"Venture Hub" Business Plan

OCTOBER 10, 2019

TABLE OF CONTENTS

ACKNOWLEDGEMENTS

The project team would also like to recognize and thank the following individuals and organizations for participating in focus groups and interviews.

Founders

Michael Allenby, The Festy

Martin Chapman, IndoorBio

Jim Cheng, CAV Angels

Jason Daniel, TechDynamism

Adam Healey, Borrowed and Blue

Chris Jessee, Cardboard Safari

Debra McMahon, PhD, Scitent

Jeff Pompeo, Caretaker Medical

Sarah Rumbaugh, Relish

Jeff Thomas, SHINE Innovations

Devin Welch, Sun Tribe Solar

Sara Whiffen, Rhovi

Funders

Jim Cheng, CAV Angels

Robert J. Creeden, Managing Director, UVA LVG Seed Fund & New Ventures

Will Foshay, President, Felton Group

Tracey Greene, Charlottesville Angel Network

Rahul Keshap, CAV Angels

Don Long Esq., Investment Advisor, Flora Pettit

University of Virginia

Sean Carr, Executive Director, Batten Institute for Entrepreneurship and Innovation

Deborah van Eersel, Chief Administrative Officer, UVA Foundation

David Touve, Senior Director, Ventures, Batten Institute for Entrepreneurship & Innovation Pace Lochte, Assistant Vice President for Economic Development

Christine Mahoney, Director of Social Entrepreneurship

Elizabeth Pyle, Associate Director of Technology Entrepreneurship, Director I-Corps program

Community Programming Organizations

Blue Morning, Beth Johnson, Founder and Program Director, and, Rebecca Haydock, Managing Director of Portfolio and Partnerships

Center for Non Profit Excellence, Cristine Nardi, President

Central Virginia Small Business Development Center, Betty Hoge, Director

Charlottesville Business Innovation Council, Tracey Greene, Executive Director, and, Craig Redinger, Chair

Charlottesville Regional Chamber of Commerce, Elizabeth Cromwell, President

Community Investment Collaborative, Stephen Davis, President

CvilleBioHub, Nikki Hastings, PhD., Executive Director

New Hill Development, Yolunda Harrell, CEO

SHINE Innovations, Terry Woodworth, Chief Scientist

Vault Virginia, James Barton, Founder and CEO

GO Virginia Region 9 Economic Development Partners

Helen Cauthen, Central Virginia Partnership

Chris Engel, City of Charlottesville

Tracey Gardner, Madison County

Phil Geer, Orange County

Denise Herndon, UVA

Roger Johnson, Albemarle County

Jason Ness, City of Charlottesville

JT Newberry, Albemarle County

Jennifer Schmack, Albemarle County

Candace Spence, Central Virginia Partnership

EXECUTIVE SUMMARY

The "Venture Hub"* will be a place that focuses the entrepreneurial energy in Central Virginia, enabling local people to start and grow new businesses that support inclusive economic prosperity in GO Virginia's Region 9. Ultimately, the "Hub" will be a symbol of Central Virginia's entrepreneurial energy—the region's central meeting place for new ideas, new businesses, and new innovators.

When it comes to innovation and entrepreneurship, Central Virginia is richly endowed with great entrepreneurs, investors, and world-class researchers. The region performs well, but could do much better in terms of nurturing startups and growing entrepreneurial ventures. The "Venture Hub" seeks to support this mission by serving as a gateway to the ecosystem, accelerating new business growth, and telling the story of entrepreneurship in the Region.

The "Hub" has three operating principles that frame its design and implementation. They are:

1. The "Hub" is designed for entrepreneurial support, and **entrepreneurs are its primary customers**. Entrepreneurs, therefore, are an essential part of the governance of the "Hub" and the effectiveness of its activities are measured principally by the results achieved by entrepreneurs.

2. The "Hub" will **partner and collaborate with organizational anchors and all elements of the entrepreneurial ecosystem**. The "Hub" will be a focal point and clearinghouse for these organizations and their activities to support entrepreneurs, and to collaborate with them to define, develop, pilot, and launch new resources that may be needed now or in the future.

3. The "Hub" will **embrace the diversity of the region**, defined in geographic as well as demographic terms, and strive to include a broad range of entrepreneurs in its network to include high-growth, high-tech, Main Street, youth and social entrepreneurs from throughout the region. This principle recognizes that diversity and inclusion are demonstrated to increase creativity and innovation, and therefore economic success. Programming will be focused, however, to support the unique challenges of different segments of the target audience.

The "Venture Hub's" central role is to enable connections between and among entrepreneurs and entrepreneurial support resources. A robust regional ecosystem is emerging in Region 9, and its development will be accelerated thanks to the "Hub", which will provide four services currently missing from Region 9's entrepreneurial ecosystem.

1. **A Place to Meet |** The "Venture Hub" will be a **place** where entrepreneurs and other members of the ecosystem can convene, network, learn, create, and celebrate. The "Hub" is envisioned to be housed in an iconic building designed to facilitate connections and collaborations, and will host events big and small, most currently offered by partners at disparate locations. The "Hub" may also be home to partners who wish to co-locate, and may feature a café or other spaces for informal meetings, reflection, or refreshment. The "Hub" will be centrally located in Charlottesville/Albemarle County, the place with the densest concentration of entrepreneurs in

---

* "Venture Hub" ("Hub") is a placeholder name. A branding exercise will be used to create a memorable and place-connected name that conveys the full concept.

Region 9. Ultimately, smaller "Hub" type facilities may also be hosted or co-located with entrepreneurial resources in other parts of the Region, and networked together through the "Hub's" essential services.

2. **A Place to Connect |** The Concierge Service will be the "Hub's" signature offerings, **connecting entrepreneurs and resources**.

   The Concierge Service will enable entrepreneurs to meet one-on-one with a concierge, individuals with deep knowledge of the ecosystem, and obtain an assessment of their situation, identification of next steps on their entrepreneurial journey, and referrals to appropriate resources in the Region and beyond.

   The Concierge Service is a scalable concept that will start with one individual physically located at the "Hub," but can expand to other geographies and constituencies in the region in collaboration with local, county, sector and/or community-based partners. The partner network is essential to the success of the Concierge Service, as deep understanding of the capabilities, activities, and focus of each resource is required on an ongoing basis for the referrals to be meaningful, accurate, and useful to the entrepreneurs.

3. **A Place to Tell Stories |** The "Venture Hub" will shine a light on regional entrepreneurs, resources, and their interactions, **highlighting the narrative of Region 9 as an entrepreneurial powerhouse**. The "Hub" will be the embodiment of the entrepreneurial dynamism in Region 9 and will be a focal point for citizens within the area as well as those outside the Region.

4. **A Place to Collaborate |** Ultimately, the "Venture Hub" will **inspire collaboration** by convening ongoing conversations with entrepreneurs and members of the ecosystem about additional needed resources, policies or activities that would further accelerate or expand the Region's economic prosperity. The role of the "Hub" would be to facilitate the definition, development, piloting, and launch of new initiatives, whether by the "Hub" itself or by partners or other stakeholders.

The "Venture Hub" initiative's ultimate success will be measured by multiple metrics, but its bottom-line goals are simple: to help more local people to start new businesses and to help those businesses become successful in terms of jobs, innovation, and their overall contribution to the regional economy.

All types of entrepreneurs can and should contribute to this goal, and by leveraging and amplifying their access to appropriate resources, the "Hub" can help accelerate their path to success. And, by deepening the connections within and among the entrepreneurial ecosystem in Region 9, the "Hub" will contribute by being the embodiment of a narrative of the region as a vibrant, inclusive, and innovative economy.

INTRODUCTION

An entrepreneurial ecosystem is the set of activities, linkages, and interactions that support entrepreneurs in a region, and help grow new companies, leading to a more diverse economy and economic growth. The density and completeness of the ecosystem are related to increased success among its entrepreneurs; missing pieces of the ecosystem can slow or derail entrepreneurial activities. This is particularly difficult in more rural regions where the lack of critical mass can make it even more challenging to start and grow companies than in regions with more resources.

In its 2017 assessment of the entrepreneurial ecosystem in GO Virginia's Region 9 (Central Virginia), Camoin 310 wrote:

> "In the Charlottesville/Albemarle County part of the region, many parts of the ecosystem are robust, while the ecosystem is less developed in Fauquier County and sparse in the other Region 9 counties. . . Infrastructure specific to entrepreneurs . . .is fragmented."

Following up this report, GO Virginia Region 9 commissioned a Regional Entrepreneurial Assessment and Piedmont Opportunity Corridor Entrepreneurial Activity Inventory from TEConomy Partners LLC. In its final report in December 2018, TEConomy found that Region 9 had a significant asset base to build upon and opportunities for advancing new program activities. The strengths identified included:

- Competitive in overall level of business formation;
- Broad geographic footprint of traded sector startups across region with a major hub in the Greater Charlottesville area;
- Diversity in startup activities across traded sector industry clusters;
- Significant annual generation of patents;
- University research sizable and growing;
- Talent base of highly educated workers; and
- A growing focus on creating entrepreneurial service hubs in the region in both Charlottesville and Fauquier County.

Among the gaps identified were "limited programming targeted to traded sector entrepreneurs outside of University of Virginia's efforts."

Among the recommendations were these three:

- Support the advancement of integrated accelerators-incubators-coworking entrepreneurial hubs across the region;
- Strengthen networking of traded sector industry clusters; and
- Establish regional quarterbacks for entrepreneurial development in each GO Virginia Region.

As a result of these research reports, the "Venture Hub" GO Virginia Region 9 Planning Grant Team established the concept of a "Venture Hub," described as:

> ". . . a community initiative intended to generate sustained economic growth by supporting high-potential, innovation-driven business ventures. The "Venture Hub" includes establishing a physical space or connected spaces with programming and resources for entrepreneurs."

The Planning Team commissioned this business plan to be a guiding document that will establish "Venture Hub" as:

1. A **gateway** to help connect people with existing entrepreneurship resources and encourage the creation of resources as the need arises.

2. An **accelerator** for high-growth, traded sector startups to include programming such as entrepreneurs-in-residence, mentoring, networking, venture accelerator, startup incubator, speaker series, etc.

3. A **narrative** that promotes Central Virginia as a center for entrepreneurship.

This Business Plan describes the concept of the "Venture Hub," outlines the Action Plan to implement the "Hub" (**Appendix A**); models the financial implications of the concept (**Financial Overview** and **Appendix C**), and provides sample job descriptions for staff (**Appendix B**).

CASE STUDIES

Before embarking on developing the "Venture Hub" concept and business plan, the Camoin 310 team reviewed the earlier studies and interviewed nearly forty organizational leaders and stakeholders. In addition, the Camoin 310 team studied nine other US cities to assess their "Venture Hub"-type activities. The complete case studies are included in **Appendix D**.

Other than Boulder with its organically grown ecosystem, each of the places studied has created or supported organizations that have tied together the various stakeholders, entrepreneurs, and funders into supportive networks with results similar to those desired by Region 9. We found several implications for the design of the "Venture Hub" revealed in these case studies.

A not-for-profit organization that includes all the partners (university, city, counties, private sector, especially entrepreneurs) has the best chance to meet the stated goals. A university-based entity or one embedded in a government organization alone may not have the flexibility or credibility to engage all entrepreneurs. This is an issue if the goal is to support entrepreneurs throughout the region. Although some of the organizations studied support only high-tech companies or university-based startups or spin-offs, more current thinking is that a broader base of entrepreneurs will be more inclusive, build on the value of diversity and enable more community-based prosperity. A wider pipeline of entrepreneurs also increases the density of local activity within the ecosystem.

Entrepreneurial leadership is critical, especially because entrepreneurs can and do fill multiple roles in a community over time, including as founder, funder, mentor and educators. In some cases, entrepreneurial leadership comes from corporations with entrepreneurial beginnings, or from foundations that were formed by successful entrepreneurs (e.g. Kauffman, Ford and Lilly).

Diverse funding sources are crucial to long-term sustainability because some funding, especially from governments, tends to change over time due to changing economic, political and interpersonal dynamics. On the other hand, there is also a tension between providing services for free or low cost to entrepreneurs and developing enough program revenue to support the organization.

Culture is critical. A #GiveFirst culture, one that embraces an ethic of "give before you get," appears to be consistent with entrepreneurial success. Most of the organizations studied are successful because of the efforts of a small and dedicated staff who have a passion for connecting all the elements of the entrepreneurial community -- for being catalysts, communicators, connectors, intermediaries. However, other community members who serve as mentors as well as connector roles do it in order to support the broader effort.

Building on anchors is a key lesson. Every program we studied collaborated with their local public university, and in a few cases, in the lead role. In several cases, the university provided critical early funding for the acquisition and renovation of the physical location; in other cases, staff are university employees. The university is seen as an essential partner. However, in most places, the university also maintains its own suite of entrepreneurship programming, largely to support its students and faculty.

The programming needed in a community depends upon what is already available, and includes events, institutions, and people such as mentors, that can strengthen the ties within the network. Filling gaps in the ecosystem is most important. One-on-one technical support seems to be the most common activity, along with events. Social events can often be an important way to build trusting relationships that later lead to collaborations and new combinations and partnerships. In several cases, a physical location was needed to provide a focal point for collaboration, usually in the form of an incubator with other programs (accelerator, co-working, events, training, capital) operating there as well.

Most "Venture Hub"-like organizations view themselves as a critical "front door" for business support services. Even if the hub does not offer a specific service or program, it serves as a key entry point and referral network to obtain needed services. In nearly every case, the hub organization partners with and relies upon a diverse set of partners who provide a large share of direct programming to businesses and aspiring entrepreneurs.

"VENTURE HUB" CONCEPT

Note that "Venture Hub" is also referred to as "Hub" is a placeholder name (see sidebar) and is used throughout for consistency only.

VISION

The "Venture Hub" will be a centrally-located place that will be a focal point for entrepreneurial activity in Central Virginia, a physical manifestation of the entrepreneurial narrative in Region 9. The "Hub" will leverage and amplify the existing resources in the entrepreneurial ecosystem, and exemplify Region 9's entrepreneurial energy.

Easily accessible and welcoming to current and aspiring entrepreneurs, the "Hub" will feature events on a daily, weekly, and annual basis to inspire and accelerate economic growth through innovation.

The "Venture Hub's" central role is to enable connections between and among entrepreneurs and entrepreneurial support resources. To do so, the "Hub" will offer concierge services to entrepreneurs to facilitate referrals to service providers appropriate for their stage of development, sector, and aspirations. Some of these service providers may be co-located at the "Hub."

PROBLEM/OPPORTUNITY

As discussed in the Introduction, research related to the GO Virginia Region 9 Growth and Diversification Plan and the Regional Entrepreneurial Assessment revealed the need for a "front door" for entrepreneurs to receive coordinated services from established providers. A plethora of resources are already available. All the research as well as extensive interviews with participants in the entrepreneurial ecosystem revealed that there are many great programs available to support entrepreneurs in the region, with the greatest concentration in the Charlottesville/Albemarle County area. There is a secondary concentration in Fauquier County. Even with this strong resource base entrepreneurs and those with resources don't know how to plug in. Resource providers oftentimes do not know enough about each other to make informed referrals. Entrepreneurs need, want, and deserve an easy pathway to get help.

This challenge with accessing resources can be particularly acute with first-time entrepreneurs who are not sure how to get started. A similar set of challenges faces growing mid-size companies as well as

BRANDING THE "VENTURE HUB"

It is critically important to brand the "Venture Hub" with a name that is catchy and memorable. The name should evoke the purpose and vision of the project and anchor its location in Virginia.

In addition to being something that can be trademarked for protection, it is equally important that the domain name associated with the brand be available (i.e. not already being used) or available for purchase at a reasonable price.

We recommend that the name be associated to the concepts of home, startups, hub, growth, and clearinghouse, and related to the relevant geography. A single word or short phrase is preferable to a long, wordy name except if the acronym is memorable and relevant.

Examples for consideration:
- CVenture
- Virginia on Main
- The Dome
- Cypher Place
- Central House
- InnovateHub
- Union Central
- Central Fuel
- Elevate CentralVA
- Venture Central

high-potential entrepreneurs who have new companies with prospects for fast growth. These business owners need traditional business services and much more: they need to "accelerate" company growth.

Until recently, Central Virginia lacked these types of specialized acceleration resources, but beginning in 2019, the newly established Catalyst Accelerator is starting to tackle this challenge. Catalyst serves as:

> ". . . a multi-stakeholder initiative intended to accelerate the growth of a select set of early-stage, high-potential companies by providing resources, networks, and support required for these companies to raise early-stage capital and/or grow to be sustainable ventures."

The "Venture Hub" is envisioned to address the need for a focal point for entrepreneurial activity, and to assist entrepreneurs (and resources) with a place to connect with each other. A secondary need is to provide a physical place that through sustained activity will demonstrate the vibrancy of the area's entrepreneurial community both to the entrepreneurs themselves, and outside supporters and observers. To the extent that other programming needs are identified as the "Venture Hub" operates, the framework described in this plan provides a mechanism for the community to assess the need and create programming to address that need, with stakeholders working together to decide how to implement a solution.

TARGET CUSTOMERS

The target customers for "Venture Hub" are entrepreneurs, potential entrepreneurs, and growing mid-size and young businesses throughout Region 9 as well as the resources and stakeholders who support these entrepreneurs. This description of the target customer is deliberately broad, encompassing, and welcoming. The "Venture Hub" is envisioned as a "big tent."

However, programming offered by and referred to by the "Hub" will be very targeted to specific sectors, stages of development, and goals of young and starting entrepreneurs, and offered throughout Region 9. While some programs such as Catalyst, for instance, are targeted for high-growth potential, traded sector entrepreneurs, others are targeted to Main Street businesses, youth entrepreneurs, and social enterprises. The "big tent" is critical because:

1. No one has a crystal ball. It is extremely difficult to determine in advance which entrepreneurs are going to develop fast-growing businesses that will positively impact the economy in an area. It is essential not to assume that a successful entrepreneur will emerge from a specific location, or with a particular background, culture, educational experience, age or industry.

2. Diversity and inclusion are important in and of themselves. Research shows that creativity and innovation increase when a diversity of experiences, cultures, ages, and occupations interact on a regular basis. Most great ideas emerge when very different points of view come together; most innovation happens at the intersections of fields of inquiry, on the edges. Inclusion greatly increases diversity of thinking and experience, and has the potential to magnify economic gains for an area that embraces this opportunity dramatically.

3. An open and welcoming place will encourage entrepreneurs and potential entrepreneurs to emerge from their home offices, garage shops and basements to be connected to the resources available in the area. It will help bridge the divide between the more urban and more rural parts of the region.

WHAT THE "VENTURE HUB" WILL DO

The "Venture Hub" will fulfill four specific roles not currently available in Region 9:

1. A Place to Connect
2. A Place to Collaborate
3. A Place to Meet
4. A Place to Tell Stories

A Place to Connect | Access to Existing Programs and Resources

The "Hub" will partner and collaborate with organizational anchors and elements of the entrepreneurial ecosystem in Region 9. The "Hub" will be a focal point and clearinghouse for these organizations and their activities to support entrepreneurs, and to collaborate with them to define, develop, pilot and launch new resources that may be needed now or in the future.

The essential characteristic of the "Hub" is that it will not duplicate any existing resources, rather it will enhance their reach and improve the quality of the entrepreneurs who are referred to each program. Therefore, a strong partnership with existing entrepreneurial service providers, funders, nonprofit membership organizations with an interest in entrepreneurship, private sector providers (such as banks, attorneys, accountants), and educational and research resources is a core principle of the "Hub."

Memorandums of Understanding or similar written agreements between and among the entrepreneurial ecosystem providers of assistance, infrastructure, and other resources that document the arrangements between the parties will be useful in setting the stage for the "Hub" and the region's success. In addition, each partner should agree to joint branding, where they all publicize their work as "a member of the Venture Hub Network" or a related tagline.

Some partners may choose to co-locate their offices at the "Hub;" others may wish to have an office there to conduct meetings. Some may find it beneficial to host their programming, training, or other events at the "Hub" location. For example, Catalyst may want to hold its accelerator sessions at the "Hub," the SBDC may wish to hold

PARTNERS & STAKEHOLDERS

Partners and stakeholders for the "Venture Hub" include organizations and individuals who either currently provide or desire to aid any entrepreneurs, potential entrepreneurs, or young businesses in the region, such as:

- Educational institutions,
- Local, county and state government,
- Service providers,
- Specialized infrastructure organizations (e.g., incubators, accelerators),
- Investors and other sources of capital,
- Trade associations and membership organizations that represent entrepreneurs and businesses, and
- GO Virginia Region 9, Central Virginia Partnership, and other economic and community development organizations.

These include, but are not limited to:

- Catalyst Accelerator
- Charlottesville Angel Network (CAN)
- Charlottesville Business Innovation Council (CBIC)
- Charlottesville Regional Chamber of Commerce
- City of Charlottesville Minority Business Program
- Community Investment Collaborative (CIC)
- Cville Bio Hub
- Fauquier Enterprise Centers
- SCORE
- The Small Business Development Center (SBDC)
- The University of Virginia, especially its entrepreneurial programs

its training sessions here. CBIC may wish to host some of its meetings at the "Hub." Each of these decisions will need to be worked out between "Hub" leadership and the respective organizations. This is a critical, early activity for the "Hub" to complete.

Signature Offering: Concierge Service

The Concierge Service will be the "Hub's" signature offerings, **connecting entrepreneurs to resources**. In most cases, programming offered here and in the community is targeted to specific subsets within the "big tent" of entrepreneurs in the ecosystem. There are programs directed to high-growth, traded sector companies, minority-owned businesses, existing manufacturers, and small businesses. Some programs focus on access to capital, while others are available to provide basic business assistance, incubator space or co-working. The Concierge Service is the essential service provided by the "Hub" that will help ensure that all entrepreneurs in Central Virginia get linked to programs, services, and resources appropriate to their individual situation and aspiration.

It is important that the "Hub" Concierge is viewed as a neutral and trained assessor, and is not obligated to any particular service provider. That being said, the University of Virginia should appoint or hire a Concierge to (1) serve University students, faculty and staff and (2) provide a liaison with the "Hub" Concierge(s) to facilitate two-way referrals between University resources and entrepreneurs and the broader community. Similarly, Concierge(s) could be hired or appointed in other locations throughout the Region 9 service area in collaboration with local service providers. Ultimately, this network of Concierges will link up with similar networks in other parts of the Commonwealth.

The one service that the "Hub" will provide directly is the Concierge Service. Any entrepreneur in the region will able to make an appointment to meet with a "Hub" Concierge (other names could be Navigator, Liaison, etc.). During the meeting, the Concierge will assess the business concept being considered, identify opportunities for progress, and link the entrepreneur with appropriate resources to address those opportunities. Responses could range from referrals to entrepreneurial training, direct business counseling, other economic development assistance (e.g. to locate a facility), or access to a specialized resource at the University.

The Concierge may use a business assessment tool to help document the entrepreneur's situation. Several business assessment tools exist in today's marketplace. An example of an assessment tool is VIRAL: Venture Investment Readiness & Awareness Levels developed by Village Capital and shown here. While this tool was developed with venture investment in mind, it is generalizable to all types of businesses and shows the steps to a mature company over eight topics. Use of a tool like VIRAL across the ecosystem can improve communications among and between entrepreneurs and service providers.

The "Hub" Concierge(s) will receive significant training in partnership with other providers in the region and in the state so that they are fully cognizant of all available resources. This training will be ongoing, and the partner organizations should meet at least quarterly to ensure that all are aware of new developments, events and training scheduled, and to work together to address unmet needs.

The Concierge service needs to be heavily marketed through all formal and informal networks so that entrepreneurs are aware of the resource.

VILLAGE CAPITAL VIRAL PATHWAY © Village Capital 2017

Level	Name	Team	Problem and Vision	Value Prop	Product	Market	Business Model	Scale	Exit	Type of funding typically closed at this level	
9	Exit in Sight	Team positioned to navigate M&A, IPO.	Global leader in stated vision.	Cited as the top solution in the industry solving this problem.	Product recognized as top in industry.	Clear line-of-sight to industry dominance.	Minimum 2x revenue growth for multiple years.	Strong unit economics for multiple customer segments.	Growth with exit.	Acquirers	
8	Scaling Up	Team is recognized as market leaders in the industry	Systems-Level Change validated.	Multiple renewals with low sales effort. Customers in multiple markets love the product.	Strong customer product feedback in multiple markets.	Brand established. Hard-to-beat partnerships for distribution, marketing, and growth.	MOM revenue meets industry standard.	Growth of customer base accelerates month-on-month.	Team has turned down acquisition offer.	Close Institutional VC for Recurring Revenue + Growth	
7	Hitting Product-Market Fit	C-suite as good or better than founding CEO and can stay with company through its growth and exit phases.	Impact is successfully validated.	Majority of first sales in target market are inbound.	Product is built for scale and additional offerings in progress.	Sales cycles meet or exceed industry standard.	Business model validated - Validation of strong unit economics.	Evidence of strong unit economics across multiple markets.	Team has strong relationships with multiple acquirers.		
6	Moving Beyond Early Adopters	Team has proven sales, product dev skills, and management ability to support a growing team for scale.	Sales validate impact tied to solution and grow as solution scales.	Sales beyond initial target customers. Customers love it and are referring the product to others.	Complete product with strong user experience feedback.	Supply/distribution partners see their success aligned with the company's success.	Sales begin to map to projections. Evidence of decreasing CAC with growing customer base buying at target price.	Company has cleared regulatory challenges and (if applicable) is implementing a strong IP strategy.	Team has identified specific acquirer(s) or other exit environment.	Close Institutional VC for 1st Sales, Market Expansion	
5	Proving a Profitable Business Model	Team has clear sales/ops understanding and strategy.	Evidence of impact tied to solution-the company has evidence that by growing the business, company solves the problem.	Target customers love the product and want to keep using it.	Fully functional prototype with completion of product for wide commercial distribution in sight.	Team is having conversations with strategic partners to capture their market faster/cheaper than the competition.	Financial model with evidence of valid projections to reach positive unit economics.	Vision and initial evidence of positive unit economics in two markets.	Inbound interest from large strategics.	Close Round with Angel and Early VC	
4	Validating an Investable Market	Team has clear understanding of how their target market operates and has strong industry contacts in this market.	The company can articulate system-level change - how this solution would transform the industry.	Evidence of differentiation through initial target customer feedback that the solution solves their problem significantly better than others in the market.	Team has clear understanding of product development costs and how to build the initial product cost-effectively.	Evidence of $1B+ total addressable market.	Team has financial model with cost and revenue projections articulated and a strategy for hitting these projections.	Initial evidence that multiple types of customers find value in the solution or in an extension of the product that the company is well-positioned to develop.	Evidence of growth trajectory that could lead to IPO, acquisition, or self-liquidating exit.	Friends and Family, BootStrap	Angel/Seed Funding Starts
3	Solidifying the Value Proposition	Team has technical ability to build fully functional product and has a clear understanding of the value chain and cost structures in their industry.	The company can articulate why they're the best ones to solve this problem.	Evidence that customers will pay the target price. For B2C - 100 customers, for B2B - 5 customers and conversations with multiple stakeholders in each.	Team has built a working prototype and a product roadmap.	Initial evidence through sales that team can capture initial target market.	Team can articulate projected costs along the value chain and target cost points to reach positive unit economics.	Clear strategy to move to multiple markets.	Initial evidence that the solution already solves the problem better than any incumbents.		Grants for R&D (Hardware)
2	Setting the Vision	Team has senior members with lived experience of the problem and/or deep understanding of their target customer's problem.	The team can solve the problem and can articulate its vision at scale - what does the world look like if they succeed?	The team has potential customers who provide evidence that solution solves key pain point - product is a painkiller, not vitamin.	Team has a basic low-fidelity prototype that solves the problem.	Team understands any regulatory hurdles to entering the market and has a strategy to overcome them.	Company can point to pricing and business models of similar products in the industry as further evidence that their revenue assumptions hold.	Initial evidence that multiple markets experience this problem.	Vision for growth has company solving a large piece of the global problem in 10 years.		
1	Establishing the Founding Team	Strong founding team - at least 2 people with differentiated skillsets.	Team has identified a specific, important, and large problem.	Team has identified their hypothesis of their target customer - the specific type of person whose problem they are solving.	Team has ability to develop low-fidelity prototype and has freedom to operate - not blocked by other patents.	Team can clearly articulate total addressable market, the percentage they will capture, and initial target market.	Team has identified an outline of revenue model.	Team has identified multiple possible markets or customer segments and has aspiration to scale.	Team understands what an exit is and has a vision for how they will ultimately provide a return for their investors.		
		Team	Problem and Vision	Value Prop	Product	Market	Business Model	Scale	Exit	Type of funding closed at this level	

The concierge services offered by the "Hub" serve as supplements—not replacements—for existing business support services. Business owners and aspiring entrepreneurs can and should directly access needed resources, such as SCORE counseling, when they need it. But, when and if they are unsure of "where to go for what," the concierge can help guide them. The concierge might refer a brand-new entrepreneur to basic workshops from the SBDC, while a more experienced entrepreneur might want export assistance help from VEDP or other partners. Businesses seeking capital might link to loan programs, angel investors, or other local funding pools.

The concierge service plays a critical role. It offers a welcoming environment to entrepreneurs and gets them to the right place at the right time for business services. But, it does much more as well. Thanks to the "Hub" and its concierge services, local entrepreneurs are now part of a wider regional network, and can easily connect with other business owners and access other business growth services as well.

A Place to Meet | Programming and Public Events

While the Concierge Service and meetings between entrepreneurs and service providers will provide some foot traffic to the "Hub," this will not be sufficient for the "Hub" to be the focal point of entrepreneurial activity in the region. In order for the "Hub" to be a bustling place that entrepreneurs naturally gravitate to, there must be a frequent and broad range of events and programming here. Most, if not all, of the programming and events already exist in the region, and an early push to get partners to consolidate their programming and events at the "Hub" will be essential to kick-starting this initiative. See discussion of Building below for details of how the space needs to be designed to accommodate this activity.

Weekly Programming and Events
Weekly events such as 1 Million Cups, and informal coffee and lunch meetings (e.g., Lunch n' Learns) set the stage.

Monthly Programming and Events
Monthly events such as training (e.g. the SBDC "How to Start a Business"), sessions for the Catalyst Accelerator, CBIC events, Chamber events, meet-ups, etc. all fit into this category.

Annual Programming and Events
Annual events could have their headquarters at the "Hub" where attendees come to pick up their credentials, and could have selected sessions here. Large gatherings such as entrepreneurial job fairs, showcases, pitch-offs would be also be appropriate.

A Place to Collaborate | Protocol for Adding Additional Products/Services

As the "Hub" initiative grows and the entrepreneurial ecosystem matures, new requirements for programming and infrastructure will undoubtedly emerge. The "Venture Hub" will provide encourage collaboration by convening ongoing conversations with entrepreneurs and members of the ecosystem about additional needed resources, policies or activities that would further accelerate or expand the

Region's economic prosperity. The role of the "Hub" would be to facilitate the definition, development, piloting, and launch of new initiatives, whether by the "Hub" itself or by partners or other stakeholders.

The "Hub" management team and Board of Directors, in conjunction with the Partners, should establish a rigorous, data-based process for accessing the demand for new products and services, including how to decide if they should be done by the "Hub" or by/ with a partner organization, or should be left to the private sector. Examples of this that have already been discussed are needs for a makerspace, wet labs and additional office space for early stage companies.

A Place to Tell Stories | Promotion of Region 9 Entrepreneurship

When people say, "I want to see entrepreneurship in action in Region 9," they should be directed to the "Hub." The "Hub" needs to be a focal point and a representation of the entrepreneurial spirit in the region. To accomplish this, the "Hub" needs to be a place that provides access to entrepreneurial events, assistance, and other resources. It does not, however, need to directly provide any services if they are already offered in the community – the "Hub" serves as a gateway to these activities and programs. However, to the extent that partner and stakeholder organizations see the benefit, the "Hub" will be more successful if events and programming currently offered elsewhere are delivered at the "Hub" facility.

HOW THE "VENTURE HUB" WILL WORK

Place

The "Venture Hub" will be a **place** where entrepreneurs and other members of the ecosystem can convene, network, learn, create, and celebrate. It will be a microcosm of the regional entrepreneurial community, a place to meet, learn, network, and work.

The "Hub" is envisioned to be housed in an iconic building designed to facilitate connections and collaborations, and will host events big and small, currently offered by partners at disparate locations. The "Hub" may also be home to partners who wish to co-locate, and may feature a café or other place for informal meetings, reflection, or refreshment. The "Hub" will be centrally located in Charlottesville/ Albemarle County, the place with the densest concentration of entrepreneurs in Region 9.

Ultimately, smaller "Hub" type facilities may also be hosted or co-located with entrepreneurial resources in other parts of the Region, and networked together through the "Hub's" essential services. In addition, other initiatives designed to strengthen the entrepreneurial ecosystem in the more rural counties of Region 9 are likely to be needed.

In order to accomplish these goals, the "Venture Hub" needs to have several characteristics. First and foremost, the "Hub" needs to have a significant amount of space designed to encourage and support interactions. This suggests that the "Hub" should have:

♦ Five meeting rooms that seat 4-6, available for meetings between entrepreneurs and service providers as well as small group meetings. These rooms must be soundproof, and be able to be visually separate so that company sensitive and confidential information can be discussed in private.

- ◆ Two meeting rooms that are suitable for a larger meeting of 10-15 persons, arranged in a board room style and equipped with appropriate audio-visual equipment. Privacy concerns are critical here as well.

- ◆ A large multi-purpose space that can be configured for a variety of uses including traditional classroom style training, networking events and trade-show type activities. The space may include a stage to facilitate larger presentations, pitch competitions, etc.

- ◆ An atrium that can host events, and also serve as an informal gathering space and potentially a café-type of space, with furniture suitable for casual interactions. The "Hub" may choose to work with a local entrepreneur to operate the café as a separate, independent enterprise. (The "Hub" should also have its own kitchen facilities to provide support for catering for events.)

The "Hub" must provide office space for "Hub" employees, and for any partners looking to co-locate. The "Hub" could also provide co-working space, but as there is a lot of co-working already available in the area, this is not a priority. However, "touchdown spaces" for visiting partners, stakeholders, investors, etc. should be included. These would typically be an informal setting such as a private room, lounge, or a collaborative area where "Hub" visitors could connect with their primary office, do email, or perform other tasks.

Amenities essential to the successful operation of the "Hub" include high-speed broadband and Wi-Fi (potentially two networks – one for staff and partners and the other for guests and visitors). Parking is always an issue, and so access to parking for staff, partners and visitors, preferably free, should be a consideration.

The location of the "Hub" should be central to Charlottesville and Albemarle County, with accessibility to the greatest number of entrepreneurs as the key criteria. A location that is within walking distance to the University of Virginia campus will facilitate interactions with students, faculty and staff entrepreneurs as well as university researchers and resources. A location on a bus line will increase accessibility for those without cars as well as reduce congestion and parking concerns.

Note that satellite "Hub" locations can be added to this framework in other communities that wish to participate by also having a Concierge and working closely with existing resources. Satellite "Hub" locations may well be at existing incubator or co-working facilities as this is cost-effective way to maximize the centrality of these locations and build community where there is less density of entrepreneurs.

The size of the "Hub" in Charlottesville/Albemarle County is estimated to be 9,500 square feet, with the majority dedicated to open spaces and the multi-purpose room. The number of Partner Offices is obviously an assumption, and the space should be adjusted as the desire for co-locations is better understood. This is smaller than other hub-like locations that include co-working or incubation, but similar to hubs where events and small meetings are the primary activities.
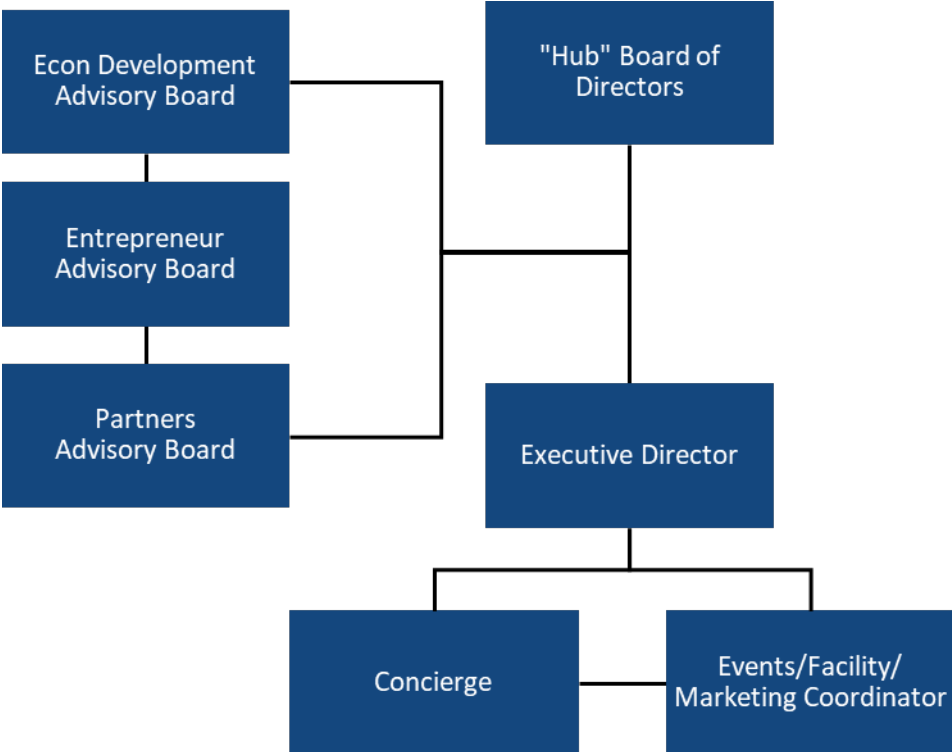
Use	Square Footage for Each	Number	Total Space (SF)	Percent of Total
"Hub" Offices	175	4	700	7%
Partner Offices	175	5	875	9%
Small Meeting Rooms	250	5	1,250	13%
Conference Room	400	2	800	8%
Multi-purpose room	3,500	1	3,500	37%
Kitchen	200	1	200	2%
Atrium, Halls, Restrooms	2,150	1	2,175	23%
Total Square Footage			9,500	100%

The financial model assumes that partner offices, meeting rooms and event space would be subleased at rates designed to cover operating costs (rent, utilities, insurance, event coordination). Some meeting rooms could be included in subleases for partner organizations, while others would be available for hourly or daily rental by entrepreneurs and other members of the public. Similarly, event planners, including partners, would incur nominal rental fees for the use of the meeting rooms, multi-purpose space and atrium. Granting naming rights to sponsors supporting the spaces is another way of generating revenues. Otherwise, the amount of revenues assumed here will need to be covered by general subsidies.

Governance and Staff

The "Venture Hub" will be organized as a Section 501(c)(3) nonprofit organization. The organizational chart is shown below.

Board of Directors and Advisory Committees

The "Hub" will have a private-sector led Board of Directors who will hire the Executive Director, and provide strategic direction and financial oversight to the "Hub." The Board which will be comprised of 13 Directors with staggered terms. Most of the Directors will be entrepreneurs, business owners or other private sector individuals, although organizations that commit significant resources to the initiative should have representation as well. The Directors will elect a President, Secretary, and Treasurer from among them to serve one-year terms, and to act as an Executive Committee. The Board will meet monthly with the Executive Director, and will also have an annual meeting to elect new officers.

The initial Board Members could be comprised of the "Venture Hub" GO Virginia Region 9 Planning Grant Team, however the Board should transition to a private-sector led Board as soon as possible.

In addition to the Board, the "Hub" will establish a number of Advisory Committees to ensure that the organization stays in tune with the entrepreneurial ecosystem and the broader community. The Advisory Committees should be convened quarterly to advise the Executive Director and Board. The three initial Advisory Committees should be:

1. Entrepreneurs only
2. Partners, funders, and service providers
3. Economic development officials from GO Virginia Region 9

Employees

The roles and responsibilities of "Hub" employees are outlined here; sample job descriptions are included in **Appendix B: Job Descriptions**.

EXECUTIVE DIRECTOR

The Executive Director will have overall responsibility for the strategy, operations, and sustainability of the "Venture Hub," reporting to the Board of Directors. The Executive Director will hire and manage the staff, manage the day-to-day operations consistent with the budget as approved by the Board, and manage the relationships with partner organizations, local governments, and educational institutions. The Executive Director will assess the effectiveness of "Hub" programs and services and propose changes as needed, including the addition of new products as necessary, to the Board of Directors. The Executive Director will work with the Board to develop and execute goals and strategies, as well as prepare and approve of the annual operating budget. The Executive Director will be the spokesperson for the "Hub" and represent the entrepreneurial ecosystem to the broader community in the region and state as appropriate.

The Executive Director should have significant experience managing a nonprofit, managing a small staff, and creating and maintaining collaborative relationships. Direct experience as an entrepreneur or investor in small enterprises is helpful, but not required.

CONCIERGE

A "Hub" Concierge will meet with entrepreneurs and young companies, help them assess their situations and challenges, and link them to appropriate resources in the entrepreneurial community, both locally in the region, and in the Commonwealth. The Concierge will establish and maintain relationships with other resource providers in the region, become knowledgeable about their capabilities, target customers and programs, and make strong referrals that benefit the entrepreneurs

as well as the resource providers. The Concierge will work with the Executive Director and "Hub" partners to establish and maintain protocols to ensure that entrepreneurs receive prompt, courteous and appropriate referrals.

A Concierge should have a positive outlook, strong customer service skills, knowledge of the local service provider community, and the willingness to continually learn and improve. A Concierge should have experience that will allow him/her to assess the situation of each entrepreneur using the tools provided. Direct experience as an entrepreneur or investor in small enterprises is helpful, but not required.
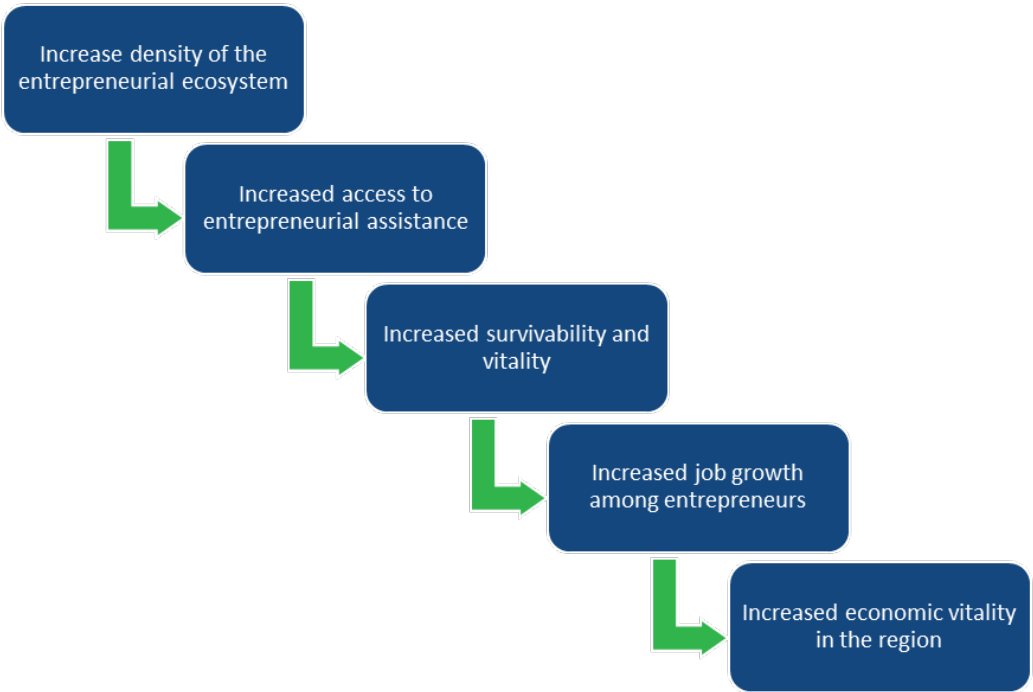
EVENTS/FACILITY/MARKETING COORDINATOR

The Events/Facility/Marketing Coordinator is responsible for the day-to-day operations of the facility, including coordinating events and scheduling the use of common rooms. In addition, the Coordinator will be responsible for marketing the "Hub" with a focus on earned media, advertising and social media marketing. The Coordinator will work with the Executive Director on establishing an interactive web site, branding, signage, and other design projects that relate to how the "Hub" is perceived and positioned.

The Events/Facility/Marketing Coordinator should be a strong program manager with attention to detail, the ability to manage multiple projects at once, and strong relationship skills for interactions with partners and entrepreneurs. The Coordinator should have a proven track record in all aspects of marketing and should demonstrate the ability to build brand awareness.

Metrics and Documentation

As a publicly supported initiative, the "Venture Hub" should carefully document and track its activities and impacts in order to ensure that its programs and services are achieving their intended outcomes in an efficient manner. The logic model for this initiative is:

The objective of the "Venture Hub" is to increase the density of the entrepreneurial ecosystem in the region, including access to entrepreneurial assistance. As a result, research shows that entrepreneurs in the region will do better, and increase their five-year survival rate. This will lead to increased job growth among entrepreneurial companies and inclusive economic vitality in the region.

To measure progress on these elements of the logic model, the "Hub" will collect administrative data on activities (e.g., the number of attendees to "Hub" events, the number of entrepreneurs who meet with the Concierge(s)), outputs (e.g. the number of referrals to partners), and outcomes (e.g. employment numbers for clients that use the Concierge Service). In addition, data from partners about their activity and outcomes will be reviewed, as well as federal data for survival rates, employment among young firms and per capital income.

A compilation of these data should be performed every year and presented to the Board of Directors and Advisory Boards to track progress. A benchmark of data to use as a baseline should be an early milestone, and the team should design and implement systems to track activities and collect results. As part of its regional narrative mission, the "Hub" should also host a "state of the Region" event to promote progress on key entrepreneurial metrics for the entire Region. This activity is summarized below.

Goal	Metric	Data Source	Frequency
Increase the density of the network	Number of attendees to "Hub" events	Administrative data	Annual
Increase the number of entrepreneurs being served in the region	Number of entrepreneurs who meet with "Hub" Concierge Number of entrepreneurs served by partner organizations Number of new firms in the region	Administrative data	Annual
Increase the viability of region's entrepreneurs	Survival rate of entrepreneurs served	Administrative data	Annual
	Number of patents awarded	USPTO	Annual
	Amount of angel, venture capital and debt raised		Annual
Increase the number of jobs being created by entrepreneurs	Employment by companies less than five years old	US Census of Entrepreneurs	Semi-Annual
	Employment by companies served	Administrative data	Annual
Increase the economic vitality in the region	Per capita income	US Census	Annual

FINANCIAL OVERVIEW

The "Venture Hub" operations are based on the primary assumption that services offered by the "Hub" will be provided at no charge to entrepreneurs. However, the economic benefits of the "Hub" will accrue to the region, and are therefore worthy of public and private support. When fully staffed and operational and in its own location, the "Hub" will cost approximately $750,000 a year to operate. Some revenues are expected from the use of "Hub" space by partners and entrepreneurs, and the rest is expected to come from a variety of sources including public sector grants (federal, state, county, and local) and philanthropy (private individuals, corporations and foundations).

The assumptions outlined herein are designed to describe the "ideal" implementation of the "Hub" concept. Actual implementation could be slower or smaller. Partner organizations could donate in-kind services or real estate that would substantially defray expenses.

This section describes all the assumptions underlying the Profit and Loss model summarized below; detailed projections are located in **Appendix C**.

Summary Financials

Venture Hub Business Plan						
Pro Forma Projections		**YEARS ONE TO FIVE**				
9500 Sq Ft Space	Capital Expense	Year One	Year Two	Year Three	Year Four	Year Five
Assumes 3% annual escalation years 2-5 for all expenses except rent at 2%						
REVENUES						
Starting Cash		$ -	$ 73,983	$ 14,306	$ 9,871	$ 3,166
Grants, Contributions, in-kind	$ 40,000	$ 350,000	$ 375,000	$ 400,000	$ 400,000	$ 410,000
Earned Revenues						
Total Earned Revenue		$ 34,275	$ 240,414	$ 292,165	$ 303,875	$ 315,948
TOTAL REVENUE	**$ 40,000**	**$ 384,275**	**$ 615,414**	**$ 692,165**	**$ 703,875**	**$ 725,948**
EXPENSES						
Construction/Fit-up/Buildout $28 Triple Net PSF assumes negotiated in	incl					
Furniture	$ 40,000					
Total Salaries, Fringe and Benefits		$ 142,543	$ 322,125	$ 331,789	$ 341,742	$ 351,994
Temporary location Months 7-9 (1000 sq ft @$25		$ 6,250				
*Rent Assumes $28/sq ft *9500 sq ft starting mo 10*		$ 66,500	$ 271,320	$ 276,746	$ 282,281	$ 287,927
Utilities (telephone, WiFi) Assumes $3/sq ft (Other utilities incld in rent)		$ 7,125	$ 7,339	$ 7,559	$ 7,786	$ 8,019
Insurance		$ 3,750	$ 7,725	$ 7,957	$ 8,195	$ 8,441
Equipment: Computers, printers, modems for WiFi		$ 5,000	$ 1,000	$ 5,000	$ 1,000	$ 1,000
Software		$ 5,000	$ 5,150	$ 5,305	$ 5,464	$ 5,628
Travel, entertainment, meetings (Board, Partners, Mentors)		$ 4,950	$ 5,099	$ 5,251	$ 5,409	$ 5,571
Professional Development; Subscriptions/Memberships		$ 600	$ 618	$ 637	$ 656	$ 675
Marketing		$ -				
Branding, Logo, design services		$ 20,000				
Website development, website hosting		$ 10,000	$ 10,300	$ 10,609	$ 10,927	$ 11,255
Promotion, advertising		$ 2,850	$ 1,545	$ 1,591	$ 1,639	$ 1,688
Printing		$ 250	$ 258	$ 265	$ 273	$ 281
Professional Services		$ -	$ -	$ -	$ -	$ -
Back Office (accounting, tax, payroll services, HR)		$ 19,500	$ 25,000	$ 25,750	$ 26,523	$ 27,318
Legal and Audit		$ 15,000	$ 15,450	$ 15,914	$ 16,391	$ 16,883
Cleaning, assumes included in lease		$ -	$ -	$ -	$ -	$ -
Office Supplies		$ 600	$ 618	$ 637	$ 656	$ 675
Kitchen Supplies Assumes will stock kitchen with coffee, tea, water, for use by all. $125/month		$ 375	$ 1,545	$ 1,591	$ 1,639	$ 1,688
		$ -				
TOTAL EXPENSES	**$ 40,000**	**$ 310,293**	**$ 675,091**	**$ 696,600**	**$ 710,581**	**$ 729,045**
REVENUES - EXPENSES	**$ -**	**$ 73,983**	**$ (59,677)**	**$ (4,435)**	**$ (6,705)**	**$ (3,097)**
Cash Flow		$ 73,983	$ 14,306	$ 9,871	$ 3,166	$ 68

Expenses

Personnel

As described in **Governance and Staff** above, the financial model assumes three staff, including the Executive Director, the Concierge, and the Event/Facility/Marketing Coordinator. Annual salaries for each are based on comparative positions in Central Virginia and Richmond in other non-profit organizations. Fringe benefit are estimated at 7.65%, encompassing the employer portion of social security and Medicare taxes. Another 20% is allocated to benefits such as basic healthcare coverage.

Concierge positions outside of the "Hub" location are assumed to be covered by additional grants or donations and are not specifically included in this financial model.

Other personnel-related expenses include Director and Officer Insurance and minor expenses related to Board and Advisory Committee meetings.

Associated with operating expenses are one-time investments in office furniture, laptop computers, software and web services, printers, office supplies as well as ongoing expenses such as travel and entertainment. Some of the aforementioned expenses could be offset by in-kind contributions.

Place

A 9,500 square foot "turnkey" leased location is assumed (see **Place**, above) for the start-up phase with options to expand the footprint as the organization grows. The expected negotiated scenario is that the space costs will not exceed the market rate of $28 triple net. Lower PSF rates might be expected if a public institution owned the property or property owner discounted rates as an in-kind contribution. The market rate assumes a turnkey situation where landlord builds into the lease tenant fit-out expenses, utilities, cleaning services, and parking spaces. The offices used by partners are assumed to be paid for by the partner's budgets – see **Revenues** below. Rental rates for programming, public events and the use of public spaces by entrepreneurs will also defray some lease costs, see **Revenues** below.

In addition to lease expense, other location-related expenses are assumed to include furnishings, utilities not included in the lease (telecommunications, broadband), and liability insurance. Every effort should be made to have reserved or set number of parking spaces included as part of the negotiated lease.

A temporary location is expected for the Executive Director, Concierge and Events/Marketing Coordinator for the 6-9 months before the location is ready.

In the model, we assumed five partner offices would be required. A very early task for the Board is to explore the interest among the partner community for co-location, and their budgets. This will drive the actual space requirement. Further investigation into available space and interest among partners or other organizations in providing space to the "Hub" as an in-kind contribution will clarify both the timeline and circumstances for the implementation of the place. This will also have a significant impact on the subsidies required for this project.

Marketing

Marketing expenses include one-time startup costs related to the "Hub" brand, including branding, logo development, website and Facebook page development, signage and miscellaneous items such as business cards.

Ongoing marketing expenses will be sponsorships and advertising. Minimal costs are associated with maintaining a mailing list (e.g. subscription to MailChimp or Constant Contact).

Programming

For the Concierge Service, additional expenses are related to the quarterly training meetings with partner organizations. Other expenses will largely be borne by partner organizations, especially as related to providing business assistance and events.

Legal

There are one-time startup costs associated with establishing the nonprofit corporation, creating and filing the Articles of Incorporation and Bylaws, and applying for 501(c)(3) status with the IRS. The amount assumed here is based on informal inquiries to local law firms.

Standard agreements such as the Memorandum of Understanding for partners, non-disclosure forms, and rental agreement (for co-location and events) will also need to be developed.

Back Office

Back office expenses for a small organization include bookkeeping, accounting, tax preparation, payroll, benefits management, personnel and HR records. Several alternatives exist. One option is directly hire part-time staff to manage these activities. For an organization of this size, this is unnecessary and costly. Another alternative is to outsource this all to one or more service providers who will perform all payroll, accounting, HR and tax services. A third alternative is to have a partner organization act as a fiscal agent, at least for the first year or two.

This model assumes that a fiscal agent with strong systems and the bandwidth to add the "Hub" will cost roughly $25,000/year.

Potential Sources of Funding

As a non-profit initiative, the "Venture Hub" will rely primarily on revenue generated by value-added activities, grants, and support from the public and private sector. The customer base that is being served does not necessarily have the means to pay for the basic services of the "Venture Hub." In addition, there is a definite public purpose and desired economic outcomes associated with the project that justify public subsidy and philanthropic support.

Revenues

Some activities of the "Venture Hub" will be fee based, notably Events, and Partner Co-location.

EVENTS

Public and private organizations that hold meetings or events at the "Venture Hub" will be expected to pay a facility fee for the privilege to offset the costs associated with maintaining the space such as lease

payments, insurance, and cleaning. The fees will be set in advance, and will be on a sliding scale for the amount of space used and the duration of the event.

The fees are assumed to be:
- ♦ $50/day or $10/hour for a small meeting room
- ♦ $75/day or $10/hour for large conference room
- ♦ $650/day for the multi-purpose room
- ♦ $200/day for the atrium

PARTNER CO-LOCATION

Similarly, partners co-locating at the "Venture Hub" will cover the base cost of their space. For each office, the annual rent will be equal to the negotiated PSF lease rate plus fees for a dedicated meeting room and shared common space.

Grants, In-kind and Other Support

The remainder of the revenues needed to support the "Venture Hub" initiative need to come from other public and private sources. Ideally, multi-year commitments will be secured to all the project to get started and operate for 3-5 years, long enough to be able to generate significant success. Sources for grants, in-kind, and other support include:

FEDERAL

The US Economic Development Agency (EDA) often provides implementation grants for entrepreneurial support organizations such as incubators, but requires a relatively strong focus on job creation. For instance, EDA's Regional Innovation Strategies (RIS) Program awards grants that "build regional capacity to translate innovations into jobs through proof-of-concept and commercialization assistance to innovators and entrepreneurs." The Regional Innovation Strategies (RIS) i6 grants are highly competitive, and normally support programs aimed at high-growth, high value-added sectors. However, the "Venture Hub" concept, especially when focused on expansion to the more rural areas of Region 9, may be of interest to EDA.

STATE

The GO Virginia Program has issued a Regional Entrepreneurship Initiative guidance document. In this document, GO Virginia says that regional councils may apply for up to $300,000 in funding to plan and implement a strategy that would address issues identified by Teconomy, specifically the need for a regional entrepreneurial coordinating entity. Such a grant would require a $150,000 non-state match.

LOCAL AND COUNTY

Cities and Counties may appropriate funds to support this initiative. The funding may be single or multiple year commitments, and may support the overall operating budget, or may focus on parts of the initiative. For instance, a rural county may wish to have their own Concierge, located at a facility in their county, and appropriate funds to support that person, either full-time, part-time or as a contractor.

Sources of local or county funds can be varied, including general revenue, TIF-related or Community Block Development Grant funds.

UNIVERSITY

The University of Virginia will appoint a Concierge from among existing employees engaged in entrepreneurial support and/or economic development, or may choose to hire a new person. This cost is not reflected in this budget.

The University may also appropriate funds to support this initiative.

PHILANTHROPY

For a number of the exemplar organizations studied for this initiative, foundations are a critical source of ongoing support. Targeted conversations with foundations with roots in Region 9 and/or the Commonwealth with an interest in entrepreneurship and economic development would be a good investment.

High-net worth individuals with connections to the region and with an interest in entrepreneurship are also potential contributors to the initiative, as are corporations with similar interests.

PROCESS

The process for implementing this initiative is covered in the Action Plan Matrix, attached as **Appendix A**.

APPENDIX A: ACTION PLAN MATRIX

Initiatives	Description	Lead	Partners	Timeline
Startup				
Form Ad Hoc Organizing Work Group	Form a small Ad Hoc Organizing Work Group to advise with regard to specifics of forming the Venture Hub organization, establishing a diverse board of directors comprised of business and civic leaders, philanthropic, academic, and nonprofit executives, with consideration of including some public sector officials. The Work Group would help determine process for selecting a executive Director and also be charged with assisting		Members from Strategic Planning Committee, Local officials & Civic leaders, Future board members (6-8 total members)	**Immediate**
Brand "Venture Hub"	Establish a name for the Venture Hub, seek public relations assistance for logo development, and marketing templates, obtain domain name	Work Group		**Immediate**
Establish "Venture Hub" nonprofit	Establish an independent nonprofit to ..... Decide about Fiscal Agent	Work Group	Legal	**Immediate**
Hire an Executive Director	Establish a selection committee and process for hiring an Executive Director for the Hub.	Work Group		**Month 3-6**
Establish a Sustainable Funding Model	Secure financial commitments from public and private sources for early phase operations	Work Group		**Immediate**
Establish Partnerships	Establish agreements with various partners for referrals, training, potential co-location	Work Group	SBDC, Score, CIC, CBIC, Uva, etc.	**Immediate**
Establish a location	Retain top commerical real estate broker to explore and negotiate location options, decide on place. Establish temporary location.	Work Group with Exec Dir		**Months 3-6**
Communications Basics	Logo, domain name, website, Facebook page, signage, earned media	Exec Dir		**Month 6-9**
Operations Basics	Payroll, benefits, accounting, insurance, software and.or fiscal agent relationship	Exec Dir		**Month 6-9**
Furnishings and Equipment	Computers, furniture, décor for location	Exec Dir		**Months 6-9**
Hire and Train Staff	Recruit and hire full time and part-time staff	Exec Dir		**Months 6-9**
Move into Location	Manage logistics	Exec Dir	co-location partners	**Month 10**

Initiatives	Description	Lead	Partners	Timeline

Launch

Initiatives	Description	Lead	Partners	Timeline
Launch Events by Partners; availability of conference rooms, event space, Atrium	Rental agreements, marketing, space management	Exec Dir and Events Coordinatos	Partner Network	**Month 11**
Concierge Service Launch	Training, Protocols, Processes, Marketing	Exec Dir, Conciegre	Partner Network	**Month 10**

Ongoing Operations

Initiatives	Description	Lead	Partners	Timeline
Concierge	As needed	Concierge	Partner Network	**Month 11 onwards**
Events	As needed	Marketing	Partner Network	**Month 11 onwards**
Quarterly Partner Mtg	Network, educate, train	Concierge	Partner Network	**Quarterly**
Mentor Mgr Full time	As demand requires	Exec Dir	Partner Network	**Year 2**
Expand Hub Locations/additional Concierges	As demand requires and funding avaiable from Host communities	Exec Dir	Partner Network	**Year 2-5**
Add Additional Concierge(s) at Hub	As demand requires	Exec Dir	Partner Network	**Year 3**

APPENDIX B: JOB DESCRIPTIONS

EXECUTIVE DIRECTOR

Responsibilities

The Executive Director will have overall responsibility for the strategy, operations, and sustainability of the "Venture Hub," reporting to the Board of Directors. The Executive Director will hire and manage the staff, manage the day-to-day operations consistent with the budget as approved by the Board, and manage the relationships with partner organizations, local governments, and educational institutions. The Executive Director will assess the effectiveness of "Hub" programs and services and propose changes as needed, including the addition of new products as necessary, to the Board of Directors. The Executive Director will work with the Board to develop and execute goals and strategies, as well as prepare and approve of the annual operating budget. The Executive Director will be the spokesperson for the "Hub" and represent the entrepreneurial ecosystem to the broader community in the region and state as appropriate.

Qualifications

The Executive Director should have significant experience managing a nonprofit, managing a small staff, and creating and maintaining collaborative relationships. Direct experience as an entrepreneur or investor in small enterprises is helpful, but not required.

- Bachelors' Degree required; Master's Degree (MBA or MS), preferred
- Results-oriented manager with an entrepreneurial approach that possesses a minimum of 5 years of business, business development or other relevant experience.
- Ability to build a network of resources to support and assist early stage companies
- Operating experience with an entrepreneurial support organization
- Proven ability to cultivate partnerships and practice diplomacy with external organizations and internally
- Ability to market and promote the initiative.
- Experience managing a budget and the ability to create a financially sustainable program; fundraising skills preferred
- Knowledge of business incubation or other programs that support entrepreneurship and business startup is desirable. Preference given to experienced managers of entrepreneurial support programs
- Experience as a company founder, early management team member, or small business owner or management team member is a plus
- Working knowledge with venture investing is preferred. Experience with government grants, including Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants, is preferred, but not required
- Superior interpersonal and communication skills, strong networker and collaborator
- Hard working, problem-solver, and project manager
- Ability to manage and motivate a small staff

CONCIERGE

Responsibilities

A "Hub" Concierge will meet with entrepreneurs and young companies, help them assess their situations and challenges, and link them to appropriate resources in the entrepreneurial community, both locally, in the region, and in the Commonwealth. The Concierge will establish and maintain relationships with other resource providers in the region, become knowledgeable about their capabilities, target customers and programs, and make strong referrals that benefit the entrepreneurs as well as the resource providers. The Concierge will work with the Executive Director and "Hub" partners to establish and maintain protocols to ensure that entrepreneurs receive prompt, courteous and appropriate referrals.

Qualifications

A Concierge should have a positive outlook, strong customer service skills, knowledge of the local service provider community, and the willingness to continually learn and improve. A Concierge should have experience that will allow him/her to assess the situation of each entrepreneur using the tools provided. Direct experience as an entrepreneur or investor in small enterprises is helpful, but not required.

- Bachelor's Degree from an accredited university
- Local to or deeply familiar with the community and able to maintain and build trust in the community
- Excellent listener and communicator, comfortable on the phone and in person
- Positive attitude and amazing ability to work with any personalities
- Professionalism, integrity, and trustworthy
- Go-getter, likes to win, self-starter, loves to learn and connect people
- Commitment to excellence, attention to detail and accountability
- Experience working with CRMs
- Proven track record of leading complex, multi-stakeholder projects to success
- Love building relationships inside and outside the organization
- Well-organized project manager with demonstrated management experiences
- Strong collaborator and strategic thinker
- Knowledge of business incubation or other programs that support entrepreneurship and business startup is desirable. Preference given to experienced managers of entrepreneurial support programs
- Working knowledge with venture investing is preferred. Experience with government grants, including Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants, is preferred, but not required

EVENTS/FACILITY/MARKETING COORDINATOR

Responsibilities

The Events/Facility/Marketing Coordinator is responsible for the day-to-day operations of the facility, including coordinating events and scheduling the use of common rooms. In addition, the Coordinator will be responsible for marketing the "Hub" with a focus on earned media, advertising and social media marketing. The Coordinator will work with the Executive Director on establishing an interactive web site, branding, signage, and other design projects that relate to how the "Hub" is perceived and positioned.

Qualifications

The Events/Facility/Marketing Coordinator should be a strong program manager with attention to details, the ability to manage multiple projects at once, and strong relationship skills for interactions with partners and entrepreneurs. The Coordinator should have a proven track record in all aspects of marketing and should demonstrate the ability to build brand awareness.

- Bachelor's degree from an accredited university in Marketing or equivalent
- 5-7 years of marketing experience, preferably in economic development, community development, innovation, or related field
- 2-3 years in marketing leadership experience
- Strong experience in campaign development and execution across multiple channels
- Proven leadership experience carrying out marketing efforts including planning, prioritizing, and implementing strategy
- Expert knowledge in digital and social strategy including paid strategy
- Metric driven with strong ability draw insight from complex marketing data
- Expert in organic, paid and traditional marketing tactics
- Advanced knowledge of marketing tools such as Pardot or HubSpot and CRM systems
- Strong writing and verbal communication skills
- Strong project management skills with attention to detail
- Self-starter in a fast paced, startup environment

APPENDIX C: FINANCIALS

Venture Hub Business Plan
Pro Forma Projections

9500 Sq Ft Space	Capital Expense	First Quarter Month 1	Month 2	Month 3	Second Quarter Month 4	Month 5	Month 6	Third Quarter Month 7	Month 8	Month 9	Fourth Quarter Month 10	Month 11	Month 12
Assumes location not available until month 10													
Assumes 3% annual escalation years 2-5 for all expenses except rent at 2%													
REVENUES													
Starting Cash		$ -	$ 348,283	$ 346,567	$ 344,850	$ 342,333	$ 339,817	$ 287,050	$ 269,017	$ 237,005	$ 204,993	$ 156,315	$ 112,644
Grants, Contributions, in-kind	$ 40,000	$ 350,000											
Earned Revenues													
Partner offices (175 square feet each)													
Number rented		0	0	0	0	0	0	0	0	0	2	3	4
Rate = $28		$ 408	$ 408	$ 408	$ 408	$ 408	$ 408	$ 408	$ 408	$ 408	$ 408	$ 408	$ 408
Total revenue for Partner offices		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 817	$ 1,225	$ 1,633
Small Meeting Rooms (250 sq ft)													
Number rented		0	0	0	0	0	0	0	0	0	2	3	4
Rate = $50/day; 20 days/month		$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Total revenue for Small Meeting Rooms		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,000	$ 3,000	$ 4,000
Conference Room (400 sq ft)													
Hours rented/month		0	0	0	0	0	0	0	0	0	20	40	60
Rate = $10/hour		$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10
Total Revenue for Conference Room		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 200	$ 400	$ 600
Multi-purpose Room (3500 sq ft)													
Events/month		0	0	0	0	0	0	0	0	0	4	8	12
Rate = $650/day		$ 650	$ 650	$ 650	$ 650	$ 650	$ 650	$ 650	$ 650	$ 650	$ 650	$ 650	$ 650
Total Revenue for Multi-purpose Room		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,600	$ 5,200	$ 7,800
Atrium (100 sq ft)													
Events/month		0	0	0	0	0	0	0	0	0	4	8	12
Rate = $200/day		$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200
Total Revenue for Atrium		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 800	$ 1,600	$ 2,400
Total Earned Revenue		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,417	$ 11,425	$ 16,433
TOTAL REVENUE		$ 350,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,417	$ 11,425	$ 16,433

Venture Hub Business Plan
Pro Forma Projections

9500 Sq Ft Space	Capital Expense	First Quarter			Second Quarter			Third Quarter			Fourth Quarter		
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
EXPENSES													
Construction/Fit-up/Buildout $28 Triple Net PSF	incl												
Furniture	$ 40,000												
Salaries													
Exec Dir Salary $115,000; starts mo 7								$ 9,583	$ 9,583	$ 9,583	$ 9,583	$ 9,583	$ 9,583
Concierge Salary $70000; starts mo 8									$ 5,833	$ 5,833	$ 5,833	$ 5,833	$ 5,833
Events/Marketing Coordinator $60,000; start mo 8									$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
Total Salaries		$ -	$ -	$ -	$ -	$ -	$ -	$ 9,583	$ 20,417	$ 20,417	$ 20,417	$ 20,417	$ 20,417
Fringe 7.65% (employer share of Social Security, Medicare)		$ -	$ -	$ -	$ -	$ -	$ -	$ 733	$ 1,562	$ 1,562	$ 1,562	$ 1,562	$ 1,562
Benefits 20%		$ -	$ -	$ -	$ -	$ -	$ -	$ 1,917	$ 4,083	$ 4,083	$ 4,083	$ 4,083	$ 4,083
Total Salaries, Fringe and Benefits		$ -	$ -	$ -	$ -	$ -	$ -	$ 12,233	$ 26,062	$ 26,062	$ 26,062	$ 26,062	$ 26,062
Temporary location Months 7-9 (1000 sq ft @$25								$ 2,083	$ 2,083	$ 2,083			
Rent Assumes $28/sq ft *9500 sq ft starting mo 10		$ -	$ -	$ -	$ -	$ -	$ -				$ 22,167	$ 22,167	$ 22,167
Utilities (telephone, WiFi) Assumes $3/sq ft (Other utilities incld in rent)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,375	$ 2,375	$ 2,375
Insurance								$ 625	$ 625	$ 625	$ 625	$ 625	$ 625
Equipment: Computers, printers, modems for WiFi							$ 5,000						
Software		$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417
Travel, entertainment, meetings (Board, Partners, Mentors)		$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 350	$ 500	$ 500	$ 1,000	$ 1,000	$ 1,000
Professional Development; Subscriptions/Memberships								$ 100	$ 100	$ 100	$ 100	$ 100	$ 100
Marketing													
Branding, Logo, design services							$ 20,000						
Website development, website hosting							$ 10,000						
Promotion, advertising		$ 200	$ 200	$ 200	$ 500	$ 500	$ 500	$ 125	$ 125	$ 125	$ 125	$ 125	$ 125
Printing							$ 250						
Professional Services													
Back Office (accounting, tax, payroll services, HR)		$ 1,000	$ 1,000	$ 1,000	$ 1,500	$ 1,500	$ 1,500	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
Legal and Audit							$ 15,000						
Cleaning, assumes included in lease											$ -	$ -	$ -
Office Supplies								$ 100	$ 100	$ 100	$ 100	$ 100	$ 100
Kitchen Supplies - stocked kitchen for use by all. $125/month		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 125	$ 125	$ 125
TOTAL EXPENSES	$ 40,000	$ 1,717	$ 1,717	$ 1,717	$ 2,517	$ 2,517	$ 52,767	$ 18,033	$ 32,012	$ 32,012	$ 55,095	$ 55,095	$ 55,095
REVENUES - EXPENSES		$ 348,283	$ (1,717)	$ (1,717)	$ (2,517)	$ (2,517)	$ (52,767)	$ (18,033)	$ (32,012)	$ (32,012)	$ (48,679)	$ (43,670)	$ (38,662)
Cash Flow		$ 348,283	$ 346,567	$ 344,850	$ 342,333	$ 339,817	$ 287,050	$ 269,017	$ 237,005	$ 204,993	$ 156,315	$ 112,644	$ 73,982

Venture Hub Business Plan Pro Forma Projections		YEARS ONE TO FIVE				
9500 Sq Ft Space	Capital Expense	Year 1	Year 2	Year 3	Year 4	Year 5
Assumes location not available until month 10						
Assumes 3% annual escalation years 2-5 for all expenses except rent at 2%						
REVENUES						
Starting Cash		$ -	$ 73,983	$ 14,306	$ 9,871	$ 3,166
Grants, Contributions, in-kind	$ 40,000	$ 350,000	$ 375,000	$ 400,000	$ 400,000	$ 410,000
Earned Revenues						
Partner offices (175 square feet each)	$ -					
Number rented			5	5	5	5
Rate = $28		$ 408	$ 417	$ 425	$ 433	$ 442
Total revenue for Partner offices		$ 3,675	$ 24,990	$ 24,990	$ 24,990	$ 24,990
Small Meeting Rooms (250 sq ft)	$ -					
Number rented			4	5	5	5
Rate = $50/day; 20 days/month			$ 1,020	$ 1,040	$ 1,061	$ 1,082
Total revenue for Small Meeting Rooms		$ 9,000	$ 48,960	$ 62,424	$ 63,672	$ 64,946
Conference Room (400 sq ft)	$ -					
Hours rented/month			80	100	150	200
Rate = $10/hour			$ 10.20	$ 10.40	$ 10.61	$ 10.82
Total Revenue for Conference Room		$ 1,200	$ 9,792	$ 12,485	$ 19,102	$ 25,978
Multi-purpose Room (3500 sq ft)	$ -					
Events/month			16	20	20	20
Rate = $650/day			$ 663	$ 676	$ 690	$ 704
Total Revenue for Multi-purpose Room		$ 15,600	$ 127,296	$ 162,302	$ 165,548	$ 168,859
Atrium (100 sq ft)	$ -					
Events/month			12	12	12	12
Rate = $200/day			$ 204	$ 208	$ 212	$ 216
Total Revenue for Atrium		$ 4,800	$ 29,376	$ 29,964	$ 30,563	$ 31,174
Total Earned Revenue		$ 34,275	$ 240,414	$ 292,165	$ 303,875	$ 315,948
TOTAL REVENUE		**$ 384,275**	**$ 615,414**	**$ 692,165**	**$ 703,875**	**$ 725,948**

Venture Hub Business Plan Pro Forma Projections		YEARS ONE TO FIVE				
9500 Sq Ft Space	Capital Expense	Year 1	Year 2	Year 3	Year 4	Year 5
EXPENSES						
Construction/Fit-up/Buildout $28 Triple Net PSF	incl					
Furniture	$ 40,000					
Salaries						
Exec Dir Salary $115,000; starts mo 7		$ 57,500	$ 118,450	$ 122,004	$ 125,664	$ 129,434
Concierge Salary $70000; starts mo 8		$ 29,167	$ 72,100	$ 74,263	$ 76,491	$ 78,786
Events/Marketing Coordinator $60,000; start mo 8		$ 25,000	$ 61,800	$ 63,654	$ 65,564	$ 67,531
Total Salaries		$ 111,667	$ 252,350	$ 259,921	$ 267,718	$ 275,750
Fringe 7.65% (employer share of Social Security, Medicare)		$ 8,543	$ 19,305	$ 19,884	$ 20,480	$ 21,095
Benefits 20%		$ 22,333	$ 50,470	$ 51,984	$ 53,544	$ 55,150
Total Salaries, Fringe and Benefits		$ 142,543	$ 322,125	$ 331,789	$ 341,742	$ 351,994
Temporary location Months 7-9 (1000 sq ft @$25		$ 6,250				
*Rent Assumes $28/sq ft *9500 sq ft starting mo 10*		$ 66,500	$ 271,320	$ 276,746	$ 282,281	$ 287,927
Utilities (telephone, WiFi) Assumes $3/sq ft (Other utilities incld in rent)		$ 7,125	$ 7,339	$ 7,559	$ 7,786	$ 8,019
Insurance		$ 3,750	$ 7,725	$ 7,957	$ 8,195	$ 8,441
Equipment: Computers, printers, modems for WiFi		$ 5,000	$ 1,000	$ 5,000	$ 1,000	$ 1,000
Software		$ 5,000	$ 5,150	$ 5,305	$ 5,464	$ 5,628
Travel, entertaiment, meetings (Board, Partners, Mentors)		$ 4,950	$ 5,099	$ 5,251	$ 5,409	$ 5,571
Professional Development; Subscriptions/Memberships		$ 600	$ 618	$ 637	$ 656	$ 675
Marketing		$ -				
Branding, Logo, design services		$ 20,000				
Website development, website hosting		$ 10,000	$ 10,300	$ 10,609	$ 10,927	$ 11,255
Promotion, advertising		$ 2,850	$ 1,545	$ 1,591	$ 1,639	$ 1,688
Printing		$ 250	$ 258	$ 265	$ 273	$ 281
Professional Services		$ -	$ -	$ -	$ -	$ -
Back Office (accounting, tax, payroll services, HR)		$ 19,500	$ 25,000	$ 25,750	$ 26,523	$ 27,318
Legal and Audit		$ 15,000	$ 15,450	$ 15,914	$ 16,391	$ 16,883
Cleaning, assumes included in lease		$ -	$ -	$ -	$ -	$ -
Office Supplies		$ 600	$ 618	$ 637	$ 656	$ 675
Kitchen Supplies - stocked kitchen for use by all. $125/month		$ 375	$ 1,545	$ 1,591	$ 1,639	$ 1,688
		$ -				
TOTAL EXPENSES	$ 40,000	$ 310,293	$ 675,091	$ 696,600	$ 710,581	$ 729,045
REVENUES - EXPENSES		$ 73,983	$ (59,677)	$ (4,435)	$ (6,705)	$ (3,097)
Cash Flow		$ 73,983	$ 14,306	$ 9,871	$ 3,166	$ 68

APPENDIX D: CASE STUDIES

INTRODUCTION

The objective of the Case Study Analysis was to look at 8-10 entrepreneurial ecosystems in communities across the US that have faced challenges and opportunities similar to Region 9. We sought to learn how the ecosystem building efforts in these places are organized and financed, what governance structures have been successful, and how the educational institutions are involved. We focused on a single "venture hub-like" organization in each place to understand what lessons we could draw for the "Venture Hub" concept in Region 9.

The case study places for this analysis were chosen jointly with the RFP Oversight Team and Region 9 staff. Each of these communities have developed significant collaboration among the public and private sectors, including educational institutions, and have created, built and supported a strong entrepreneurial ecosystem. Case study regions were selected for characteristics that relate to the nature of the region itself, the region's history of ecosystem building, and the role of "venture hub-like" organizations in this process. The places chosen were:

- Ann Arbor, MI
- Birmingham, AL
- Boulder, CO
- Champaign-Urbana, IL
- Eugene, OR
- Kansas City, MO
- Research Triangle, NC
- Richmond, VA
- West Lafayette, IN

By population, Charlottesville is the smallest region in this grouping, but these communities all share several characteristics with Central Virginia. Most are home to a major world-class university, and are typically ranked highly on various national assessments of good places to live, work, and play. Several of the locations, such as West Lafayette and Eugene, also anchor larger rural regions, much as Charlottesville serves as an important business center for Central Virginia. Most of these locations are not considered to be among the top ranked spots for US entrepreneurs, but they all have reputations as good places to start and grow a business. More importantly, each of them is home to well-run and effective hub organization which serves as an important champion and network manager for local entrepreneur ecosystem building efforts.

Table 1 shows the 2018 population estimates for each of the cities.

Table 1. 2018 Population Estimates

City	2018
Kansas City, MO	491,918
Raleigh, NC	469,298
Richmond, VA	228,783
Birmingham, AL	209,880
Eugene, OR	171,245
Ann Arbor, MI	121,890
West Lafayette/Lafayette, IN	118,659
Boulder, CO	107,353
Champaign, IL	87,432
Charlottesville, VA	**48,019**

Source: https://www.census.gov

All the places studied are college towns, and the rankings of their respective universities is also relevant to this analysis because of the importance of university-based startups and spin-offs to entrepreneurial ecosystems. **Table 2** shows the latest rankings for the universities involved.

Table 2. Rankings of Selected Public Universities

Rank	School	City
3	**University of Virginia**	**Charlottesville**
4	University of Michigan Ann Arbor	Ann Arbor
5	University of North Carolina - Chapel Hill	Research Triangle
13	University of Illinois-Urbana-Champaign	Champaign-Urbana
17	Purdue University	West Lafayette
32	North Carolina State University	Research Triangle
42	University of Colorado-Boulder	Boulder
45	University of Oregon	Eugene
61	University of Alabama, Tuscaloosa	Birmingham
80	Virginia Commonwealth University	Richmond

Source: US News and World Report, Top Public Schools, 2018.

ANALYSIS

Other than Boulder with its organically grown ecosystem, each of the places studied has created or supported organizations that have tied together the various stakeholders, entrepreneurs, and funders into supportive networks with results similar to those desired by Charlottesville and Region 9.

Diverse and Comprehensive Programming for Entrepreneurs is a Key Feature

Among the places and convener organizations studied, programming for entrepreneurs was the primary constant. Most of the organizations have some combination of the following programs for entrepreneurs:

- One-on-one assistance, counseling, triage, connections to resources
- Mentors available for entrepreneurs and their teams
- Events, including:
    - Annual summits, conferences focused on single industries or technologies such as AgTech, Big Data
    - Monthly events such as meetups, workshops, pitch sessions
    - Weekly events such as meetups, office hours, coffees
- Incubators, accelerators, and pre-accelerators were common, although not always run by the convener organization
- Organized angel groups, angel funds and/or seed funds
- Connections to the university, and state, local and county governments

These programs appear to be in response to well-known entrepreneurial challenges and barriers, including:

- Defining a viable business model
- Building a team to execute
- Testing an initial product or service
- Finding customers or financing a launch
- Marketing the product or service and adapting to market response
- Managing growth and expansion
- Organizing the firm's operations[1]

---

[1] Auerswald, P. 2015. Enabling Entrepreneurial Ecosystems: Insights from Ecology to Inform Effective Entrepreneurship Policy. Kansas City, MO: Kauffman Foundation.
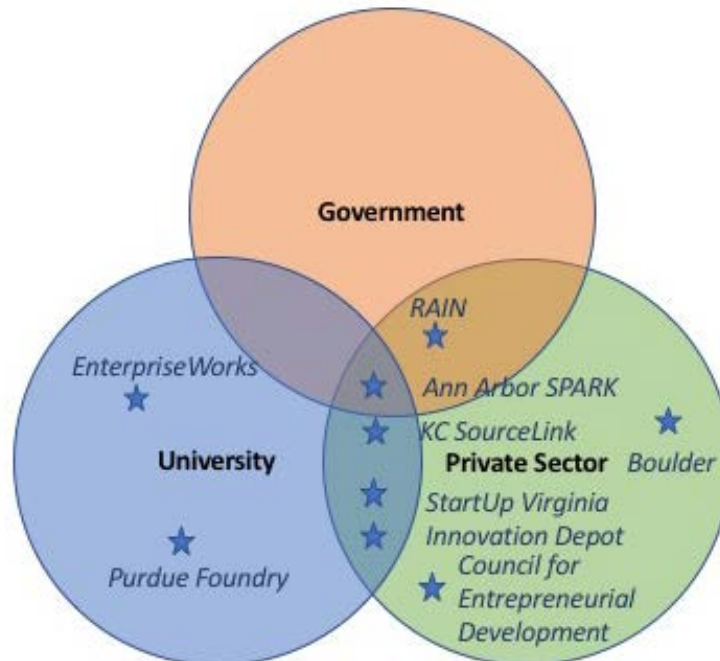
Governance Suits the Situation

Other than programming, the organizations we studied had few other commonalities. Indeed, each was as unique as the community it came out of. As shown in **Figure 1**, governance was the primary area of divergence, as the organizations ranged from university entities to public-private partnerships to private-sector led 501 (c)(3) non-profits. While most had participation from the private sector, and the university, each had a unique approach to including all in its governance, although the predominant vehicle is a board with representation from all partner groups.

Figure 1: Home of Convener Organizations

The funding models for the organizations were also quite different, ranging from being completely dependent upon the university for funding (and hence, the state budget), to some combination of state, local and regional government funding, plus revenues from operations such as running an incubator or accelerator or events, corporate sponsorships and foundation support. Foundation support was key in three cases with the Kauffman Foundation supporting KC SourceLink, The Ford Family Foundation supporting Oregon RAIN and the Lilly Endowment critical for Purdue's (and Indiana's) entrepreneurial infrastructure.

One unique funding model is being used in Ann Arbor. Tax Increment Financing (TIF) is being used to allocate a portion of increased tax revenues in Ann Arbor to support Ann Arbor SPARK. As noted below, Ann Arbor SPARK's activities include traditional economic development business retention and expansion (BR&E) to further new, innovation-led growth opportunities.

In all but one case, the number of staff involved is relatively small, with a significant group of volunteers supporting the activities. (The exception is Ann Arbor SPARK which has 24 full-time staff, but a significantly broader mandate.) Mentors, in particular, were a common feature of the models, bringing their expertise to the entrepreneurs. NC's Council for Entrepreneurial Development licensed the Massachusetts Institute of Technology (MIT) Mentor Program model to organize and deploy its mentor network, building upon MIT's track record in exemplary mentor support.

The Role of Culture

In several of the places studied, culture was an incredibly important element. In Boulder in particular, and emulated explicitly in Eugene, the #GiveFirst culture was credited for being the "secret sauce" that made the entire ecosystem cohesive. This is notable because Boulder's culture developed organically, and was not fostered by any government or university involvement. Now, other places and organizations are trying to emulate Boulder's model.
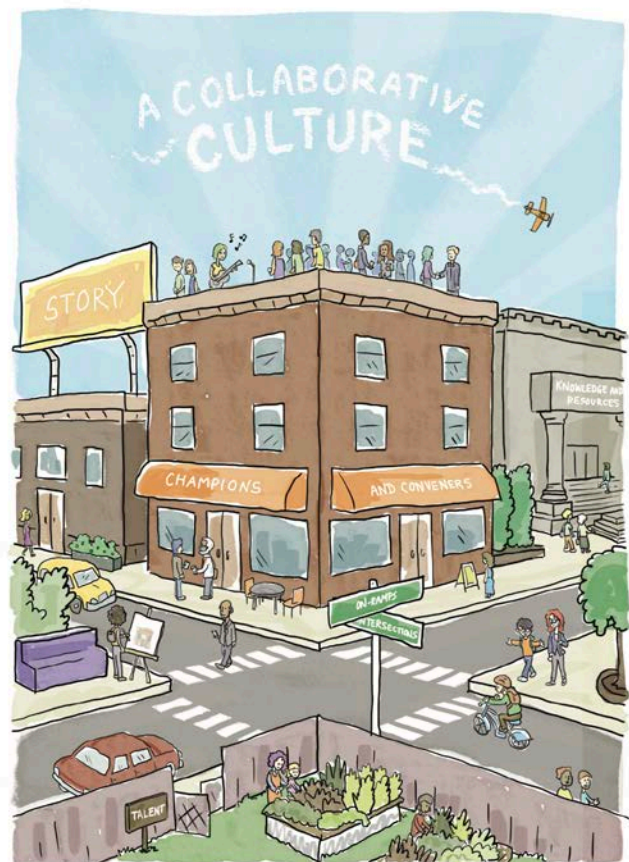
The Kauffman Foundation is leading this movement, with regular entrepreneurial ecosystem builder meetings, an online playbook and ongoing research. Kauffman's position is that "an entrepreneurial ecosystem can provide a mechanism to improve access to economic prosperity for everyone, regardless of who they are and where they live."[2]

According to Kauffman, entrepreneurial barriers are:

- Exclusive and inaccessible networks of fellow entrepreneurs, partners, capital, customers, resources and mentors,

- Insufficient entrepreneurial education,

- Lack of community support,

- Weak talent pipelines, and

- Little voice in policy decisions that affect them.

An entrepreneurial ecosystem should address these challenges by enabling the fast flow of talent, information, and resources by allowing successful interactions among the following elements:

- Entrepreneurs,

- Talent,

- Knowledge and resources,

- Champions and conveners,

- On-ramps (events, organizations, and/or online communities),

- Intersections (institutions, events, online),

- Stories, and

- Culture.

Source: Kauffman Foundation Entrepreneurial Ecosystem Building Playbook 3.0

Culture is the most critical element in this vision of a successful ecosystem. It is a culture that values collaboration, cooperation, trust, reciprocity, and a focus on the common good. Here's an excerpt from the Playbook that details the values:

---

[2] Entrepreneurial Ecosystem Building PlayBook 3.0. https://www.kauffman.org

	Action
Be hospitable.	Be purposeful and active in inviting people to join, especially newcomers.
Listen openly and actively.	Listen 80 percent of the time.
Introduce people.	"Maria, have you met Nathan?"
Dream big. Take risks.	Defy precedents. Take on bold challenges. Encourage experimental projects. Tap into people's passions and intrinsic motivations.
Redefine failure.	Do not shun failure, learn from it, brush it off, try again. Acknowledge that failure is a necessary part of learning.
Collaborate.	Think win-win. Work together to the detriment of none.
Mentor others.	Help those who are coming up behind you.
Give before you get.	End every meeting with, "How can I help?" And then help. Keep paying it forward.
Seek fairness, not advantage.	Don't compete in zero-sum games. Build and foster equitable relationships.
Bias toward action.	Whenever possible, create real things. Build prototypes or visualize ideas.
Build trust.	Give trust before expecting it in return. Take chances on others. Be transparent.

Based on these values, Kauffman recommends seven design principles for building ecosystems that appear to be relevant for the "Venture Hub":

1. Put entrepreneurs front and center. Entrepreneurs must lead the effort and solutions must be entrepreneur-centric.
2. Foster conversations, especially positive ones of hope and working together for solutions.
3. Enlist collaborators. Everyone is invited. Don't worry about distinctions based on industry, neighborhood, race, gender, etc.
4. Live the values. Be a network, not a hierarchy. Lead from behind.
5. Connect people bottom-up, top-down, outside-in.
6. Tell the community's authentic story.
7. Start, be patient.[3]

---

[3] Ibid.

Implications for "Venture Hub"

There are several implications for the design of the "Venture Hub" revealed in these case studies.

1. Almost any variation of a not-for-profit organization that includes all the partners (university, city, counties, private sector, especially entrepreneurs) will meet the goals. However, a university-based entity or one embedded in a government organization alone may not have the flexibility or credibility to engage all entrepreneurs. This is an issue if the goal is to support entrepreneurs throughout the region. Although some of the organizations studied support only high-tech companies or university-based startups or spin-offs, more current thinking is that a broader base of entrepreneurs will be more inclusive, build on the value of diversity and enable more prosperity. A wider pipeline of entrepreneurs also increases the density of local activity within the ecosystem.

2. Entrepreneurial leadership is critical, especially because entrepreneurs can and do fill multiple roles in a community over time, including as founder, funder, mentor and educators. In some cases, entrepreneurial leadership comes from corporations with entrepreneurial beginnings, or from foundations that were formed by successful entrepreneurs (e.g. Kauffman, Ford and Lilly).

3. Diverse funding sources are crucial to long-term sustainability because some funding, especially from governments, tends to change over time due to changing economic, political, and interpersonal dynamics. On the other hand, there is also a tension between providing services for free or low cost to entrepreneurs and developing enough program revenue to support the organization.

4. Culture is critical. A #GiveFirst culture appears to be consistent with entrepreneurial success. Most of the organizations studied are successful because of the efforts of a small and dedicated staff who have a passion for connecting all the elements of the entrepreneurial community -- for being catalysts, communicators, connectors, intermediaries. However, other community members who serve as mentors as well as connector roles do it in order to support the broader effort.

5. Building on anchors is a key lesson. Every program we studied had collaboration with the local public university, and in a few cases in the lead role. In several cases, the university provided critical early funding for the acquisition and renovation of the physical location; in other cases, staff are university employees. The university is seen as an essential partner. However, in most places, the university also maintains its own suite of entrepreneurship programming, largely to support its students and faculty.

6. The programming needed in a community depends upon what is already available, and includes events, institutions, and people such as mentors, that can strengthen the ties within the network. Filling the gaps in the ecosystem is most important. One-on-one technical support seems to be the most common activity, along with events. What can seem like social events can often be an important way to build trusting relationships that later lead to collaborations and new combinations and partnerships. In several cases, a physical location was needed to provide a focal point for collaboration, usually in the form of an incubator with other programs (accelerator, co-working, events, training, capital) operating there as well.

7. Most hub-like organizations view themselves as a critical "front door" for business support services. Even if the hub does not offer a specific service or program, it serves as a key entry point and referral network to obtain needed services. In nearly every case, the hub organization partners with and relies upon a diverse set of partners who provide a large share of direct programming to businesses and aspiring entrepreneurs.

ANN ARBOR, MI

Ann Arbor, MI, is a college town located about 45 minutes west of Detroit. With a population of over 121,000, the town boasts one of the youngest median ages among major US cities and the highest foreign-borne population (17.4%).

Both of these demographic facts are connected directly to the presence of the University of Michigan (U of M) campus in Ann Arbor. U of M's students and 30,000 workers shape Ann Arbor's economy, which includes high-tech, health services (U of M Medical Center), biotech, and automobile-related research and manufacturing. Several research and engineering centers contribute to the intellectual assets of Ann Arbor: Lotus Engineering, General Dynamics, National Oceanic and Atmospheric Administration (NOAA), US Environmental Protection Agency, and Toyota Tech Center.

U of M is the #4 top public school in the US according to the 2018 rankings by *US News and World Reports*, #4 public research university (National Science Foundation, 2018) and has 102 graduate programs ranked in the top 10 in the country. The University was ranked #1 by Entrepreneur.com in 2018 as best undergrad program for entrepreneurs. With $1.55 billion in research expenditures last year, U of M boasted of 21 new startups in 2018 based on university intellectual property and over 100 startups since 2012. U of M startups have received over $1 billion in investments since 2000.

In addition to U of M startups, Ann Arbor is also home to several very successful entrepreneurial ventures including Border's Books and Domino's Pizza. In Ann Arbor's downtown alone, over 2,300 software and information technology professionals are employed at companies like Google and Expedia.

Like many other college towns, Ann Arbor is also known both for its quality of life, green space, and progressive politics. Forbes and Wallethub ranked Ann Arbor its #1 college town in the US in 2018. Livability.com ranked Ann Arbor as the #1 best place to live and USA Today ranked it #6 most innovative city in the U.S.

Hub Organization: Ann Arbor SPARK

Ann Arbor SPARK is a "catalyst for economic development" in Ann Arbor. SPARK "attracts, develops, strengthens, and invests in driving industries." Collaborating with the Michigan Economic Development Corporation, MichiganWorks, city and municipal agencies and U of M, the vision of the organization is to: "advance the economy of [the] Ann Arbor region by establishing it as a desired place for innovation, business location and growth and for talented people to love and work. The Ann Arbor region will be recognized for its academic, business, and community resources and its collaborative culture."[4]

Ann Arbor SPARK is a full-service economic development organization, but has a significant segment of its work focused on innovation and entrepreneurship. SPARK also has a business retention and expansion unit that supports the growth efforts of local businesses.

---

[4] https://annarborusa.org

The Entrepreneurial Services delivered include:

- ◆ Affordable space – two incubators, one in downtown Ann Arbor in a U of M building and one in neighboring Ypsilanti at the Eastside Innovation Center
- ◆ Entrepreneurial training, including its Entrepreneur Boot Camp and a Business Accelerator
- ◆ One-on-one counseling
- ◆ Access to funding
- ◆ Education and networking events – the A2Tech 360 week of events includes Tech Homecoming, Tech Trek, Tech Talk (á la TEDx) and Fast Track awards. Other events include a CEO Roundtable and many monthly forums and meetups.

While SPARK runs these programs, it also partners with other accelerators, research centers, funders and co-working spaces in the city. It manages the Michigan Angel Fund as well, with support from the Michigan Economic Development Corporation.

Ann Arbor SPARK notably supports not only Ann Arbor itself, but also runs an incubator in Ypsilanti and supports neighboring Brighton and Howell (Livingston County). The Ypsilanti incubator, SPARK East, was launched in 2008, a few years after SPARK was established.

Ann Arbor SPARK Results

In 2017-18, Ann Arbor SPARK reported that they served 224 startup companies with a combination of accelerator services, incubation, or scholarship to the Boot Camp course. These companies reported the net addition of 199 full-time equivalent employees (FTEs) from the onset of their engagements to the end of the year. Currently, these companies employ 748 in total. In addition, SPARK assisted 312 companies reporting 823 job openings. They also supported the creation of 68 companies through assistance in business model development, management coaching, legal advice, and other critical startup services.[5] Sixty-eight companies resided in the two incubators.

In 2018, Ann Arbor SPARK hosted 104 events with 5,704 attendees from 32 states. In the past five years, Ann Arbor SPARK assisted 257 growth projects creating $1.1B in new investment, resulting in 7,503 announced jobs. 807 start-ups were assisted, 522 received intensive services employing 2,415 FTE. Financial investments were provided to 10 pre-seed firms and the organization made 25 microloans. And nurtured 186 incubator tenants.

---

[5] *Real Results*, Ann Arbor Spark 2018 Annual Report, Released July 2019.

Ann Arbor SPARK Operations

Ann Arbor SPARK is a not-for-profit economic development organization. In FY 18, its total budget was $6.47 million. The total revenues are:

Operating Budget	$1,875,000
$339,500 in public funding	
$390,000 from U of M	
$1,145,500 from private donors, foundations, and sponsors	
Business Accelerator	$2,860,000
SPARK East Incubator	$395,000
SPARK Center	$419,000
Business Development Grants	$554,000
Livingston County Support	$368,000
TOTAL BUDGET	$6,470,000

SPARK has 24 employees, including 1 for each incubator, 1 for capital programs and 1 for events. Most employees support economic development and business-related work outside of entrepreneurial services as well, creating a synergy of efforts for growth programs.

Ann Arbor SPARK is governed by a 21-person Board of Directors comprised of business leaders, institutional representatives, and local and state government. The Board's makeup is reflective of the various funding sources and partnerships that support SPARK's operations. A 26-person Executive Committee is also named.

A unique feature of SPARK's funding stream is funding from the Local Development Finance Authority (LDFA). Ann Arbor and Ypsilanti are in a "SmartZone" designated by the State of Michigan. As a SmartZone, the region is granted funds for economic development from a Tax Increment Financing district. A portion of the increase in taxable value due to new development and appreciation above the base year of 2002 created within the Ann Arbor district goes to Ann Arbor SPARK to run its incubators. In FY2014, for instance, this was $2 million. In 2016, the Ann Arbor/Ypsilanti SmartZone was extended for an addition fifteen years.[6]

SPARK is viewed as a champion for economic growth statewide and assumes a critical role in innovation-led business attraction efforts. It was a strong voice in taking control and demolishing an idle 5 million square foot GM factory to create the American Center for Mobility. This Center now includes test tracks for autonomous vehicles and is attracting mobility innovators to the region. In 2018, Axios/Ziprecruiter ranked the region as #2 for autonomous vehicle-related jobs.

Other big funders for SPARK are local corporations such as Google, Ford Motor Company, DTE Energy, Thomson Reuters, Toyota, the hospital system, U of M, Eastern Michigan University, Washtenaw Community College, local and regional banks, and 22 public partners.

- ♦ Economic Development Can Be the Lead: Ann Arbor SPARK is a full-service economic development organization with a strong entrepreneurial services component.

- ♦ Public Financing Can be Critical: A significant portion of SPARK's support comes from public support, including state funding and public university funding.

---

[6] https://annarborusa.org/faq/what-is-a-smartzone-ldfa/

- ♦ LDFA is a unique funding arrangement: A Tax Increment Financing arrangement benefits the two incubators that SPARK operated.

- ♦ A large Board of Directors accommodates all the major funders and partners.

- ♦ U of M is an important partner but has its own entrepreneurship focused programs as well, mostly for students and faculty entrepreneurs.

BIRMINGHAM, AL

Birmingham's Entrepreneurial Roots

Birmingham, Alabama has long been an important economic center in the Southeastern US. Once known as the "Pittsburgh of the South" for its large steelmaking capacity, it now seeks to position itself as the "Southern Silicon Valley."

In recent years, the Birmingham economy has enjoyed robust growth, and the region is being recognized as a good place to live, work, and play. The local economy has grown, even as its surrounding Jefferson County went through one of the largest municipal bankruptcies in history.[7]

While recent regional economic growth has been promising, the local economy remains focused on industry sectors that offer low-paying jobs and poor opportunities for rapid growth.[8] Current regional economic development priorities are focused on creating "A New Birmingham," where previous industrial production capabilities are transformed via new efforts to promote innovation and entrepreneurship.

These efforts can build on a solid foundation, thanks to the local presence of the University of Alabama-Birmingham (UAB) and a number of other important economic anchors, such as nearby plants for Mercedes-Benz and Honda. In addition, a host of other projects focused on support entrepreneurship are also underway. These include economic development organizations like the Birmingham Business Alliance and specialized groups like REVBirmingham and InnovateBirmingham, which has developed its own plan to increase the local startup rate.[9]

UAB has played an especially important role in this work. Its technology transfer and commercialization arm, which first opened in 1987, now operates out of the Bill L. Harbert Institute for Innovation and Entrepreneurship. To date, this program has received more than 2,800 intellectual property disclosures, facilitated the issue of more than 600 US patents, and assisted with the creation of nearly 75 companies based on UAB technologies, generating more than $100 million in total revenue.[10] The Institute serves as UAB's hub for entrepreneurship, and also supports an institution-wide Innovation Council and partnerships with community groups. In late 2018, the Institute also announced a new $500,000 Innovation Fund to provide small seed grants (of up to $35,000) to support new technology commercialization work.

---

[7] https://www.citylab.com/life/2016/03/how-birmingham-thrived-bankruptcy-jefferson-county/472617/
[8] https://buildingittogether.com/wp-content/uploads/2018/06/Building-it-Together-Report.pdf
[9] https://drive.google.com/file/d/1zba6gHmkWRR_kfMTueRLsRl_XD6eFh71/view
[10] https://www.uab.edu/innovation/about

Hub Organization: The Innovation Depot

In recent years, Birmingham has seen a boom in new organizations focused on innovation and entrepreneurship, yet its oldest business development effort, the Innovation Depot, still remains as the region's most important venture hub organization. First opened as a traditional business incubator in 1986, the Innovation Depot has evolved to remain a core part of the Birmingham entrepreneurial ecosystem. It bills itself as "the epicenter for technology, startups, and entrepreneurs in the Birmingham region."

Innovation Depot operates as an independent 501(c)3 organization, with an annual budget of approximately $2-3 million and a staff of nine people. It operates with a large 24-member Board of Directors that includes representatives from UAB, major Alabama employers, and local/state economic development leaders. Funding is derived from grants, fees for services, and rental income from incubation and co-working spaces. Rental income comprises the largest share of Innovation Depot's revenue. For most of its early life, Innovation Deport operated as a traditional incubator under the auspices of the Birmingham Business Alliance. In 2001, it began closer cooperation with UAB and its program activities and facilities have grown rapidly since that time.

Since 2006, Innovation Depot has been housed in a former Sears building located in downtown Birmingham. This large (140,000 sf) facility stretches over two blocks, and is considered to be the Southeast's largest tech hub.[11] The facility was updated with significant funds (exceeding $15 million) provided by UAB and other private and public sources. Local leaders now intend that the facility will serve as the central hub of an emerging innovation district in downtown Birmingham.[12]

Innovation Depot currently manages a diverse mix of program offerings. Elevate Incubation serves as the Depot's core incubator service, providing office space, coaching and mentoring, and office services. The facility offers a wide array of spaces, including wet labs. In 2018, the facility housed 29 companies, mainly operating in the IT/software, life sciences, and business service sectors.[13] The Elevate Incubator is further supplemented by the Depot's Ignite Coworking space, which offers shared workspaces and other support tools for a cost of anywhere from $150-200 per month.

The Velocity Accelerator works as a cohort-based business acceleration program. In 2017 and 2018, the program supported 16 startup ventures, which included two firms from outside of Alabama. One of these firms, Mixtroz, was selected for funding from the Steve Case-backed Rise of the Rest fund.[14] The program operates for 13 weeks, from January-April, and this year's 2019 cohort includes seven companies. These firms receive $50,000 grants, along with coaching, mentoring, and other services that are valued at more than $1 million by the program's leadership.

Finally, via DepotU, the Depot team supports local training providers, such as InnovateBirmingham, as they offer a host of courses and workshops focused on information technology, coding, and other key skills. The facility is also used for numerous events and meetups include weekly meetings such as Depot Connect and Coworking Night.

---

[11] https://venturebeat.com/2018/08/04/how-birminghams-innovation-depot-secured-more-public-and-private-support-for-alabamas-startups/

[12] https://birminghamwatch.org/birminghams-technology-start-scene-thrives-innovation-district-development-spotlight/

[13] https://issuu.com/innovationdepot/docs/id_annual_report_2018

[14] https://issuu.com/innovationdepot/docs/id_annual_report_2018

Innovation Depot estimates that its overall five-year economic impact has exceeded $2.6 billion. In 2018, its programs supported 113 member companies, who created 1,324 jobs and generated more than $176 million in gross sales.[15]

Lessons Learned

- **Power of a Physical Hub.** Innovation Depot has operated as Birmingham's primary business incubator for more than 30 years. In its initial incarnation, it provided high quality business support services. In its new headquarters, it is more than an effective incubation program—it is the hub for the local ecosystem. It operates from an attractive and desirable facility and location, engaging its company partners and the wider ecosystem as well. This visible space is an important symbol for the local ecosystem, but it also allows Innovation Depot to engage a wider part of the community and to provide a more diverse array of program offerings.

- **Align with Wider Economic Development Strategies.** For most of its operating history, Innovation Depot's programming has been very closely aligned with larger regional and statewide economic development strategies. In the 1980s and 1990s, it operated in collaboration with the Birmingham Business Alliance, a traditional business-focused economic development group. In the 2000s, it aligned with UAB and its focus on revitalizing downtown and on creating a stronger local life sciences cluster. Today, it is a core part of both a local and statewide set of strategies that seek to create a "Southern Silicon Valley" but to also develop Birmingham into a talent magnet. This latter goal is reflected in the popular DepotU training programs.

- **Build from Local Anchors**. Innovation Depot similarly aligns its work with the needs and aspirations of local economic anchors, especially with UAB, which is aggressively seeking to position the university and the surrounding community as a global center for creativity and innovation. These goals are an important cog in UAB's current 2018-2023 Strategic Plan.[16] The Innovation Depot's leadership is also serving as key players in efforts to create a downtown Innovation District and to capitalize on the area's designation as a federal Opportunity Zone.

---

[15] ibid
[16] https://www.uab.edu/plan/

BOULDER, CO

A city of 107,000 people nestled between the Front Range of the Colorado Rocky Mountains and Denver, Boulder is a unique place for startups and growth companies. Over the years, Boulder has won many accolades, including #1 Best City for Small Business Owners, #1 Best Community for Physical Well-Being, #1 Most Active City in the US and #4 Best City to Launch a Startup.[17] With a low unemployment rate of 3.3% and a workforce of over 196,000, Boulder continues to grow and thrive.

Boulder's Entrepreneurial Roots

The roots of Boulder's success, however, are decades old. First, it is the home of the University of Colorado (UC), itself a top 50 university for National Science Foundation funding, and the source of innovation for 109 startup companies since 1984.[18] Second, the federal government located the National Bureau of Standards Radio Propagation Laboratory (now the National Institute of Standards and Technologies) in Boulder in 1949, the Rocky Flats nuclear weapons manufacturing site in 1952, followed by the National Center for Atmospheric Research (NCAR). As a result, Boulder has a very highly educated population and a deep tradition of research and development.

It was the Boulder lifestyle, however, that brought the first wave of entrepreneurs in the 1970s. To protect that lifestyle, the city protected its green spaces as early as 1910. In the late 1950s, the city decided not to extend water service beyond the "blue line," effectively stopping development in the surrounding mountains. In 1967, the city built on this by becoming the first city in the United States to tax itself for funds to be used specifically for the acquisition, management and maintenance of Open Space.[19]

One result of these decisions was to severely limit the amount of space available in the city for businesses to expand. There are no big box stores, or big companies. Even today, most successful startups from Boulder move to Denver or elsewhere to scaleup. On the other hand, startups are cultivated, celebrated and supported by the community.

The first entrepreneurs started companies such as Celestial Seasonings, StorageTek (computer hard drives) and the precursor to Amgen. These entrepreneurs exited, and went on to support subsequent waves of entrepreneurial effort by becoming angel investors and venture capitalists.

Boulder's Unique Culture of Entrepreneurship

These early pioneers created and personified Boulder's unique entrepreneurial climate. Brad Feld, in his 2012 book *Startup Communities*, which described how to create entrepreneurial ecosystems on the Boulder model, wrote:

"Boulder is unique because the entrepreneurs and other participants in Boulder's startup ecosystem have a greater sense of community than anywhere else in the country." [20]

Indeed a 2018 survey of the Boulder startup founders and funders done by PowderKeg found that 83% of respondents agreed that #GiveFirst is a core value of the community. Give First means simply trying to help

---

[17] https://bouldercolorado.gov/business

[18] https://www.colorado.edu/about

[19] https://www.bouldercoloradousa.com/about-boulder/green-lifestyle/

[20] Feld, B. 2012. *Startup Communities: Building an Entrepreneurial Ecosystem in Your City*. New York, NY: John Wiley and Sons. P. 17.

anyone - especially entrepreneurs - with no expectation of getting anything back. It's the pay-it-forward principle that built the strong Boulder startup network.

If there is an organization that personifies the Give First mentality, it is TechStars. One of the first accelerators, TechStars was started by venture capitalists and angels, including Brad Feld, who wanted to increase and accelerate the growth of companies in their portfolios. They established a 90-day program to provide training and mentorship to a selected group of startup entrepreneurs. However, Feld notes that, "The ethos of mentorship and support by the people who comprise Boulder's startup community were firmly in place when TechStars arrived in 2007."[21] Today, there are 8 venture funds, 6 accelerators and incubators (including TechStars) and 6 co-working spaces in Denver and Boulder, now an integrated startup community. **However, there is no "Venture Hub" equivalent, and, as Feld notes, no strategic plan, no committees to figure out how to get more startups and little or no government (or university) involvement.**

Lessons Learned

- **Unique Culture:** A long history of entrepreneurial activity plus the #GiveFirst culture yielded a unique ecosystem without a "Venture Hub" per se.

- **Smart People**: While government and the university had a back seat to this success, it is undeniable that their presence (federal labs and research university) created a community with a lot of highly educated people, a huge asset.

- **Scale and Location**: The proximity to Denver, a major international airport and logistics center, interstate highways were a huge benefit to Boulder. While startups thrive in Boulder, they ultimately grow in Denver and surrounding communities.

- **Quality of Life**: The lifestyle exemplified by Boulder and Colorado is a big draw, and this was supported by early "placemaking" preserving green space, although this also drove up housing costs and made it difficult for businesses that were growing to remain in the city.

- **No Hub Per Se**: TechStars, a very successful accelerator, was established in 2007 as a result of, rather than a cause of, the startup successes. It was established by the private sector to benefit their personal portfolios and was not intended as an economic development activity.

---

[21] Ibid.

CHAMPAIGN-URBANA, IL

Champaign-Urbana, IL, a top 10 College Town and 2017 Best City for Entrepreneurship awardee with a population around 85,000, is the home of the University of Illinois Urbana-Champaign (UIUC). A 2018 report ranked it as second among 42 communities in the "Silicon Prairie" for its startup ecosystem. The report stated,

> "Champaign-Urbana dramatically overperforms expectations based on population – finishing in the Top Five. For example, in 2017, the community had 21 venture investments totaling nearly $75 million dollars. There were also 37 SBIR/STTR grants in the region. These elements suggest that early stage companies and research are generating hundreds of jobs in Champaign (between 390 and 620)."[22]

The report goes on to mention the region's 7,500 STEM jobs and an INC 5000 company. It highlights an issue, however, with "engaging and retaining students to start companies." Four major tech companies, PayPal (Max Levechin), Netscape/Mosaic (Marc Andreessen), Oracle (Larry Ellison), Yelp (Jeremy Stoppelman and Russell Simmons) and YouTube (Steve Chen and Jawed Karim), were started elsewhere after their founders attended UIUC.[23]

The region itself, two hours south of Chicago, hosts a vibrant technology ecosystem, with major tech giants like Yahoo and large corporate research centers for Dow, Graybar, Syngenta, State Farm, John Deere, Abbott, and Caterpillar.

A big driver of the tech ecosystem is UIUC Research Park (UIRP). The Park itself, established in 2000, exists to support the university's economic development mission. The total workforce at the Research Park is the third largest in the community, with support for faculty to develop and commercialize new technologies, for established companies to collaborate with university faculty, and for students to experience highly regarded internship opportunities. The mixture of startups, Fortune 100/500 companies and students is intentional and critical to the success of the Park.

Statewide, Illinois' universities have expanded their role as drivers of economic growth. University-supported startup activity flourished in the past ten years, taking advantage of the state's substantial research enterprise, and focusing its commercialization activities. The state's strategy is to grow technology companies from its research assets and educational institutions and to keep them in the state.[24]

The UIUC, including the Research Park, its embedded incubator, EnterpriseWorks, and numerous other entrepreneurial courses, clubs and resources for students, earned the APLU Innovation and Economic Prosperity designation in 2014.[25]

Hub Organization: EnterpriseWorks

Within the Research Park sits EnterpriseWorks (E-W), a 43,000 square foot stand-alone incubator facility. E-W, a program of the Research Park, is resource center for science and technology-focused entrepreneurs. It supports university intellectual-property-based startups as well as those emerging from the broader community.

---

[22] http://siliconprairienews.com/2019/02/spn-special-report-the-2018-state-of-the-silicon-prairie/

[23] https://www.businessinsider.com/uiuc-amazing-tech-visionaries-who-went-to-school-there-2014-12#steve-chen-and-jawed-karim--youtube-4

[24] https://www.istcoalition.org/wp-content/uploads/2017/03/ISTC_RoadmapFINAL.pdf

[25] https://www.aplu.org/projects-and-initiatives/economic-development-and-community-engagement/innovation-and-economic-prosperity-universities-designation-and-awards-program/

Currently E-W has 65 companies in its programs: 45 tenants and 20 affiliates. The incubator is explicitly to support technology, engineering, computer science, materials and life sciences companies, and 80% are faculty-led startups. A few of the companies have been started by graduate students, post-docs or alumni; only a few are technology-startups with no university affiliation.

E-W works closely with the UIUC Office of Technology Management. This is a very active technology transfer operation. In the past five years (2014-18), 92 technologies were transferred with 45 licenses or options and 36 startups. In 2018, there were 201 disclosures, 240 patents filed, 66 patents issued and 9 startups. A total of 56 startups are currently licensing intellectual property from UIUC; 42 are still in the state. In 2017, startup and spin-off companies related to the University of Illinois System (UIUC is the flagship research entity) generated $678.9 million in added income for the Illinois economy.[26]

Programming offered by E-W includes:

- Assistance programs
- Entrepreneur-in-residence (EIR)
- Shared services
- SBIR technical assistance
- iStart Launch
- Designer-in-residence
- Events and networking
- Incubator facility
- Laboratories and suites
- Conference rooms
- Coworking
- Events

- Startup Café
- CU Women in Tech
- Annual Summits (Big Data, AgTech)
- EIR Workshops
- CEO Roundtable
- Career Fair
- Pygmalion Teen Festival
- Tech Meetups
- Food Trucks
- Summer Interns
- Performing arts

The facility includes a shared kitchen, conference rooms, and free parking. In addition to full membership, EnterpriseWorks offers an Affiliate program for "pre-incubation."

EnterpriseWorks Results

In 2018, EnterpriseWorks had 16 new tenants and 63 total companies compared to 13 new and 55 total in 2017.

A 2019 study of EnterpriseWorks completed as part of planning for a new 39,700 square foot companion building reported that E-W's companies have raised more than $1 billion in venture capital and $126 million in SBIR/STTR awards.

EnterpriseWorks Operation

As part of the Research Park, EnterpriseWorks is wholly owned and operated by the University of Illinois. The Research Park itself is organized as an LLC with a single member. Recently that membership was transferred

---

[26] UIUC Office of Technology Management 2018 Annual Report, https://otm.illinois.edu/about/annual-report

from the University of Illinois System Board of Trustees to the UIUC. As an LLC, the Research Park has a Board of Managers made up of private sector individuals and two faculty seats. The Research Park has an annual budget of $614,000 and a service level agreement with EntrepriseWorks for 4 employees.

The E-W facility was built with state funding and is maintained and operated by UICU. Laboratories and offices are leased by tenants for 3-5 years, and include some of the only commercially available laboratory space in Illinois for startups. It is fully leased and has a waiting list. Tenants pay rent, but do not pay extra for any of the programming offered. The rent helps offset expenses related to the provision of programming, since all other operating costs of the Research Park and EnterpriseWorks are paid by the university.

The biggest challenge is for post-incubator space. The majority of companies that have stayed in the region after startup have had to convert light manufacturing space for their use. They cannot find appropriate space in the Research Park itself because the private development models better supports large companies that can afford long-term leases and specific leasehold improvements. As a result, companies are still leaving the region, limiting the ability to build a cohesive innovation hub within the Research Park. The proposed new building will help to fill the need for space for scaling companies. The feasibility study calls the space a "metaphorical docking station for companies as they pass through the post-incubation stage on the way to becoming more established entities."[27]

Budget issues at the state level in the past few years have directly impacted the operation of the Research Park, particularly with its expansion plans. In the current budget that just passed, the University system's funding level was still behind it's FY15 level. While the System President's grand plans for the Discovery Partners Institute (DPI) and Illinois Innovation Network (IIN) were included in the budget for $500 million, the appropriation is contingent upon a 1:1 match being raised. Each hub in the IIN is planned to "grow the local and regional economy through education and innovation pinned to the academic strengths of their host university."[28] At UIUC, this is expected to be a new institute on campus with a focus on data science, a research facility focused on statistics, data analysis and machine learning.

Lessons Learned

- ♦ **Universities can Lead:** With the support of the state, universities can be the central hub of local tech and entrepreneurial ecosystems.

- ♦ **Tight Focus on Science and Tech Startups:** This approach yields strong overall results, but not necessarily diverse, or inclusive.

- ♦ **State Funding Predominance Can Be Problematic**: Illinois' two-year hiatus without a state budget created many challenges for these programs.

- ♦ **Remoteness from Major Metros is a Challenge for Keeping Companies**: UIUC's history with founders of major tech companies demonstrates this problem, and their ongoing issues with keeping post-incubation startups shows that it's a bigger issue.

---

[27] https://uofi.app.box.com/s/hmj9vxx5du6xomwsg5ltk9ayvna1myae/file/396494545750
[28] https://news.uillinois.edu/view/7815/786908

EUGENE, OR

Located in the Willamette Valley around two hours south of Portland, OR, Eugene is also a college town. It hosts the University of Oregon (OU), a public university that is tier 1 in math and physics. OU is the home of a National Center of Academic Excellence in Cyber Defense Research.

Without an engineering school or medical school, OU is not a research powerhouse. FY18 research funding was only $123.2 million, an increase of 5% over the previous year. Federal funding was 79% of that total or $97.4 million. From this research, OU generated 42 disclosures, 18 of which were science-based, 17 patent filings and $9 million in licensing revenue. Two companies started up in FY18 from university research. One, whose technology is an augmented reality system, participated in the RAIN Eugene accelerator program.

However, approximately 400 tech companies in biotech, software, hardware are located in Eugene, including a large game developer cluster. Together, they support over 5,000 tech jobs in the local economy with a payroll exceeding $350 million.[29] Three large laboratories also support the tech workforce: The Center for Advanced Materials Characterization, the OU Riverfront Research Park and the state-funded Oregon Nanoscience and Microtechnologies Institute (ONAMI).

In 2015, Fast Company named Eugene among the Next Top Ten Cities for Tech Jobs, mentioning the region's "counter-cultural spirit, thriving indie rock scene, hiking, mountain biking, and access to skiing.[30] That year, local startup Feeney Wireless was acquired by Novatel, adding to the list of successful companies that started in Eugene, including Nike and Broderbund Software.

The city has several co-working spaces and incubators, including CodeChops, Eugene Mindworks, FertiLab Thinkubator, and Hatch@Sprout Incubator. However, it is RAIN Eugene, and Oregon RAIN that helps connect entrepreneurs with these and other resources.

Hub Organization: Oregon Regional Accelerator and Innovation Network (RAIN)

Oregon RAIN was established in 2014 as a public private partnership to support "local impact innovative startups" in Lane, Linn, Benton and Lincoln Counties. The idea was to offer "Regional Venture Catalysts to connect entrepreneurs in small and rural communities with strategic resources for launching and scaling business ventures, including mentor relationships, educational and training programs, connections to physical assets and access to capital."[31]

In its early years, Oregon RAIN was successful in accessing over $3 million in state funding that was passed through to both RAIN Eugene and the accelerator at Oregon State University (OSU) in Corvallis. This early success was due in large part to a significant collaboration among the business community, local governments (mayors of Corvallis and Eugene) and the two state universities, OU and OSU.

---

[29] https://www.eugenecascadescoast.org/relocation/eug-tech/
[30] https://www.fastcompany.com/3048391/the-next-top-10-cities-for-tech-jobs
[31] https://www.oregonrain.org/about/

Since 2015, the 227 companies served through these programs had been supported by 294 mentors, creased 317 jobs with $8.7 million in revenue and raised $2.74 in capital.

A year ago, the legislature declined to further fund the two programs in Eugene and Corvallis, reasoning that these were large university-related activities and didn't need additional state support. As a result, RAIN Eugene was cut back, while the accelerator at OSU is still operational.

Instead, Oregon RAIN has been invited into a large number of rural communities to establish ecosystem development programming focused on their concept of venture catalysts. The Oregon RAIN model is to have experienced entrepreneurs provide as gateways to people through events such as speaker series and workshops and through mentors, to programs such as accelerators and pre-accelerators, physical assets such as existing incubators, and capital. Oregon RAIN also administers a regional seed fund, operated by 44North Ventures LLC.

And, in January 2019, the Board of Directors of Oregon RAIN announced its intention to provide services statewide. Nevertheless, the state did not appropriate funds for Oregon RAIN in the current budget, and so the organization is relying on funding from Ford Family Foundation ($100,000 in FY18), Lincoln County, and the cities of Florence, Newport, Lincoln, and Toledo, as well as the Oregon Bank and Palo Alto Software to maintain its programming and support entrepreneurs with three venture catalysts plus the executive director. The total budget is in the range of $400,000. Opposition to RAIN is coming from other small business support providers.

Oregon RAIN is organized as a "public charity" and is managed by a nine-person Board of Directors that includes the Mayor of Corvallis, the Mayor of Eugene, the Vice President of Research for OU and for OSU, a representative from Business Oregon (the state economic development agency), and four private sector individuals.

RAIN Eugene

RAIN Eugene is a separate nonprofit organization managed by UO, the Eugene area Chamber of Commerce and the City of Eugene. It has a nine-person Board that includes the President of the Eugene Chamber of Commerce, the Lane County Commissioner, the Economic Development Manager from the City of Springfield, a representative from UO and several private sector entrepreneurs.

Like Oregon RAIN, the Venture Catalyst position was filled by a successful entrepreneur and angel investor who saw his role as a connector and intermediary first. As well as supporting a broad network of entrepreneurs, investors and other partner organizations, RAIN Eugene ran a twice-yearly 16-week accelerator program, the ID8 5-week pre-accelerator program, and offered a startup newsletter. RAIN Eugene also provided the leadership for Willamette Angels who have invested $3 million in 14 Oregon startups over the last 9 years. The group has also created a new angel investment fund, W2Fund, and have raised $500,000. Events supported by RAIN Eugene included Pitch Stream (annual), Startup Coffee Meetup (monthly), open mentoring (weekly), and Startup Weekend Food (annual).

RAIN Eugene was collocated with the UO Tyler Invention Greenhouse and Product Design Program in a building in downtown. The City's urban renewal agency sold the building at 942 Olive Street to UO for $1 (valued at $750,000), and then the university invested $2.7 million to renovate its 12,800 square feet. UO provided RAIN Eugene with the "gift of rent," meaning the program does not pay to be in this space. In addition, the City of Eugene has contributed over $100,000 in the past three years for programming and other expenses.

RAIN@UO is the name given to the various entrepreneurship programs operated on the UO campus. The objective of RAIN@UO is to be a "connector so that students, faculty and staff can more easily locate and access information, support and collaborators. It bridges the campus and greater Eugene/Springfield through RAIN."[32] Located in the Vice President for Research's staff, this is a role filled by a professor who is also director of the Lundquist Center for Entrepreneurship, and a Faculty Fellow in Innovation, Entrepreneurship and Sustainability." Reportedly, the relationship between this individual and the executive director of RAIN Eugene was very good and facilitated the collaboration.

Significantly, the previous RAIN Eugene director spoke about the Give to Get paradigm of Ian Hathaway and Brad Feld (see Boulder Case Study), and mentioned the importance of having the credibility of being a successful entrepreneur and funder himself in linking with others with the knowledge and experience necessary to support entrepreneurs.

Lessons Learned

- **The State May Not Be a Long-term Funder:** While the State provided significant early funding, sustaining funding came from a local foundation and local cities and counties.

- **The Venture Catalyst role is the most important part of the model**, with great entrepreneurial experience, and a large network. Other programming was developed on an as-needed basis in response to demand from entrepreneurs.

- The model is applicable to rural areas.

- RAIN @ UO is an interesting model for linkage to university resources.

- RAIN Eugene provided 1:1 support, plus events to catalyze the network as well as pass on information. The events are the "heartbeat" to the ecosystem.

- The linkages to the local angel network facilitated access to capital.

---

[32] http://research.uoregon.edu/rain

KANSAS CITY, MO

First founded in 1838, Kansas City has long benefited from its desirable location on the Missouri River and with centralized access to markets across the US. Its economy first developed and grew around its role as the jumping off point for Western pioneer trails, and later as a central hub in national rail networks. Thanks to this infrastructure, Kansas City became a major center for food processing and other manufacturing, and more recently, has built strengths in distribution and other back-office operations.

Like other US urban centers, Kansas City faced economic decline in the 1970s and 1980s. Yet, during this period, new companies like Sprint and Marion Labs emerged and would late become key drivers of regional regeneration. Today, the regional economy faces a number of challenges, especially related to inclusion and income inequality, but recent growth has been relatively strong. Kansas City is now ranked 17th among US metropolitan areas (in terms of gross regional product) and is also widely touted as a global leader in its efforts to support local entrepreneurship and innovation-related activity. For several years, the region has pursued the goal of being recognized as "America's most entrepreneurial city."

Kansas City has a long history of birthing great companies, like Hallmark Cards, H.R. Block, and Sprint. Yet recent developments in ecosystem development can mainly be traced back to Ewing Marion Kauffman and his role as the founder of Marion Labs and his eponymous foundation. Today, the Ewing Marion Kauffman Foundation is Kansas City's (and the US's) most important investor in ecosystem building.

Kansas City's experiences with ecosystem building offer a number of important lessons, particularly as they relate to "second tier regions," i.e. smaller metro areas that may lack the deep networks and resources (e.g. venture capital, specialized support services) that can be found in larger world-class centers like Silicon Valley or Seattle.[33] Many of the core components of the current regional ecosystem can be traced back to the early 2000s. At this time, regional leaders began making significant investments to fund business start-up programs and to build a stronger local life sciences industry, among other strategies.

These investments in the early 2000s helped to seed creation of numerous organizations that are now key players in the regional ecosystem. These include the Stowers Institute for Medical Research, the Helzberg Entrepreneurial Mentoring Program, and the PIPELINE Entrepreneurial Immersion program. Yet, within this constellation of programs, KC SourceLink has emerged as a central hub for "all things entrepreneurial" in Kansas City.

These programs fill a niche that may sometimes be filled by major universities in other communities, such as Ann Arbor or Boulder. KC SourceLink is based at the University of Missouri-Kansas City (UMKC), and the school is supporting a number of new initiatives. But, historically, UMKC and other area universities have not traditionally served as leaders in local economic development and business support efforts. [34]

---

[33] Heike Mayer, "Entrepreneurial Community in Kansas City: From Fragmented to Collaborative?" Kauffman Foundation Research Report, November 2012.

[34] For background see W. Richard Goe, Martin Kenney, and Donald Patton, "Measuring Entrepreneurial Activity at Kansas and Missouri Universities," Berkeley Roundtable on the International Economy Working Paper, 2016-8, March 16, 2018.

Hub Organization: KC SourceLink

Based at the University of Missouri-Kansas City (UMKC) and initially funded with support from the Kauffman Foundation, KC SourceLink opened for business in 2003. It was originally designed to address a common complaint that local entrepreneurs were struggling to find resources and to tap into networks of peers and colleagues. The Kauffman Foundation served as the lead initial investor, and the program operated with an annual budget of roughly $450,000 for its first few years of operations.[35]

From the beginning, the KCSourcelink team focused on developing a diverse set of funding sources to complement the initial Kauffman investments. It created USSourcelink (now known as Sourcelink), a consulting practice, to bring the KCSourcelink resource navigator tool to other regions.[36] Today, the Sourcelink team has provided services and support to many locations around the US, including support for the Virginia Sourcelink program.

KCSourceLink began operations with the intention of serving as a "resource navigator," linking entrepreneurs to resources via a web page, a phone call-in center, and various events and other promotional activities. The initial SourceLink partnership list included 51 organizations. Today, that list totals 249 partners.[37] KCSourcelink and its related programs serve the Kansas City metro area and an 18-county surrounding region (in both Kansas and Missouri).

The basic KCSourceLink resource navigator still exists today, and serves as a "business concierge" providing referrals to thousands of local entrepreneurs each year. Since 2003, the KCSourceLink network has grown and blossomed, and now encompasses a number of focus areas. These include:

- Digital Sandbox: Proof of concept fund that provides small grants (up to $20,000) to help entrepreneurs further develop and commercialize new ideas

- Whiteboard to Boardroom: A program to link entrepreneurs to promising technologies developed by UMKC Faculty

- ScaleUP! KC: Focused on providing peer networking and coaching for existing business owners hoping to accelerate company growth

- KC Rise Fund: A side car fund to co-invest with venture capitalists in local early stage ventures

Most of these new initiatives emerged via a similar process. New ecosystem challenges and gaps were identified via KCSourcelink's regular programming and outreach. A team of stakeholders then convened to discuss the challenge, identify potential solutions, and design new program offerings. Efforts to test the idea and to raise start-up capital (from public funds or Kauffman Foundation support) followed, and, if successful, new programs were then rolled out.

---

[35] https://www.oecd.org/employment/leed/42751285.pdf

[36] https://www.kauffman.org/thoughtbook2015/paths-to-entrepreneurship#entrepreneurshipisacontactsport

[37] KCSouceLink, *We Create: Making KC America's Most Entrepreneurial City: Year 5*, 2017, p. 14. Hereafter referred to as *We Create KC: Year 5 Report*.

KC SourceLink Results

KCSourceLink's local impacts have been extensive. Since 2003, its various programs have helped support provide connections and services to more than 35,000 local business owners. Each year, Kansas City-based startups create more than 15,000 local jobs and, in 2017, they attracted more than $540 million in outside investments.[38]

In general, KCSourcelink places great emphasis on capturing program metrics and in capturing the overall economic impacts of the region's entrepreneurs. The team produces regular newsletters, blogs, articles, and books that share lessons learned and best practices for entrepreneur support programs.[39] They also produce several annual reports, *We Create Jobs* and *We Create KC*, that have received numerous awards for effective marketing and promotion. The Sourcelink team strives to not only capture program metrics and outcomes, but to also position themselves as global thought leaders.

KC SourceLink Operations

KCSourcelink and its related programs all operate under the auspices of the UMKC Innovation Center, and most employees are employed by UMKC and operate out of a facility located near (but not on) the main UMKC campus. This facility also hosts a number of other related programs included local SBDC SBTDC offices.

Today, KCSourcelink operates with an annual budget of approximately $750,000 and a staff of six people.[40] It operates as a true network hub. KCSourcelink staff members maintain the regional resource directory, provide referrals and connections, sponsor events, and publicize innovation and entrepreneurship across the region. In most cases, these core staff members do not provide direct services to business owners, relying on other partners for these activities.

KCSourcelink and related programs operate with a diverse mix of funding sources. Base funding comes in part from UMKC, and from the Innovation Center's role as host for the SBDC, SBTDC, and EDA University Center programs. SBA and EDA funds each provide annual operating support of approximately $200,000 per year. Program managers have also enjoyed great success in obtaining other state and federal funds from the Missouri Technology Corporation, and from federal grant competitions such as the SBA's Scale Up America Program and the EDA's I6 grant program which has funded the Digital Sandbox effort on two occasions.[41]

KCSourcelink also relies on a mix of corporate and philanthropic donations and also raises additional funding via Sourcelink-related consulting projects. Most importantly, the Kauffman Foundation has been an essential partner. It helped design the initial program, funded Sourcelink's first years of operation, and continues to invest to pilot new programs, support the expansion of existing efforts, and to provide matching funds that complement federal grant opportunities.

KCSourcelink's related spin-off programs operate with their own individualized budgets and dedicated staff members. For example, the Digital Sandbox operates with one staff member and a budget of approximately $300,000, while the Whiteboard to Boardroom program operates with annual funding of roughly $400,000.

---

[38] *We Create KC: Year 5 Report*, pp. 6,16

[39] Cite beyond collisions

[40] https://ors.umkc.edu/docs/default-source/annual-reports/annual-report-fy2017.pdf?sfvrsn=abf57d96_2; https://ors.umkc.edu/docs/default-source/annual-reports/annual-report-fy2018_web.pdf?sfvrsn=80a47c96_2.

[41] https://www.umsystem.edu/stories/digital_sandbox_kc_wins_second_i6_challenge_grant

These programs operate with small staffs, but often manage larger program portfolios. For example, Digital Sandbox, which operates with funds from EDA and the Missouri Technology Corporation, provided $1.8 million in project funds in 2017, providing proof of concept funding to 90 companies.[42] It has also spun off partner operations in Olathe (KS), Independence (MO), and St. Joseph (MO).

Whiteboard to Boardroom is funded with support from the National Science Foundation, and supports technology commercialization at UMKC, the University of Kansas, Johnson County Community College, and William Jewell College. A host of other research partners, including private companies, also share research challenges and opportunities, via the program's technology licensing platform.[43] In 2018, the program supported 72 projects that engaged more than 300 entrepreneurs and companies.[44]

Lessons Learned

♦ **Build on Anchor Institutions:** In many ways, KCSourcelink is a creation of important anchor institutions in Kansas City. It was originally established and funded by the Kauffman Foundation, and it is affiliated with UMKC's Innovation Center. These connections bring funding, facilities, and most importantly, credibility.

♦ **Build a Diverse Funding Base:** KCSourcelink and its partner organizations benefit greatly from accessing funding at UMKC and the Kauffman Foundation. These anchor investments matter greatly, but the program is also extremely successful in attracting a wide array of funds from public and private sources.

♦ **Thought Leadership Matters:** KCSourcelink provides excellent programs and services, but it does more than that as well. It seeks to develop, codify, and disseminate "leading practices" on how to build entrepreneurial ecosystems. This work occurs via the national Sourcelink program, but also via the team's blogs, newsletters, articles, books, and speaking engagements. This work helps to market the program, but also supports the regional mission of making Kansas City into America's most entrepreneurial city.

♦ **Fill Gaps:** KCSourcelink does not "lead" or "manage" ecosystem building in Kansas City. Its role is to serve as a connector and facilitator. As such, it does not provide programming in areas where existing organizations already operate. It manages few events on its own, and relies on partners, such as the SBDC and others, to run workshops or trainings or to provide other business support services. However, it does fill gaps. When key challenges or program gaps are identified, KCSourcelink plays a lead role in identifying solutions, finding funds to fill gaps, and in managing subsequent demonstration projects. Examples of this process include the Whiteboard to Boardroom effort and the KC Rise Fund.

---

[42] https://www.digitalsandboxkc.com/docs/default-source/default-document-library/digital-sandbox-annual-report-2017.pdf

[43] See https://www.whiteboard2boardroom.com/ideas/innovative-ideas

[44] https://www.whiteboard2boardroom.com/docs/default-source/default-document-library/w2b_annual-report-2018_web.pdf?sfvrsn=994ea5ba_0

RESEARCH TRIANGLE, NC

Sixty years ago, the region now known as the Research Triangle was largely pine forest and tobacco fields. The three towns of Raleigh, Durham and Chapel Hill were sleepy places, but home to three great universities: Duke University, the University of North Carolina at Chapel Hill, and the land-grant, North Carolina State University.

The North Carolina economy was reliant on three traditional industries at that time: furniture, textiles and tobacco. The furniture industry was leaving in the post -World War II period, textiles were also facing growing competition from Asia, and tobacco manufacturing employment was declining due to both increased automation and declining demand.

Business, industrial and educational leaders in North Carolina in the late 1950s saw the need to diversify the economy and reverse an outmigration of young people. And so began an ambitious effort to develop a research park known as Research Triangle Park, a name that became synonymous with the region encompassing the three surrounding towns as well.[45]

Today, the Park is home to over 250 companies employing more than 50,000 people producing over 3,000 patents to date. The vision that a place focusing the intellectual power of three major universities in collaboration with research entities from government and the private sector has been wildly successful.[46]
But the success of the Park is only half of the story. The spillover effect of the Park on the surrounding region has also been profound. In 2018, Raleigh was ranked the sixth best performing large city in the country by the Milken Institute.[47] This strong showing was attributed to the strength of the high-technology sector in the region, anchored by NC State and its Centennial Campus as well as the Park itself.

Entrepreneurship in the Research Triangle

Although the Research Triangle Park is dominated by large corporations, many regional success stories, such as Red Hat and SAS have entrepreneurial roots. And, the significant research performed at the three dominant universities and large corporate research centers has helped sustain a vibrant startup community, especially in life sciences and information technology.

In 2018, entrepreneurs in NC raised over $2.75 billion in new capital, with 90% of the deals in the Triangle. Life sciences and technology dominated, but deals were well distributed by stage and size. One hundred fifty-nine of the 207 deals done statewide were in the Triangle.[48]

---

[45] Link, A.N. 1995. *A Generosity of Spirit: The Early History of the Research Triangle Park.* Durham, NC: Research Triangle Park Foundation of North Carolina.
[46] https://www.rtp.org
[47] http://www.best-cities.org/2018/best-performing-cities-report-2018.pdf
[48] https://cednc.org/innovatorsreport/

The year before, 2016, the HALO Report ranked RTP Capital, a local angel group, as one of the most active in the Southeast, but the distinction didn't last into 2017.[49] Duke University announced a new angel group made up of alumni (https://dukeangelnetwork.duke.edu) and both UNC-CH (https://www.carolinaangelnetwork.com) and NC State (https://research.ncsu.edu/win/) following suit.

Co-working is alive and well in the region, with a prime example being American Underground, a co-working space in Durham launched in 2010 at the former American Tobacco company campus. It is now operated in four locations, reporting 275+ companies with 608 new jobs created. Significantly, Forty-eight percent of the firms were headed by minority or women entrepreneurs, facing head on the diversity challenge facing the region.[50] Also in Durham is the relatively new LaunchBio, focused on biotechnology and life science companies.

Hub Organization: Council for Entrepreneurial Development (CED)

The primary resource for entrepreneurs in the Triangle (and statewide) is the Council for Entrepreneurial Development (CED). The mission of CED is to "Connect entrepreneurial companies with high-value resources to accelerate business growth." As one of the longest-lasting and largest entrepreneurial membership organizations in the country, CED membership includes a wide range of entrepreneurial companies, maturing enterprises, corporate partners, investors, academics, service providers and other organizations interested in entrepreneurship. While CED originally operated only in RTP, it now serves Charlotte, Asheville and Wilmington as well.

CED Programming

Programming includes:

- ♦ Entrepreneurial support
- ♦ Connections to capital
- ♦ Venture mentoring
- ♦ Events

ENTREPRENEURIAL SUPPORT

CED provides entrepreneurs support through one-on-one counseling by staff. Following an initial meeting, staff will provide an introductory evaluation and recommended support path. If the entrepreneur commits to the path, then assistance is rendered through mentoring, connections to capital, peer support, educational programming, investor prospecting, pitch support, and service providers.

CONNECTIONS TO CAPITAL

CED staff help companies access capital. By tracking 1,800+ companies in the RTP region and with connections to 180+ investors, CED is able to provide matchmaking and connections, as well as help with pitch preparation.

VENTURE MENTORING

In 2010, CED licensed MIT's Mentoring Program (http://vms.mit.edu/training-programs) and currently pairs 3-4 mentors with each company in the program. MIT's model offers significant structure to a mentorship program, including training and support for the mentors as well as mentees.

[49] https://angelresourceinstitute.org/research/report.php?report=106&name=2016%20Annual%20Halo%20Report
[50] https://americanunderground.com/why/

CED offers a wide range of programming including quarterly networking meetings, workshops that range from ½ day to week-long, a number of professional forums (e.g. RTP CFO Forum), and two annual conferences, one in Life Sciences and the other in Technology. In past years, CED also ran the annual RTP Venture Conference.

CED Operations

CED is a 501(c)3 non-profit that operates as a "public charity." It was formed in 1984 by a group of business leaders. Its funding is entirely from contributions, grants and program revenues. There is no government funding, nor has there ever been any.

According to the organizations' IRS Form 990, revenues in 2017 were $1.74 million, up from $1.67 million in 2016. Sixty-seven percent came from contributions (including memberships and sponsorships) and grants and 32.6% from program revenues. Salaries used $1.03 million of the budget; other expenses totaled $618,000.

With a staff of ten, including a Director of Entrepreneurship and one for Capital, CED is managed by a large board with 63 voting members. It appears that the Board is made up of individuals from large and small companies, attorneys and other service providers, university faculty and venture capitalists. There are three officers for the Board (Chair, Secretary and Treasurer) and a small Executive Committee.

Lessons Learned

- **Leadership:** CED was one of the founding entrepreneurial organizations in the RTP, predating any state, local or university activity.

- **Sustainability:** It has a long history, with no government support or intervention.

- **Private Sector Led:** CED was organized by service providers for entrepreneurs.

- **Membership Business Model:** Their business model is membership based, with corporate and organizational sponsors and program revenues also playing a significant role.

- **Events build Community:** CED's events, educational, networking, large and small, built the entrepreneurial community in RTP.

- **1:1 Services:** One-on-one services for entrepreneurs, including matchmaking for capital, support the community as well.

- **MIT's Venture Mentoring Service model:** CED licensed the MIT model, a great way to access the substantial lessons learned at MIT and accelerate the application of the model in a region.

- **Focus on Venture-funded Companies:** Both Tech and Life Sciences companies are supported; no industry focus per se, but an obvious inclination toward venture-funded companies.
  Now Statewide: CED expanded statewide in the last ten years.

- **Very large Board of Directors, Smaller Executive Committee**: This arrangement accommodates major funders while a small Executive Committee does the heavy lifting.

RICHMOND, VA

As Virginia's Capitol, Richmond has been a major regional economic center for more than 300 years. In its early history, it was a manufacturing center, and this legacy persisted long into the 20th century. Major companies such as Reynolds Metals and Philip Morris drove the local economy for much of the last century. Today Richmond has become a revived and diverse business center, hosting a growing mix of industries and major anchor institutions, including various state agencies, health care center, and major universities such as Virginia Commonwealth University (VCU) and the University of Richmond.[51]

VCU has been especially active in supporting technology commercialization and new start-ups. Its Innovation Gateway programs and the Bio+Tech Research Park are a major generator of new companies and innovations, especially in fields related to health care and life sciences. In Summer 2018, the university announced the opening of VCU Ventures, a new program to help faculty and researchers start new companies.

While Richmond and the surrounding region face challenges of gentrification and income inequality, the local economy has thrived in recent years. Regional leaders are currently focused on supporting a host of economic development strategies, including significant new funds for talent development and retention, further development of local industry clusters (e.g. logistics, life sciences, advanced manufacturing), and expanded investments to support innovation and entrepreneurship.[52]

This revived focus on innovation and entrepreneurship has generated a host of activities that seek to position Richmond as a regional and national leader in its support and encouragement of the start-up scene.[53] The Region's GO Virginia Plan specifically recommends that community leaders "consider how the region can enhance its growing reputation as a place for innovators with initiatives that recruit/retain new economy skills and talent, establish greater "innovative density" in downtown Richmond, and develop spaces that serve the interests of innovators and distinctively brand the region's efforts."[54]

These new efforts build on a strong foundation. Various entrepreneurship and innovation programs have operated in Richmond over the past ten years, and a robust support infrastructure is in place. Recent studies have identified both strengths and gaps in the regional ecosystem. [55]

On the positive side, a host of organizations, such as RVAWorks, CO.StartersRVA, and Lighthouse Labs, are focused on the job of helping local people start new ventures. Similarly, technology commercialization support efforts at VCU and other institutions have enjoyed success, and a robust physical infrastructure of incubators and co-working spaces is in place. However, regional leaders also note that talent shortages may slow new venture growth, and that enhanced networking opportunities for high-growth entrepreneurs are needed.

---

[51] For background, see https://cura.vcu.edu/media/cura/pdfs/cura-documents/Richmond_VA_Downtown_Profile_FINALE.pdf
[52] http://growcapitaljobs.org/GROWCAPITALJOBSPLAN-August21.pdf; https://planrva.org/wp-content/uploads/2019/03/CEDS_2014_Update_LR.pdf
[53] https://www.activation.capital/gapsandstrategies
[54] GO VA Plan, p. 8
[55] TEConomy Partners LLC, "Regional Entrepreneurial Assessment Project-Final Briefing Report: Region 4 Grow Capitol Jobs Region, December 2018.

Within this robust and diverse entrepreneurial infrastructure, several organizations assume prominent roles. RVAWorks has supported a local version of the national 1 Million Cups (a Kauffman Foundation initiative) program, helping potential new entrepreneurs test new business ideas. Lighthouse Labs supports cohorts of growth-oriented entrepreneurs with focused coaching, mentoring and support. New Richmond Ventures (NRV) is a key source of local capital to help fuel new company growth, and VCU Ventures has enjoyed success with its technology transfer and commercialization work.

Hub Organization: StartUp Virginia

Efforts to further strengthen this ecosystem have focused on improved coordination of existing resources and on creation of a regional hub for innovation.[56] StartUp Virginia (SVA) has sought to assume this important role, and its headquarters at the 1717 Innovation Center has become an important hub for entrepreneurship-focused activity in the Richmond region.[57] This effort is further bolstered by Activation Capital, and its Activation Council, which is composed of senior corporate leaders, elected officials, and executives with major ecosystem partners such as Lighthouse Labs, NRV, and Venture Richmond. The Council, which also supports the Richmond Bio +Tech Park, seeks to better coordinate and publicize ecosystem-related opportunities, and it also invests in promising programs. For example, in 2018, it invested $760,000 to support operations at Lighthouse Labs, SCORE, and SVA.[58]

Start-Up Virginia serves as the best potential analogue to the types of organizations and activities under consideration for this project. It operates as a 501(c)3 non-profit, with an annual operating budget of $738,000.[59] Forty five percent of these funds are generated through memberships and program fees, which include payment for events and trainings, and for space at the 1717 Innovation Center. SVA also operates with major investments from groups like Activation Capital and corporate partners. For example, Capital One served as primary funder of the 1717 Innovation Center facility as part of its national Future Edge community investment program.

Start-Up Virginia organizes its program offerings around three themes: People, Programs, and Place. People refers to various coaching and mentoring efforts that connect program members with subject matter experts and other coaches. Program refers to a diverse mix of events, workshops and training programs that include informal meetups and more focused training modules. Finally, Place refers to the 1717 facility and to the business incubation services/coworking opportunities located there. It has a staff of four and a 6-member board.

During the 2018 calendar year, SVA worked with 68 member companies, and 2500 people participated in SVA-sponsored events.

Many SVA programs are focused on growth-oriented ventures. Life sciences and research-driven businesses tap these services, along with support from the Richmond Bio+Tech Park. Finally, Main Street businesses and lifestyle entrepreneurs can also tap into support services from RVAWorks, Unbound RVA (which supports low income entrepreneurs), and Hatch RVA, which focuses on food entrepreneurs.

Lessons Learned

---

[56] GO VA report, p. 98.

[57] https://www.startupvirginia.org/wp-content/uploads/2019/05/SVA-impact-report_2018-2019_FINAL.pdf

[58] https://static1.squarespace.com/static/586d58312994ca82d5459cd5/t/5c9a889bee6eb01dd7c7925b/1553631404279/Metrics-Report-2018.pdf

[59] https://www.startupvirginia.org/wp-content/uploads/2019/05/SVA-impact-report_2018-2019_FINAL.pdf p2-3.

Several important lessons emerge from Richmond's recent experiences with ecosystem building.

♦ **Tap Corporate Partners:** Richmond is not home to a deep base of successful venture-backed entrepreneurs who can "give back" to support ecosystem development. But it is deep with large corporate players who are committed to the region, and are willing to invest in laudable projects. Richmond's corporate leaders have strongly supported ecosystem development efforts and have invested in key projects, such as the Capital One-backed 1717 facility.

♦ **The Power of Place:** Having a central hub for entrepreneurial activities eases the process of ecosystem building, and it is widely agreed that the 1717 development has been a "game changer" for the Richmond ecosystem. Lots of other entrepreneur-friendly places exist in Richmond, but 1717 has become the central node of the ecosystem.

♦ **Coordination Matters:** Observers note that Richmond ecosystem is well coordinated. Key players share a common vision, and are willing to work together to advance the regions' development. Organizations like SVA and Activation Capital have played an important role in promoting regional collaboration and in funding organizations that support the common mission.

♦ **Embrace Inclusion:** As the Richmond ecosystem has evolved, the community is placing greater emphasis on inclusion, and on engaging challenged neighborhoods in the process of new business development. Programs like Unbound RVA are using business acceleration programming and microloans to help support creation of a new generation of local business owners.

WEST LAFAYETTE, IN

The Wabash Heartland region refers to a ten-county area surrounding Lafayette, Indiana.[60] Home to Purdue University, Lafayette and the surrounding Wabash Heartland are home to more than 350,000, and a diverse mix of industries focused on agriculture, manufacturing, and higher education. Manufacturing remains a core part of the economy, with major local facilities for Subaru and Caterpillar, among others. Overall, manufacturing accounts for around 19% of local employment, followed by higher education and health care.[61]

While the region's economy is diverse, Purdue University, with an undergraduate enrollment exceeding 31,000, is its true economic anchor, especially in relation to support for innovation and entrepreneurship. Purdue is a major player on both the local and the national scene. Purdue has received numerous global and national awards for its engineering and related programs. It currently ranks 12th in the world for university patenting,[62] and it regularly ranks among the world's top universities in various assessment of technology transfer, commercialization, and innovation support.

Purdue has a long history of academic excellence, but its history of active support for local, regional, and statewide economic development efforts is more recent. Much of the current activity can be dated back to 2001, when the Lilly Endowments approved an initial investment in Discovery Park, a 40 acre research park focused on supporting community and business engagement and the promotion of cross-disciplinary research and technology development.[63] Today, Discovery Park is a busy and thriving community, and is being positioned as an "innovation district" for the wider region and the state of Indiana.[64]

Since 2001, this initial investment in Discovery Park has sparked a host of follow-on programs and facilities, including the Burton D. Morgan Center for Entrepreneurship, which serves as the physical and spiritual hub for Purdue's entrepreneurship-focused activities. The Purdue Foundry, opened in 2013, is one of the Center's core programs, serving as the program's primary business and community support arm. Other current Morgan Center programs include a local I-Corps effort, an NSF-sponsored innovation training program for university faculty, and the Entrepreneurial Leadership Academy, a professional development resource for faculty with interest in entrepreneurial pursuits.

Under current Purdue University President (and former Indiana Governor) Mitch Daniels, Purdue aspires to be a key driver of innovation and entrepreneurship across Indiana. Efforts to expand the statewide footprint of Purdue's innovation programs are underway. However, at the same time, homegrown innovation programs are emerging across the state in locations such as Indianapolis, South Bend, and Fort Wayne. Many of these efforts have been led by other universities, as Indiana University and Ball State, which are regularly ranked as leading national programs for university-based entrepreneurship education.

---

[60] https://whin.org/resources/WHIN_Strategic_Plan_for_Prosperity.pdf

[61] https://www.ibrc.indiana.edu/ibr/2018/outlook/lafayette.html

[62] https://www.purdue.edu/newsroom/releases/2019/Q2/purdue-ranks-12th-among-worldwide-universities-granted-u.s.-utility-patents-for-2018.html

[63] https://www.purdue.edu/discoverypark/about/history.php

[64] https://prf.org/about/2018-Annual-Report-Low-Res.pdf

Hub Organization: The Purdue Foundry

The Foundry operates and promotes a diverse of business support and entrepreneurship programs. Since 2013, its programs have supported 200 new ventures and provided assistance to more than 500 entrepreneurs.

The Foundry operates as part of the Purdue Research Foundation, and is led by full-time Purdue employees and faculty members. The Foundry operates with a staff of ten professionals, along with a support group of ten Entrepreneurs in Residence (EIRs). EIRs provide advanced coaching and mentoring support, and most EIRs remain as active entrepreneurs or have recently retired from leading industries, such as manufacturing or the agbiosciences.

Foundry's services are primarily focused on supporting Purdue-based students, faculty, and researchers, but several programs are community-facing as well. The current Foundry leadership organizes its programs around three foundry-driven themes: Fire, Fuse, and Forge.

Fire refers to the ideation phase of entrepreneurship, and includes several programs that help Purdue students and faculty assess the value of their business ideas. For example, the Firestarter program operates as a six-week cohort-driven effort to help individuals commercialize technologies or new ideas. It is a core offering for Foundry, and it is offered at Purdue's main campus and at other locations around Indiana.

Fuse refers to support efforts that help companies get started. These include the EIR program, where experienced entrepreneurs provide tailored coaching and mentoring to new start-up founders. Potential founders can also tap the Foundry network to get legal advice, grant-writing assistance, and additional staff support from Purdue MBA students. Foundry also sponsors events and meetups, such as the monthly Spirited Entrepreneur events held at a local pub in West Lafayette and the WomenIN network for women entrepreneurs. Foundry also supports and publicizes events and activities at two Purdue-related coworking spaces: the Railyard (located in the Research Park) and the Anvil, an on-campus student coworking facility. A third private coworking space, the Matchbox Coworking Studio, also operates in downtown West Lafayette.

Finally, Forge refers to programs that help further spur and fund new venture development. Elevate Ventures is a core part of this offering. Beginning in 2014, the Foundry partnered with Elevate, a state-backed venture fund, to jointly support new venture development in and around Purdue. Elevate provides partial funding for Foundry-based EIRs and the partners jointly created the Purdue Foundry Fund. This Fund provides two levels of financing for new ventures with Black Awards (of up to $20,000 per venture) and Gold Awards of up to $80,000. Between 2014 and 2017, this fund invested more than $1.5 million in 50 companies.[65] Entrepreneurs can also tap into a host of other funds, which include a specialized fund for agriculture and plant sciences, and SBIR/STTR matching funds.

The varied programs led by Foundry and the Morgan Center have positioned Purdue as a national and global leader in university-driven innovation and entrepreneurship strategies. Foundry programs have been recognized and received awards from Association of Public and Land Grant Universities, the International Business Innovation Association (iNBIA), the Milken Institute, the Association of University Research Parks, and others.

While Foundry provides high-level support to the Purdue community, its broader community impacts remain somewhat limited. It sponsors some programming in Lafayette and West Lafayette, but most activities occur on campus and primarily target Purdue students, faculty, and alumni. Several satellite operations are also in place,

---

[65] Elevate Ventures 2017 Annual report. https://issuu.com/elevateventures/docs/elevate-ventures-2017-annual-report?e=8665328/61186725.

such as the Purdue@Westgate program focused on commercializing research developed at the Naval Surface Warfare Center Crane. In addition, the Wabash Heartland Innovation Network, a new regional development strategy, is seeking to position the wider region as a global leader in digital agriculture and the internet of things. These efforts are operating with close support from the Foundry and other Purdue-backed entities, and are led by Johnny Park, a former Purdue faculty member and successful agtech entrepreneur.

Lessons Learned

♦ **The Purdue Connection—the Pros**: The Purdue Foundry has helped to position Purdue as one of the nation's leading universities for technology transfer and commercialization. It offers a diverse array of programs that serve all parts of the Purdue community and which offer a "soup to nuts" range of services for anyone seeking to start and grow a business or to commercialize new technologies.

♦ **The Purdue Connection-the Cons**: Because Foundry is tightly linked to Purdue network, it has had limited success in reaching out to the wider Lafayette community or to other regions in Indiana. Foundry has enjoyed some success with networking events and training workshops, but it does not attract or serve a large base of entrepreneurs who lack Purdue connections. This challenge is further exacerbated by Lafayette's location, an hour's drive from Indianapolis, the state's capitol and business center. This distance allows for close business connections, but does not allow for the close daily, and often random, "collisions" that often happen in denser urban ecosystems.

♦ **The Power of Comprehensive Services**: Foundry serves as a "one-stop shop" for the Purdue community. It offers direct services or quick and easy referrals to services offered by other organizations, within the Purdue community and beyond. With needed support tools under one roof, Foundry has been highly successful in positioning Purdue and the wider region as a hotbed for entrepreneurship.

TABLE 3. CASE STUDY COMPARISON MATRIX

City	Hub Organization	Services/Mission	Structure	Annual Budget	Staff	Physical Space	Unique features
Ann Arbor, MI	SPARK	Champion of Economic Growth, Affordable space, training, counseling, funding access, education, networking, partners with other accelerators	Full-service EDO with service line dedicated to entrepreneurship. Board: 21 seats, public/private Executive Committee: 26 seats	$6.47 M	24	Two Incubators	SmartZone funding through TIF
Birmingham, AL	The Innovation Depot	Incubation (coaching, mentoring); Wet labs, IT tech; Acceleration, Training	501(c)3	$2-3 M	9	Former Sears building - Incubation with wet labs	Core of emerging innovation district; 5-yr economic impact: $2.6 B
Boulder, CO	No Hub-type organization, but Tech Stars is one of the founding accelerators	Started by VCs and Angel investors	-	-	-	-	Purely organic; "Give First" culture, great sense of community

APPENDIX D: CASE STUDIES

City	Hub Organization	Services/Mission	Structure	Annual Budget	Staff	Physical Space	Unique features
Champaign-Urbana, IL	EnterpriseWorks	Resource center for tech-entrepreneurs; supports university-based startups; tech-transfer; technical assistance, incubator, events	E-W is owned and operated by University of Illinois. Research Park is an LLC.	$614,000	4	43,000 SF facility in a research park	Focused on science and technology; relatively remote location
Eugene, OR	Oregon RAIN	Partner with rural communities for ecosystem development programming, speaker series, workshops, regional seed fund	Organized as "Public charity" 9-seat board of directors, elected and private sector	$400,000	4		State pulled funding recently, relies on foundations and County/City funding
	RAIN Eugene	Accelerator program, pre-accelerator program, Angel investment fund	Managed by UO, the Eugene area Chamber of Commerce and the City of Eugene 9-person board, elected and entrepreneurs	N/A		Collocated with the UO Tyler Invention Greenhouse and Product Design Program downtown	

City	Hub Organization	Services/Mission	Structure	Annual Budget	Staff	Physical Space	Unique features
Kansas City, MO	KCSourcelink	Connect entrepreneurs with resources and peer networks, spinoff programs related to funding and linking to tech, and coaching	Operate under the auspices of the UMKC Innovation Center	$750,000	6		Established and funded by the Kauffman Foundation, yet achieved a diverse funding base.
Research Triangle, NC	Council for Entrepreneurial Development	Connect entrepreneurial companies with high-value resources to accelerate business growth; entrepreneurial support; connections to capital; venture mentoring; and Events	501(c)3 non-profit that operates as a "public charity." Board of 63 voting members, 3 officers	$1.74 M	10		Inclination toward venture-funded companies
Richmond, VA	StartUp Virginia	**People** - Coaching & Mentoring **Programs** - Events, workshops, training **Place** - 1717 facility and business incubation services	501(c)3 non-profit Board: 6 members	$738,000	4	headquarters at the 1717 Innovation Center	its Activation Council, which is composed of senior corporate leaders, elected officials, and executives with major ecosystem partners such as Lighthouse Labs, NRV, and Venture Richmond

APPENDIX D: CASE STUDIES

City	Hub Organization	Services/Mission	Structure	Annual Budget	Staff	Physical Space	Unique features
West Lafayette, IN	Purdue Foundry	**Fire** - assess business ideas **Fuse** - start companies: EIR coaching, legal advice, staff, etc. **Forge** - fund new venture development	Operates as part of the Purdue Research Foundation, and is led by full-time Purdue employees and faculty members.	Budget not available	20 *10 professionals* *10 entrepreneurs in residence*	Discovery Park, positioned as an 'innovation district' for the region	Focused on supporting Purdue-based students, faculty, and researchers with some community facing programs.

Leading action to
grow your economy