

## Special Issue on Innovation 2018

### Disruptive Innovation: How Washington State University Is Reaching Urban Audiences

#### Abstract

Washington State University (WSU) is redefining how Extension works in urban areas. Its Metropolitan Center for Applied Research and Extension (Metro Center) engages nontraditional Extension audiences using an innovative business model that focuses on short-term projects instead of long-term programs. Outcome-driven, client-centered, and solution-oriented, the Metro Center works to develop practical, place-based solutions by being a conduit between metropolitan decision makers and WSU faculty expertise across the state. In this article, we present a case study centered on the conditions and opportunities leading to the Metro Center's formation, the center's entrepreneurial business model, and center projects that allow Extension to reach new audiences.

**Keywords:** [metropolitan](#), [cities](#), [staffing](#), [business model](#), [applied research](#)

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## Innovation

Innovation can provide businesses with a competitive advantage as they respond to changes in the marketplace. It spans a continuum from incremental innovation, or remodeling, to disruptive innovation—a paradigm shift that creates new business models and markets with societal impact (Assink, 2006). Disruptive innovation

- attacks an existing business and offers great opportunities for increased profits (Hamel, 2003);
- introduces a service, product, or business model that significantly transforms demand and need within an existing market—disrupting the former key players (Lettice & Thomond, 2002); and
- produces fundamental changes in the activities of an organization—representing a large departure from

existing practices (Damanpour, 1996).

Disruptive innovation can transform an entire industry in the way that online banking transformed the finance industry and e-commerce transformed retail (Charitou & Markides, 2003). Yet many industries do not, or cannot, embrace disruptive innovation. Instead they try to compete through incremental innovations, focusing on a core business or capitalizing on significant existing investments. They believe that they do not have the necessary skills to effectively compete in a new business model or that they require more time to adequately analyze the situation (Charitou & Markides, 2003). Their focus on existing customers becomes institutionalized, making it difficult to redirect investments to disruptive innovations (Christensen, Raynor, & McDonald, 2015).

Extension, with an organizational culture that supports the status quo and a bureaucracy slow to react to change, tends to innovate incrementally (Franz & Cox, 2012). Yet especially in urban areas, Extension faces many disruptive innovators (Franz & Cox, 2012). Extension as an organization would benefit from embracing disruptive innovation as a way to thrive in a changing environment. The Washington State University (WSU) Metropolitan Center for Applied Research and Extension (Metro Center) provides a case study in disruptive innovation and a model for how Extension can remain relevant in metropolitan regions. Throughout this article, we use the terms *urban*, *metropolitan*, and *city* interchangeably to refer to spaces of high density that may or may not be organized within a formal system of government.

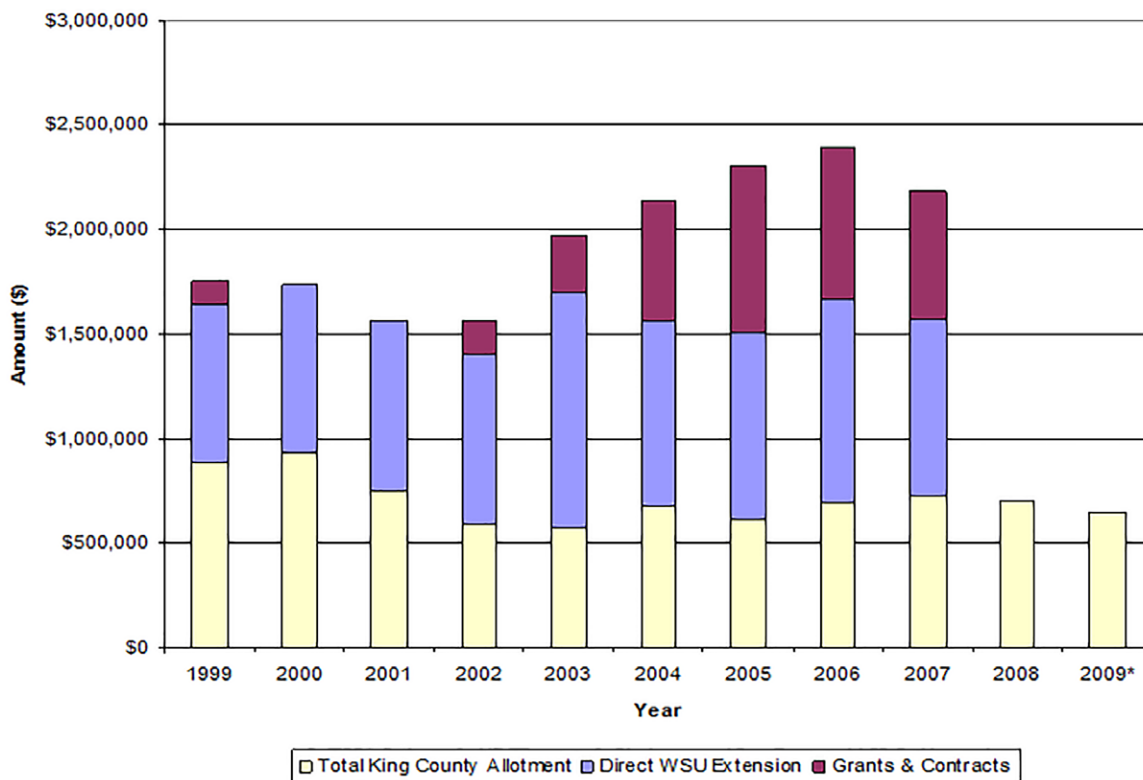
## Learning Through Incremental Innovation: King County Extension

In 2000, WSU King County Extension (KCE) was receiving approximately \$1 million annually from the county's general fund to support a Seattle-area office with a full contingent of faculty and staff in multiple subject areas, including Extension's legacy programs. The following year, due to the first of numerous budget shortfalls, Extension was initially zeroed out of the county budget. Funding was restored during budget negotiations but was reduced to \$600,000. Additionally, instead of coming from the general fund, KCE's funding would come from a revenue-backed source and be tied to specific programming and deliverables.

KCE faculty responded to budget reductions and the uncertainty of future funding by becoming more entrepreneurial, successfully generating extramural funding (e.g., grants, contracts, fees for services) and developing new programs that aligned with county-funded priorities (Figure 1). Their efforts diversified funding for KCE from two county-based sources to eight and increased aggregated funding from just over \$1.5 million in 2001 to nearly \$2.5 million in 2006 (Figure 1).

### Figure 1.

Washington State University (WSU) King County Extension Funding Sources, 1999–2009



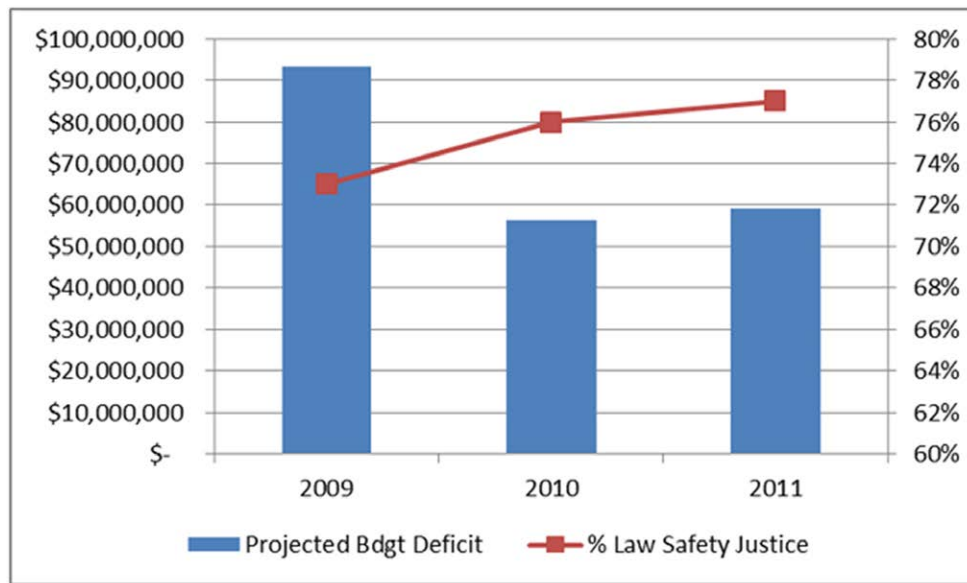
Years 2008 and 2009 show only the funding from King County government, and the asterisk (\*) indicates only the proposed funding amount. Source: Gaolach (2009).

WSU knew it needed to innovate for Extension to thrive in King County and in all of Washington's metropolitan centers. As a first incremental innovation, WSU added entrepreneurial attributes to faculty position descriptions, such as those successfully exhibited by KCE faculty (Washington State University Extension, 2003). These entrepreneurial attributes emphasized skills in resource acquisition, project management, capacity building, and multidisciplinary outreach and were implemented to encourage Extension faculty to develop innovative, short-term, fully funded projects connecting university expertise to local and statewide issues.

With the onset of the Great Recession, KCE was under increasing pressure to justify its value to the county in order to maintain funding. Revenues in King County could not keep pace with basic inflation, built-in expense growth, and rising costs in mandated law, safety, and justice functions, resulting in years of large budget shortfalls (Figure 2). Although the county valued Extension's traditional agriculture and forestry programs and there was still broad-based support for 4-H in rural areas, the King County executive wanted Extension to focus more on urban issues as he sought a way to access the university's applied research capabilities.

**Figure 2.**

Projected King County General Fund Budget Deficits and Percentage of the General Fund Spent on Law, Safety, and Justice, 2009–2011



Source: Gaolach (2011).

In 2009, WSU attempted to reshape KCE to better serve urban audiences by adding applied research as a separate activity to the existing suite of KCE programming. This applied research would be funded on a project basis and would leverage WSU expertise to address complex urban issues. A small staff would manage a portfolio of projects, employing faculty as subject matter experts (similar to the hot shot model described in Collins & Gaolach, 2018). County and university core funding would be reconfigured to support the new model, which had been vetted and approved through WSU administration and received strong support from the King County executive.

Before the new model could be implemented, the King County executive was selected to serve in the Obama administration. The county experienced a leadership vacuum with his departure and, with the recession deepening, there was little interest in innovation. Instead of implementing a new model, KCE was again facing complete elimination from King County's budget. Negotiations, plus outcry from 4-H supporters, eventually restored 2010 funding for two 4-H coordinators and minimal operations funding to support 4-H and federally funded nutrition programs. The master gardener program, which was able to operate without county funding, moved to the facilities of another university. The balance of the agricultural, food systems, natural resources, and parenting programs were phased out, and staff were either reassigned or terminated. Incremental innovation had failed to preserve KCE, but an entrepreneurial mind-set at WSU was laying the groundwork for disruptive innovation that would change the way WSU Extension serves urban communities.

## Innovation in the Urban West

The erosion of funding and support for Extension in urban counties is not unique to Washington; in 2002 Oregon State University saw Multnomah County, encompassing the city of Portland, completely sever its relationship with Extension. In 2008, determined to see Extension thrive in an urbanizing America (Fehlis, 1992; Fox, Ruemenapp, Proden, & Gaolach, 2017; Krofta & Panshin, 1989), and recognizing the uniqueness of the urban West, the Western Extension Directors Association (WEDA) "embarked on an initiative to position Extension as an urban-serving institution" (Western Extension Directors Association, 2008, p. 1). They affirmed the need for a new urban model that encouraged entrepreneurship and emphasized the importance of

- applied research and engaged scholarship for addressing the multidisciplinary issues of urban communities,

- collaboration with decision makers for increasing impact, and
- flexible staffing for developing and managing short-duration projects over long-term programs.

WEDA's exploration of Extension in urban communities continued and, in 2013, WEDA convened an urban task group that provided recommendations on forming a regional urban center. WSU, which had consistently taken a prominent role in WEDA's urban Extension efforts, agreed to provide administrative leadership for this multistate, multi-institution urban center (see Collins & Gaolach, 2018, and Gaolach et al., 2018, for additional information about WEDA's work to innovate new local and regional urban Extension models and details on the formation of the Western Center for Metropolitan Extension and Research).

## **WSU Disruptively Innovates**

As WEDA was convening its urban task group, and in a complete break from previous incremental transitional attempts, WSU made plans for a disruptive innovation that would transform Extension in Washington's metropolitan communities. In 2015, WSU opened the doors to the Metro Center. With its original business model, Metro Center disruptively innovates Extension's traditional mode of operation by

- implementing short-term projects, not long-term programs;
- being client and solution focused instead of program focused;
- focusing on solving problems faced by municipalities and organizations, not on educating the end user;
- operating apart from but not competing with county-based Extension;
- operating on a full-cost-recovery basis without county funding; and
- employing a small staff of generalists and using project-specific faculty specialists.

Whereas other WSU centers operate within subject matter parameters (Gaolach, Kern, & Sanders, 2017), the Metro Center works across all of Washington's metropolitan regions on a multitude of subjects. The Metro Center is housed just north of Seattle at WSU's new, compact urban campus in the city of Everett, placing it strategically close to the community and to potential collaborators among the teaching faculty.

## **Operationalizing Disruptive Innovation**

The Metro Center is comprised of a small core team: a director, one part-time and two full-time project managers, a half-time operations manager, and part-time communications support. The university provides core funding to cover approximately two and a half staff members and some operational expenses. Our project budgets are written to recover all costs involved, including those for staff, faculty experts, goods and services, travel, and university overhead.

Our projects originate with a client's need. Although our clients most often come from within a municipality, government agency, or nonprofit, we also encourage WSU Extension and campus faculty to see themselves as Metro Center clients when they want to implement complex projects beyond their individual capacities. Building

these collaborations with faculty is mutually beneficial as we may, in turn, need their expertise and assistance on future projects.

After an initial client contact, we determine whether to pursue a project by applying some general criteria:

- Does the project address a need in a city or a greater metropolitan area or relate to the urban–rural interface?
- Is it a short-term project, as opposed to a long-term program with no exit strategy?
- Is it a project through which the university can add unique value?
- Does project funding allow for full cost recovery, including university overhead?

Over time, this list of criteria may increase, similar to sets of criteria established by other WSU subject matter centers (Gaolach et al., 2017), or our reputation may grow around projects in multiple subject areas. However, in what is still our start-up phase, we have erred on the side of accepting projects to build our portfolio and demonstrate the viability of our business model.

For each project a client brings us, we craft an approach that addresses the client's unique needs. To do this, our project managers (generalists who manage multiple projects in a variety of subject areas) enlist subject matter expertise from, in order of priority, WSU campuses and Extension faculty, Western Center for Metropolitan Extension and Research partner institutions (see Gaolach et al., 2018), other urban-serving universities, or external partners. Although this approach allows us the flexibility to implement projects in diverse subject areas, it can leave us vulnerable when a faculty expert's availability does not match a project's timeline. To counteract this challenge, we created Metro Center affiliates—faculty we call on first when assembling our project teams. Metro Center affiliates are typically WSU campus-based faculty who have a desire to engage in funded outreach activities and possess expertise we will need on multiple projects (e.g., economics, evaluation, and statistical analysis).

Implementing our operational model has not always gone smoothly. For example, each project requires an interface with WSU's on-campus finance and contracting systems. An administrative system geared toward meeting distant federal grant deadlines can have difficulty operating within the tight timelines that our clients may require. We continue to work with WSU administration to create efficiencies that will allow us to be fiscally responsible while providing a high level of customer service.

Our greatest disruption to the Extension system is also our greatest challenge; our focus on short-term projects over long-term programs requires that we constantly have projects in our queue. Whereas established WSU centers have cultivated a broad client base (Gaolach et al., 2017), as a new center, we are constantly cultivating new project opportunities and strategically networking. Our situation requires that staff be comfortable in an entrepreneurial setting and possess both a tolerance for a competitive environment and the willingness to work with ambiguity and uncertainty.

## Engaging New Audiences

The Metro Center extends Extension's reach in metropolitan communities without replacing or competing with county Extension by developing new audiences. Instead of focusing on the end user, we work with clients at the policy and systems level—serving larger groups of people with a broader impact—as exemplified by the following

projects:

- *City of Yakima equity analysis.* The Yakima City Council commissioned an assessment and analysis of city-collected data to determine whether municipal resources have been equitably allocated across their diverse city. Project team: faculty from the architecture and urban planning department of an urban-serving university with whom we have worked on other community-based projects. Project length: 6 months.
- *Industry benchmarking.* Faculty from WSU's School of Hospitality Business Management on the Everett campus, in conjunction with the Washington Hospitality Association, asked the Metro Center to establish benchmark data for the restaurant industry across Washington State to explore the impact of municipal minimum wage increases. Project team: on-campus faculty from WSU's School of Economic Sciences and WSU's Division of Governmental Studies and Services. Project length: 4 years.
- *Age-friendly housing assessment.* The Metro Center conducted a data analysis, literature review, and needs assessment and presented recommendations for actions to increase available housing that meets the needs of seniors in Seattle and King County, with a particular emphasis on older adults in the LGBTQ community. Project team: faculty from WSU Vancouver's Department of Human Development, WSU's Division of Governmental Studies and Services, and Portland State University's College of Urban and Public Affairs. Project length: 4 months.
- *America's Best Communities.* The Metro Center provided leadership for two municipalities as they created and implemented a regional plan for sustainable economic prosperity as part of the nationwide America's Best Communities Competition. Project team: WSU Snohomish County Extension staff, WSU's Office of Economic Development, and faculty and staff of WSU Extension's Community and Economic Development Unit. Project length: 27 months.
- *Workshops and trainings.* The Metro Center also offers workshops and trainings as a potential entry into custom work for a client. Metro Center staff conduct these workshops in the areas of entrepreneurship and economic equity, allowing them to develop relationships with potential future clients.

To assess our success, we have established metrics that reflect the outcomes and impacts we strive to reach. Our goal is not to maximize the number of individuals we reach, but to reach the right individuals—those who can magnify our impact. Some of these metrics are listed in Table 1, which includes data from the projects and workshops listed above.

**Table 1.**

Metropolitan Center for Applied Research and Extension Output Metrics

<b>Metric</b>	<b>Total 2015–2017</b>
Project revenue	\$525,900
Municipalities engaged	9
School districts engaged	52
WSU department-based faculty engaged	13

Non-WSU faculty engaged	3
WSU campuses represented by faculty or students on projects	7
WSU students engaged (graduate and undergraduate)	16
Businesses and/or entrepreneurs engaged	66
Nonprofit organizations engaged	14
Governmental agencies engaged	11
Community- or industry-based agencies engaged	1

*Note.* WSU = Washington State University.

## Entrepreneurial Mind-Set

The conditions that led to the creation of the Metro Center were not unique to WSU, yet WSU's response to those conditions defied convention. Franz and Cox (2012) asserted that Extension often fails to embrace disruptive innovation for many reasons, key among them being the following factors:

- "an organizational culture that supports the status quo and discourages innovation
- a funding entitlement mentality that has created over dependence on past source of funding and lack of urgency to innovate
- a lack of diversity in customer base and staffing" ("Organizational Leadership," para. 4).

WSU's decision to take the disruptive path was influenced by an entrepreneurial mind-set for thinking and acting that supported innovation at all levels. To ensure WSU Extension's relevance in metropolitan regions, the university made a bold investment in a resource-constrained environment. The disruptive innovation that produced the Metro Center can be illustrated by the eight key components of the Kauffman Foundation's framework for entrepreneurial thinking and acting (Schoeniger & Taulbert, 2010):

1. *Choice.* Confronted with a challenge, WSU Extension chose to introduce a new way of doing business.
2. *Opportunity.* The Metro Center's business model encourages staff and partners to seek new project opportunities and collaborations.
3. *Action.* The Metro Center mobilizes teams of experts to solve urban challenges.
4. *Knowledge.* The Metro Center engages a wide range of subject matter experts from across the university system to address local challenges.
5. *Wealth.* The Metro Center's full-cost-recovery model is a pathway to sustainable revenue generation, breaking from an entitlement mentality or reliance on a single partner.
6. *Brand.* The Metro Center continues to position itself as the go-to project development and management center for faculty at WSU, as well as the front door to the land-grant university's applied research capacity.



7. *Community*. The Metro Center's projects address community needs, not those of the academic researcher, thereby delivering on both the land-grant university and Extension missions.
8. *Persistence*. Metro Center staff are intentional about learning from failures and successes along the way to improve our model and increase impact.

## Conclusions and Lessons Learned

The WSU Metro Center is demonstrating that Extension can reach urban audiences in new ways. It is not a novel approach; it is only novel in how it is applied to Extension—disruptively innovating the traditional program-based model in favor of a model that leverages the applied research capacity of a land-grant university. The Metro Center's project-based model can be replicated across other Extension programs; however, doing so requires cultivating an entrepreneurial mind-set among Extension professionals, a willingness to break with Extension's traditions, and nimbleness and agility in staffing and operations. Extension can affect thousands of individuals if we work upstream with decision and policy makers. Although we recognize the value of Extension's traditional end-user focus, we believe that working at the policy, systems, and environment level is Extension's best opportunity to reach the United States' growing urban audiences and remain an integral partner to urban decision makers.

### Acknowledgments

The development of the Metro Center was made possible by numerous individuals who came before us; we stand on their shoulders and benefit greatly from their work in helping refine, launch, and operationalize the Metro Center. Specifically, we are indebted to those members of WSU King County Extension who helped lay the groundwork for the Metro Center but were part of the budget cuts which forced change: Sylvia Kantor, Darcy Batura, Amy Grotta, Tara Zimmerman, Todd Murray, and many others. Phyliss Shulman was a key thought leader in the Metro Center's final iterations before launch. The Metro Center also exists because of leaders within WSU Extension who were willing to support the disruptive innovation, Rob McDaniel, Rich Koenig, and Mike Gaffney, and those who played other key leadership roles during its formation, Linda Kirk Fox and Jim Kropf.

Finally, we dedicate this article to the memory of Curt Moulton, an innovative leader who worked in urban Extension for WSU during his entire 40-year career. He called for the formation of an urban applied research center around 1990. We are honored that we were able to establish the Metro Center before his all-too-early passing. Curt and our first author met monthly to share war stories, inspire each other, and replenish themselves with the energy needed to do this work. He is greatly missed.

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