty-four states and the District of Columbia have passed laws since 2008 enabling local governments to establish districts that allow residential and commercial property owners to finance renewable energy and energy efficiency improvements on their properties.

The institute team is examining both the risk associated with this financial instrument and the potential pricing and rating investors can expect.

PROMOTING ENERGY-RELATED BUSINESS GROWTH

The institute has developed an extensive network of public, private and nonprofit partners through its work in the energy and environment space.

Stith and his team are using those connections to link energy-related businesses with organizations that can help them grow. This includes communities seeking renewable solutions to meet their energy needs as well as service providers and support organizations.

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Kenan Institute Leadership Fellows build communities for impact

They are high achievers, taking on numerous and far-reaching volunteer leadership roles even while earning their MBA and undergraduate business degrees.

They are visionaries, conceiving new approaches and programs to meet needs they identify.

They are concerned citizens of the world, launching nonprofits, helping fellow students connect with opportunity and focusing their talents on building a sustainable world.

They are Kenan Institute Leadership Fellows, UNC Kenan-Flagler MBA and undergraduate business students selected each year to hone their leadership skills while building bridges that extend the reach and impact of the UNC Kenan-Flagler/ Kenan Institute community.

“The creativity, passion and initiative demonstrated by these Kenan Institute Leadership Fellows exemplifies the type of globally connected, locally committed leadership that I am confident will shape a better, more sustainable and more competitive world in the future,” says Kenan Institute Director John D. Kasarda.

BUILDING BRIDGES TO LEADERSHIP

The Leadership Fellows program includes MBA and undergraduate business students selected through a competitive application process each year. Fellows manage a range of programs that bring together local and global thought leaders to share knowledge that can drive business and economic growth and shape community solutions.

Most visible among them is the Business Across Borders Summit, an annual event that exposes students to experts and knowledge about doing business in markets around the world.

Leadership Fellow Katherine O’Herron (MBA ’12) led the team that conceived and hosted the most recent summit, “Africa: The New Business Frontier.” The November event brought Africa experts from around the world for two days of keynote addresses, panel discussions and workshops.

“Katherine did a phenomenal job creating a vision for the Business Across Borders Summit this past fall,” says Leadership Fellow Genny King (MBA ’13). “Her ability to execute an event that brought together over 130 stakeholders from around the world to engage in a dialogue about business opportunities in Africa was remarkable.”

Leadership Fellows coordinate Food for Thought luncheons throughout the year. These intimate gatherings introduce Kenan-Flagler students to high-profile business, academic and civic leaders to discuss issues of global competitiveness.

Fellows also host receptions for incoming and prospective students each year to introduce them to institute opportunities. They publicize activities and results through briefings to the institute’s board of trustees, publishing MBA Corner newsletter and writing the Student Opportunities Blog.

Undergraduate fellows expanded the program’s reach with their classmates in 2011-201 by attending orientation events, club fairs and other activities that engaged more than 100 students. They also launched a new initiative to promote research among undergraduate business students.

“We were able to find six different research projects from center directors who would appreciate input and assistance from undergraduate students,” says Leadership Fellow Dexter Blackwell (BSBA ’12), who coordinated the project. “We designed and uploaded an application for the projects and received over 35 applications in under a week.”

The opportunity to develop such programs, participate in the range of fellows’ activities and network with the institute’s broad community of business and academic leaders were the most valuable parts of his experience at UNC, Blackwell says.

“I have met more people, developed more skills and had a bigger impact than I could have ever imagined,” he says.

LEADING BY EXAMPLE

Leadership Fellows lead not only through their activities but by their example, says Lingmei Howell, the institute’s director of outreach, who coordinates the fellows program.

“These students are the best of the best, and they are having an extraordinary impact on the world around them, even while they are still in school,” she says. “It is exciting to think about all they will accomplish when they get out.”

Two MBA fellows, both U.S. military veterans, run nonprofit organizations for veterans. Both were honored with recent Armed Forces Salute specials produced by local ABC News affiliate WTVD ABC 11.

Leadership Fellow Nick Black (MBA ’13) co-founded Stop Soldier Suicide, a nonprofit that works to raise awareness of soldier suicide and connect military men, women and veterans to services to prevent it.

Greg Fontaine (MBA ’12), a West Point graduate and veteran of three combat deployments, heads the N.C. chapter of Team Red, White and Blue. The nonprofit helps veterans transition successfully from military to civilian life by pairing them with a local support person and using physical fitness to engage veterans in being part of a team.

Black says Fontaine embodies the best of what it means to be a leader: “He enabled and supported all the fellows with a humble confidence that brought the best of everyone to light.”

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Kenan Institute goes One-on-One with Asia Society President Vishakha Desai

Asia’s emergence as a major economic force has been a primary area of focus for the Kenan Institute and UNC Kenan-Flagler for decades. It continues to be so as both expand degree programs, research partnerships and business development in Asia.

The Asia Society, meanwhile, has been in the forefront of institutions working to promote understanding and partnership between the United States and Asia through programs in the arts, business, culture, education and policy.

Asia Society President and CEO Vishakha Desai visited the institute recently to share her insights into the state of U.S.-Asia relations, what the rise of China and India will mean for our world and what universities can contribute.

Here are excerpts of that conversation.

**DESAI:** Our organization is an educational institution, and our mission is to strengthen partnerships and promote mutual understanding among peoples, leaders and institutions of Asia and the United States.

I think it’s a very important mission today because the 21st century is really going to be much more about Asia than any other part of the world, and we all have to get ready for it.

**KENAN INSTITUTE:** What is the mission of the Asia Society?

**DESAI:** The bottom line is that we are in the business of preparing Asians and Americans to build a shared future.

In order to work together, you have to learn about each other. So, therefore, mutual understanding is important. Now how do we do that? There are so many different ways.

We feel that three-dimensional engagement with Asia is very important. Today, we talk about the economic power and the political power of big countries, especially like China or India. But the reality is that these are millennial civilizations. They have deep, deep cultural roots. If you don’t understand the cultural basis, you can’t completely understand the political and economic ramifications.

We often say that we’re in the business of combining culture, commerce and current affairs – those three Cs that help us to convene the right people, to conceive the right project and to get them to catalyze the right action.

That’s what we’re about. So, we do it in arts. We do it through culture. We do it through education. We often say that we’re in the business of preparing Asians and Americans to be major players in the world, and we all have to get ready for it.

**KENAN INSTITUTE:** How can we foster cooperation as new superpowers arise?

**DESAI:** Oftentimes, I think in the West we’re too transactional. So when we go, we have our own agenda. We don’t always think about the fact that knowledge about culture matters; that we need to understand the economic and political dynamic together and then add the knowledge of culture with it so that we can make more informed judgments about how to make decisions.

But most importantly – and this is what my Asian friends tell me – we also need to create a sense of parity. It’s really about talking to equals. That’s hard for us because America has been the sole superpower for at least the last 30 years.

We have been so used to being the center of the universe for the last 75 years, that how to actually think about ourselves as a major player, but not the sole superpower, is tough. Nobody easily gives up that position of power.

It’s not about giving up. It’s actually about understanding that this doesn’t have to be a zero sum game – that somebody’s gain is not our loss necessarily.

So how do we understand what Fareed Zakaria calls, “the rise of the rest,” so that this is really the age of a multipolar world? And in this multipolarity, how do we play responsibly as a major player and how do we encourage and work with others so they are responsible players?

We have to make sure that these kinds of things don’t turn into tensions, because we can’t afford it.

**KENAN INSTITUTE:** What role do universities play in the rise of Asia?

**DESAI:** I do think that the corporate world has actually figured this out. So what we [universities] have to do is to educate our policymakers. They have to understand that the world out there is not the world that they’ve known. The majority of our lawmakers don’t even have a visa or a passport.

So how do we educate our lawmakers and work with them? That’s number one.

Number two, I think that at the university level, you’re also teaching students. So how do you inculcate in the students from the get-go that they no longer have an option of being parochial? There is no option. Any time you pick something up from Wal-Mart, you know it’s made in China. If Chinese don’t produce that, it affects us.

Everything we do is somehow interconnected. And in that interconnected world, knowing about other people, other cultures and the diversity of those cultures, and understanding differences even if you don’t agree, is crucial.

That’s what the universities can do.