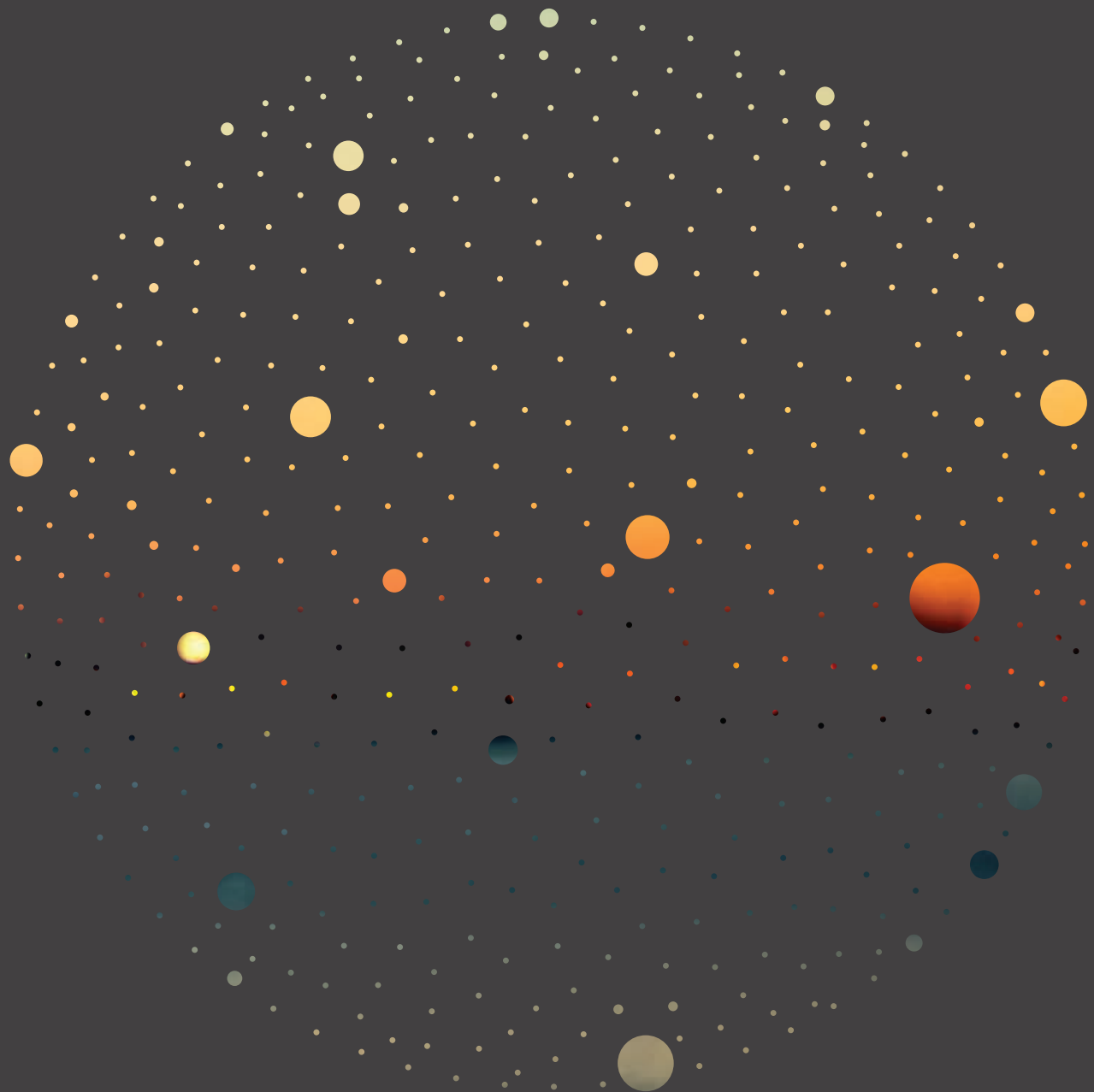


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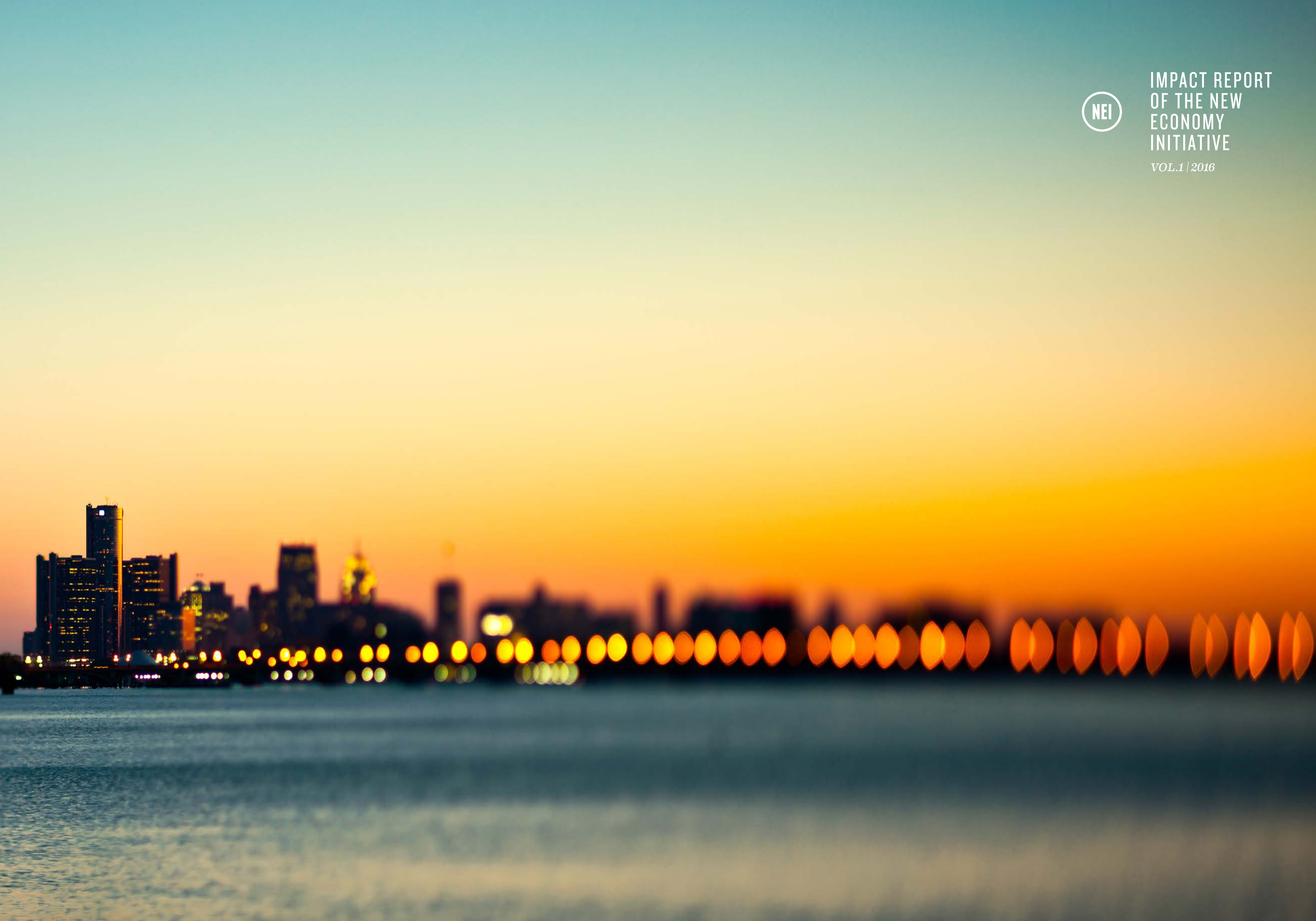
REPORT OF THE NEW ECONOMY INITIATIVE





IMPACT REPORT
OF THE NEW
ECONOMY
INITIATIVE

VOL.1 | 2016





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Thoughts from NEI's director and national economic development leaders on the importance of NEI's role in developing a robust network of support for all southeast Michigan entrepreneurs.

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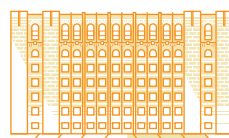
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BRUCE KATZ
Centennial Scholar
Brookings Institution



ANGELA GLOVER BLACKWELL
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NEI'S IMPACT

Since its launch in 2007, the New Economy Initiative (NEI) has invested \$96.2 million in building an ecosystem that supports entrepreneurs of all kinds in southeast Michigan. To date, that investment has resulted in **direct assistance to more than 4,400 companies, the launch of over 1,600 companies, the creation of 17,490 jobs, and the generation of nearly \$3 billion in real economic output.**

More important, however, NEI's work has helped change the culture of southeast Michigan. Today, people of all kinds are embracing entrepreneurship as a means of creating opportunity and prosperity for the region.

That's because people are finally getting the support they need. Before NEI, you could count the number of programs supporting entrepreneurs in southeast Michigan on two hands, and those in Detroit on just one. **Today, there are more than 50 NEI-funded programs supporting entrepreneurs across the region.**

For more than a century, the automotive industry has been proof that metro Detroit has entrepreneurship and innovation in its DNA. NEI has leveraged Detroit's entrepreneurial legacy in an inclusive way, investing in organizations that support all of those brave enough to start and grow businesses, from grass roots to high growth. And that investment is paying off in a big way.

The result has been nothing less than the creation of a national model for inclusive regional economic development through the unprecedented leadership and collaboration of national and local foundations. We can only speculate where Detroit and southeast Michigan would be without this concerted effort to provide resources to entrepreneurs. The results of NEI's investments are clear and give us hope for the future.

NEI is thrilled to be able to share its outcomes so far, showing through data and stories how it has created economic and cultural impact in southeast Michigan.

This body of work has been informed by research and analysis of NEI's grants from 2008-15 conducted by national leaders at PricewaterhouseCoopers LLP (PwC) and the W.E. Upjohn Institute for Employment Research, with support from local partners.

We encourage you to read this report from cover to cover. Also be sure to go to www.neweconomyinitiative.org/impact to read the official economic and employment impact reports authored by PwC and Upjohn Institute.

Welcome to the NEI impact story.

PAMELA
LEWIS

Director

NEW

ECONOMY
INITIATIVE

THE FOLLOWING ARE PRINCIPLES THAT HAVE GUIDED NEI'S WORK:

This report, through the features, profiles, in-focus articles and data, seeks to demonstrate these principles.

INCENTIVIZING COLLABORATION

One of NEI's greatest strengths has been its ability to convene key stakeholders and encourage them to adopt collaborative approaches to support entrepreneurship across the region.

MAKING INCLUSION A KEYSTONE

Building a robust regional economy requires an inclusive approach. Prioritizing inclusion and social equity in building all types of businesses has been a unique focus of NEI. Supporting businesses that reflect the region's rich diversity will ensure a strong economy that will benefit all.

MEETING PEOPLE WHERE THEY ARE

NEI recognizes the need to meet people where they are to achieve greater economic and cultural impact. That is why NEI has also supported a wide array of programs that are delivered directly within neighborhoods, especially those in distressed communities.

"CHALLENGING" COMMUNITIES TO THINK DIFFERENTLY

Disruptive programming, including business and innovation challenges, is an effective means of promoting regional culture change. Signature NEI programs have bolstered businesses with cash awards, but more importantly have connected them to a wider network of business support and capital.

BALANCING ECONOMIC OPPORTUNITY

Supporting businesses of all sizes and sectors is key to regional prosperity. One of NEI's greatest strengths is its industry-agnostic approach to economic development, supporting entrepreneurship from small and neighborhood-based to high-growth businesses.

ASSESSING WHAT WORKS

Collecting data to demonstrate progress and impact has been crucial to NEI's success. Taking the time to define and capture metrics, coupled with ongoing engagement of grantees, allows for greater understanding of the effectiveness of existing strategies and the revealing of gaps that need to be addressed.

MOTIVATING ACTION THROUGH STORIES

Growing a sustainable culture of entrepreneurship in metro Detroit relies on introducing new ways of thinking about how to, and who can, impact economic growth. In the same way data demonstrate progress, stories can inspire action and accelerate the change in narrative about Detroit and southeast Michigan to those within and outside of the region.

BRUCE KATZ

“In less than a decade, the New Economy Initiative has become a crucial catalyst in the revival of Detroit and a model for other U.S. communities to pursue.”



BRUCE KATZ
Centennial Scholar
Brookings Institution

Bruce Katz is the inaugural centennial scholar at the Brookings Institution and is founding director of the Brookings Metropolitan Policy Program, which aims to provide decision makers in the public, corporate, and civic sectors with policy ideas for improving the health and prosperity of cities and metropolitan areas.

BRUCE KATZ

Three distinctive lessons can be drawn from this ambitious effort.

First, collaboration matters. The creation of a consortium of individual foundations has not only helped pool large amounts of philanthropic capital but has also provided a vehicle for collective impact around a unified vision of an innovative, inclusive economy. This is a case of the whole being greater than the sum of the parts and a widely applicable example for cities that have ample but fragmented philanthropic resources.

Second, innovative companies and skilled workers matter. NEI has made sizable bets on supporting the growth of entrepreneurial firms (via institutions such as Invest Detroit, the Detroit Economic Growth Association, and Wayne State University Tech Town) and a talented workforce (via initiatives such as the Workforce Intelligence Network). This has contributed substantially to the re-emergence of a vibrant, creative economy in the heart of the city and the re-branding of Detroit as a place where “you can build a company and rebuild a city.”

Finally, persistence matters. NEI stayed the course during one of the toughest periods for Detroit given the cataclysmic economic collapse in 2008 and the municipal bankruptcy proceedings of 2013-14. This showed clear vision, strong purpose and unshakable commitment.

Detroit has a long way to go before it can truly be a prosperous city that offers opportunities for all its citizens. But NEI and the hard work of many others have put the Motor City on a strong path forward.



ANGELA GLOVER BLACKWELL
Founder + President
PolicyLink

Angela Glover Blackwell is the founder and president of PolicyLink, a national research and action institute that works collaboratively to develop and implement local, state, and federal policies to achieve economic and social equity.

ANGELA GLOVER BLACKWELL

Detroit’s evolution from recovering region to thriving economy demands more than just creating new businesses or restoring buildings. It requires ensuring that everyone — especially low-income entrepreneurs of color and small businesses — can contribute to and fully share in the benefits of this transformation. Equity — just and fair inclusion into a society in which all can participate, prosper, and achieve their full potential — must be at the core of Detroit’s revitalization.

The New Economy Initiative (NEI) is proving that intentional focus on equity and inclusion is driving Detroit’s “new economy.” NEI pursues three main strategies to foster a supportive entrepreneurial ecosystem:

- 1 FACILITATING ACCESS TO THE EMERGING HIGH-TECH, HIGH-GROWTH, INNOVATION ECONOMY.**
- 2 STRENGTHENING NEIGHBORHOOD BUSINESSES AND COMMERCIAL DISTRICTS.**
- 3 STIMULATING DETROIT THROUGH LOCAL SPENDING AND ECONOMIC ACTIVITY.**

With these intentions firmly in mind, NEI provides capital to local businesses owned by women, immigrants, and other entrepreneurs who have often been shut out from conventional financing; equips talented business leaders from all racial backgrounds with training and mentorship; promotes business development in lower-income neighborhoods; and strives to create quality jobs. Over the years, NEI has continued to innovate on these fronts, and the results are impressive: More than 1,600 companies have launched since 2009 (40 percent of which are owned by people of color) and more than 17,000 jobs were created or sustained.

Further removing barriers and expanding opportunities for those who need support most will bear even greater returns for Detroit. Now is the time for NEI to lead the region on inclusive growth.

THE COMPANIES SUPPORTED BY NEI'S GRANTEES HAVE GENERATED

\$2.9 BILLION

IN REAL OUTPUT FOR THE ECONOMY OF SOUTHEAST MICHIGAN.

THE NEW ECONOMY INITIATIVE (NEI) IS A \$134-MILLION PROJECT MADE POSSIBLE WITH SUPPORT FROM 12 LOCAL & NATIONAL FOUNDATIONS.

SINCE IT WAS FORMED IN 2007, NEI HAS GROWN TO BECOME THE LARGEST PHILANTHROPICALLY LED ECONOMIC DEVELOPMENT INITIATIVE OF ITS KIND IN THE UNITED STATES.

IT IS HOUSED WITHIN THE COMMUNITY FOUNDATION FOR SOUTHEAST MICHIGAN.

NEI FUNDERS:

C.S. MOTT FOUNDATION	JOHN S. & JAMES L. KNIGHT FOUNDATION	SKILLMAN FOUNDATION
COMMUNITY FOUNDATION FOR SOUTHEAST MICHIGAN	KRESGE FOUNDATION	SURDNA FOUNDATION
FORD FOUNDATION	MAX M. & MARJORIE S. FISHER FOUNDATION	W.K. KELLOGG FOUNDATION
HUDSON-WEBBER FOUNDATION	MCGREGOR FUND	WILLIAM DAVIDSON FOUNDATION

NEI'S MISSION IS TO
CREATE AN INCLUSIVE,
INNOVATIVE REGIONAL CULTURE
BY REAWAKENING AND LEVERAGING
DETROIT'S CREATIVE
ENTREPRENEURIAL DRIVE
IN ORDER TO ESTABLISH
A MORE DIVERSE REGIONAL ECONOMY
WHERE OPPORTUNITY,
WEALTH AND PROSPERITY
ARE AVAILABLE FOR ALL.

NEI WORKS TO ACHIEVE ITS MISSION
IN TWO KEY WAYS:

1

By making grants to key organizations and initiatives supporting entrepreneurs and small businesses throughout the region.

2

By convening those organizations and entrepreneurs through specific programming.

The result of these two activities has been the creation of a sustained and robust ecosystem that offers supports to entrepreneurs of all kinds, from grass roots to high growth.



IMPACT BY THE NUMBERS

SNAPSHOT

THE FOLLOWING IS A SNAPSHOT OF THE INVESTMENT, ACTIVITY AND IMPACT RESULTING FROM THE NEW ECONOMY INITIATIVE'S GRANTMAKING AND LEADERSHIP IN SOUTHEAST MICHIGAN.

4,400

COMPANIES DIRECTLY SERVICED BY NEI GRANTEEES THROUGH 2015

179,571

ATTENDEES OF EVENTS IN METRO DETROIT'S ENTREPRENEURIAL NETWORK THROUGH 2015

MORE THAN
1 MILLION
SQ. FT.

SQUARE FEET OF ENTREPRENEURIAL SPACE ACTIVATED BY NEI GRANTS

INVESTMENT

\$96.2

MILLION

IN 259 GRANTS AWARDED TO ORGANIZATIONS SUPPORTING ENTREPRENEURS

\$600

MILLION

IN CAPITAL RAISED BY COMPANIES SERVICED BY NEI GRANTEEES

\$232

MILLION

VALUE OF ADDITIONAL PROGRAM DOLLARS MATCHED BY NEI GRANTEEES

IMPACT

\$2.9

BILLION

IN REAL OUTPUT OF SOUTHEAST MICHIGAN COMPANIES THAT HAVE BENEFITED FROM NEI SUPPORT

AND

\$1.9

BILLION

REAL GROSS DOMESTIC PRODUCT CONTRIBUTION OF SOUTHEAST MICHIGAN COMPANIES THAT HAVE BENEFITED FROM NEI SUPPORT

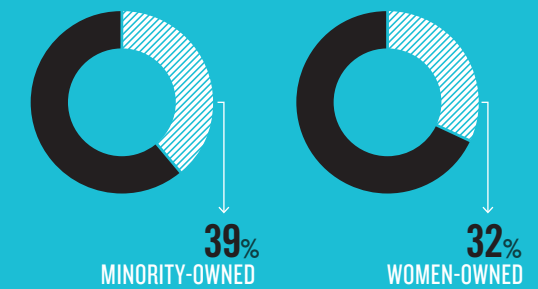
\$375

MILLION INCREASE IN THE GOODS & SERVICES PURCHASED FROM DETROIT-BASED SUPPLIERS SINCE 2012

1,610

NEW COMPANIES

FORMED IN METRO DETROIT AS A RESULT OF NEI-FUNDED ACTIVITIES THROUGH 2015

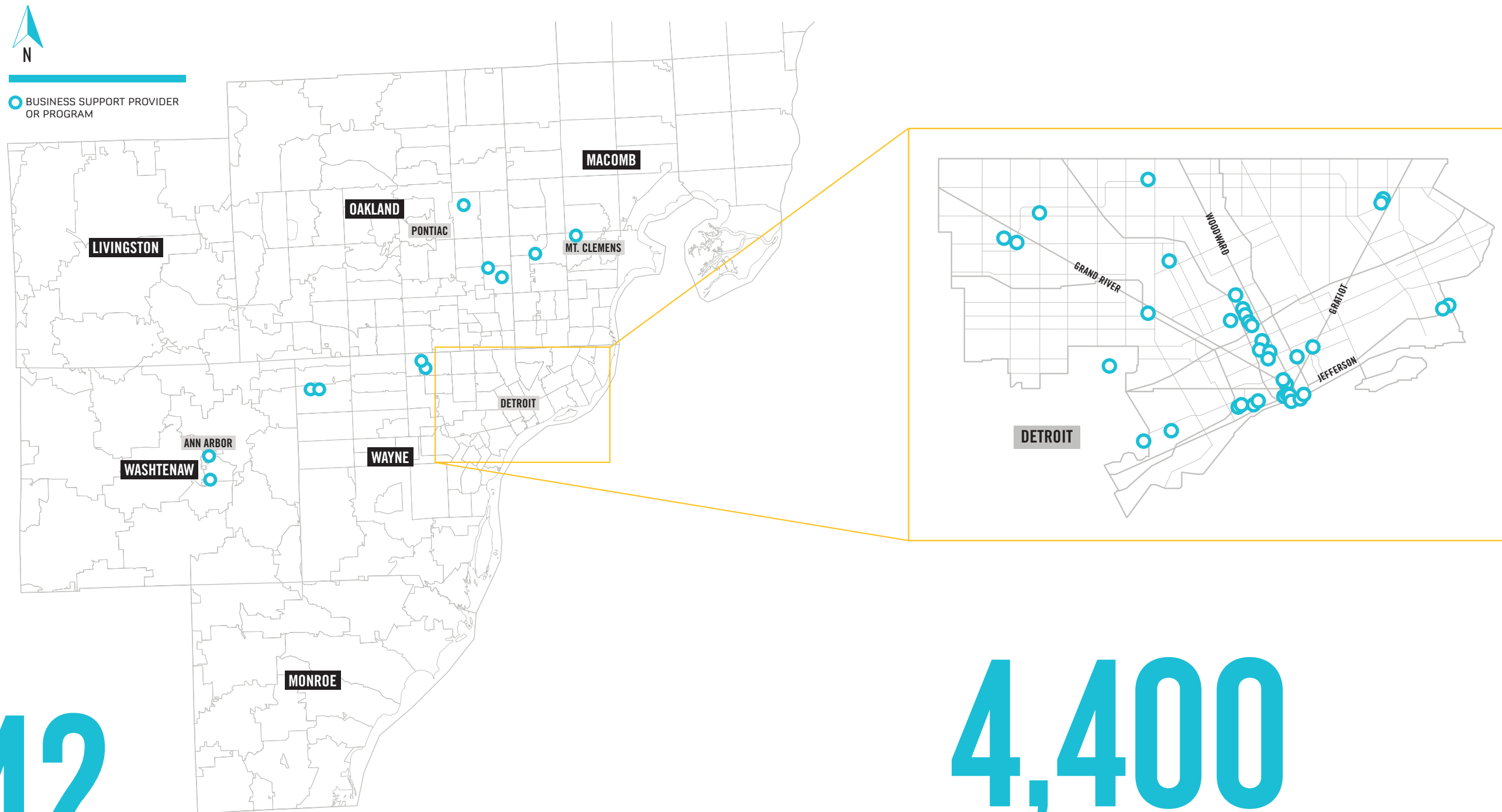


17,490

JOBS

CREATED AS A RESULT OF NEI-FUNDED EFFORTS





42

ACTIVE BUSINESS SUPPORT PROVIDERS

Today, there are 42 NEI-funded 501(c)(3) organizations actively supporting entrepreneurs across southeast Michigan through 54 programs. They provide a range of services, from entrepreneurial training and technology commercialization assistance to business growth support and market analysis, from access to mentors and future customers to access to microloans, equity financing, and venture capital. They help client companies

connect to talent, as well as co-working, lab, and testing and validation space.

The impact of NEI is a direct result of the hard work of these organizations who are actively supporting the growth of new and existing businesses in southeast Michigan by encouraging individuals to pursue entrepreneurship.

4,400

COMPANIES SUPPORTED BY NEI GRANTEES ACROSS SOUTHEAST MICHIGAN

Through 2015, 4,400 companies have received in-depth services from organizations funded by NEI. These companies are startups and existing businesses, located across Detroit and southeast Michigan. They represent all industries and sectors, from manufacturing to health, energy to services, construction to food and hospitality, education to retail. Of the 4,400 companies served, 31 percent are led by women,

and 30 percent by people of color. Twenty-nine percent of these are focused in high technology areas, and 21 percent are located within Detroit.

CONNECTING THE ECOSYSTEM

FUNDERS
CONTRIBUTED
\$134 Million

- John S. & James L. Knight Foundation
- Hudson-Webber Foundation
- McGregor Fund
- Max M. & Marjorie S. Fisher Foundation
- Ford Foundation
- Kresge Foundation
- W.K. Kellogg Foundation
- C.S. Mott Foundation
- Surdna Foundation
- William Davidson Foundation
- Community Foundation for Southeast Michigan
- Skillman Foundation



The New Economy Initiative's core staff receives support from a team of contractors and partners.



new economy initiative



The Community Foundation for Southeast Michigan provides NEI with administrative grant making support.

SERVICE PROVIDERS & GRANTEES
RECEIVE
\$96.2 Million
259 grants to programs and initiatives supporting entrepreneurs and small businesses

Support services for entrepreneurs

Capital for entrepreneurs

Places for entrepreneurs

SMALL BUSINESSES SERVED

NEI's grantees have leveraged an additional \$230 million in support from other foundation and private sources.

NEI's clients have leveraged an additional \$547 million in support from other foundations and private sources.

FACT #1
NEI's grantees have worked directly with more than 4,400 client companies, providing them with tailored services and support to help them grow.

FACT #2
More than 1,600 new companies have been formed in metro Detroit as a result of NEI-funded activities.

FACT #3
39 percent of new companies formed as a result of NEI activities are minority-owned - twice the national average.

FACT #4
29 percent of newly formed companies are high-tech.

FACT #5
More than 5,100 ideas for business growth have been vetted during challenges and competitions driven by NEI.

REGIONAL REACH & IMPACT

\$1.9 BILLION
Gross Domestic Product

\$2.9 BILLION
Output

17,490
Total Jobs Created

NEI THANKS ITS GRANTEES, WHOSE DEDICATION TO THE COMPANIES AND ENTREPRENEURS THEY SERVE HAS RESULTED IN REAL ECONOMIC AND CULTURAL IMPACT IN SOUTHEAST MICHIGAN.

ACCELERATE MICHIGAN INNOVATION COMPETITION | ACCOUNTING AID SOCIETY
 AUTO HARVEST FOUNDATION | AUTOMATION ALLEY | BIZDOM | BUILD INSTITUTE | CENTRAL
 D2D PROCUREMENT (DEGC) | DETROIT AREA PRE-COLLEGE ENGINEERING PROGRAM |
 DETROIT DEVELOPMENT FUND | DETROIT ECONOMIC GROWTH ASSOCIATION | DETROIT
 DETROIT REGIONAL CHAMBER | DETROIT SOUP | EARN AND LEARN (SOUTHWEST
 FIRST STEP FUND (INVEST DETROIT) | FOODLAB DETROIT | FORWARD CITIES
 GRANDMONT ROSEDALE DEVELOPMENT CORPORATION | THE HENRY FORD | HENRY
 INTERN IN MICHIGAN | INVEST DETROIT FOUNDATION | JEFFERSON EAST INC. |
 MICHIGAN COMMUNITY RESOURCES | MICHIGAN CORPS | MICHIGAN LIFE
 MICHIGAN OPPORTUNITIES AND RESOURCES FOR ENTREPRENEURS PROGRAM |
 MIQUEST | MOTOR CITY MATCH | NEIDEAS (64 SMALL BUSINESS
 OSBORN NEIGHBORHOOD ALLIANCE | OU INCUBATOR | PONYRIDE |
 SOUTHWEST BUSINESS ALLIANCE | SOUTHWEST SOLUTIONS | SUSTAINABLE WATER
 VENTURE FOR AMERICA | WALSH COLLEGE OF ACCOUNTANCY AND BUSINESS
 WSU FRONT DOOR | WSU OFFICE OF TECHNOLOGY COMMERCIALIZATION

| AMERICAN MIDDLE EAST ECONOMIC AFFAIRS | ANN ARBOR SPARK | ACCESS
 DETROIT CHRISTIAN | CITY CONNECT DETROIT, INC. | COLLEGE FOR CREATIVE STUDIES
 DETROIT BUSINESS SUPPORT NETWORK (DEGC) | DETROIT CREATIVE CORRIDOR CENTER
 INNOVATE FUND (INVEST DETROIT) DETROIT MIDTOWN MICROENTERPRISE FUND
 SOLUTIONS) | EASTERN MARKET CORPORATION | ENDEAVOR DETROIT
 INITIATIVE | GLOBAL DETROIT | GLOBAL TALENT RETENTION INITIATIVE
 FORD HEALTH SYSTEM INNOVATION INSTITUTE | INFORUM CENTER FOR LEADERSHIP
 LIGHTWEIGHT INNOVATIONS FOR TOMORROW CENTER | MACOMB COMMUNITY COLLEGE
 SCIENCE INCUBATOR CENTER | MICHIGAN MANUFACTURING TECHNOLOGY CENTER
 MICHIGAN STATE UNIVERSITY | MICHIGAN WOMEN'S FOUNDATION | MIDTOWN DETROIT INC
 GRANTEES) | NEW MICHIGAN MEDIA | NEXTENERGY | OAKLAND UNIVERSITY
 PROSPERUS (SOUTHWEST SOLUTIONS) | SMALL BUSINESS DEVELOPMENT CENTER
 WORKS | UNIVERSITY OF MICHIGAN | URBAN ENTREPRENEURSHIP PARTNERSHIP - DETROIT
 ADMINISTRATION | WAYNE STATE UNIVERSITY | WSU BLACKSTONE LAUNCHPAD
 | WSU TECHTOWN | WORKFORCE INTELLIGENCE NETWORK (SEMCA)

**The power of NEI is
the collective effort of
philanthropy and community
working together for
economic change.**

STEVEN HAMP

Chair,

New Economy Initiative

”

RETHINKING PHILAN- THROPY'S ROLE



In the mid-2000s, this was what board members of the Community Foundation for Southeast Michigan (CFSEM) were asking as they considered what philanthropy could do to help reinvigorate the region's struggling economy.

Mariam Noland, CFSEM's president, recalls how board chair Allan Gilmour, a former Ford Motor Company executive, reasoned that the economy of southeast Michigan would need to diversify to mitigate cyclical downturns in the automotive industry. Paul Dimond, another CFSEM board member and advisor, through research and experience as a member of the White House Council of Economic Advisors, suggested focusing on talent attraction and retention, innovation, entrepreneurship, and culture change.

From those discussions, the strategy for New Economy Initiative evolved, leading to 10 foundations coming together in 2007 to establish a \$100-million fund (later totaling \$134 million with the addition of two funders) with the ambitious and uncharted goal of returning metro Detroit — through innovation, entrepreneurship, and culture change — to its position as a global economic leader.

David Egner became NEI's second executive director, succeeding John Austin in 2009. Under his direction, the staff structure and grantmaking framework that remains in place at NEI today was developed. It involves both identifying and developing key programs and organizations that support entrepreneurs, then making grants to support their operations, with the goal of creating an ecosystem that responds to the needs of all southeast Michigan entrepreneurs, regardless of sector.

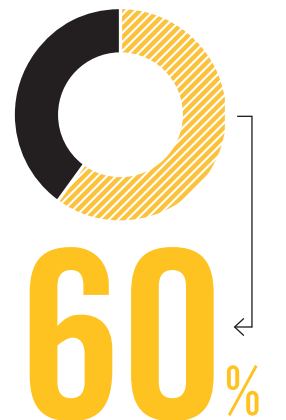
Can this model of philanthropy actually change the direction of an economy? It's a valid question. When NEI was recapitalized in 2014, the total investment of its funders came to \$134 million, a significant amount of money. But this amount is a fraction of a percent of southeast Michigan's \$236.5 billion GDP. In fact, it's just a little more than what an automaker spends on advertising over a two-week period.

But NEI is about more than just the grant money: It is about vision, people, connections, ideas, and convening. "All we can do is identify some significant inputs and move them along," says Noland. "We're just one push on the flywheel."

What does it take to develop a robust regional economy?

ORIGINS OF 

METRO DETROIT ENTREPRENEURS



BELIEVE THE LEVEL OF SUPPORT FOR STARTING AND GROWING A BUSINESS HAS **INCREASED** IN THE LAST 5 YEARS.



SAY THEY ARE GETTING **MORE** ATTENTION FROM LOCAL MEDIA & GOVERNMENTS.

**NEI is about more
than just grant money.
It's about changing
people's lives.**

MARIAM NOLAND

President,

Community Foundation for Southeast Michigan

”

LESSONS LEARNED

An Evolving Approach

Amy Liu, vice president and director of the Metropolitan Policy Program at Brookings Institution, recently asked, “In the absence of a market [in post-industrial cities like Detroit], where do you start? How do you create market traction when the economy and demand are waning?”

In NEI’s early years, the initiative’s staff and leadership worked to identify existing and new program models to fund. Proposals were invited, grant applications received, and entrepreneurs and individuals were served. Although the earliest investments focused on innovation, talent and high-tech, it became apparent that a new economy that failed to also embrace small neighborhood businesses would not be sustainable. Over time, NEI broadened its focus to entrepreneurship of all kinds, from grass roots to high growth.

NEI’s grantmaking strategy came to be about building an ecosystem – making grants to key nonprofit organizations that would see themselves as a part of a network of support for entrepreneurs of all types, at every business stage.

When asked about key lessons that led to this approach, NEI’s leadership – former executive director David Egner, Steering Committee chair Steven Hamp, and current director Pamela Lewis – shared a few things they have learned that can inform the work of other philanthropy-led regional economic development initiatives:

1

DEFINE THE REGION BY ITS ASSETS, NOT ITS DEFICITS. FRAME THE NARRATIVE ABOUT YOUR REGION BASED ON ITS STRENGTHS AND UNIQUE QUALITIES MORE THAN ON ITS SHORTCOMINGS.

Imagine a part of the country with the largest concentration of engineers in the world, the sixth largest population of creatives, three top-tier universities, and so on. Is this a successful region or not? It was important to us to look at the value of what we have to start to understand where to invest. Our approach was to invest in the assets, not to solve for the deficits. – DAVID EGNER

4

THE REGION GETS STRONGER AS THE CENTRAL CITY GETS STRONGER, AND VICE VERSA.

There had to be an emergence of a regional consciousness around this entrepreneurial support work. This is really something new. All of us have grown – the funders, the NEI leaders, the grantees, and hopefully the entrepreneurs. We are now seeing ourselves as part of a broader network. This kind of collaboration really is a great step forward. – STEVEN HAMP

2

YOU’VE GOT TO BE INCLUSIVE FROM DAY ONE – AND INCLUSIVE AT ALL LEVELS. IF YOU’RE THINKING ONLY ABOUT UNDER-SERVED POPULATIONS AT THE GRASSROOTS LEVEL AND NOT ALSO IN HIGH-GROWTH SECTORS THEN YOU’RE MISSING THE MARK.

We’ve used our grantmaking influence to incentivize this approach. Once we spoke to a reporter writing a story on women in tech across the country. She told us about the horror stories she’d heard from women in other places out west. Based on what we told her, though, she said Detroit was different. We’re far from perfect, and we have a long way to go, but we’re changing the culture around high growth and women and people of color through eight solid years of beating the drum. – PAMELA LEWIS

5

NEVER DECLARE MISSION ACCOMPLISHED.

This is probably a 15-year venture. It feels to me as if we are just over the halfway point in terms of achieving a self-sustaining economy. – DAVID EGNER

3

DON’T EXPECT EVERYTHING TO BE NEAT AND ORDERLY. EMBRACE THE CHAOS. ECONOMIC DEVELOPMENT WORK THROUGH ENTREPRENEURSHIP IS NOT LIKE A GARDEN, IT’S A RAINFOREST.

This goes back to the notion of an ecosystem, which, to say the least, is a complex thing. Trying to force it to be one thing or another doesn’t make sense. Let it be multiple things, just make sure those things – in our case grassroots and high-growth entrepreneurs – see themselves as connected. – STEVEN HAMP

“Metro Detroit had its own stimulus package through initiatives like NEI.”

AMY LIU
BROOKINGS INSTITUTION

BRINGING
THE
REGION

incentivizing collaboration

From its earliest days, NEI has been a catalyst for regional collaboration, using its grant dollars to incentivize groups to work together across sectors and municipal and county lines.

BUSINESS ACCELERATOR
NETWORK OF SOUTHEAST
MICHIGAN (BANSEM)

One of NEI's earliest efforts was to use a group of grants to incentivize state-funded business accelerators to work together to build and retain new businesses across southeast Michigan. In 2010, the **Business Accelerator Network of Southeast Michigan (BANSEM)** was launched, driven by the leadership of NEI. This group, with separate operational grants to four accelerators and the establishment of a multi-year fund for them to develop collaborative programs, founded one of the largest and most celebrated innovation challenges in the state of Michigan: the **Accelerate Michigan Innovation Competition (AMIC)**. Since the formalized collaborative, BANSEM member organizations meet quarterly to share best practices on how best to support regional high-tech entrepreneurs.

Today, BANSEM includes **Ann Arbor Spark** (Ann Arbor, Michigan), **Automation Alley** (Troy, Michigan), **Macomb OU Incubator Velocity Center** (Sterling Heights, Michigan), **Oakland University Incubator** (Rochester, Michigan) and **TechTown** (Detroit).

Though they may have once viewed each other as competitors, today, southeast Michigan's business accelerators understand that collaboration only enhances their overall contribution to the region.

DETROIT TECHNOLOGY
EXCHANGE (DTX)

NEI's leadership inspired the **Detroit Technology Exchange (DTX)**, a collective of Detroit-based entrepreneurial service providers supporting local high-tech and high-growth startups. NEI encouraged the Michigan Economic Development Corporation's (MEDC) Michigan Strategic Fund, the organization that launched and funds DTX, to issue a request for proposals encouraging Detroit-based business support organizations to work together to serve the community rather than compete for limited dollars to offer limited programs.

The DTX table, in operation since 2013, includes several NEI grantees – **Detroit Creative Corridor Center**, **Invest Detroit's Detroit Innovate** and **First Step Fund**, **TechTown's Labs** program, the **Henry Ford Innovation Institute**, **NextEnergy**, and **Wayne State University's Office of Technology Commercialization** and **Launchpad** student entrepreneurship program.

DTX programs focus on creating, attracting, and retaining innovative adult and student talent; taking advantage of disruptive innovations; creating a robust deal flow in Detroit; and supporting the efforts of early stage, competitive-edge companies – all while eliminating duplicative efforts.

WORKFORCE INTELLIGENCE
NETWORK (WIN)

The Workforce Intelligence Network (WIN) for Southeast Michigan, a program that NEI's funding helped conceptualize and launch, is a first-of-its-kind collaboration of nine workforce boards and seven community colleges that collects and reports data on trends related to the workforce for new economy industries. Initially covering nine counties, the southeast Michigan WIN region has expanded to 16.

WIN was designed with three key goals: to provide current and actionable labor market intelligence to allow for improved talent development; to strengthen and sustain an employer-driven talent system in partnership with educational institutions; and to influence local, state and federal talent policy development through research.

WIN has become the go-to team for labor market data and research and plays a key role as a statewide convener of organizations pursuing federal funding to support talent development in new economy sectors such as advanced manufacturing, skilled trades, information technology, cyber security, health care, and retail and hospitality.

PAMELA
LEWIS

Director,
New Economy
Initiative

“We can't afford to do only suburban strategies or center city strategies, or only neighborhood strategies. We have to work across the region and across the city and value every sector and every person's role in revitalizing the regional economy.”



GROWTH



GRASS ROOTS



QUINCY JONES

Osborn Neighborhood Alliance

Today, as Detroit begins to undergo a renaissance, we need to make sure the neighborhoods – not just the growth areas in the city's core – experience it, too.

As Detroit comes back, we don't want to see the development of two Detroits.

To make sure this doesn't happen, we need to bring rehab dollars into all of Detroit's communities. We need to make sure everyone has the opportunity to live a better quality of life. We need to level the playing field. And we must be comfortable around having uncomfortable conversations.

Prior to NEI, it was very hard for small-scale, local business owners to navigate various local and regional bureaucracies.

For the most part, funders overlooked smaller, neighborhood-based organizations in favor of bigger, more established ones. Entrepreneurs in the informal economy, which accounts for a high portion of business activity in many neighborhoods, often lacked skills such as accounting or marketing needed to move into the formal economy and grow — despite having in-demand products and a stable customer base. Seeking on-the-ground insight from business owners and representatives of community-focused service organizations from across the city, NEI has developed a comprehensive neighborhood strategy. Grantees meet on a quarterly basis to discuss and refine the strategy as needed.

In implementing the strategy, NEI is helping organizations like mine to put the systems in place to help entrepreneurs in neighborhoods across Detroit scale their businesses. Through the NEIdeas challenge, NEI is providing grants to dozens of small, women- and minority-owned businesses to help them make their businesses shine.

NEI is making its biggest impact, however, by giving local business owners a voice. In the most vulnerable communities, this voice has not been heard, let alone valued. With the help of NEI,

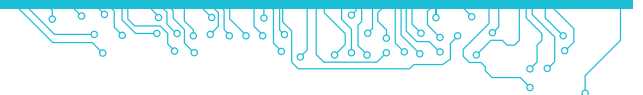
neighborhood groups are having more success bringing attention to these people and their communities.

NEI is at the front lines of helping development to happen throughout the region. In the future I envision, we have succeeded in making every single neighborhood appealing — one Detroit with abundant and widespread opportunity.

Quincy Jones is the executive director of Osborn Neighborhood Alliance (ONA), an organization that is working to make Osborn a community of choice. ONA has received NEI support for a business coaching initiative that has already graduated two cohorts of Osborn residents.



HIGH GROWTH



PATTI GLAZA

Invest Detroit

The vision for Detroit recapturing its role as an innovation center has never had a greater chance of success. Building a robust, economically diverse economy requires the investment in not just the existing core strengths of the region, but expanding into areas that will attract and retain young talent in our city.

NEI's commitment to high-tech, high-growth entrepreneurship has changed the startup landscape in Detroit in just a few short years. There are now 25 active venture-backed startups in the city of Detroit (a 32 percent increase over 2014) who have collectively received more than \$58 million in venture capital funding. The increased density of technology entrepreneurs is driving not just attention to the city as being a

great place to build a business, but a budding community in which to live.

In 2010, when there were no institutional venture capital funds located in the city of Detroit, NEI had the foresight to recognize this financial gap. NEI partnered with **Invest Detroit**, a local leader in commercial lending and real estate in the re-development community, to launch the **First Step Fund**, an early-stage lending and equity financing fund for tech and high-growth startups in the region.

Six years later, five venture capital funds are headquartered in the city, and more than 12 Michigan funds have made investments in Detroit-based companies. Since its inception, the First Step Fund has invested in over 70 Michigan startups (19 in Detroit), deploying close to \$5 million in capital to help foster the emerging tech community. Invest Detroit's venture team, with the generous support of NEI, now manages an additional \$6-million fund, **Accelerate Michigan** (the state's largest business plan competition).

A current misconception of venture capital is that there is plenty of funding available to start early-stage tech/high-growth companies. Most companies, however, must raise more than \$1 million in financing from family,

friends, angel investors and small funds before being able to complete traditional venture fund financing. For companies in cities like Detroit, this can often take 6-12 months. Minority, immigrant and female entrepreneurs often face additional challenges of not knowing what funding opportunities are available and of having smaller, less developed networks.

Funds like the First Step Fund help a diverse range of entrepreneurs raise capital much faster. Invest Detroit Ventures has an impact rate of over 50 percent with these groups, plus Detroit-based businesses.

Though there is still significant work to be done, there is little doubt that NEI's investment in technology entrepreneurship has helped the city and region enhance their image and grow a workforce that will provide opportunities for generations to come.

Patti Glaza is the managing director of Invest Detroit's NEI-supported First Step Fund and a member of the board of directors of the Michigan Venture Capital Association.

A PLACE FOR EVERYONE

IN THE NEW ECONOMY

An economic development initiative that focused on only high-growth sectors and a small slice of the region's talent base would not lead to a sustainable and inclusive new economy for southeast Michigan.

Understanding this, social equity and inclusion have been core principles for NEI since it launched in 2007. NEI leadership constantly looks for opportunities to increase participation by people of color, women, immigrants and other under-represented groups in its work — be they in Detroit, Ann Arbor, or all across the region. NEI has worked with **PolicyLink**, a national leader in social equity strategies, to develop both guiding principles that are communicated to every NEI grantee and metrics to track the benefit to women and people of color on every grant dollar NEI distributes.

NEI recognizes that a proactive focus on equity is key to the development of both neighborhood-based businesses and high-tech ventures. At times,

this has meant supporting entrepreneurial and business mentoring programs focused solely on serving women. Take for instance NEI's support for the **Inforum Center for Leadership's inGAGE** program, which services high-tech ventures founded by women, and the **Michigan Women's Foundation's** efforts to strengthen capabilities of neighborhood-based, women-led small businesses. These grants have assisted hundreds of women — from all walks of life and backgrounds — across a broad spectrum of business types, to find mentoring, access capital and build networks to increase their odds of success. The women-led organizations supported by NEI alone have helped their clients attract \$11.6 million in investment.

NEI has also supported talent-development programs to introduce a wide range of people to job opportunities, including the innovative **Earn and Learn** program run by **Southwest Solutions**, which has trained and connected thousands of men of color



in Detroit to jobs, and the **Global Talent Retention Initiative**, which works to ensure that foreign-born students at Michigan universities have support to build their lives in the state after graduation. NEI has also supported the entrance of **Venture for America**,

a national talent-attraction program, that has attracted dozens of millennials from around the country to work in startups across the region, with more than 31 percent of the placements being women, and 26 percent being people of color.

TechTown, one of NEI's largest investments, uniquely demonstrates the principle of ensuring a place for everyone in the new economy. Initially intended to exclusively support high-tech ventures driven by technology commercialization, TechTown has become one of the most inclusive incubators in the state of Michigan.

With NEI's funding, which started in 2009, TechTown's business-support services are dissolving the boundaries between new economy and neighborhood economy, offering support to everyone from the small-business owner to the technologist commercializing the next cure for cancer. And when you enter its doors, not only will you be inspired by the messages on the wall, but by the daily hustle and bustle of so many who truly represent the diversity of southeast Michigan. **MORE THAN HALF ITS CLIENTS ARE PEOPLE OF COLOR, AND MORE THAN 46 PERCENT ARE WOMEN.** TechTown is a resource for entrepreneurial support that is intentionally accessible to every member of the community in which it resides.



IN FOCUS

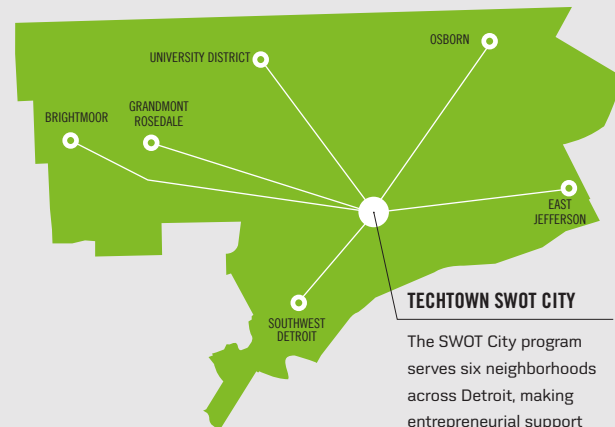
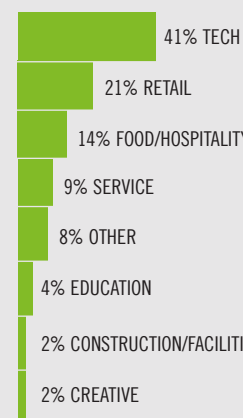


MORE THAN TECH

NED STAEBLER
CEO of TechTown

"A lot of people hear the name 'TechTown' and they assume we're all about tech. And sure, we know tech. We also have programs to help you if you're starting a restaurant or a shoe store. A third of businesses that have gone through our Retail Boot Camp program are now up and running in brick-and-mortars in Detroit."

INDUSTRIES OF COMPANIES SUPPORTED BY TECHTOWN.



TECHTOWN SWOT CITY

The SWOT City program serves six neighborhoods across Detroit, making entrepreneurial support services accessible to small businesses in their own backyards.

PROFILE

OPPORTUNITY EXCHANGE

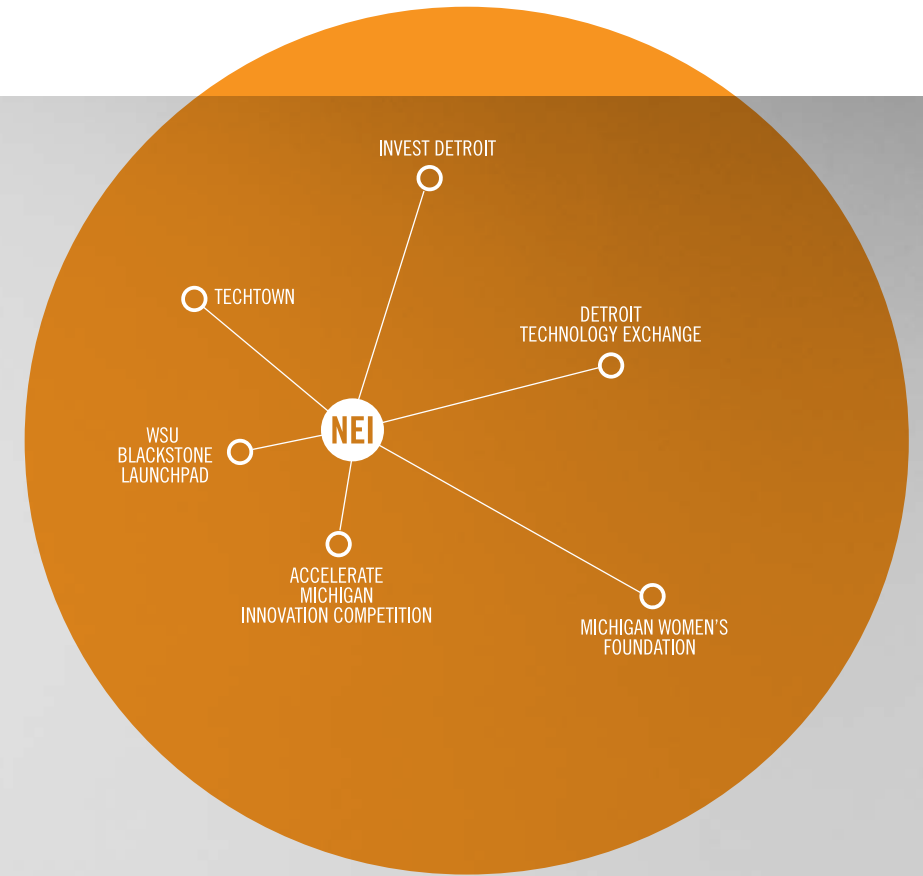
Justine Sheu is the CEO of Evolve Lifestyle Group, which she runs with two other Detroit millennials, Justin Cook (VP of Sales) and Myles Morgan (VP Business Development). Coming together around shared experiences as high school counselors, they created Pro:Up, a website connecting students with opportunities across southeast Michigan.

After working in Detroit Public Schools, Sheu and her team identified an information gap in how inner city students find access to summer programs and scholarships. Pro:Up is a unique application that allows students to easily get notifications of opportunities through text messaging. Students just provide their talents and skills along with career interests and where they live. Once that happens, they start receiving personalized text notifications each time an opportunity in their area is posted that matches their interests.

Sheu was a participant in the NEI-supported Detroit Technology Exchange program at **TechTown** and receives guidance from TechTown Labs' entrepreneur in residence. Pro:Up also took third prize in the student category at the **Accelerate Michigan Innovation Competition** in 2015. Sheu and her partners are demonstrating the power of the entrepreneurial network in Detroit and southeast Michigan and its ability to support so many entrepreneurs driven by solving the problems of those with the greatest needs.

JUSTINE SHEU

Evolve Lifestyle Group



Today is the day to make it happen

FROM THE EMERGENCY ROOM TO ENTREPRENEURSHIP



FORWARD CITIES

NEI

WSU OFFICE OF
TECHNOLOGY
COMMERCIALIZATION

TECH TOWN

DR. PATRICK HINES

Functional Fluidics

Dr. Patrick Hines spends half of his time treating sick children in the Intensive Care Unit of the Children's Hospital of Michigan. He spends the rest in the lab finding better ways to care for them.

"I take care of patients in the pediatric ICU, and that is one of the biggest motivations for the research I do in the lab," says Dr. Hines.

His team has created an assay test that accurately shows the interaction between blood and the blood vessel wall. This allows them better predict a patient's blood's ability to clot and potential reactions to medications without actually exposing the patient to risk. Dr. Hines and his team are

commercializing that technology through a new venture called Functional Fluidics.

"An individual's blood can be tested against a panel of anti-clotting medications in a simulated blood flow environment," says Hines, "allowing us to select the medication likely to perform best for that individual."

In recognition of this work, Patrick was selected by Crain's Detroit Business as one of their 40 Under 40 honorees in 2013. Today, in addition to benefiting patients directly, Dr. Hines's company, Functional Fluidics, is helping pharmaceutical companies and research scientists to evaluate new therapies for bleeding and clotting disorders.

Wayne State University's Office of Technology Commercialization, an NEI grantee, is helping Functional Fluidics get their product to market, and TechTown, another NEI grantee, is helping them grow by providing them office space and a collaborative work environment.

PROFILE

A LIFE-SAVING
STARTUP

After earning a master's degree in molecular biology at Eastern Michigan University, Priya Gogoi went to work for a pharmaceutical company. But she wasn't content there. She wanted to start a life science company of her own – one that could transform society.

Priya left her job, dedicating all of her savings to her startup. After signing on two other co-founders, she launched DeNovo Sciences, now known as Celsee Diagnostics, a company dedicated to developing a more efficient, patient-friendly cancer diagnostic platform. Celsee's technology uses a microfluidics device that separates hard-to-detect circulating tumor cells from their healthy counterparts, well before cancer has the ability to metastasize in the body. The technology has the potential to replace biopsies, which involve the painful prodding of patients with needles.

Priya and her team pitched their idea at the 2011 **Accelerate Michigan Innovation Competition**, leaving with the \$500,000 grand prize and a network of new connections.

"Not only did we make important observations during the course of the event," said Priya, "[but] it also allowed us to network with other entrepreneurs and community leaders who gave us important insights into the world of business."

Celsee went on to raise a \$2.25 million Series A venture funding round, and thanks to personalized assistance from NEI-grantee **Ann Arbor SPARK**, was able to rent state-of-the-art lab space within the **Michigan Life Science and Innovation Center** in Plymouth.

The company now employs 22 people and is on track to gross over \$1 million in 2016.

PRIYA GOGOI

Celsee Diagnostics

ACCELERATE
MICHIGAN
INNOVATION COMPETITION

ANN ARBOR SPARK

NEI

MLSIC

A LIFE
SCIENCE
HUB

When pharmaceutical giant Pfizer closed its offices in Michigan in 2007, it no longer had a need for a newly renovated, 57,000-square-foot building in western Wayne County that featured state-of-the-art laboratory space.

In 2008, with NEI's support, the building was repurposed to become the **Michigan Life Science and Innovation Center (MLSIC)**, a massive incubator for life science companies. MLSIC attracts and grows startups developing cutting-edge products and services that have the potential to become globally significant. MLSIC combines state-of-the-art lab space, entrepreneurial support, and access to business accelerator organizations and life science leaders all in one location. As a result, many promising life sciences companies spinning out of local universities are choosing to locate at MLSIC.



Located in Plymouth, MI, MLSIC is perfectly positioned to take advantage of Detroit and Ann Arbor's innovation assets.

+ GAIN RETAIN

VENTURE FOR AMERICA

Stories of startups hitting it big are everywhere these days, with outlets like Wired, TechCrunch and Fast Company all speculating about who could be the next Facebook or PayPal. Yet contrary to popular opinion, the number of young people in the U.S. launching companies is down.

"People think that right now is a golden age of entrepreneurship," says Andrew Yang, an entrepreneur and author who has worked in startups and early-stage growth companies for more than 12 years. "That's not borne out by the facts. *Entrepreneurship among 18-to-34-year-olds is at a 24-year low. Since young firms account for two-thirds of new jobs, what's at stake is the country's future.*"

That's why, in 2011, Yang launched **Venture for America**, a fellowship program that places top college graduates in startups in emerging U.S. cities to generate job growth and train the next generation of entrepreneurs.

When Dan Gilbert, the billionaire chairman and founder of Rock Ventures and Quicken Loans, helped bring a chapter of Venture for America to Detroit in 2012, NEI saw the value in investing in a national talent-attraction program that could help Detroit establish a startup culture that grows high-quality jobs in the region.

Since its arrival in Detroit, Venture for America has graduated 36 alumni and currently has 31 active fellows, many of whom have or will go on to launch their own companies. That was the case for Max Nussenbaum, Tony Dingman and Scott Lowe, who were a part of VFA's inaugural class of Detroit fellows in 2012. Post-fellowship, the trio went on to launch Castle, a Detroit-headquartered property-management software startup that has raised more than \$2 million and has been accepted into Y Combinator, one of Silicon Valley's most prestigious startup accelerators.

Not all VFA fellows choose to start their own businesses. Others, like Dextina Booker (Shinola), Paula Gonzalez (Loveland Technologies), and Seun Oyewole (Invest Detroit) are working with high-growth businesses, venture funds, and social enterprises in the metro Detroit community.

INTERN IN MICHIGAN

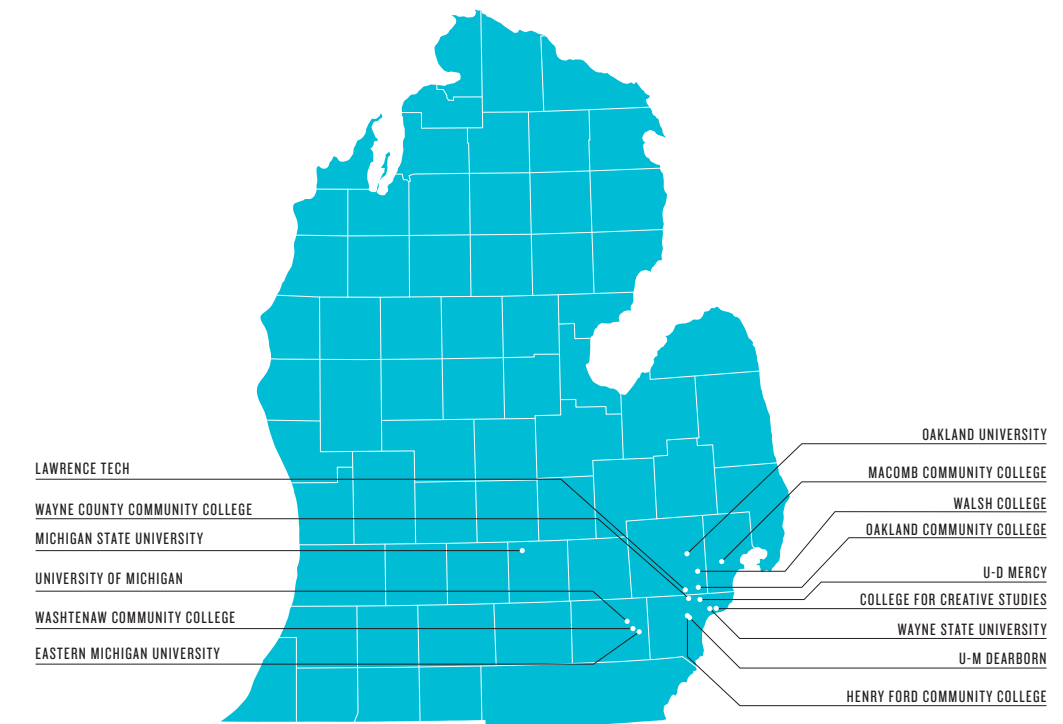
Why do college graduates settle in Chicago, San Francisco, or New York?

For one, there are jobs there, and that is where the graduates before them went. Studies show that if a college graduate lands a job within six months of graduation, she is likely to stay in that place. And what better way to get a job then to secure an internship first?

The recession of the mid- to late 2000s created a "brain drain" in the state of Michigan. As the economy improved, overcoming that myth proved difficult. College graduates had come to believe that there wasn't work in the state. Employers needed college-educated talent to build the next generation of the labor force and become and remain globally competitive. However, complex market conditions made it difficult for employers to recruit and retain this talent. Intern in Michigan was launched to address these two problems.

Intern in Michigan was created by the founders of Digerati, a technology company specializing in software solutions. The founders, both graduates of the University of Michigan in the early 2000s, saw the dysfunctional nature of the intern system, for both the students and employers. The system was catch-as-catch-can, with students going to career-placement offices or scrolling through lists of internship opportunities with no idea whether they might be a good match. At one public university, there are 29 placement offices scattered around the campus. For employers, the search could be time-intensive and not particularly focused, the students coming across the actual or virtual transom being their only choices.

In 2009, NEI made an early investment in Digerati's Intern in Michigan program to build a rational system designed to retain



Universities and Colleges in SE Michigan

talent in the region. Simply put, Intern in Michigan created a questionnaire for students that defined their skills and interests and one for employers that outlined their skill needs. Digerati used its systems design knowledge to build a technology platform that utilizes sophisticated matching algorithms to connect candidates to employers based on skills, interests, and job requirements. The system provides curated job-matching to ensure that employers are connected to the most qualified candidates, while job seekers get matched to employers and opportunities that best fit their unique profiles.

Like many new ideas, Intern in Michigan did not take off instantly. There were hiccups along the way. Digerati needed to make sure that the questions it was asking resulted in the right information and were concise enough that both the students and the businesses would find the time spent useful. But today, Intern in Michigan is hitting its stride. Since inception, the platform has had more than 20,000 positions posted by some 8,000 companies. Nearly 100,000 candidates have signed on to the system from nearly 1,200 colleges and universities around the country and across the world. Companies

of all sizes are represented on the platform, with 48 percent having fewer than 26 employees, and two-thirds are repeat users.

The program has proved so successful that it was replicated in Ohio. Further, it led to the creation of Work Fountain, a new employment system for matching job seekers and employers. As a result of both Intern in Michigan and Work Fountain, talent is finding work, and employers have an effective tool for finding and securing the talent they need to grow their businesses.

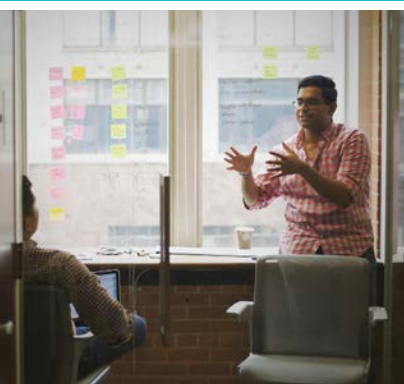


GENERATION STARTUP VFA DETROIT FELLOWS

KATE CATLIN | 2015

DEXTINA BOOKER | 2015

LABIB RAHMAN | 2015



GROWING GLOBAL COMPANIES

ENDEAVOR DETROIT

Creating jobs is not easy, but it can be done in spades by tailoring the right kinds of support to the right kinds of growing companies. That's the idea behind **Endeavor**, a global nonprofit that selects, mentors and accelerates the best high-impact companies around the world to catalyze long-term economic growth. Headquartered in New York City, Endeavor operates in 22 countries throughout Europe, Latin America, Africa, Southeast Asia, the Middle East and the United States. Since its launch in 1997, Endeavor has supported more than 650 companies that have created over 400,000 jobs around the world.

In 2015, Endeavor launched its second U.S. affiliate, in Detroit, to address what its research team identified as a 50-percent decline in the number of high-growth firms in southeast Michigan between 2007 and 2012. Through the efforts of NEI, the state and others, resources to support startups had increased significantly, but programs to help high-impact companies scale were sparse. Inspired by partners at the John S. and James L. Knight Foundation, who provided support to open Endeavor's first U.S. affiliate in Miami, NEI, in partnership with the Dick and Betsy DeVos Family Foundation, seeded a Detroit office. While philanthropy contributed to the launch of the program, a local board of successful high-impact entrepreneurs supplied their own funds to operate the program year after year, all while mentoring Endeavor entrepreneurs.

The Endeavor Detroit board is led by Cindy Pasky, founder and CEO of Strategic Staffing Solutions, and includes others local and expatriate entrepreneurs as well as corporate executives and foundation leaders.

So far, Endeavor Detroit has assessed dozens of high-impact entrepreneurs and accepted companies such as Vectorform, Algal Scientific, and McClure's Pickles into their international program. Other entrepreneurs such as Gwen Jimmere, whose company Naturalicious manufactures an innovative hair care product in NEI-funded Ponyride space, are being assessed by Endeavor, receiving support and making connections with the southeast Michigan entrepreneurial ecosystem while in the Endeavor pipeline.

Endeavor is a perfect example of how the private sector is partnering with philanthropy in a unique way to provide support to tomorrow's job creators.



JOE MCCLURE

MCCLURE'S PICKLES

McClure's Pickles, a Detroit-based pickle maker whose products can be found on shelves across the U.S., was selected as one of the first endeavor Endeavor Detroit companies in 2015.



GWEN JIMMERE

NATURALICIOUS

Naturalicious, a Detroit-based maker of natural beauty products, is in the Endeavor pipeline, and benefits from access to the organization's global network of mentors and investors.



DANO BENNETT

VECTORFORM

Vectorform, a Royal Oak-based maker of digital products and experiences, was selected as an Endeavor company in 2016.



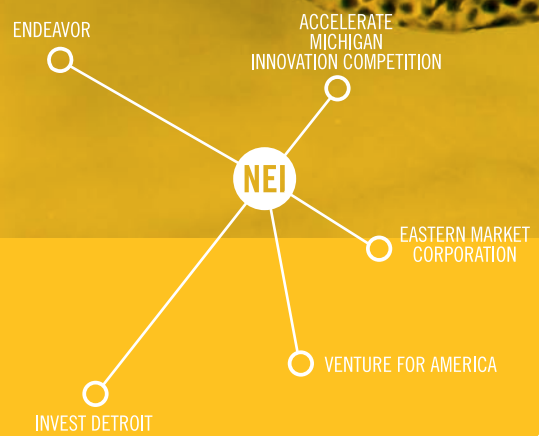
THE RIGHT INGREDIENTS

What do you get when you mash up food, chemistry, and high-growth potential? Banza!

Founded by brothers Brian and Scott Rudolph, Banza makes pasta from chickpeas. It's gluten-free and an excellent substitute for traditional pasta, but with twice the protein and four times the fiber. Banza is headquartered in Detroit and produces its products in northern Michigan.

Brian was attracted to Detroit from New York as a fellow with **Venture for America** — an NEI grantee. He worked on his business idea, first growing a customer base by selling his product at **Eastern Market** (an NEI grantee), then pitching to investors at the **Accelerate Michigan Innovation Competition** (also an NEI grantee), winning the \$500,000 grand prize in 2015. Next, Banza became a client of **Invest Detroit**, then was named an "Endeavor Company." **Endeavor**, which has a Detroit office supported by NEI, identifies high-growth potential entrepreneurs and connects them to a global network of capital, markets, and best-in-class talent. "In the last year, we've gone from two to 2,000 stores [nationwide]," Rudolph recently told *Good Morning America*. "We even have some stores where we're the number one selling pasta overall."

Time Magazine just named Banza one of the Top-25 Innovations of 2015, and Forbes honored Brian on its "30 under 30" list.



BRIAN RUDOLPH

Banza





MEETING PEOPLE WHERE THEY ARE

THE WEST VILLAGE NEIGHBORHOOD ON
DETROIT'S EAST SIDE IS HOME TO A
NUMBER OF SMALL BUSINESSES SUPPORTED
BY NEI'S GRANTEES.

The city of Detroit spans 139 square miles and is composed of diverse neighborhoods. Therefore, limiting resources for those interested in starting and growing businesses to only the city's core, which represents just 5 percent of the city's land mass and population, was not the right tactic for NEI.

NEI's objective of supporting businesses of all kinds – from grassroots to high-growth, startups to “been-ups” – is realized through the number of programs delivered directly to people in neighborhoods, especially neighborhoods with high proportions of low- and moderate-income households. Many of these programs emphasize resources for more than just the nascent entrepreneur, but also for the entrepreneur who has been slugging it out for years.

NEI's support for Southwest Housing Solutions' **ProsperUS** program, which has received funding from NEI since 2012, is a case in point. In partnership with W.K. Kellogg Foundation, NEI's grants help the program to provide entrepreneurial training and technical assistance to underserved populations across five neighborhoods (Cody Rouge, Grandmont Rosedale, Southwest Detroit, North End, and Jefferson East) so local business owners can develop and grow businesses where they live. In addition to training, entrepreneurs who graduate from ProsperUS can also receive low-interest financing for their businesses.

Since 2012, the **Arab Community Center for Economic and Social Services (ACCESS)** has received NEI grants to expand its well-established entrepreneur training and technical assistance programs – in this instance, to metro Detroit's immigrant and non-English speaking populations.

NEI has also funded TechTown's **SWOT City** neighborhood business development program to spread opportunity and hope to existing businesses through satellite offices located throughout Detroit. SWOT City provides business owners with expert analysis to help them identify their strengths, weaknesses, opportunities, and threats, paving the way for future sustainability. Dozens of entrepreneurs across the city have benefited from these services.

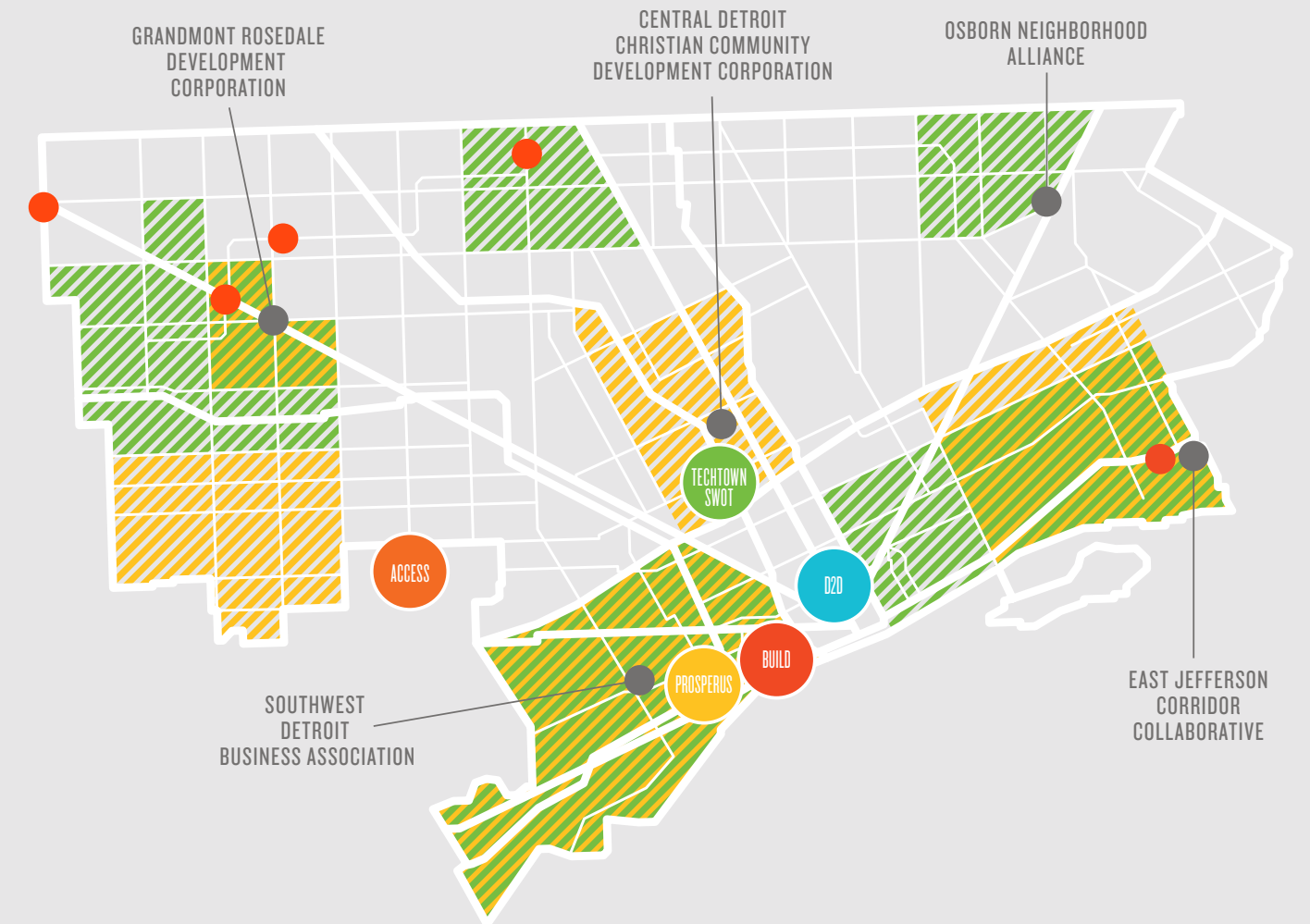
With the goal of upending entrenched purchasing and procurement practices at Detroit's large institutions and corporations, NEI has supported efforts by the **Detroit Economic Growth Corporation (DEGC)** to build awareness of local Detroit-based vendors, who can provide quality goods and services at competitive prices. NEI has led the way in funding DEGC to form a unique place-based procurement program called **D2D**, which has opened the door to large institutional contracts to hundreds of Detroit firms, many of which are minority-owned.

In addition to helping downtown Detroit-based companies identify local suppliers, D2D helps prepare Detroit suppliers to be highly competitive, “buyer-ready” businesses. The result is a win-win that helps companies to lower costs by up to 25 percent while enabling suppliers to capture a larger percentage of \$2.5 billion in spend. D2D is changing the culture of Detroit businesses to one of mutual cooperation and support by tearing down networking barriers, creating new points of referral, and by exposing the value of local suppliers who are employing local residents.

NEI has worked to ensure that greater accessibility goes hand-in-hand with entrepreneurial skill-building. NEI's support for **BUILD InSTITUTE** has helped draw entrepreneurs of all ages from 100 ZIP codes across metro Detroit to learn how to convert their ideas to business models. Over 70 percent of the over 700 BUILD graduates through 2015 are women, 55 percent people of color, and 85 percent from low- to moderate-income households. Those who graduate from BUILD see it as a launching pad to other types of business growth resources in the entrepreneurial network supported by NEI.

Alongside grantmaking, NEI has led in convening a work table for organizations supporting neighborhood-based businesses, expanding the network of support beyond traditional service providers to trusted community development corporations within neighborhoods. Leaders from **Osborn Alliance, Central Detroit Christian Community Development Corporation, East Jefferson Corridor Collaborative, Southwest Detroit Business Association, and Grandmont Rosedale Development Corporation** collaborate and work together to identify the most effective strategies and practices to support those starting and growing businesses in their communities. Through NEI's neighborhood-based investments, communities across Detroit now have access to varied resources to support the growth of their neighborhood's businesses.

INVESTING IN NEIGHBORHOODS



THROUGH ITS NEIGHBORHOOD INITIATIVE, NEI FUNDS SEVERAL NONPROFITS AND PROGRAMS HELPING ENTREPRENEURS GROW AND START BUSINESSES IN THEIR OWN NEIGHBORHOODS.

ACCESS
SERVICING NEIGHBORHOODS
ACROSS SE MICHIGAN

PROSPERUS

TECHTOWN SWOT

NEIGHBORHOOD ORGANIZATIONS

D2D
SERVICING BUSINESSES
ACROSS DETROIT

BUILD INSTITUTE



IMAD MORAD

My Computers
and Phones LLC

HASSAN BAZZI

ACCESS Growth Center

INVESTING IN IMMIGRANT ENTREPRENEURS

Immigrants are key contributors to metropolitan economies. In 2011 alone, 28 percent of all small-business startups in the U.S. were launched by immigrants. The Kauffman Foundation and U.S. Small Business Administration have found that immigrants start businesses at twice the rate of native-born Americans, but from 1996-2007, Michigan's immigrants started businesses at three times the rate of the native-born Michiganders.

Yet providing support for immigrant entrepreneurs in southeast Michigan can be a challenge. New arrivals have little or no connection to Detroit's entrepreneurial ecosystem, and they are likely to face language and cultural hurdles.

In some cases, these entrepreneurs can re-establish the type of business they once operated in their countries of origin, though they may lack institutional knowledge to incorporate their business or the financial or operating records they need to secure a loan. In other cases, these new arrivals may not have formal business training whatsoever.

Within southeast Michigan, one organization in particular possesses the knowledge and experience to help this group effectively: **The Arab Community Center for Economic and Social Services (ACCESS)**. The 25-year-old organization's Growth Center exists for the specific purpose of helping people of all backgrounds — immigrants, in particular — to succeed on their journey to business ownership.

Many of the immigrants served by the Growth Center are refugees from war zones and other areas of persecution and unrest. In recent years, the organization has seen first an influx of refugees from Iraq, and now increasingly from Syria and North Africa.

NEI has provided funding to ACCESS for the past four years, a period in which the Growth Center has helped dozens of individuals launch and grow businesses.

Though the Growth Center provides training at its offices in Dearborn, much of its work occurs in neighborhoods around the region.

Imad Morad is one of the refugees whom ACCESS has helped. After escaping his war-torn homeland of Iraq to Sweden after months in captivity, he made his way to the U.S. via Colorado. Reunited with his family for the first time in months, he moved to Detroit, attracted by the region's large Arab community. There, he found an opportunity to purchase an existing cell phone and computer repair store in the city's Warrendale neighborhood.

“We don't have the luxury of sitting in an office waiting for people to come in. By going into a neighborhood, we can build the rapport that needs to be in place before you can even have a conversation.” — HASSAN BAZZI

After volunteering in the store, Morad came to understand the business inside and out. He knew he could run it profitably. In Bazzi's words, performing the due diligence required to evaluate the business and close the loan involved an excruciating amount of effort. In the end, however, Morad successfully acquired the business. Today, after two years of success running My Computers and Phones LLC, he is looking to open a second location.

“Every one of these entrepreneurs needed resources the ecosystem wasn't designed to provide,” says Bazzi. “Yet today, every one of them is succeeding.”

With support from NEI and others, ACCESS is expanding its reach. For one, it is working to develop an incubator for entrepreneurs in Detroit's Cody Rouge neighborhood. In partnership with a Minneapolis-based organization called Artspace, ACCESS has also purchased Dearborn's former city hall and is developing it as an incubator for creatives.

CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION (CDC) was founded in 1994 by a coalition of churches as a faith-based nonprofit dedicated to serving the people of central Detroit. CDC initially focused on developing youth programming, and has expanded to include housing rehabilitation and business development.

CDC's work in business development began as an answer to the lack of employment opportunities for teenagers in its service area, and has grown to provide comprehensive programming for the community, including employment opportunities for the chronically unemployed. Through this work, CDC has extensive first-hand experience with social entrepreneurship. Its current business portfolio includes a local market; a garden that supplies the market and restaurants; a store that sells donated items and other inexpensive goods, a property-management company; a security firm; and an aquaponics operation. Together, these businesses have employed 42 neighborhood residents. CDC has also assisted several employees in purchasing some of these businesses outright.

In 2015, NEI funded a dedicated business coach for CDC that is knowledgeable of the particular challenges in the neighborhood, and has the skills necessary to consistently support small businesses and entrepreneurs. Importantly, the coach connects entrepreneurs with other support organizations such as **ProsperUS**, **Accounting Aid Society**, and **FoodLab**, that can assist in the growth of neighborhood businesses.

Over the course of the first year of its NEI grant, CDC worked directly with 10 existing businesses and provided support for seven new businesses. CDC has also received significant support from JP Morgan Chase and the Kresge, Kellogg, and Skillman foundations.



PROFILE

CRAIG GRISSOM

Higher Ground Landscaping

“My heart and mind were right, and I’ve always had a good work ethic. But I couldn’t get employment because of the bad choices I had made. So I began my own business as an act of prayer and survival.”



After 14 years in prison, Craig Grissom was ready for a new start in life. It was 2009, and he was 51 years old.

Craig was determined to earn an “honest living” as a handyman and landscaper. After a year of self-employment as a returning citizen, Craig was hired by NEI-grantee **Central Detroit Christian Community Development Corporation** to manage a business it was launching called Higher Ground Landscaping. The business sought to hire and mentor unemployed men from the community, particularly returning citizens.

In three years, Craig grew the business to more than 200 customers. The success of the business encouraged Craig to want to buy it from CDC, while still continuing its mission of providing jobs for men from the community. To learn more about how to run a small business effectively, Craig enrolled in a free entrepreneurial training course offered by **ProsperUS Detroit**, an NEI-funded program led by Southwest Solutions. ProsperUS helps participants, particularly those from ethnic and immigrant communities, develop the skills they need to start and sustain their small

businesses. After completing the ProsperUS program, Craig purchased Higher Ground Landscaping in January 2015. ProsperUS continues to provide technical support to Craig. It has also given him two small-business loans. Craig paid off the first, for \$8,000, within six months.

“I currently employ five people, and we’re working from sun up to sundown, often six days a week,” says Grissom.

HEALTHIER FOOD IN A HEALTHIER NEIGHBORHOOD



KIRSTEN USSERY

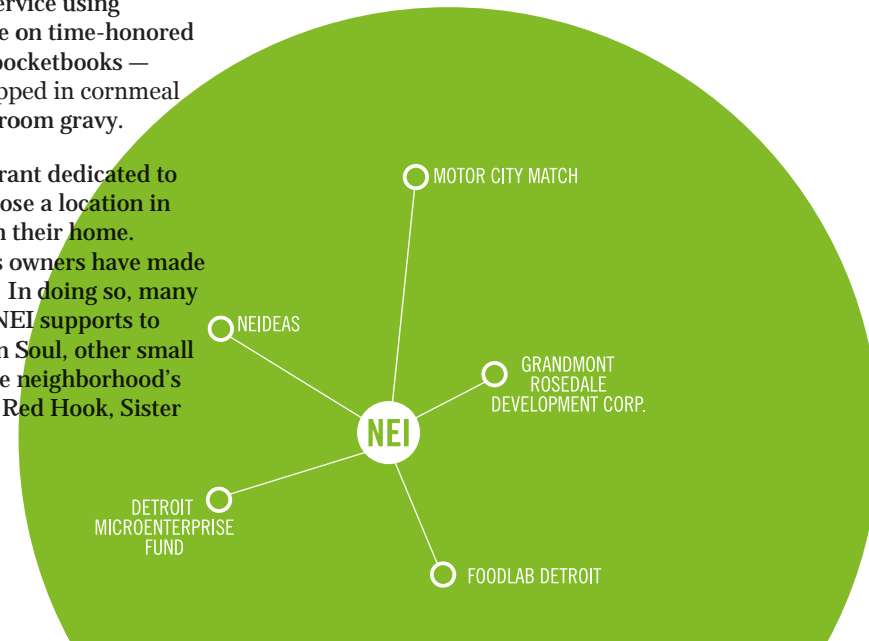
Detroit Vegan Soul

In Detroit, a city where obesity, diabetes and heart disease are endemic, vegan food has health implications that register a bit differently than elsewhere. Kirsten Ussery and her partner, Erika Boyd, had the bigger picture in mind when they launched Detroit Vegan Soul (DVS) in 2012.

“This is a passion and a mission to help people live healthier lives.” Ussery says.

DVS launched as a Detroit-based meal delivery service using plant-based foods as the basis for an updated take on time-honored Southern dishes designed with the tastes — and pocketbooks — of local residents in mind. Think tofu “catfish” dipped in cornmeal batter and seitan pepper steak slathered in mushroom gravy.

In 2015, Boyd and Ussery decided to open restaurant dedicated to serving their popular fare sit-down style. They chose a location in Detroit’s West Village neighborhood, not far from their home. In recent years, other enterprising small business owners have made the decision to open up shop in West Village, too. In doing so, many have taken advantage of the network of services NEI supports to get started and grow. In addition to Detroit Vegan Soul, other small businesses are contributing to revitalization of the neighborhood’s commercial strip, including Paramita Sound, the Red Hook, Sister Pie, and Craft Work, among others.



WEST VILLAGE

Like West Village, other neighborhoods throughout the city are also seeing signs of resurgence powered by small-business owners, new and established alike.

Ussery and Boyd are doubling down on their belief in Detroit neighborhoods. With the help of an NEI-supported **Motor City Match** grant, they are set to open a second DVS location, in the city’s Grandmont Rosedale neighborhood.



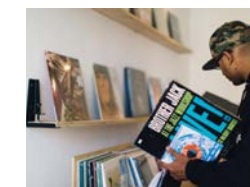
A NEIGHBORHOOD RESURGENCE POWERED BY SMALL-BUSINESS OWNERS, NEW AND ESTABLISHED.



SISTER PIE

BUILD INSTITUTE + FOODLAB DETROIT

A neighborhood bake shop specializing in fresh savory and sweet goods.



PARAMITA SOUND

SWOT CITY + BUILD INSTITUTE

A curated record shop specializing in new vinyl.



RED HOOK

DETROIT DEVELOPMENT FUND, DEGC + NEIDEAS

A cafe and community gathering space serving West Village and beyond.



CRAFT WORK

DETROIT DEVELOPMENT FUND, DEGC

A restaurant whose new American cuisine draws patrons from the neighborhood and around the region.

PROFILE



TONY LOPEZ

Lopez Tire,

Cabresto Tequila

IT
RUNS
IN
THE
FAMILY

Tony Lopez was raised by an entrepreneur to become an entrepreneur. His father started Lopez Tire 30 years ago, eventually handing the business off to Tony when he retired. The shop has done well under Tony's direction, but there are always things an established entrepreneur can learn to do business better. Tony enrolled in **ProsperUS Detroit's** entrepreneurial training program to pick up new skills, such as business-plan writing. Perhaps the most important thing Lopez developed through ProsperUS was a network of entrepreneurs in his own neighborhood whom he can turn to for help and vice versa.

"It's like one big happy family," says Lopez.

Lopez is a serial entrepreneur. He runs another business, Cabresto Tequila, a Detroit-based tequila importer that sources its ingredients from the Lopez family farm in Jalisco, Mexico. Additionally, Lopez is working on re-opening a convenience store in the neighborhood where he grew up in Southwest Detroit, for which he received \$25,000 from ProsperUS's revolving loan fund. As Lopez continues along his entrepreneurial path, ProsperUS will be there to help.

With NEI's support, ProsperUS has committed to serving entrepreneurs in neighborhoods across Detroit, including Grandmont Rosedale, North End, Southwest Detroit, and the lower east side. Like Lopez, these business owners will not only be able to access training and financing to build their businesses, they'll network with each other, growing the family.

THE POWER OF

PLACE

PAGES BOOKSHOP

19556

E-Filing

MOTORCITYMATCH
TOP PROPERTY
FOR NEW BUSINESS
MOTO.COM

THE GRANDMONT ROSEDALE
NEIGHBORHOOD IN NORTHWEST DETROIT

START WITH A SIMPLE PREMISE:

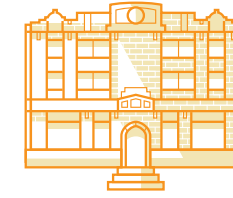
**different
places
hold
different
possibilities**

NEI recognizes the value of place in attracting, retaining, and growing entrepreneurs and talent who will create a better future for southeast Michigan. Each type of place has a unique role to play in a region's overall economic picture.

To date, almost a fifth of NEI's grants have been investments in place, from a high-tech incubator such as the Michigan Life Science Innovation Center located between Detroit and Ann Arbor, to an inviting co-working space in a Detroit neighborhood, to commercial development in the heart of Midtown Detroit. All of these create conditions that help entrepreneurs grow their businesses and draw and retain talent in the region.

Placemaking is heavy lifting, and much of NEI's role in its infancy was joining with others to fund the development of Midtown Detroit's Sugar Hill Arts District and the transformation of the Argonaut Building into the College for Creative Studies Taubman Center for Design Education. More recently, NEI's role to support the activation of real estate to provide shared spaces for entrepreneurs has been a key focus of place making investments.

The various needs of entrepreneurs always add a layer of specificity when it comes to place — what interests are they pursuing and how does place enable those pursuits? NEI believes in developing environments that not only support entrepreneurs' business needs, but also those that create a sense of community among entrepreneurs, as a key aspect of metro Detroit's entrepreneurial ecosystem.



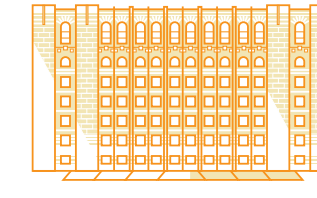
SUGAR HILL ARTS DISTRICT

Midtown Detroit's Sugar Hill Arts District includes anchor institutions such as Wayne State University, the Detroit Medical Center, the Detroit Institute of Arts, and the Museum of Contemporary Art Detroit. Since 2011, the first phase of the pedestrian-friendly Midtown Loop Greenway has created a necklace through the neighborhood. With assets like these, Sugar Hill is becoming a hub for the creative community.

One of NEI's earliest grants was to this project, partnering with other federal and state funding sources to create the Sugar Hills Arts District Redevelopment Plan. The goal of the initial plan was to support the rehabilitation of buildings to support business development of cafes, art-related boutiques, and galleries, along with living and working spaces accompanied by walkable outdoor environments.

Today, Sugar Hill Arts District is an exciting and active corridor, one and a half blocks bounded by Woodward, East Forest, John R and Garfield streets. Now there is the N'Namdi Center for Contemporary Art that neighbors MOCAD, and restaurants like Seva and Socra Tea Detroit grace the block with spaces for young talent and entrepreneurs to connect and meet, all with a walkway system that brings it together.

NEI's primary focus is on entrepreneurship, but contributing to a sense of place that brings beautiful and accessible housing, retail and entertainment spaces to Midtown was an investment worth its weight.



A NEW CENTER FOR CREATIVE EDUCATION

In New Center stands the 1.1-million-square-foot Argonaut Building, which, since 2009, has been known as the A. Alfred Taubman Center for Design Education. This historic landmark attests to the power of transformation that a single building can set in motion. In 2007, General Motors donated the former site of its R&D lab to the **College for Creative Studies (CCS)**. NEI funded \$3 million in infrastructure support and campus upgrades as part of a \$145-million renovation. Although a small percentage of the total cost, partnering with others to transform the Argonaut into a vital center of teaching, learning and business invocation in the arts, media and design was a worthwhile effort.

This center also is home to the **Detroit Creative Corridor Center (DC3)**, a 1,200-square-foot incubation and co-working space solely funded by NEI. DC3 is a creative industries advocacy organization that provides leadership, resources and data to increase the economic output of Detroit's creative economy and to grow creative sector jobs through business growth and expansion.

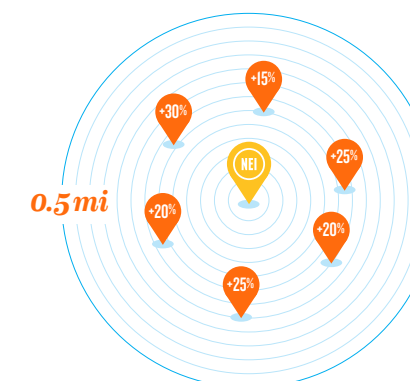
With the transformation of the Argonaut Building, today more than 1,400 students from middle school to college and hundreds of creative entrepreneurs interact under one roof.



GRANDMONT ROSEDALE

Though smaller in scale, NEI's support of the Grandmont Rosedale neighborhood, about 5 miles northwest of downtown, is no less meaningful than its investments in the Sugar Hill Arts District and the Argonaut Building — especially to business owners like Amanda Brewington, who opened Always Brewing coffeehouse in 2013.

In Grandmont Rosedale, Always Brewing is a harbinger of more businesses to come, resulting from the support of the business development services delivered by the **Grandmont Rosedale Development Corporation (GRDC)**, one of five neighborhood-based nonprofits funded by NEI to support business development along commercial corridors. Additionally, NEI supported the activation of the Grand River Workplace, a co-working space operated by GRDC that is helping entrepreneurs and small business owners in northwest Detroit get their businesses off the ground. It is a space not only for those building businesses, but also for key service providers offering technical assistance and access to funding.



The neighborhoods near Midtown and downtown where NEI and others have conducted placemaking efforts saw pronounced increases in property values ranging between 15%-30% per year.

2X the increase in Detroit for the same period.

BEEN-UPS & STARTUPS

Challenge winners get a boost to their businesses

G+C STYLE BARBERSHOP

2014 NEIdeas \$10K winner

Founded in 1964, G+C used its NEIdeas award to launch a startup within a been-up, adding a repair service for barber clippers and sharpening tools.



REWARDING IDEAS FOR GROWTH

Starting or growing a business has its risks. It takes a lot of courage and second guessing for an entrepreneur to realize his vision. And more often than not, it takes capital — cold, hard cash — to invest in an idea that will lead to growth.

Maybe that idea is to add delivery service, which would double your revenue if only you had a few thousand dollars to invest in the right vehicle. Or it is to build out a storefront in the perfect neighborhood location, if only you had the down payment for a lease and cash to hire the right contractors. Or maybe it's to launch a novel product that can shake up a whole sector of the economy, if only you had initial seed funding and access to the right group of investors to help you scale when the time is right.

Yet when you don't have family and friends who are able to invest in your idea or aren't established enough to obtain traditional financing, your idea will remain just that, an idea. That's why NEI has developed or invested in programs that directly invest in entrepreneurs and their ideas, from grass roots to high growth.

Inspired by the work of the John S. and James L. Knight Foundation, whose News, Arts, and Cities challenges have proven groundbreaking programs in the world of philanthropy, NEI launched its own signature challenge, **NEIdeas**, in 2014. Targeted at small businesses in the cities of Detroit, Hamtramck, and Highland Park, NEIdeas was the first program of its kind to focus on "been-ups," not startups. By awarding businesses that are at least 3 years old for their ideas to grow, NEI has begun to fill a crucial gap in the availability of capital to neighborhood businesses. Each year, NEIdeas gives \$10,000 each to 30 neighborhood businesses grossing under \$750,000 annually and \$100,000 awards to two businesses grossing between \$750,000 and \$5 million annually. To date, 64 businesses have received a total of \$1 million in cash prizes. More importantly, however, all of NEIdeas' more than 1,200 applicants (representing every ZIP code in Detroit, Hamtramck and Highland Park) have been presented with opportunities to plug into NEI's ecosystem of support for small businesses. NEIdeas inspired the development of Detroit Mayor Mike Duggan's **Motor City Match** program, which awards entrepreneurs and property owners cash to build out business locations on a quarterly basis. NEI contributed funding to Motor City Match's first round.

ACCELERATE MICHIGAN + NEIDEAS CHALLENGES

5,112

IDEAS VETTED BY NEI-
SUPPORTED CHALLENGES
& COMPETITIONS
as of November 2015

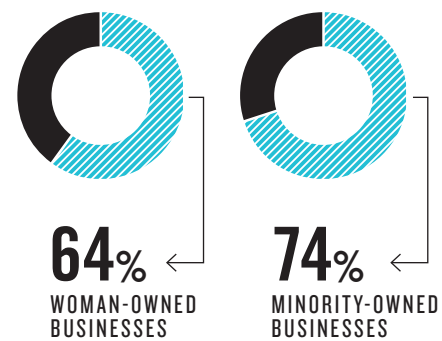
157 COMPANIES RECEIVING \$8 MILLION IN DIRECT CASH AWARDS

A lot of people think Highland Park is a desolate wasteland, but there are still lots of families and people in the community. We want to make sure they know we're here.

DR. BLAKE LIVINGSTON

Livingston Family Dentistry, a third-generation dental practice in Highland Park

2014 & 2015 NEIDEAS WINNERS



NEIDEAS

REWARDING "BEEN-UP" BUSINESSES IN DETROIT, HAMTRAMCK, AND HIGHLAND PARK

To build an economy that lasts, it pays to look at what's already working. For NEI, that means focusing on "been-ups," or established businesses, as well as startups.

NEIdeas, an NEI-designed and managed small-business grant challenge, does exactly that. Now in its third year, the program celebrates existing businesses in the cities of Detroit, Hamtramck and Highland Park by rewarding those with the best ideas for growth. Winners receive grants of either \$10,000 or \$100,000, depending on the size of the business.

Cash awards are by no means the only benefit to applying to NEIdeas. All applicants are plugged into a technical-assistance program that connects them with NEI grantees that can help them grow.

In 2014 and 2015, NEIdeas surfaced nearly 1,200 ideas for growth and granted \$1 million in awards to 64 businesses. Applications came from businesses ranging in age from three years to 93 and representing more than 16 industry sectors. Of these, 74 percent were minority-owned, and 64 percent were woman-owned.

NEIdeas shines a spotlight on hardy businesses with the proven ability to meet community needs — with an eye to encourage other funders to follow.

For more on NEIdeas, go to neideasdetroit.org



RUSSELL STREET DELI

2015 \$100K winner

Won an NEIdeas award to expand its wholesale soup manufacturing operation by developing and staffing a new production and packaging facility.



\$10K WINNERS

- Buffalo Street Farm
- Tijuana's Mexican Kitchen
- Livingston Family Dentistry

\$10K CHALLENGE WINNERS

2014

- ALEXANDER'S TOTAL LAWN CARE
- ALICIA'S CLEANERS AND ALTERATIONS
- ANTHOLOGY COFFEE
- BROTHER NATURE PRODUCE
- BUFFALO STREET FARM
- CAFÉ CON LECHE
- CITY BIRD
- CORRIDOR SAUSAGE CO.
- DIJANA CREATIVE SEWING AND EMBROIDERY
- DULCE DIAMANTE GARDEN
- FOOD FIELD
- G+C STYLE BARBER SHOP
- GLEELOR, INC.
- GRAHAM'S PRINTING
- HOUSE OF MORRISON SHOE REPAIR
- MOOTOWN ICE CREAM & DESSERT SHOPPE
- OIC MOVIES
- OMEGA WIRING
- ONE CUSTOM CITY
- PRONKO ENTERPRISES
- RED PANDA
- RISING PHEASANT FARMS
- SEABIRD FRESH FISH AND CHICKEN
- SHEP'S BARBER & BEAUTY SHOP
- SMALL WORLD DEVELOPMENT CENTER
- STAN'S GROCERY
- SWEET POTATO SENSATIONS
- TJUANA'S MEXICAN KITCHEN
- TOUCH OF CLASS RESTORATION
- THE TURKEY GRILL

2015

- ANEW LIFE PROSTHETICS AND ORTHOTICS
- ASTRO COFFEE LLC
- BENKARI LLC
- BLACK PRIDE BEAUTY
- BLESSED AND HIGHLY FAVORED JUICE BAR
- BROOKLYN BROWNIES WITH LOVE
- BUILDING HUGGER
- CRESCENT PRENEED FUNERAL SERVICES
- CYBEROPTIX
- DETROIT DENIM CO
- DETROIT FARM AND GARDEN
- DETROIT VEGAN SOUL
- FILL GOOD DENTAL CENTER
- GOODWELLS NATURAL FOODS MARKET
- GUERRILLA FOOD
- THE HUB OF DETROIT
- JP'S HAND CAR WASH AND DETAILING CENTER
- THE KID NETWORK DAYCARE, LLC
- LIVINGSTON FAMILY DENTISTRY
- MOTOR CITY POPCORN
- OCELOT PRINT SHOP
- POT & BOX
- PRINTING ON CALL
- PROP ART STUDIO
- SHA-SHA'S KIDDY KORNER CHILD CARE
- SINGING TREE GARDEN
- THE SOCIAL CLUB GROOMING CO.
- TAMALERIA NUEVO LEON
- TEXTURES BY NEFERITTI
- WHITE ONE AUTO

\$100K CHALLENGE WINNERS

2014

- J&G PALLETS AND TRUCKING
- SHERWOOD PROTOTYPE INC

2015

- PUBLIC LUMBER & MILLWORK
- RUSSELL STREET DELI

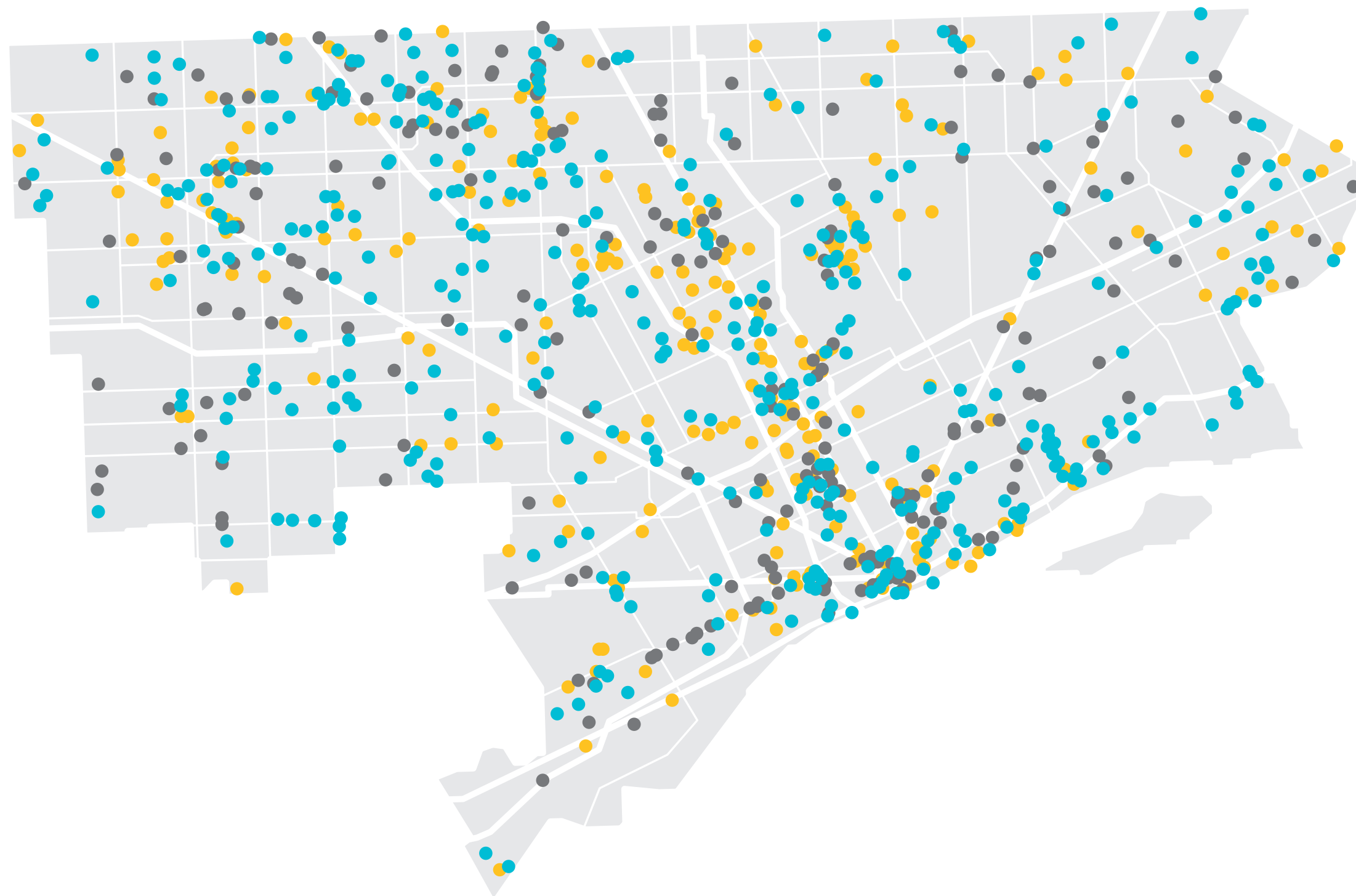
1,800 CHALLENGE APPLICANTS

NEIdeas isn't just about cash awards. All NEIdeas applicants are provided with opportunities to receive technical assistance from NEI's network of grantees.

NEIDEAS

● 2014 ● 2015 ● 2016

1,800 CHALLENGE APPLICANTS FROM ACROSS DETROIT, HAMTRAMCK AND HIGHLAND PARK



BEEN-UP ENTREPRENEUR

DEE FAMILY J&G PALLETS AND TRUCKING

NEIdeas \$100K winner

J&G Pallets and Trucking was founded in 1994 in the backyard of the Dee family's home on the east side of Detroit when one of the 13 Dee siblings was asked to repair a broken wood pallet.

That first job evolved into a company that today has 19 employees and specializes in fabricating refurbished and new pallets.

But that growth didn't come easy. J&G survived frigid winters in a partly unheated building, as well as two fires, including one in 2008 that destroyed half of its main building.

But the company persevered.

"We never stopped. We never missed a beat," says Jake Dee, one of J&G's owners. In 2014, the company won a \$100,000 **NEIdeas** challenge grant. With its award, J&G performed essential electrical and plumbing upgrades at a new facility and purchased an automated pallet maker that will allow the company to increase its production.

Since winning NEIdeas, J&G has added two full-time employees, picked up three major clients, won another \$100,000 through **Motor City Match**, and begun working with the **Detroit Economic Growth Corporation** and its **D2D** procurement program, both of which are supported by NEI.



“The prize money came at the perfect time in our funding cycle, giving us another year of development ... Without winning AMIC, we would have had a significantly harder time raising money and moving SkySpecs forward to where we are today. The entrepreneur support in the state of Michigan is top notch and one of the biggest reasons we have chosen to continue to grow here.”

Danny Ellis

SkySpecs

\$500,000 AMIC WINNERS

2012 | ALGAL SCIENTIFIC

2013 | VARSITY NEWS NETWORK

2014 | SKYSPECS

SINCE 2010

84 | \$25,000
WINNERS

6 | \$500,000
WINNERS



ACCELERATE MICHIGAN

INNOVATION COMPETITION

Michigan has no shortage of entrepreneurs with big ideas. But without exposure to the right investors, those ideas don't have a chance to amount to much. The **Accelerate Michigan Innovation Competition (AMIC)** was conceived in 2010 to both reward Michigan's brightest startups with capital to grow and provide them with exposure to a greater network of mentors and investors.

AMIC was one of the first and most successful projects of the **Business Accelerator Network of Southeast Michigan (BANSEM)**, a regional collaboration of five state-funded incubators – **Ann Arbor SPARK**, **TechTown** (Detroit), **Velocity Incubator** (Macomb County), the **Oakland University Incubator** (Oakland County), and **Automation Alley** (Oakland County). It was NEI funding that brought these incubators together, and it is NEI funding that is used to operate AMIC.

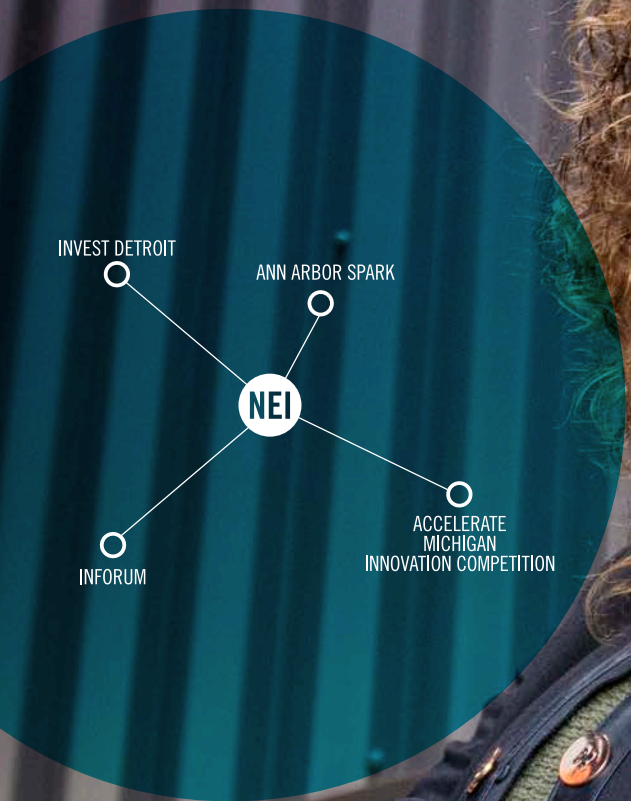
AMIC, Michigan's first ever innovation competition, awards \$1 million annually in cash and prizes to the most compelling and innovative early stage companies in the state. With student and adult categories, AMIC has received over 4,000 applicants and awarded 90 winners a total of \$6 million in cash and prizes through 2015.

For several years, AMIC was managed by Ann Arbor SPARK in partnership with **Growth Capital Network**. Today, the **Invest Detroit Foundation's** venture team runs the challenge, which has become an annual holiday for the entire entrepreneurial support community focusing on high-tech and high-growth

venture development. The community works as a team to ensure that those lucky enough to become AMIC finalists are prepared to make their pitches.

Danny Ellis, co-founder of SkySpecs, an autonomous drone technology company for large enterprise customers, first participated in AMIC in 2012, winning third place when he was a student at the University of Michigan. In 2014, he returned to win the \$500,000 grand prize. Ellis and other AMIC winners have said that the prize money was beneficial, but the networking, coaching, and pitching experience were invaluable.

Today, SkySpecs, along with other AMIC winners such as Algal Scientific (2012 grand prize), Varsity News Network (2013 grand prize), and Akervall Technologies (2014 & 2015 advanced materials category winner), have gone on to raise additional funds and attract new customers. Just these winners represent over \$15 million in additional venture funds and customer contracts since winning AMIC.



SASSA AKERVALL

Akervall Technologies

We've all heard origin stories of entrepreneurs' humble beginnings. For Ford, Gates, Jobs, and Wozniak, their ideas first came to life in the garage. For Sassa Akervall, founder of Akervall Technologies, it was in the basement of her Ann Arbor home.

It was there that Sassa began production of the SISU mouth guard, a product designed by her husband, Dr. Jan Akervall, an ear, nose and throat specialist. The SISU uses advanced materials that make it lighter and less obtrusive than traditional guards, making it much more appealing to athletes, from amateur to elite.

The product was catching on, and Sassa eventually had eight employees working in her basement to keep up with demand.

"We were all in one room," she told **Southeast Michigan Startup** in 2015. "When the phone rang, everyone else had to be quiet. We were literally bursting at the seams."

Knowing that she had a product with serious growth potential on her hands, Sassa decided to pitch at the NEI-funded 2014 **Accelerate Michigan Innovation Competition**. She went home with a \$25,000 check, taking first prize in the advanced materials category. She won again in 2015.

Participating in Accelerate Michigan was not only important for her company's finances, but also for the way she thought about and presented her product.

"It just sharpens your mind," Akervall says of AMIC. "It helps you figure out how other companies think."

She further sharpened her thinking by receiving support services and mentoring from **Ann Arbor SPARK**, another NEI grantee, which helped her secure a five-figure microloan through the Michigan Microloan Fund.

These resources helped Sassa move Akervall Technologies and its eight employees out of her basement and into a 15,000-square-foot dedicated facility in neighboring Saline, Michigan. There, they have expanded their product line to include the SOVA mouth guard, which is designed to prevent people from grinding their teeth in their sleep. They've also grown their staff to 17 people. Akervall's sales grew by 60 percent in 2015 and are on pace to do so again in 2016.



Akervall Technologies manufactures the SISU and SOVA mouth guards, which are lighter and less obtrusive than traditional mouth guards.

**Focusing on job creation
is not enough. Focusing on
how you change culture
through economic
development matters.**



“What makes Detroit unique is that there is no archetype or single profile of a Detroit entrepreneur. Our entrepreneurs are scientists, product makers, small-business owners, and social change agents. They are women and men; Asian, Arab, black, white, and Hispanic; baby boomers and millennials. Some Detroit entrepreneurs come from across the globe; others have been here for generations.”

PAMELA LEWIS

Director, NEI

CHANGING A CULTURE

“Ten years ago, if someone in southeast Michigan said they were an entrepreneur, to most, it may have meant that they couldn’t find a job,” says NEI director Pamela Lewis. “But today, that mind-set has changed. Many in our region are no longer looking to only large employers for job opportunities. They are thinking that they could start their own company and create their own opportunity.”

Entrepreneurs create jobs, wealth, opportunities and positive impact for communities. Their innovations lead to positive social change and improved quality of life. Support for entrepreneurship provides all of these vital economic and social benefits, and, over time, creates a powerful entrepreneurial culture that reaches far beyond business.

An entrepreneurial culture encourages people to identify challenges and create innovative solutions through experimentation and feedback. It empowers people to take risks and rewards them for results. At its core, an entrepreneurial culture fosters collaboration, the leveraging of resources, and perseverance. It empowers people to take action and responsibility for their community, and to believe that they can change the future.



Much has been accomplished since NEI launched in 2007. The entrepreneurial ecosystem that NEI seeded with \$96.2 million in grants has generated real impact — **179,571 people attending workshops and events related to entrepreneurship, 4,400 companies serviced by NEI grantees, 1,610 new companies formed, 17,490 jobs created, and over \$2.9 billion in regional economic output.** But perhaps more important, the mind-set of residents of southeast Michigan has changed. In just five years, 64 percent of entrepreneurs in the region are saying that they are attracting more attention from media and government, and 60 percent feel that support for opening or growing a small business has increased.

Metro Detroit is at the beginning of a historic transformation. **The regional economy, which for a century relied on the fortunes of a single industry, is diversifying, and people across communities are beginning to view entrepreneurship as an engine of opportunity.**

But that transformation is not guaranteed.

The New Economy Initiative’s leadership has given rise to an ecosystem of support for all entrepreneurs across all sectors, from grass roots to high growth. But building that network was one thing. Maintaining and sustaining it is another. Continued support for this growing ecosystem is essential to creating lasting change, with the potential to create opportunity and prosperity for all residents of metro Detroit.

APPENDIX A

IMPACT APPROACH

Through 2015, NEI granted over \$96.2 million to dozens of nonprofits and programs that support entrepreneurs in southeast Michigan. To understand what effect these investments have had on the region, NEI contracted with the W.E. Upjohn Institute for Employment Research (Kalamazoo, Michigan) and PricewaterhouseCoopers LLP (Detroit) in 2015 to conduct studies of the employment and economic impact of NEI's work over the period 2008-15. Both used the Regional Economic Models, Inc. (REMI) model to conduct impact analysis.

Upjohn and PwC worked with NEI to utilize the following core data components to conduct their impact analysis:

- Information reported to NEI by grantees via quarterly reports through NEI's Grant Progress Network database that include the following:
 - Amount of NEI dollars to grantee programs.
 - Additional funds raised by NEI grantees to support programs.
 - Number of companies assisted and started, all by industry category.
 - Investment leveraged by companies supported by NEI grantees.
 - Number of jobs created by companies supported by NEI grantees, categorized by industry.
- Interviews with NEI grantees and regional entrepreneurs.

EMPLOYMENT IMPACT

The Upjohn Institute used a two-step approach to estimating the number of jobs created by companies supported by NEI grantees. The first step identified, as precisely as possible, the number and type of direct jobs created by companies supported by NEI grantees by referencing grantee reports and conducting grantee interviews. The second step used REMI to determine the impact of direct job creation on other jobs in the economy through multiplier effects.

Over the period 2008-15, southeast Michigan companies that benefited from NEI support generated:

17,490 total jobs (7,468 direct, 10,022 indirect) were created resulting from the formation and growth of regional businesses supported by NEI grantees.

70 percent of jobs created are located in Wayne County, an area containing the city of Detroit, with a high rate of unemployment.

ECONOMIC IMPACT

Over the period 2008-15, southeast Michigan companies that benefited from NEI support generated:

- **\$2.9 billion** in inflation-adjusted (or "real") output.
- **\$1.9 billion** in Detroit-area real gross domestic product (GDP).
- **\$1.1 billion** in real wages and salaries.
- **\$1.1 billion** in disposable personal income.

Assuming these companies grow at average rates over the next five years, the **economic impact between 2015 and 2020 would be another \$1.5 billion in output, \$1 billion in real GDP, \$0.7 billion in wages and salaries, and \$0.7 billion in disposable personal income.**



For full-text documents of the Upjohn, PwC, and JFM Consulting/Data Driven Detroit impact reports, visit neweconomyinitiative.org/impact.

SOCIAL & CULTURAL IMPACT

In addition to PwC and Upjohn's quantitative analysis, NEI worked with PwC and a team from JFM Consulting and Data Driven Detroit (D3) to conduct social and cultural impact studies of NEI's work through surveys and interviews.

PwC created a social impact study of NEI's work "to capture the 'well-being' benefits to people and communities resulting from institutional activity." In other words, the non-monetary community benefits of NEI's grants to individuals, neighborhoods, and the region. The consultant studied three social impact types: **(1) real estate activation, (2) entrepreneurship, and (3) talent.** The following is a summary of the study's findings:

- **NEI participated in several significant real estate activations** including important parcels in the redevelopment of downtown and Midtown and in the development of co-working spaces in Detroit and Plymouth. Prior to NEI's interventions, metro Detroit's real estate was some of the most problematic in the country. NEI played a role among many actors in activating key spaces and unlocking secondary benefits such as safety, walkability, and sense of place. Much of this social value comes from, or starts with, removing blighted/abandoned buildings both directly and indirectly.
- **NEI fosters grass-roots and high-growth entrepreneurship**, particularly within underrepresented groups such as minorities and women. Entrepreneurship delivers a number of social benefits to (1) the entrepreneur (e.g., employment and well-being), (2) the neighborhood/region (e.g., improved reputation, mentoring, and work opportunities), and (3) society (e.g., new products and services that help protect people and the environment). By focusing on grassroots to high growth entrepreneurs, NEI captures a variety of social impacts.
- **Focusing on grass-roots and high-growth business development creates a reinforcing loop** between the value of localized small-business growth to strengthen place and the development of high-growth businesses that can accelerate economic conditions for the region.

NEI also developed a survey in partnership with JFM Consulting and Data Driven Detroit to better understand how the culture of entrepreneurship is changing in southeast Michigan as a result of NEI's work. Entrepreneurs from around the region were asked by NEI and its partner organizations to complete a survey that asked questions about their perceptions on funding and technical support, their sources of financial support, their perceptions of the business culture, their expected employment growth, and the biggest challenges they face as entrepreneurs in the southeast Michigan. More than 375 entrepreneurs responded to the survey. Here is a summary of the results:

- In every instance, **the outlook for the future is better** and the typical respondent felt that **the entrepreneurial supports were better today** than they were several years ago.
- **Nearly one in five of entrepreneurs** receiving financial support did so through an **entrepreneurial-support business development program or pitch competition.**
- **34.5 percent believe there is sufficient financial support for entrepreneurs today**, with 5.8 percent agreeing strongly. Five years ago, only 13.6 percent of those agreed that there was sufficient support for a business like their own.
- **54.4 percent of respondents believe that there is sufficient technical support available** to entrepreneurs today, compared with just 24.1 percent five years ago.
- Only 9.1 percent of respondents were unaware that entrepreneurial technical support was available to them today, down from 25 percent five years ago.
- **43 percent of respondents indicated that it was access to business supports** that led them to start a business.
- Compared with five years ago, **59.9 percent of respondents felt that entrepreneurial support has increased.**

APPENDIX B

ENDNOTES

NEI IMPACT REPORT: CREDITS + NOTES

All figures and graphics designed by Lovio George unless otherwise noted.

INSIDE COVER

photo: David Lewinski Photography

NEI'S IMPACT

pp. 1-8

INTRODUCTION TO NEI

pp. 7-8

photo: David Lewinski Photography

IMPACT BY THE NUMBERS

pp. 9-17

figure 1 (pp. 9-10): "Impact by the Numbers"

| The numbers on this page are derived from three sources: (1) Data reported to NEI by grantees through 2015, (2) A study of NEI's economic impact conducted by PricewaterhouseCoopers LLP, and (3) A study of NEI's employment impact conducted by the W.E. Upjohn Institute for Employment Research.

figure 2 (pg. 11): "42 Active Business Support Providers"

Credit: Good Done Daily

| This graphic plots the 42 active NEI-funded business support organizations (as of 2016) and the locations of their various programs across southeast Michigan.

figure 3 (pp. 13-14): "Connecting the Ecosystem"

Credit: Good Done Daily

| The numbers on this page are derived from three sources: (1) Data reported to NEI by its grantees through 2015, (2) A study of NEI's economic impact conducted by PricewaterhouseCoopers LLP, and (3) A study of NEI's employment impact conducted by the W.E. Upjohn Institute for Employment Research.

RETHINKING PHILANTHROPY'S ROLE

pp. 19-28

photo: (pp.19-20): Jon Deboer Photography

ORIGINS OF NEI

pp. 21-22

figure 1 (pg. 22): "Metro Detroit Entrepreneurs"

| This graphic uses data from a survey of metro Detroit entrepreneurs conducted by Data Driven Detroit and JFM Consulting in July 2016.

NOTES:

pg. 21: Bureau of Economic Analysis: U.S. Department of Commerce. *Economic Growth Widespread Across Metropolitan Areas in 2014*. 2015. Web.

pg. 21: Business Insider. *These Are the 10 Companies That Spend the Most on Advertising*. July 6, 2015. Web.

GRASS ROOTS TO HIGH GROWTH

pp. 29-48

A PLACE FOR EVERYONE

pp. 33-34

figure 1: "1,610 New Companies..."

| This graphic uses data reported to NEI by its grantees through 2015 and from the U.S. Small Business Administration.

NOTES:

pg. 34: U.S. Small Business Administration. *Issue Brief: Demographic Characteristics of Business Owners*. January 16, 2014. Web.

TECHTOWN

pp. 35-36

photo: David Lewinski Photography

figure 1: "More Than Tech"

| This graphic uses data collected by TechTown and reported to NEI.

OPPORTUNITY EXCHANGE: Justine Sheu

pp. 37-38

photo: David Lewinski Photography

FROM EMERGENCY ROOM TO ENTREPRENEURSHIP: DR. PATRICK HINES

pp. 39-40

photo: David Lewinski Photography

A LIFE-SAVING STARTUP: PRIYA GOGOI

pg. 41-42

photo: David Lewinski Photography

GAIN + RETAIN

pp. 43-44

photos: Courtesy of Creative Breed, producer of the film *Generation Startup*. <http://www.generationstartupthefilm.com/>

GROWING GLOBAL COMPANIES: ENDEAVOR DETROIT

pp. 45-46

photo 1 (left): Noah Purdy Photography

photo 2 (top right): David Lewinski Photography

photo 3 (bottom right): J Singleton Photo

THE RIGHT INGREDIENTS

pp. 47-48

photo 1 (left): Courtesy of Banza.

photo 2 (right): David Lewinski Photography

MEETING PEOPLE WHERE THEY ARE

pp. 49-60

photo (pp. 49-50): David Lewinski Photography

INVESTING IN NEIGHBORHOODS

pp. 51-52

figure 1 (pg. 52): "Investing in Neighborhoods"

| This map depicts the service areas of NEI grantees working in Detroit neighborhoods.

NOTES:

pg. 51: The Hudson-Webber Foundation. *7.2 Sq MI: A Report on Greater Downtown Detroit, 2nd Edition*. February 2015. Print.

INVESTING IN IMMIGRANT ENTREPRENEURS

pp. 53-54

photo: Doug Coombe Photography

NOTES:

pg. 54: Global Detroit. *Why Immigrants Matter*. Web. Accessed July 15, 2016.

CRAIG GRISSOM: HIGHER GROUND LANDSCAPING

pp. 55-56

photos: David Lewinski Photography

HEALTHIER FOOD IN A HEALTHIER NEIGHBORHOOD

pp. 57-58

photo 1 (pg. 57): David Lewinski Photography

photo 2 (pg. 58, top): David Lewinski Photography

photo 3 (pg. 58, bottom left): Stock Detroit

photo 4 (pg. 58, bottom, second from left): Stock Detroit

photo 5 (pg. 58, bottom, second from right): David Lewinski Photography

photo 6 (pg. 58, bottom right): David Lewinski Photography

IT RUNS IN THE FAMILY: TONY LOPEZ

pp. 59-60

photo: J Singleton Photo

THE POWER OF PLACE

pp. 61-64

photo (pp. 61-62): David Lewinski Photography

figure 1 (pg. 64): "The neighborhoods near Midtown and downtown where NEI..."

| This graphic references PricewaterhouseCoopers LLP study of the social impact of NEI's grants.

BEEN-UPS & STARTUPS

pp. 65-78

photo (pp. 65-66): Ali Lapetina

REWARDING IDEAS FOR GROWTH

pp. 67-68

figure 1 (pg. 68): "5,112 Ideas Vetted by NEI-supported Challenges..."

| This graphic references data collected through the Accelerate Michigan Innovation Competition (2010-2015) and the NEIdeas challenge (2014-2015).

NEIDEAS

pp. 69-72

figure 1 (pg. 69): "2014 & 2015 NEIdeas Winners"

| This graphic uses data reported to NEI by NEIdeas challenge winners.

photos: Ali Lapetina

figure 2 (pp. 71-72): "1,800

Challenge applicants from across Detroit, Hamtramck and Highland Park"

| This map shows the location of every NEIdeas applicant (2014-2016) as listed on their applications.

BEEN-UP ENTREPRENEUR: DEE FAMILY, J&G PALLETS AND TRUCKING

pp. 73-74

photo: Ali Lapetina

ACCELERATE MICHIGAN

pp. 75-76

photo 1 (pg. 75, top): Courtesy the Detroit News.

photo 2 (pg. 75, top right): J Singleton Photo

photo 3 (pg. 75, bottom): Robert Chase Photography

SASSA AKERVALL, AKERVALL TECHNOLOGIES

pp. 77-78

photos: Doug Coombe Photography

APPENDIX C

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