

# New Economy Initiative - External Grant Evaluation



## Annual Report – 2013

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## Introduction

The New Economy Initiative (NEI) was created as a special project of the Community Foundation for Southeast Michigan to accelerate the transition of Southeast Michigan to a position of leadership in the new global economy. The unique philanthropic initiative is comprised of ten national and local foundations that have committed over \$130 million to support diverse regional and Detroit focused development efforts.

Since 2011, the Growth Capital Network (GCN) has been working with New Economy Initiative to perform a set of quantitative and qualitative reviews of the grant portfolio. There are several key goals for the ongoing project - to maintain a performance measurement system for the NEI grantees, engage with the grantees on a regular basis around their reporting, and deliver data, analyses and stories about the impact of the NEI and its role in shifting the local economy. GCN is tasked with providing tech assistance for the grantees, collecting their data, creating a concise set of quantitative reviews, communicating the analyses, and anecdotal stories of each of the grantees in order to provide a clear picture of progress.

After an overview of the initiative's history and a discussion of the research objectives / methodology, this report outlines the current composition of the NEI portfolio, the area focus of the monies and the maturity levels of the grantees. A sampling of the individual grants are reviewed before the focus shifts to the overall effect of the initiative – the top line metrics and impacts.

The grantee evaluation procedures are outlined out in detail as is the continued development of the Grant Performance Network (GPN) database, the online system for NEI and the grantees which streamlines the reporting and vastly increases our ability to analyze the data and track the progress of the grantees. The report closes with a short overview of the available data, positive aspects of the initiative and future challenges for the NEI and an appendix of additional data.

## Organizational background and history

The NEI was conceived and charted in 2006-7 time frame. In the earliest phase of the initiative, the strategy and vision focused on fostering innovation throughout the entire Southeast Michigan region. Rather than restricting support to an individual sector or industry, a broad reach was considered the most effective manner to encourage economic growth. It was a grave economic period in our region. The majority of US jobs lost during the first decade of the millennia were in Michigan and our state was experiencing a significant per-capita income drop. The NEI's focus was to not only recapture the lost jobs, but to participate in the creation of a revitalized infrastructure and culture and the establishment of a more diverse economy.

In order to most effectively and efficiently direct grant funds, the NEI Governing Council determined three key foci of economic transformation: Talent, Innovation, and Culture Change. Talent encompassed programs to help prepare, attract, and retain skilled workers in the region. Innovation included entrepreneurial opportunities in new and existing enterprises. Culture change involved efforts to enhance the region's image regarding learning, work, and innovation.

### Original NEI program values focused on:

- Building and employing a more skilled and educated **workforce** and supporting strategies and programs that build on a sectoral approach to employment
- Promoting a successful **entrepreneurial eco-system** and supporting activities to grow the region's base of entrepreneurs
- Capitalizing on **existing regional assets** and resources and supporting programs on transportation/ distribution/ logistics, immigrant communities, and company attraction
- Imbuing **culture change** through activities with media, events and communication strategies.
- Imbedding **social equity** principles in the goals, and activities of the supported organizations as well as the criteria for performance and outcomes incorporated in funding agreements

Subsequent to its formal launch in 2008, NEI developed metrics related to each of the three core objectives. Performance measurements were incorporated to ensure that funding lead to high impact, scalability, and sustainability. The metrics served as tools to effectively evaluate funded initiatives, as well as benchmarks for future opportunities.

From 2008 through 2011, the NEI staff applied a framework for ongoing implementation that employed the three modules of activities. Approved in September 2009, each of the modules target the original NEI areas of talent, innovation and culture change and also work to include and connect to the existing work of foundations in the Detroit metropolitan region. The three modules of activities were: 1) promoting a successful entrepreneurial eco-system; 2) capitalizing on existing regional assets and resources; and 3) building and employing a more skilled and educated workforce

The first flurry of grants occurred in 2009 and are referred to as the “creative corridor grants”, referencing a geographic destination in the city of Detroit that is home to a number of creative entrepreneurs. The impetus for that set of grants was the assumption that Detroit had a comparative advantage with the creative population that existed in the region. Further, that by creating an anchor at the north and the south end of the corridor and putting an incentive fund in place to attract creative businesses that NEI could drive creative businesses and job creation.

In the time frame just after this set of grants, there was a change in the entire professional staff of the initiative. A large backlog of grant applications was addressed with new procedures coming into place. The next large jump in activity is the first set of entrepreneurial eco-system grants that were in a partnership with the Kauffman Foundation (TechTown, Urban Entrepreneur Partnership, Shorebank).

## NEI current paradigm focuses on:

**Ideas:** investments in organizations that are instigating new ideas and helping ideas to come to market

**Tools:** investments in organizations identifying best practices and providing training, mentors, and support services to help create and grow companies

**Investment:** investments in organizations providing access to capital for every stage of the business growth lifecycle from enterprise conception, birth, to growth

**Talent:** investments in organizations working to retain, attract or prepare talent for innovation economy jobs

**Place:** investments in building physical places that foster entrepreneurial activity and provide space for new enterprises to operate and grow

**Connections:** investments in creating and promoting valuable, sustainable and accessible networks that support entrepreneurs and their service providers

*Social equity principles are not specifically addressed as they are imbedded throughout the program foci*

The second plateau of activity occurred in September of 2009. As noted above, the new implementation framework strategy with the three focal points was approved at this time. This included workforce and entrepreneurial eco-system activity that comprised the next strong set of grant making in 2010.

A full Governing Council retreat in November of 2010 evaluated three potential directions for the next set of grant making for the NEI and set up the framework for the Innovation Network. In March 2011, the concept was approved and the remainder of the year was spent doing the relationship work and necessary negotiations with the intended grantees.

The next significant flurry of NEI funding activity began with the Innovation Network in Q1 2012. These grantees represented a strategy more focused on fostering entrepreneurship and early stage business. Since then, NEI has committed \$31,685,312 to sixty one different programs. All represent the focus on innovation and social equity that are imbued in the Innovation Network goals. Several are familiar names (NextEnergy, TechTown, and Midtown Detroit, Inc.), but many of the grantees are new to the initiative (ACCESS, Southwest Housing Solutions’ ProsperUS program, and Inforum). At this point in the tenure of the

initiative, the remainder of the funds from NEI 1.0 has been allocated. The team is currently raising the new fund (NEI 2.0) and monies have started to be deployed.

With the initial funding, the NEI awarded more than 130 grants for a total of \$82 million. The impact of those grants is in gestation. They're functioning well and growing exponentially. Many of the grants are open and active. And since many of the grantees started new programs or expanded programs into new neighborhoods, their impact won't be fully discerned for several more years.

## NEI 2.0

Focus now turns looking towards the next incarnation of the New Economy Initiative, called NEI 2.0 for short. In 2014, the NEI officially announced new funding of more than \$33 million from another 10 funders to continue their work. The funders include the Knight Foundation, Ford Foundation Kresge Foundation, W.K. Kellogg Foundation, The William Davidson Foundation, Hudson-Webber Foundation, Charles Stewart Mott Foundation, Community Foundation for Southeast Michigan, Max M. and Marjorie S. Fisher Foundation, and the McGregor Foundation. The new funding has inspired an updated governance structure with a steering committee that includes the funders as well as newly engaged entrepreneurs and support network leaders.

With the new infusion, the NEI has funding to support its efforts over the next three years to continue its nurturance of an innovative and entrepreneurial focused culture. The top three foci for the three years will be growing the service provider network that services the entrepreneurial business community; supporting ideas and addressing gaps in the ecosystem; and promoting entrepreneurship across the region through events, competitions, and activities.

In summary, since its inception, the NEI grant making has evolved from broad based metrics and foci to a tightly focused strategy where the engagement and support of the entrepreneurial community across southeastern Michigan has become the prime objective. On some levels that has simplified the evaluation seeing as the grantees, while different, have a similar set of objectives. However, since many of the grants are in the first few years of a new program, it's challenging to set expectations and targets.

## Why evaluate?

The ultimate goals of performance metrics, data and analysis are so NEI can make well-informed funding decisions to drive continuous improvement and long term impact in the region. It's important for the NEI staff to meet external stakeholders' requirements while being empowered to make strategic internal decisions and improvements. The commitment to track and communicate results helps others to understand the goals of the organization and the incremental progress towards achievement.

Integrating performance measurements into daily operations allows NEI's program officers and leadership access to solid data in order to drive decision making, illustrate progress and establish a culture of continuous learning that leads to amplified social and economic impact. In the long term, the reporting will increase organizational efficacy of the organization to attain program sustainability.

GCN's evaluation project has several goals:

- Execute a plan to collect quantitative and qualitative data from grantees
- Provide a clear picture of movement and impact
- Build a performance measurement system.
- Communicate the stories around the analyses and anecdotal stories of success and lessons learned; demonstrate the soft skills of the grantees
- Develop a dashboard to deliver data, analyses and stories

## Research objectives & methodology

### In process and closed grants:

The objective of the evaluation project is to ascertain with the available information whether funded grants are assisting NEI in achieving its goals. In 2011/12 we worked with the closed and in-process grants, which had its limitations because evaluation methodology and frameworks were not stipulated at the inception of those grants. The evaluation of the closed grants was particularly challenging because grantees were no longer receiving funding from NEI and there was minimal incentive for them to provide additional and continued data. Most of what was gleaned was from a subset of grantees that did effectively document their activities, metrics and outcomes. However, for many grantees that collect or archive information, their success relative to their goals could not be fully assessed. In the absence of a pre-defined methodology and framework, the GCN evaluators set up a grant-by-grant review process that included document review, discussion with NEI program officers and extensive interviews with select grantees.

The following steps were employed for the closed grants and continue to be employed for the in-process grants: The NEI grant folders were reviewed first, with the original proposals and other grantee documentation that can assist with context. Specifics from the grants were pulled from these documents (e.g. terms, contact information, duration, reporting requirements) and were then input into a database. Particular attention was paid to the original grant activities and metrics that were delineated in the proposal. The relevant grant activities and metrics were listed in the GCN databank and that information was mapped to any interim and/or annual reports that the grantee had submitted. If an interim or final report was missing, or if the reporting was not sufficiently comprehensive, the GCN evaluators contacted the grantee to request additional information. The aim was to have as much data in hand as possible prior to the in-person meetings.

In some instances, the meetings between the evaluators and the grantees served primarily as a confirmation that the grant activities and metrics were indeed being understood and documented correctly. Even in this instance, the meetings proved valuable because the grantee had an opportunity to further update the evaluators (e.g. since the last reporting interval) and/or it served as an opportunity for the grantee to share anecdotal or qualitative information regarding the grant successes and challenges. In other instances, the meetings served as a tangible request to the grantee that they needed to provide more information. In these instances, the grant activities and goals were usually reviewed with the grantee to help delineate which metrics would be most important at this juncture to include. In most cases, grantees had additional anecdotal or qualitative information to share as well as quantitative data. There was often significant additional follow up with each grantee to assure that GCN was obtaining all of the pertinent evaluation information.

As more data was received, GCN began to aggregate that data in two manners. One includes key summary data for the NEI for all of the grantees combined: jobs created, new companies formed, start-up companies assisted, dollars leveraged by grantees, and revenue generated by new and/or assisted companies. The other aggregated data includes the evaluation summaries for the NEI staff and leadership. These are the grant-by-grant Word documents that summarize the aforementioned grant specifics, the evaluation metrics and findings. There is also a discussion about how each grant maps to the overall NEI objectives. Details on this “macro” and “micro” analysis are provided below.

With in-process grants, the lines of communication remain open between the NEI program officers, the GCN evaluators and the grantee. GCN evaluators are continuously adding more information (as it is received from the grantee) and incorporating it into the databank. This iterative process will continue until each grant closes. In some cases, however, there will be additional correspondence with a grantee that has supplementary outcome information that they can share after funding has ceased. This step is important in a community initiative since outcomes can often take years to materialize.

### Refined Processes - Innovation Network and NEI 2.0 grants:

A refined set of evaluation processes has been instituted since January 2012 with all grants. The evaluation team is given the proposal of the grantee once they have been approved by the executive committee for funding. At that point, the milestones are pulled out of the proposal and the associated metrics are defined. A meeting is set with the grantee, the

program officer and the evaluation team before any funds are disseminated. In this meeting we walk grantees through the evaluation process, review the milestones and metrics and set expectations. After the meeting has wrapped, the evaluator and program officer will send the grantee two documents; one that outlines the grant requirements and the other that explicitly states their milestones with delivery dates and the metrics that they are meant to track and report.

A subsequent meeting is then held with grantees and the team from Policy Link. Each grantee has a discussion of why NEI is imbedding social equity as a prime foci of the innovation network and the need for diversification in their own program. They are given suggestions as to how they can implement a new/modified outreach model based on equity, fairness, and opportunity as well as how to engage communities of color. In 2013, Policy Link worked with the team from Main Street Inclusion Advisors to continue and expand the initiatives around equity and to actively make connections and more deeply link the programs with diverse communities.

The screenshot shows the Grant Progress Network (GPN) web interface. At the top left is the NEI logo. The main header reads "Grant Progress Network" with "new economy initiative" underneath. A navigation bar includes links for "HOME", "ORGANIZATION" (highlighted), "GRANT", "OUTCOMES & MEASURES", "REPORTING", "CONTACT US", and "ADMIN". Below the navigation, the user is identified as "Henry Ford Health Systems". A "Welcome!" message is followed by a highlighted box containing the text: "Welcome to The Grant Progress Network! Strategic investments and regional collaboration are helping the New Economy Initiative and partner organizations promote economic revitalization in southeast Michigan." Below this is a "To Do" list table:

"To Do" List	
Description	Page Link
Upload a 501c3 letter.	Communications
Upload a board list.	Communications

The footer contains "NEI © 2014", navigation links for "HOME", "NEW ECONOMY INITIATIVE", and "PRIVACY POLICY", and social media icons for "TWITTER" and "FACEBOOK".

## Grant Performance Network (GPN)

A confluence of factors led the NEI staff to consider the creation of an online database. Not only is technology getting more robust and price efficient, but the volume of evaluation data being captured and the complexity of the questions being asked of the initiative is increasing exponentially with each grantee added into the process. In 2012, Spring Management Systems began the development of a system, the NEI's Grant Progress Network (GPN). Since then, it has developed into a robust database with a user friendly interface for NEI grantees and staff.

GPN interface provides

- Streamlined reporting and communication with the grantees
- Easy two way communication between the grantees and the NEI
- Easy access to key grantee organization information such as financials and budgets
- Access to media and communication data such as logos, board lists, and staff biographies
- Data capture that ranges in scope from the individual grantee to the complete initiative
- Organizational and grant data for all NEI grants (closed and open)
- Outcomes and measures data for NEI grants
- Streamlined management of the activity and adherence of each grantee
- Reports and downloads for increased efficiency
- More simplified transition of grantees between NEI staff

Following is a blank example of a grantee reporting template on GPN. The evaluation team meets with the grantees to discern their metrics and milestones. They're placed into the system after approval from their designated program officer.

## Company Growth Metrics

Description	Quarter 1 3/9 - 6/8		Quarter 2 6/9 - 9/8		Quarter 3 9/9 - 12/8		Quarter 4 12/9 - 3/8	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
# Companies Formed								
# Companies Formed - Minority Owned								
# Companies Formed - Immigrant Owned								
# Companies Formed - Detroit based								
# Companies Formed - Woman Owned								
# Evaluations - Company Opportunity								
# Evaluations - Technical								

## Industry Growth Metrics

Description	Quarter 1 3/9 - 6/8		Quarter 2 6/9 - 9/8		Quarter 3 9/9 - 12/8		Quarter 4 12/9 - 3/8	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
# Portfolio - Aerospace								
# Portfolio - Automotive/Manufacturing								
# Portfolio - Construction								
# Portfolio - Creative Arts								
# Portfolio - Design/Technical Services								
# Portfolio - Education								
# Portfolio - Energy/Alternative Energy								
# Portfolio - Entertainment/Hospitality								
# Portfolio - Facilities Mgmt								
# Portfolio - Food								
# Portfolio - General Retail/Wholesale								

Key features of the GPN system include global messaging of grantees, document/image uploads, auto-notification for report submissions, grantee to-do lists, customized milestone and metric menus, data exporting and preliminary reports, online assistance and event tracking. The GPN database has been populated with all of the earlier available grantee reporting so that all of the data included in key reports such as the flash report are current. The system currently houses data for 56 grantee organizations and 130 grants. All NEI grantees have been introduced to the system and are learning how to provide their data/reporting.

Phase II of the GPN project created a more robust engine with expanded reporting capabilities and trend analysis to inform NEI fundraising and reporting. Many of the new reports focus on compliance (close out, metric menus, NEI spend, equity impact) whereas other demonstrate developments in the grants/data (grant maturity level, funds awarded trending with program match dollars, new capital investment trends etc.). All of the reporting downloads can be found in the appendix of this report. As often as practical, the data was provided graphically in both the dollars spent and the volume of grantees.

## Grantee Adherence

One of the key pieces that we can track with the GPN system is the timeliness of reporting, the engagement at NEI collaborative events and the quality of the engagement of each grantee. With GPN we have a series of reports that document which grants are late and by how many days. What we have found with this is a small subset of grantees that have challenges with their reporting cycles and data gathering. The evaluation team is working with the NEI program officers to provide tech assistance (surveys and outreach, reporting definitions, etc.) and support to assist those grantees to develop the internal processes to report their progress in a timely manner.



## Macroeconomic Analysis

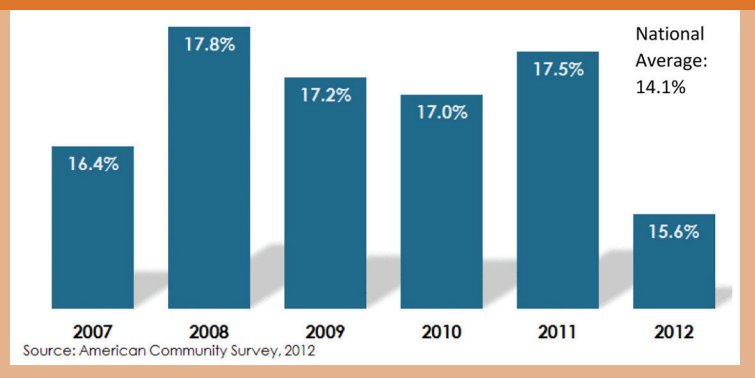
True impact, both in terms of economic development metrics and culture change, require time. Early on in the NEI endeavor, certain key macroeconomic variables were examined to create a baseline measurement of the broad, economic landscape within the City of Detroit and the broader Detroit MSA, which includes, Detroit/Warren/Livonia. Although the initial NEI programs started during the Great Recession, which introduced many confounding factors, this macroeconomic tracking was still employed in the hopes that as the entrepreneurial ecosystem blossomed, there would be solid economic data that could validate some of the NEI programs. Certainly, there is always the caveat with macroeconomic data that there are many variables that influence economic change. Yet, there is little doubt that the NEI, now in its seventh year, has indeed positively influenced the economic landscape as can be seen below with various indicators.

## Educational Attainment

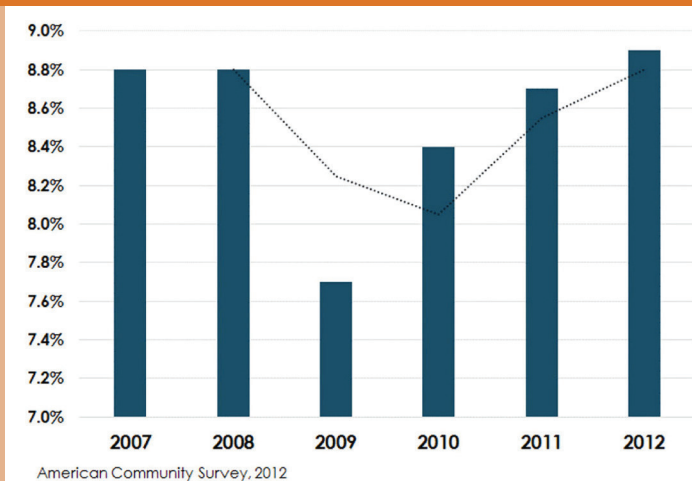
In the Detroit/Warren/Livonia metropolitan statistical area (MSA), there was an increase in the percentage of the population that was less than a high school graduate between 2007 and 2011. The biggest jump was from 2007 to 2008 (16.4% to 17.8%) with an overall increasing trend for the entire recessionary period, 2007 to 2011. By 2012, however, this percentage dropped significantly to 15.6%. This rate for the Detroit MSA is still higher than the national average, however, of 14.1%.

Similarly, the recession brought a decline in the percentage of Detroit MSA residents ages 18-24 and ages 25 and up who obtained a bachelor's degree or higher. The biggest dip in the younger cohort was seen from 2008 to 2009 with rates in 2012 slightly higher than when the recession began, which is a hopeful indicator. The older

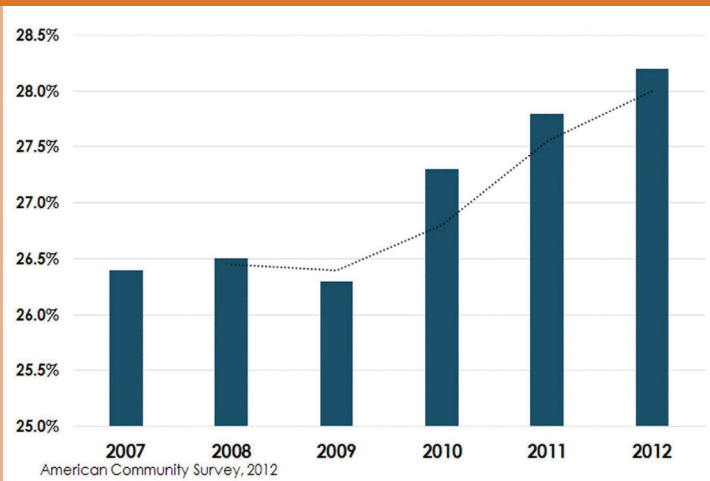
Percent Less than High School Graduate  
Detroit/Warren/Livonia MSA



Percent Bachelor's Degree or Higher, Ages 18-24  
Detroit/Warren/Livonia MSA

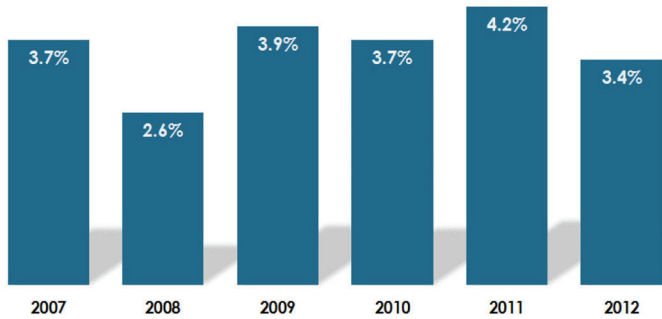


Percent Bachelor's Degree or Higher, Ages 25+  
Detroit/Warren/Livonia MSA

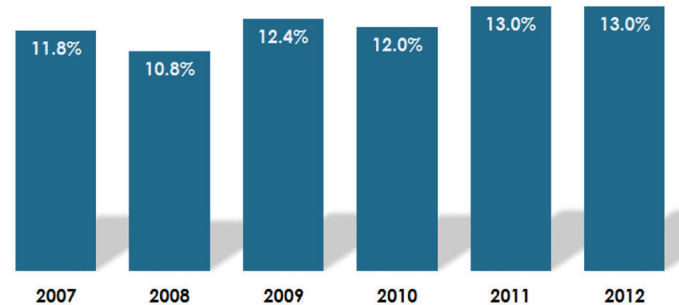


cohort (ages 25+) also saw a decline in 2009, but it was not as pronounced with an overall positive trend since 2009. The percentage of resident's ages 25+ with a Bachelor's degree went from a low of 26.3% in 2009 to 28.2% by 2012. Focusing (below) upon the City of Detroit only, for both age groups, the percentage of residents who have a Bachelor's degree or higher has not held a consistent pattern although overall, rates are higher for the older cohort.

Percent Bachelor's Degree or Higher, Ages 18-24 Detroit City



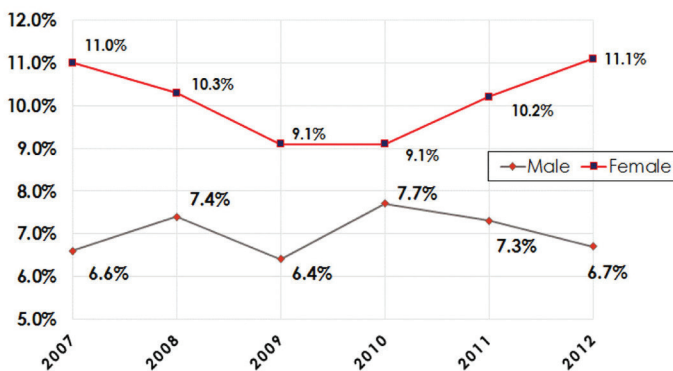
Percent Bachelor's Degree or Higher, Ages 25+ Detroit City



Source: American Community Survey, 2012

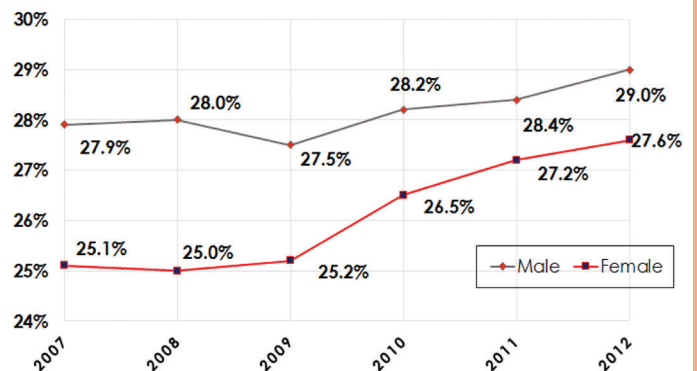
If the same rates are examined across gender in the Detroit MSA region, it is evident that in the younger years (ages 18-24) females obtain a Bachelor's degree at a higher rate than their male counterparts. The opposite is true, however, for the older cohort of 25+ year old. This may suggest that younger females in the region are more "college ready" straight out of high school either academically, financially, or both.

Males/Females 18-24 Years Old Bachelor's Degree or Higher, Detroit/Warren/Livonia MSA



Source: American Community Survey, 2012

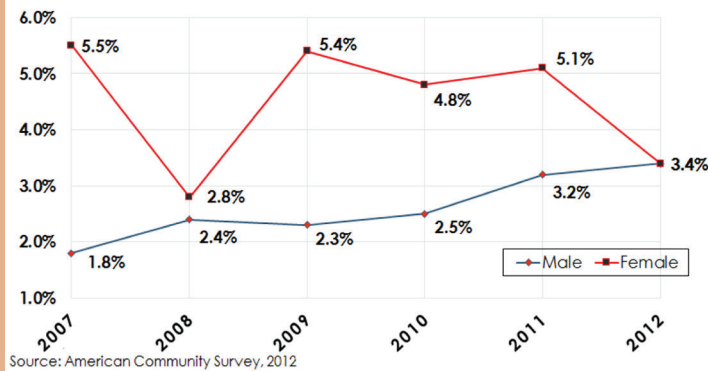
Males/Females 25+ Years Old Bachelor's Degree or Higher, Detroit/Warren/Livonia MSA



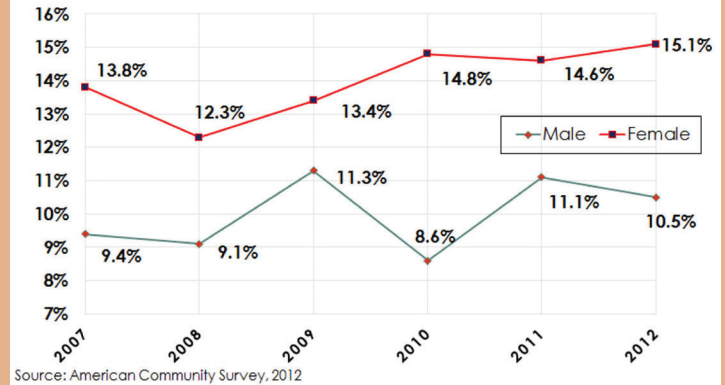
Source: American Community Survey, 2012

In the City of Detroit (below), younger females again outperform males in obtaining a Bachelor's degree or higher. This trend also holds true for the older cohort (ages 25+), which is different than what occurs in the broader Detroit MSA region. This may suggest that females in the City of Detroit are better suited or better equipped (academically and/or financially) to attend and graduate from a four-year college, straight out of high school and in their older (ages 25+) years. It's also possible that females in Detroit perceive higher education as more useful to them than their male counterparts.

Males/Females 18-24 Years Old Bachelor's Degree or Higher, Detroit City



Males/Females 25+ Years Old Bachelor's Degree or Higher, Detroit City

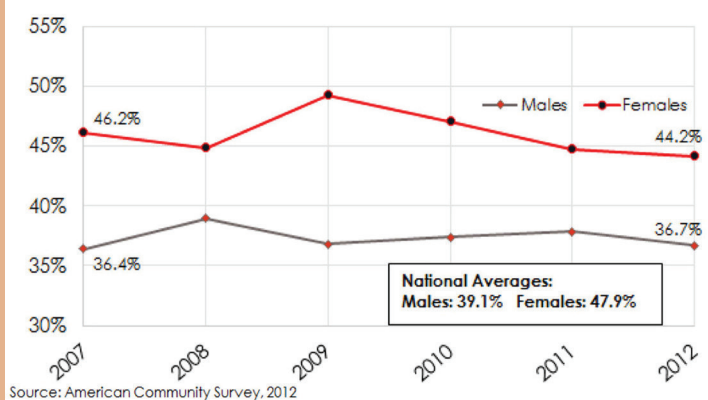


A positive trend within the City of Detroit is the increase in the percentage of males who are obtaining a Bachelor's degree for ages 18-24. There is also an upward trend for males ages 25+, but the increase is more modest. Likewise, there is a fairly significant increase in the percentage of women who are obtaining a Bachelor's degree in this older cohort (13.8% to 15.1% from 2007 to 2012). Hence, despite the disparities between the sexes, there does appear to be a positive trend overall in the City of Detroit in terms of college attainment.

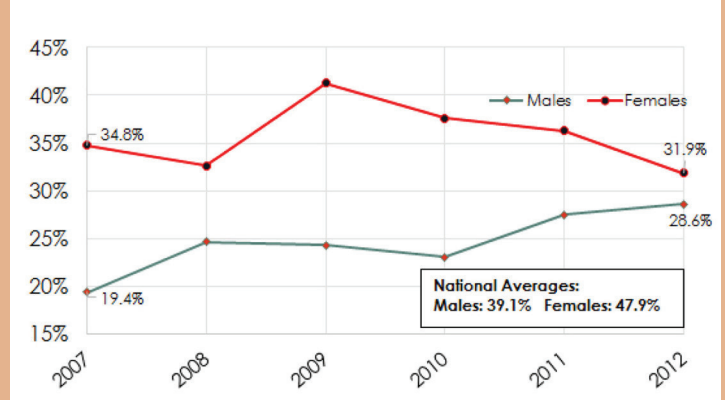
### Enrollment in College/Graduate School

With respect to enrollment in undergraduate or graduate programs, females consistently enroll at a higher rate than males which stands to reason since they are also graduating at a higher rate. This is true both for the Detroit MSA region as well

Males/Females 18-24 Years Old Bachelor's Degree or Higher, Detroit City



Males/Females 25+ Years Old Bachelor's Degree or Higher, Detroit City



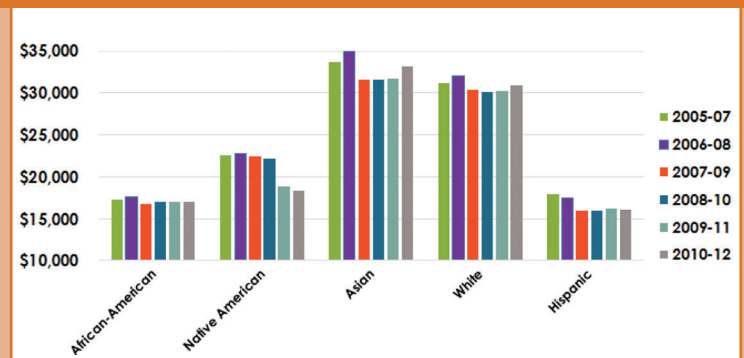
as the City of Detroit and is in keeping with national trends. One hopeful sign is that male enrollment rates for the 18-24 year old group within the City of Detroit is on the rise (bottom right). Enrollment rates went from 19.4% in 2007 to 28.6% in 2012. This may be indicative of either a greater emphasis on higher education by Detroit native residents, or it may be indicative of the migration of individuals into the City of Detroit who have higher educational aspirations.

It is important to note, however, that for both the Detroit MSA and Detroit City regions, the enrollment rates for both males and females are lower than national averages (U.S. average male enrollment: 39.1%; female enrollment: 47.9%).

## Per Capita Income

Per capita income in the Detroit MSA region shows significant disparities between racial/ethnic groups. Whites and Asians have incomes almost double the Hispanic and African-American populations. For example, in the three year period 2007-2009, African-American per capita income was \$16,789 whereas it was \$30,402 for whites. For Hispanics, the chasm was even larger during that time period: Hispanic per capita income was \$15,957 and \$30,402 for whites. This highlights the need in the greater Detroit region to emphasize economic development initiatives that focus upon social equity, as the NEI programs attempt to pursue.

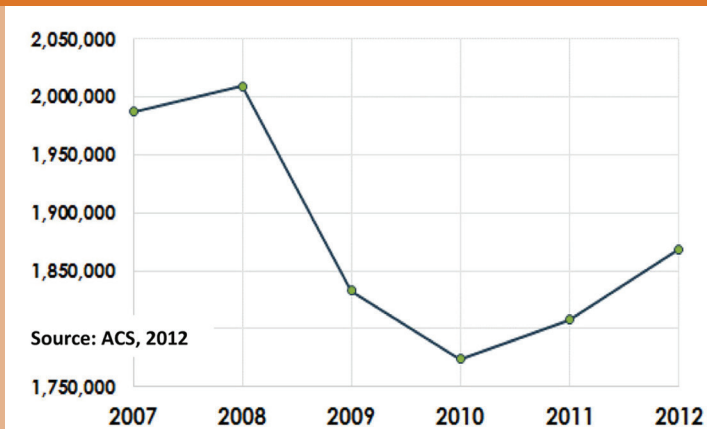
Per Capita Income, 3 Year Average  
Detroit/Warren/Livonia MSA



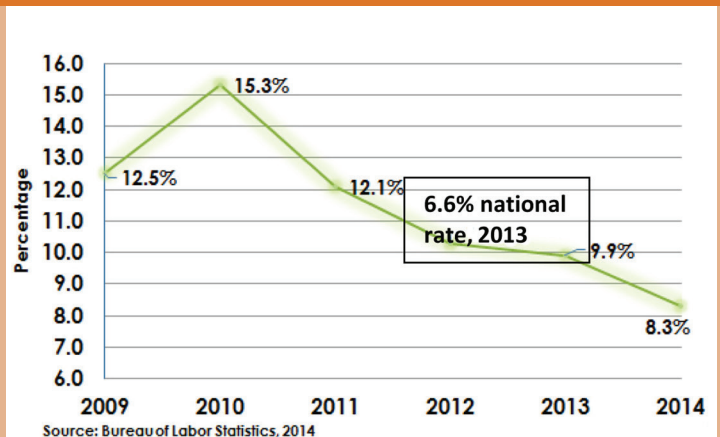
## Employment

Employment levels in the Detroit MSA continue to be below the national average although trends have improved within the last two years. The number of people ages 16 and up within the Detroit MSA who had been “actively looking for work” and succeeded in finding employment, fell drastically from 2008 to 2010 and is now rebounding. Numbers are still well below 2007 levels, however.

Total Population Employed, Ages 16+  
Detroit/Warren/Livonia MSA



Unemployment Rate, Ages 16+  
Detroit/Warren/Livonia MSA



Similarly, the unemployment rate spiked at 15.3% in 2010 according to the Bureau of Labor Statistics. As of January of 2014, the unemployment rate fell to 8.3%, which represents a marked improvement. This rate is still higher than the national unemployment rate of 6.6%, however.

The Workforce Intelligence Network (WIN), an NEI grantee, gathers labor demand information for the nine-county region of Southeast Michigan including Genesee, Livingston, Macomb, Monroe, Oakland, Shiawassee, St. Clair, Washtenaw, and Wayne counties as well as the City of Detroit. Specifically, WIN gathers online job postings, which correlate well with actual employment levels. The graph below shows that there has been steady growth since 2010 in job opportunities available within Southeast Michigan.

According to WIN, the region's top job postings for 2013 were:

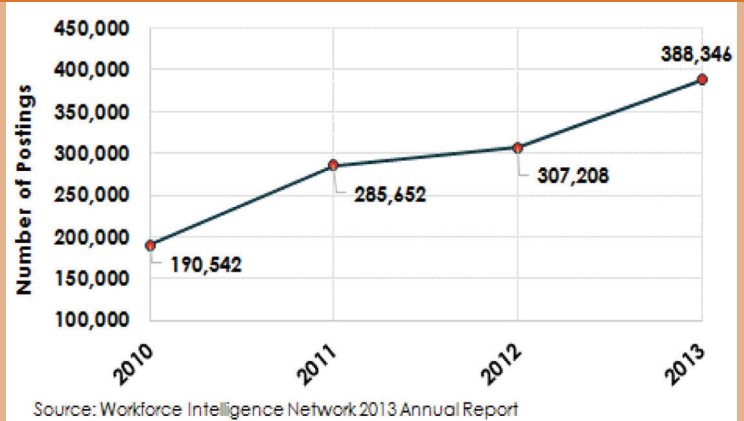
- 1) Software developers, applications (14,111 postings)
- 2) Retail Salespersons (13,850 postings)
- 3) Registered Nurses (11,897 postings)
- 4) Sales representatives, wholesale and manufacturing, except technical and scientific products (11,473 postings)
- 5) First-line supervisors of retail sales workers (8,622 postings)
- 6) Customer Service Representatives (8,250 postings)
- 7) Heavy and Tractor-Trailer Truck Drivers (7,718 postings)
- 8) Computer Systems Analysts (7,059 postings)
- 9) Medical and Health Services Managers (6,158 postings)
- 10) Mechanical Engineers (5,902 postings)

An important corollary to this data is that WIN has identified significant unmet demand in the labor market within Southeast Michigan, especially in the science, technology, engineering and math (STEM) disciplines. A WIN analysis shows that there are nearly 30,000 more job postings than there are qualified college and high school graduates in Michigan for these STEM positions. This could translate into approximately 15,000 forgone jobs per year in the state and up to \$1.9 billion in lost wages. The \$1.9 billion in foregone, personal income could mean nearly \$60 million in forgone income tax revenue for the state (assuming a 3.5 percent effective tax rate). This is not a dilemma exclusive to the state of Michigan; it is a national predicament. Given that Michigan's unemployment rate is higher than the national rate, however, the importance of closing the skills gap is of vital importance for the state. Economic development initiatives must include strong partnerships with community colleges and universities (such as the NEI has pursued) in order to help properly align curricula, expand internship opportunities as well as facilitate the flow of students to jobs.

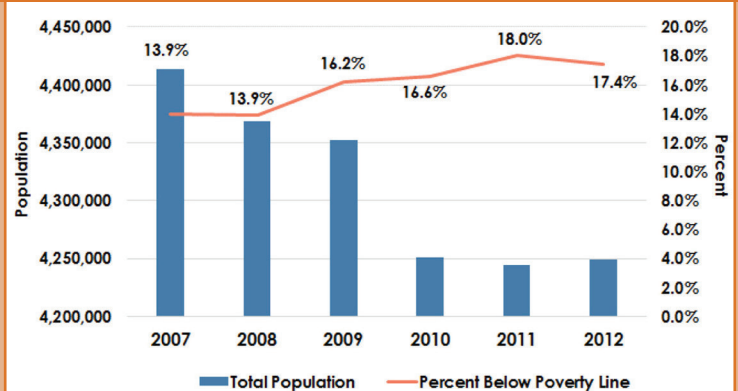
## Poverty

Despite some improvements in enrollment, educational attainment and employment levels, the poverty rates in the Detroit MSA region continued to rise from 2007 to 2011. As population numbers decreased from 2007 to 2011, poverty rates increased from 13.9% to 18.0%. This may indicate that the individuals who choose to stay in the region generally tend to be poorer than those who leave. Hopefully, the small decrease in the poverty rate from 2011 to 2012 (18% to 17.4%) is indicative of a new and persistent trend towards improvements in socio-economic status for Detroit MSA residents. The aforementioned increase in job postings may help ameliorate the persistent poverty if Detroit residents can fill the jobs with the requisite skills.

### Southeast Michigan Online Job Postings



### Poverty Rates, Detroit-Warren-Livonia Metro Area



## Evaluation

As noted earlier in the introduction section, from 2007-2011 NEI worked within a framework that emphasized capitalizing on existing regional assets, imbuing culture change, building and employing a more skilled and educated workforce, and promoting a successful entrepreneurial eco-system. The initiative learned a great deal from the breadth and depth of experience from the grantees that has resulted in continued refinement of foci and mission.

The focus of this framework was sharpened during the strategic planning process in 2011 and brought to bear in the implementation of the Innovation Network. The six emphasis areas described below, allow us to view the NEI collective from a new vantage point. These bring a mature and richer vision of the grantees role within the initiative. We've provided a couple of grantee examples to each of the descriptions below, but have also added a chart with more of the grantees beneath for a broader view of each area.

### Capital

Creating opportunities for entrepreneurs and small business to access investment capital is a critical facet of a thriving urban economy therefore the NEI has funded grants that help to ameliorate the “funding valley of death” for quality, early stage companies. The First Step Fund has, to date, provided 55 early and mid-stage technology companies with up to \$50,000 each in investment. The Michigan Women's Foundation provided 11 loans to women led businesses in 2013. Of those, 55% of the loans were to minority women located in Detroit and 82% were to women with low income. Overall, more than \$210 million in match dollars leveraged by NEI grantees for their programs and \$350 million of investment flowed to the grantee clients.

### Connections/Culture Change

One of the NEI mandates is to act as a convener - linking the participants in the ecosystem. Often this occurs through programs such as DTX and InnoState. DTX is a collaborative tech entrepreneur focused initiative led by Bizdom, Center for Creative Studies and TechTown. TDL Connection Point's InnoState program has established partnerships with WIN, the Michigan Manufacturing Technology Center (MMTC) and the National Center for Manufacturing Sciences (NCMS) to develop a cluster for high-tech, high-margin, low-volume advanced manufacturers in Michigan. NEI grants also directly fund events that engage new technology sectors with the local community. Examples include the engineers and investors gathering at the NASA Showcase at CCS and university students from across Michigan creating prototypes at the MPowered Makeathon at TechShop in Allen Park.

### Ideas

With a focus on how to encourage new ventures to get their ideas into the commercial world, NEI funds programs that help to facilitate patent and invention disclosures, as well as to expose local and national investors to Michigan businesses and service providers. NextEnergy and Wayne State University's Tech Commercialization have facilitated more than 720 patents, whereas the Accelerate Michigan Competition, going into its fifth year, has successfully introduced 500+ entrepreneurial companies and students to a network of 70 venture firms from Michigan and across North America.

### Place

A key goal is to help make Detroit and its metropolitan area an ideal location for start-ups and growing businesses. The NEI funds have helped to create 1.1 million square feet to support entrepreneurial activities in metro Detroit. In 2013, NEI grantee Bizdom opened a new location with 6000+ sq. ft. of collaborative office space at 1528 Woodward and in January 2014, TechTown rehabilitated the first floor of its building on Burroughs to create a co-working space called Junction440. The Creative Corridor Incentive Fund, a DEGC program and NEI grantee addressed the challenge of open commercial real estate in the downtown area and has had great success by providing grants to subsidize build out costs placing creative and technology firms such as Lambert Edwards, GalaxE Solutions, Harmonie Park Media Group and Skidmore Studios in downtown locations.

## Talent

As noted in the history and economic section, NEI began its outreach just as Michigan (and Detroit specifically), landed on very hard times. Thousands of jobs were lost and many of those talented individuals had no chance but to move out of state. To contend with the brain drain, the NEI focused on workforce and start-up initiatives so that there would be new jobs available and also an opportunity for residents to create their own business and employ others. Through its work with the Global Talent Retention Initiative, Intern in Michigan program and the Urban Entrepreneur program amongst others training early stage business, the efforts of the NEI have added almost 9,000 jobs in the region and have touched more than 5,500 programmatic clients.

## Tools

Starting a business that will scale up to have employees can be a complicated process. It's imperative that the Detroit based entrepreneurs have access to education, coaches, mentors and support services to help them move efficiently from idea to business. The two neighborhood programs are particularly impressive in their ability to engage their local community and bring people in for their sessions. In 2013, ACCESS supported 37 companies, held seven Inspire Sessions, two 11-week Business Training Series programs, two Ignite Series workshops, a Start-up Clinic, and two Access to Capital Sessions, in addition to business coaching and consulting. In addition to their educational content, ProsperUS has conducted 33 meetings vetting Technical Assistance providers, and 32 of one-on-one entrepreneur sessions.

## Social Equity and Inclusion:

An important aspect of the NEI work that imbues all of these strategic areas is social equity. Since the initiative's inception, it has been steadfast in its commitment to inclusion and equity as driving values. The work with Policy Link, GCN and Main Street Inclusion Advisors has brought the equity discussion to the foreground as it is raised in all funding meetings and included in each set of grantee reporting. Traditionally underserved populations were specifically targeted in some of the grants. Low-to-moderate income residents gaining access to capital through Detroit Development Fund and the Detroit Midtown Micro-Enterprise Loan Fund. Culturally and linguistically appropriate entrepreneur training was held by ACCESS for the immigrant diasporas and include the Arab American, Asian-Pacific, Bangladeshi, Bosnian, Chaldean, Hispanic and Nigerian communities. Inforum's ACTiVATE program graduated 13 women, with more than half of the participants defining themselves as belonging to a racial and/or ethnic minority

Emphasis Area	Description	Examples
Connections	Investments to create and promote valuable, sustainable and accessible networks	<ul style="list-style-type: none"> <li>• D:Hive</li> <li>• Ethnic Entrepreneur Gala Event</li> <li>• The Henry Ford - Salons</li> <li>• Issue Media Group – Start-up Michigan web site</li> <li>• Ethnic Media Project –Arab American News, Latino Press, Jewish News, Michigan Korean Daily</li> </ul>
Ideas	Investments instigating new ideas and helping ideas come to market	<ul style="list-style-type: none"> <li>• NASA Technology Showcase</li> <li>• AutoHarvest Foundation Online IP Catalogue</li> <li>• Henry Ford Health Systems Innovation Institute</li> <li>• Wayne State University - Front Door Program</li> <li>• Wayne State University - Office of Technology Commercialization</li> <li>• Ann Arbor Spark - Accelerate Michigan Innovation Competition</li> </ul>

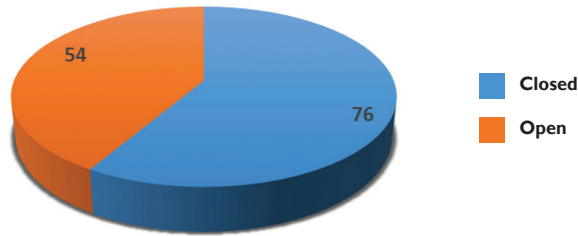
Emphasis Area	Description	Examples
Investment	Investments in providing access to capital for every stage of ideas and growth	<ul style="list-style-type: none"> <li>• Detroit Microloan Collaborative</li> <li>• Detroit Midtown Microenterprise Fund</li> <li>• Detroit Retail Micro-Lending capital and capacity project</li> <li>• Invest Detroit – Detroit Innovate High Growth Accelerator</li> <li>• DEGC Creative Corridor Incentive Fund</li> <li>• Invest Detroit Foundation – First Step Fund</li> </ul>
Place	Investments in building physical places for ideas to thrive	<ul style="list-style-type: none"> <li>• Upwardly Global - Immigrant Credential/License Program</li> <li>• Workforce Intelligence Network (WIN)</li> <li>• MSU Global Supply Chain Grant</li> <li>• Southwest Housing Solutions - Earn and Learn</li> <li>• Taubman Center</li> <li>• Midtown Detroit Inc.</li> <li>• NextEnergy</li> </ul>
Talent	Investment in retaining, attracting, preparing talent for jobs	<ul style="list-style-type: none"> <li>• Southeast Michigan Community Alliance Workforce Intelligence Network, Workforce Intelligence Network (WIN)</li> <li>• MSU Global Talent Retention Initiative</li> <li>• Detroit Regional Chamber Interns in Michigan</li> <li>• NextEnergy</li> <li>• Macomb Community College</li> </ul>
Tools	Investments in identifying best practices and providing training, mentors, and support services to help ideas grow	<ul style="list-style-type: none"> <li>• ACCESS Neighborhood Entrepreneurial Program</li> <li>• Arab American Middle East Economic Affairs Ethnic Chamber Collaborative</li> <li>• Bizdom Accelerator and Fund</li> <li>• College of Creative Studies Detroit Creative Corridor Center</li> <li>• Detroit Economic Growth Corporation Procurement Program</li> <li>• INFORUM Entrepreneur Training &amp; Venture Development Support for Women</li> <li>• Michigan Women's Foundation Entrepreneur Training</li> <li>• Southwest Housing Solutions Neighborhood Entrepreneur Program (ProsperUS)</li> <li>• Wayne State University Business Engagement Center</li> <li>• TechTown Accelerator and Neighborhood Business Development Programs</li> </ul>

## Composition of NEI grantees - Q1 2014

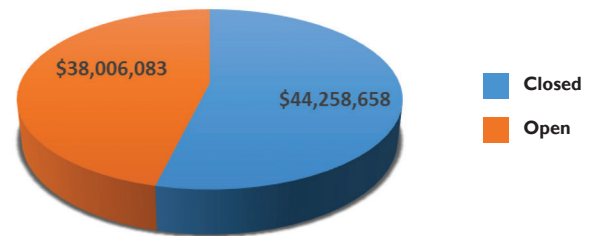
From the inception of the NEI through Q1 of 2014, \$82,269,741 in funds had been committed for disbursement to 130 grants. In a trend that has continued from 2011, a decided majority of the volume of grants is closed (76 grants totaling \$44,258,658) yet forty six percent of the funds (\$38,006,083) are still active in open grants. A full list of the grants and amounts are in the appendix.



NEI Grants - Open v Closed

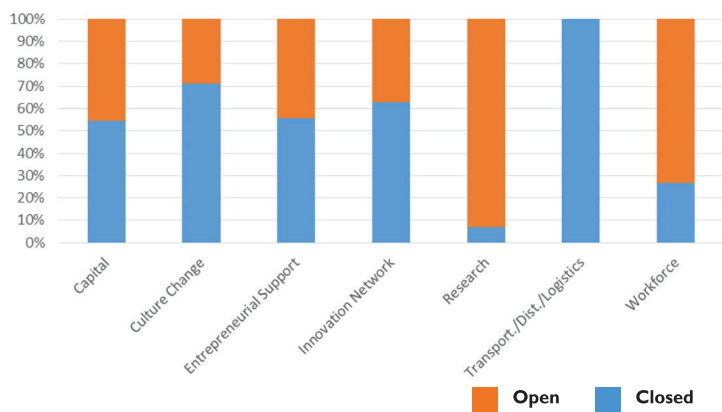


NEI Spend - Open v Closed



Maturity level of NEI sectors by dollars granted

Total Spend by Strategy Connection - Open v Closed



NEI Strategy Connections - Maturity level

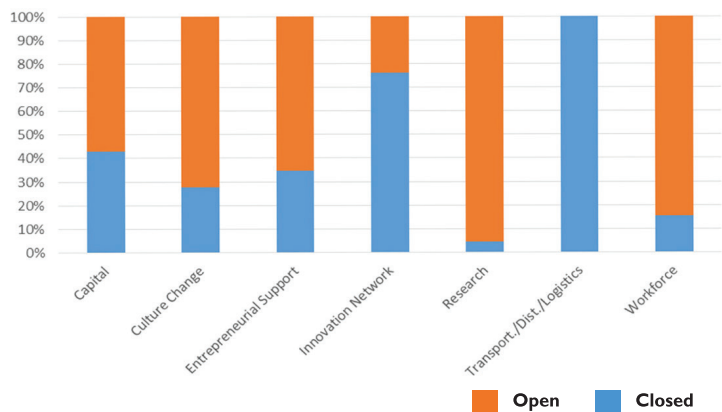
As noted in the history, the NEI is a relatively new initiative and many of the grants are still in process which makes it difficult to discern impact as opposed to activity in the programs. To illustrate this further, the two charts below show that whereas the number of grants is above 33 percent of the volume and dollars granted in five of the seven verticals; most of the dollars in the economically impactful Innovation Network are still at work.

The areas that are principally closed are the more historic foci of workforce and research with two and one grants open respectively and the vast majority of their funds dispersed. The transportation and logistics grants are both from considerably earlier funding cycles in 2009/2010, but are still wrapping up the spend. Three of the verticals seem to follow a similar pattern where the volume of the grants indicates that the majority of the grants are closed, yet the majority of dollars granted is still at work in the community. Four of the seven capital focused grants have closed, but \$5.7m of the \$10.475m total spend is still being utilized. The majority (62%) of the culture change grants have wrapped, but the remaining five grants have 71.1% of the grant dollars focused on the vertical. Seventeen of the entrepreneur support grants focused grants have closed, but almost \$21m of the \$38m in funds are still being made use of within the programs.

The innovation network grants have more than three quarters of the grants and two thirds of the dollars still in play.

Maturity level of NEI sectors by volume

Total Grants by Strategy Connection - Open v Closed



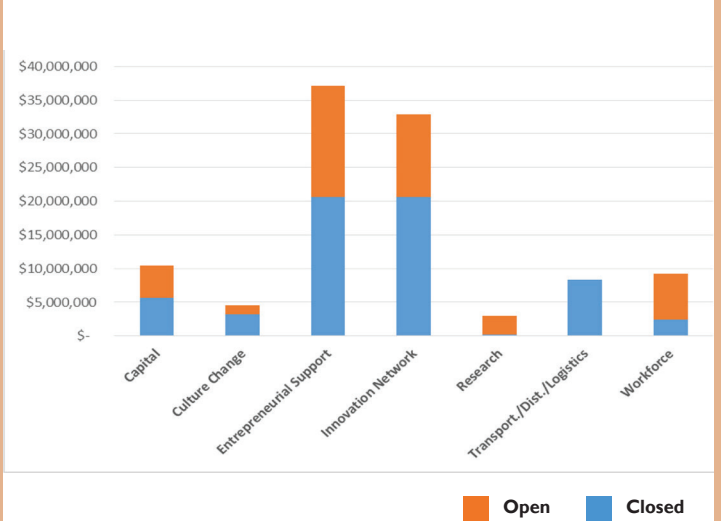
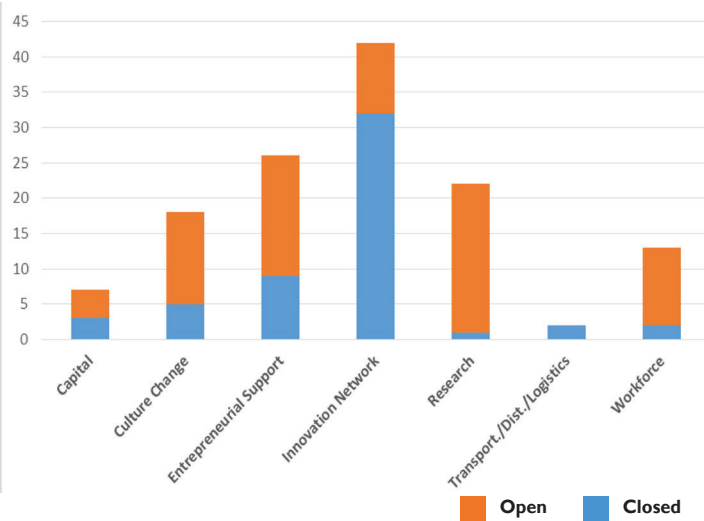
## NEI Strategy Connections – Composition

A great deal can be gleaned from reviewing the volume and granting dollars for each of the strategy connections in concert. Both in volume and dollars, the majority of the emphasis for the NEI outlay is in the entrepreneur support (26, \$21.4m) and innovation network (42 grants, \$32.9m) verticals. Those grants tend to be the labor and capital intensive programs such as TechTown, Bizdom and WSU Office of Tech Commercialization.

When viewed individually, however, the volume of or dollars granted to the programs granted can skew the perception of a vertical's importance. For example, twenty two grants were given out to support research, indicating that research is almost as significant as entrepreneur support in the NEI portfolio, yet those comprise less than \$3m, 5% of the total NEI spend. The research grants were an effective facet in laying the NEI groundwork and giving direction to the nascent initiative, but their utility has passed.

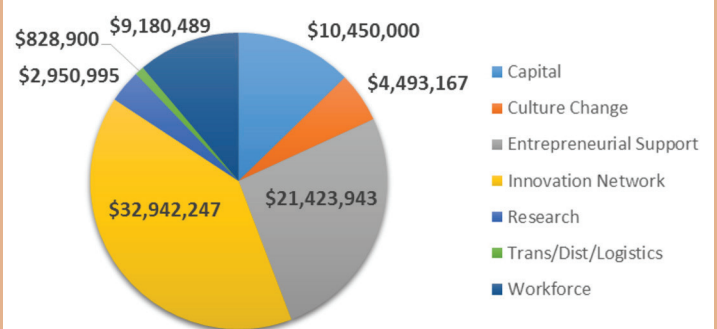
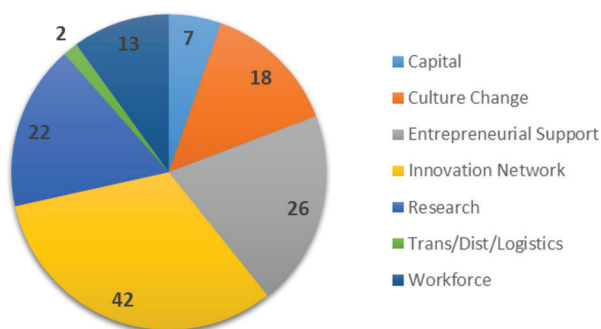
**Total Grants by Strategy Connection  
Open v Closed**

**Total Spend by Strategy Connection  
Open v Closed**



**Total Grants by Strategy Connection**

**Total Grant Dollars by Strategy Connection**



## Maturity level of grants – NEI Emphasis Areas

When the NEI collective is viewed from the vantage point of the investment emphasis areas, the area analysis illustrates a more nuanced picture of where the funds are being implemented. The majority of the volume and dollars in the people and connections areas are winding down whereas the emphasis is still visibly active in investment, ideas, place and tools.

When looking at volume, half of the grants are focused on the investments in “Tools”, i.e. best practices and providing education, coaches/mentors, and support services. Connections, ideas and people comprise one third of the grant volume. Investment and place top off at barely more than ten percent of the portfolio.

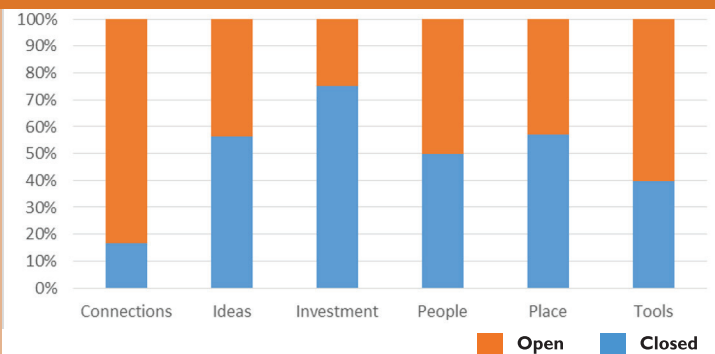
There are some interesting, but not unexpected data of note. Capital intensive areas such as place and investment have considerably lower volume and higher dollars granted than the other areas. Place which focuses in infrastructure improvements, is an expensive endeavor comprising 7% of the grant volume, yet 22% of the funds. Conversely, connections appears to be considerably more cost effective, comprising less than 11% of the grant volume, yet only 2% of the monetary spend.

## NEI spend - Grantee Composition

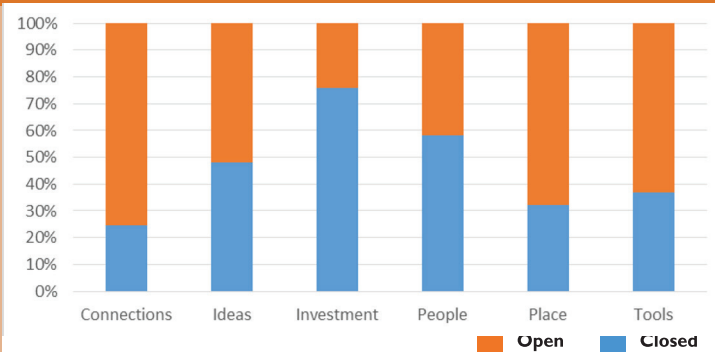
As noted earlier, the NEI grants are designated by both their spend category and strategy connection. With respect to the NEI spend categories, charts below illustrate the volume of grantees and range of dollars. It is interesting to note the portfolio approach wherein the volume and dollars granted vary greatly and depend on the capital intensity and desired outcomes of each of the categories. For example, the \$2.2m granted to 24 organizations in the connections category includes a number of event sponsorships that engage a broad swath of the entrepreneur community, leverage community resources (facilities) and volunteer hours. These grantees, (ACE, Focus Detroit etc.) are effective at messaging and exposing the broader population to entrepreneurial services, but they are, by definition, short term and more etheric in impact.

The place and tools grants (combined 70 grants, \$48.7m) which offer individualized, long term services to people and companies have significant long term costs for labor, rent, and infrastructure. They are also expected to generate more lasting and measurable impacts such as companies and jobs created. The \$15.6m placed into eight investment grants is a similar situation. The majority of their dollars goes directly into company investment with a small percentage for administration. They're expected to provide detailed information about their company portfolio as well as work hard to leverage NEI's millions of dollars into additional capital for their client companies.

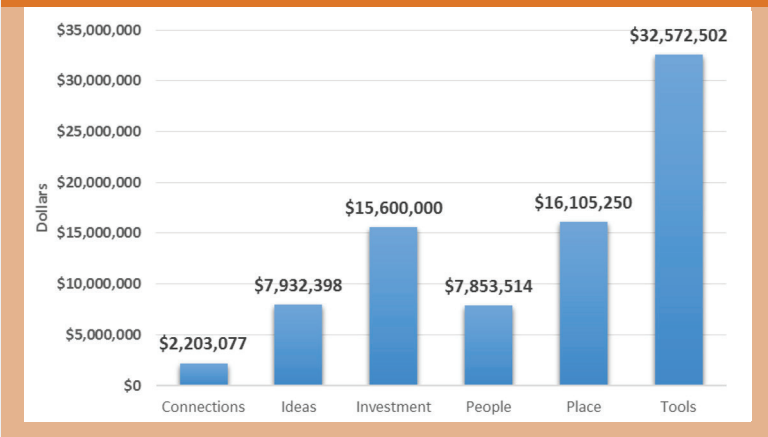
NEI Emphasis Area - Volume - Open vs Closed



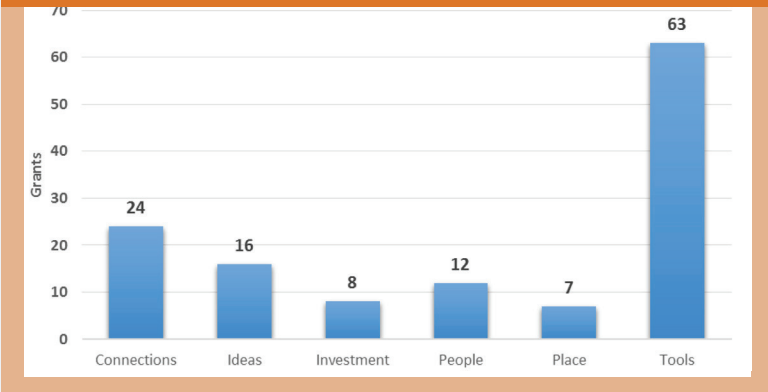
NEI Emphasis Area - Dollars - Open vs Closed



**Total Grant Dollars - by NEI Spend Category**



**Total Volume of Grants - by NEI Spend Category**



In a review of the the fifty four open grants (\$38.0), the two primary categories of investment and tools illustrate the 62.3% of the dollars still at work are in the innovation network. These will be the most significant opportunities for economic development and community impact. The seventy six closed grants (\$44.3M) are principally comprised of event sponsorships, research, workforce, entrepreneur eco-system and infrastructure grants. When reviewing the closed grants by category, the distribution of funds looks skewed towards the entrepreneur eco-system grants, yet when you approach it from the area emphasis, more clarity emerges. Many of the early grants were educational in nature and are classified under “Tools”. Those grants (Global Detroit Phase I, TDL, Macomb Community College) created the foundation of information for many of the programs to move into their next incarnation. Their intent was to collect data, convene the appropriate parties and chart efficient avenues for growth - not to immediately create jobs, companies or economic impact. Many of the research grants had impact on the local, state, regional and national levels and are summarized in the top line impacts section below.

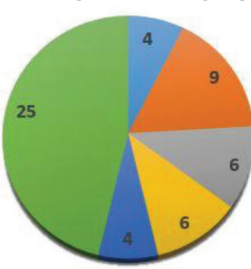
The positive news is that several of those grants were very impactful. The programs that germinated from Global Detroit and TDL in

**Open Grants**

**Total Dollars Awarded to Open Grants - by NEI Spend Category**

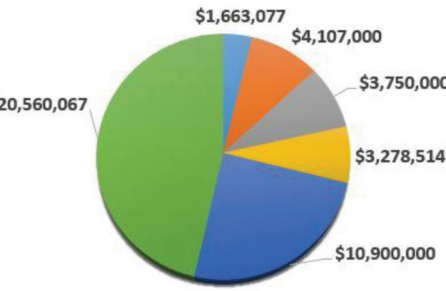


**Total Open Grants - by NEI Spend Category**

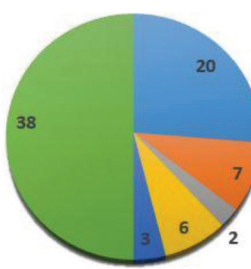


**Closed Grants**

**Total Dollars Awarded to Closed Grants - by NEI Spend Category**



**Total Closed Grants - by NEI Spend Category**



■ Connections    ■ Investment    ■ Place  
■ Ideas    ■ People    ■ Tools

particular, have been successful in their own right. One significant shift in the grantee demographic since 2011 is that the vast majority of the workforce development grants closed in 2012/3. The Workforce Intelligence Network (WIN) and the Global Talent Retention Initiative (GTRI) are the only two programs that continue to have NEI funded activity. The 2013 event grants (ACE, NASA Technology showcase) comprised a small percentage of the closed grants both in volume and dollars expended. Principally focused on culture change, they provided high visibility to large attendee groups for small amounts of funds. Considerable leverage of volunteer organizations was made with the funds. Overall, the event sponsorships were an effective entrée into the communities which created a positive media and community buzz.

## Overall impact of the New Economy Initiative

The review of the evaluation metrics will start by looking at the entirety of NEI's funding. We'll address what we can currently say about the initiative, reviewing the successes that we viewed and documenting the lessons learned. We'll then address a sampling of the individual grantees.

### Flash Report – March 31, 2014

Initiative	Total
Grants (2008- Q1 2014)	130
Jobs (reported)	9,269
People exposed to entrepreneurial services	56,911
Entrepreneurial clients served by grantees	6,413
New enterprises created during granting period	1025

## Impact Snapshots

### Connections

- Through TDL Connection Point 577 purchaser relationships have been established across 24 industries. These relationships have created \$200,292,770 in bidding opportunities and more than \$20 million in signed contracts.
- Accelerate Michigan Competition partnered with Crain's Detroit Business and Pension & Investment magazine to bring the trillion dollar institutional investor community to Detroit to meet Michigan venture firms. The 2013 keynotes included the CEO of the Carlyle Group and a Senior Managing Director of the Blackstone Group.
- A crowd of 355 entrepreneurs and leaders from the Latino, Arab, Jewish, Asian and African American communities gathered at the New Michigan Media Ethnic Entrepreneurship Gala which was streamed by the local ABC affiliate WXYZ-TV.

### Ideas

- 980 users and 200+ organizations sharing manufacturing and automotive technology ideas via AutoHarvest.org
- More than 2,000 ideas vetted through business and student competitions
- 300 later stage start-ups and student business ideas have been exposed to 95 local and national investors through the Accelerate Michigan Innovation Competition
- 716 patents and invention disclosures filed by entrepreneurial service provider clients
- In 2013, five new ventures have been created out of WSU Office of Technology Commercialization

### Investment

- \$364.6 million investment capital to new ventures supported by NEI grantee organizations
- More than \$13 million in early-stage capital accessible to Detroit-based ventures through Bizdom, Detroit Development Fund, Detroit Innovate, Detroit Microenterprise Fund, First Step Fund, and Henry Ford Innovation Institute
- \$211.1 million in match dollars leveraged by NEI grantees to fund their programs

### Place

- 1.1 million square feet supporting entrepreneurial creative activities in Downtown and Midtown Detroit
- Brand new Junction 440 co-working space at TechTown
- 339,255 square feet of commercial space built out or leased as a result of the Creative Corridor Incentive Fund
- 230,000 square-feet repurposed to support creative companies
- Nearly 900 6th through 12th grade students attending classes at the Taubman Center for Design Education

### Talent

- 9,269 jobs added
- More than 1500 international students have been exposed to Michigan-based career opportunities through the Global Talent Retention Initiative
- \$87.2 Million in new business contracts have gone to minority suppliers through the Urban Entrepreneur Program
- More than 360 at risk black males have been placed in jobs resulting from work readiness training through Southwest Housing Solutions Earn + Learn program

### Tools

- 1,025 new companies started
- Over 2,500 tech assistance hours has been provided to clients in the Brightmoor and East Jefferson neighborhoods through the TechTown SWOT program
- More than 600 active entrepreneurial clients with 26.3% in under-represented groups
- 77 women entrepreneurs engaged and educated through the Inforum program
- More than 700 students or alumni at Wayne State and Walsh have enrolled in the Launchpad student entrepreneurship program
- 1000+ Detroit businesses active in DEGC D2D database

## Innovation friendly neighborhoods and communities

The majority of the place building grants were proffered early in the NEI lifecycle, but there are some new grantees. A Midtown Detroit Inc. grant will support the physical maintenance and revitalization of Midtown with core initiatives that include public space maintenance, real estate and infrastructure development, small business assistance, arts programming, and district wide planning activities. In addition to its mandate around property management, district planning and real estate development, MDI will be rebuilding an underutilized section of real estate and turn it into an equitable community of opportunities and develop an urban design framework to attracts and retain the creative/ innovative community.

The 2009 MDI grant focused on improving the historic Sugar Hill Arts District area and the success of the project is evident. The 71 Garfield building has been rehabilitated for artist studios and apartments and 79 Garfield is in the process of restoration. It can also be quantified by the high occupancy rates for both the residential and commercial components (95% occupancy). Seva, a vegetarian restaurant from Ann Arbor and Whole Foods have expanded into the district and are experiencing great success. NEI's patronage has also helped to accelerate the build out of the TechTown campus in Midtown. The 100,000 sq. ft. TechOne building hosts more than 90 growing companies. Their 2013 renovations rehabilitated their first floor and produced a co-working space on their first floor named Junction 440.

Funds provided infrastructural support for the renovation of the Argonaut Building now renamed as the Taubman Center for Design Education; a project which entailed upgrading the entire Cultural Center campus for the College for Creative Studies. This building is a lynch pin in further developing a creative entrepreneur community in Detroit. The project created 80,000 square feet of building space available for creative businesses and nonprofits. The space includes an expanded student residence hall, a public 360-seat dining facility, a conference center with a 500-seat auditorium, a new gymnasium and 800 new parking spaces. It houses Detroit success stories such as Shinola watch's production facility.

Three neighborhood specific entrepreneurial programs were granted funds as part of the Innovation Network in 2012. ProsperUS, ACCESS and TechTown's SWOT programs focused on bringing entrepreneurial training and mentoring to communities across Detroit – the Northend, Cody-Rouge and Chadsey/Condon, Warrendale, Hamtramck, Brightmoor and East Jefferson neighborhoods. They are engaging their communities where they live, educating hundreds of potential entrepreneurs, and providing seed funds for growth.

Two newer grants include PonyRide and MLSIC. More than 25 organizations are currently in the space and they will be adding more with the opening of the co-working space this year. The funds for Michigan Life Science Innovation Center (MLSIC) in western Wayne County will help to remodel and expand the life sciences incubator to extend its capacity and strengthen its long term financial sustainability. The facility is currently at capacity, housing a mix of therapeutics and medical device companies. MLSIC is a key asset in the region, particularly as the Henry Ford Innovation Institute and the Office of Tech Commercialization at Wayne State ramp up their pipelines in health care and life science.

## Strengthen systems and networks

A core aspect of the NEI granting strategy is focused on connection and collaboration. Many of the grantees are able to engage a network of partners that are leveraged for support, alliances, referrals, and additional funding. The WSU Front Door, which facilitates corporate engagement with the university, made some significant strides in 2013, bringing two new staffers on board, collaborating with the Michigan Corporate Research Network and meeting with more than 125 companies to introduce their opportunities.

The NEI sponsored a number of individual events that provide a platform for entrepreneur and small business engagement. The NASA event convened a crowd of 150+ engineers and investors to review aerospace and advanced manufacturing technologies. The ACE event and expo with an attendance of nearly 1000 entrepreneurs and service providers from across southeast Michigan engaged more than 20 different partner organizations and served as a platform for the Great Lakes Entrepreneur Quest's winter award ceremony. The MPowered Makeathon at TechShop challenged university students to come up with a product idea and create a prototype in less than 36 hours. Teams from across the state competed for \$5,000 in prize monies and bragging rights.

The NEI also uses the power of its collective influence to create a platform on which to convene groups with similar mandates. The Business Accelerators of Southeast Michigan (BANSEM) and Workforce Intelligence Network (WIN) are examples of the ability to convene. The former is a regional accelerator network; the latter is a regional collaborative of community colleges and workforce boards. Neither would have happened without the NEI's support and guidance. The development of systemic efficiency and unforeseen organizational synergies are often difficult to quantify in the beginning, but the evaluation team has quite a bit of anecdotal data that, over time, should lead to some clear cut data supporting this impact.

The collaboration and convening of the NEI strategy also engages around broad agenda setting. With projects such as New Michigan Media, the NEI has set the standard for communication between the ethnic media outlets in Michigan. And simply by NEI beating the drum on the issue of entrepreneurial activity and funding the systems that support the entrepreneurial community, the initiative has signaled a shift in the vision of Southeast Michigan from a risk-averse culture of employees to a culture of innovation and challenge. And, moving forward, the Innovation Network is very focused on convening and agenda setting. The NEI is teeing up the opportunity and the parties in the Innovation Network will be taking advantage of the platform.



## Bizdom

Bizdom is a comprehensive and interactive accelerator focused on launching innovative, growth-oriented and scalable businesses. Focusing on the information-technology space, Bizdom's accelerator program consists of educational courses in a supportive, mentor-based environment. The Bizdom Fund also invests in early-stage startups that can get to beta, prototype, or first customers within 3 months.

Bizdom embodies many of NEI's goals and values by targeting minority, youth and Detroit based talent as well as attracting out-of-state companies to relocate to Detroit. NEI funding has supported the launch of additional training programs and has augmented the Bizdom fund. Specifically, funds have supported mentor recruitment, facility, and professional services.

### Bizdom's evergreen strategy

In 2013, two Bizdom startups, Core Merchant and Campus Commandos, generated substantial profits and were able to pay distributions back to the Bizdom nonprofit fund. As a result of these distributions, they were able to seed 9 additional businesses. It is their hope that those 9 businesses will seed more Bizdom businesses for a perpetual, positive feedback loop. This is a great example of how Bizdom has maximized the impact of NEI grant dollars through the pay-it-forward model of their nonprofit fund.

## Chalkfly

Chalkfly provides online ordering for office supplies and school supplies. Chalkfly was founded in 2012 by brothers Andrew and Ryan Landau, Metro-Detroit natives and alumni of U of M and MSU respectively. After college, they moved out of Michigan for jobs at Google and IBM. They moved back home to launch Chalkfly in 2012 because they heard about the support available for the Detroit startup community, and they joined the Bizdom accelerator in the summer of 2012.

Chalkfly is growing rapidly and giving back to the community. Their tagline is "You buy supplies. We support teachers. Everybody wins." Five percent of each purchase is donated to a local teacher in the community where the order is placed. They've raised over \$770K in funding, generated revenue of over \$2.1M in 2013 (their 1st full year in business) and expect to double that to \$4M in revenue forecasted for 2014. They've grown their team to 15 team members and are currently hiring more employees in Detroit.



*ChalkFly donated 250 planners for the City Year Detroit's 9th graders at Osborn*

## Wedit

Started in 2010 at Bizdom, Wedit offers affordable do-it-yourself wedding videos that are captured by friends and edited by a network of pros through an online platform. Wedit has become an industry leader and has been featured as a "Best of Weddings" item by The Knot, one of the internet's leading wedding websites.

Wedit tripled their sales in 2013, generating more than \$415K in revenue and marking their first cash flow positive year. They hired two full time employees (a video editor and project manager) in 2013 and are looking to hire a customer service specialist. Beyond their full-time employees, they have eight independent contractors and are hiring summer interns. Wedit is currently expanding to a larger office in downtown Detroit to accommodate their growing business.







## Detroit Creative Corridor Center

The Detroit Creative Corridor Center (DC3) is an economic development organization with the targeted purpose of assisting creative companies in their launch or expansion. DC3 provides a myriad of services including the identification of viable space for new companies, the connection of local talent and companies to national and international markets, and the marketing and scaling up of Detroit-based, creative businesses.

NEI funding supports the DC3 mission of providing business acceleration services to Detroit's creative community and it does so in partnership with TechTown and the region's other business incubators. Both DC3 and TechTown work in tandem with the NEI to help creative businesses realize the potential of concentrating and growing operations in Detroit's Creative Corridor. They utilize business attraction techniques that are specific to the needs of the creative and design sectors and they develop unique approaches that strengthens the networks between creative practitioners in Southeast Michigan.

### Canvas Watch Company



The Canvas Watch Company is creating well-crafted timepieces with a personal touch. Their watches are assembled in the U.S. and each dial design is produced in limited batches of 250. By partnering with a new artist for each creation, their mission is to build high quality and unique timepieces that reflect the designer's imagination. Canvas utilizes DC3 space and primarily Detroit-based artistic talent.

Founder Shaun Reinhold has a degree in supply chain management from MSU and worked most recently for Palo Alto-based Tesla Motors Inc. When the Tesla Model S launched, he decided it was time to come home to Michigan. Reinhold started tinkering at the Allen Park TechShop Inc., a maker space that gives inventors and innovators membership access to a variety of tools and materials. He decided on watches because it was the most difficult thing he could imagine doing. Reinhold is impressed by Shinola's success, but wants to grow online and forego building a bricks and mortar presence.

During their time in the Creative Ventures Program, Canvas Watch has raised more than \$45,000 to fund their initial product launch, with plans to raise another \$40,000 through crowd-funding in Q2 2014. "The advice I've received from DC3's network of mentors and advisors has been priceless. Getting critical feedback is a valuable resource to have when launching a new business," noted Reinhold

### MammothReach



MammothReach is a collective of Detroit artists, designers, and photographers that live to rid the world of bad fonts, ugly websites, ridiculous pictures and Internet Explorer. They dream, produce, and implement digital content and cohesive experiences for the web and physical world. While in the Creative Ventures Program, Mammothreach has added an additional full-time employee to their company and has seen their average monthly revenue grow by nearly 50%.

"Joining the DC3 program has proved immensely valuable for the growth of MammothReach both as a brand here in the Detroit market, and as a profitable and successful company internally. We've learned things about ourselves and our business that would've taken us years to realize on our own, and we've been paired with resources and mentors that have been invaluable to taking this dream to the next level. Pair all of that with introductions to new clients and the representation of our story through DC3 and their various outlets, and we're extremely happy with our decision to join the program."



MammothReach Founders, Nick Keebaugh & Jesse Green



## Detroit Midtown Micro-Enterprise Loan Fund

The Detroit Micro-Enterprise Fund helps emerging and existing businesses with loans ranging from \$1,000 to \$50,000. The Fund actively seeks loan applicants with business acumen and moral character who can build a profitable business in their neighborhood and make an important contribution to their broader community. The funds focus on companies that provide services and improve the quality of life in their neighborhoods. Funds are used for things like the purchase of inventory, start-up costs, working capital, new equipment, contract financing, and leasehold improvements. The Detroit Micro-enterprise Fund, with the support from the NEI, provides micro-loans to underserved new and established small businesses in the communities of Detroit, Hamtramck, Highland Park, Pontiac, Ecorse, River Rouge and Lincoln Park, which often do not have access to traditional commercial bank financing.

### MeritHall

### MeritHall

The idea for MeritHall was formed by U of M graduate Alex Riley, and MSU graduate Patrick Beal. Since inception, MeritHall has become a full service staffing firm providing services to construction, landscape, and facility maintenance contractors. Their mission is to utilize the power of information technology to create an efficient process by which companies in these industries can fulfill their diverse labor needs. They provide a simple mechanism that connects employers to workers, while promoting a collective focus on the development of the local labor market.

After a successful pilot project in Georgia, MeritHall moved its operations back to Michigan and established its headquarters in Downtown Detroit. MeritHall has since provided skilled construction and landscape personnel to contractors of all sizes at hundreds of residential and commercial project locations throughout Michigan and even Ohio. MeritHall has grown from \$0 to over a million in sales in less than two years.

Detroit Midtown Micro-Loan, an NEI grantee, provided MeritHall with \$25,000 of start-up capital. This loan provides supports for them to focus on job creation and re-investment in economically distressed areas. The loan was used to purchase tools, safety equipment, office supplies, and a transport van, all of which assisted MeritHall in reaching its goal to better serve its clients in the community.



### Walker-Miller Energy Services, LLC



Walker-Miller Energy Services, LLC (WMES) is a minority and woman-owned energy services company located in Detroit. The business provides energy audits, energy optimization plans, and energy related equipment. Their mission is to drive the adoption of energy efficient products and practices in the community that result in measurable financial savings, enhanced comfort, improved air quality, and a healthier and prosperous environment. The \$50,000 of Detroit Midtown Micro-Loan funding has helped to buffer cash flow during slower pay periods.

The business was established in 2000 by Carla Walker-Miller. Since formation, the company has transitioned from a non-stocking distributor of high and medium voltage projects to an energy services company. Walker-Miller has taken the company to a high level of sales production, and profit generation. Walker-Miller and her company have been awarded multiple minority certifications because of their notable achievements. WMES clients include the Detroit Edison Public Academy, Consumers Energy, TechTown, Better Buildings for Michigan, and DTE Energy.



Carla Walker-Miller



## First Step Fund

NEI funding supports the First Step Loan Fund, a revolving loan pool for emerging and newly-formed small businesses in the region. The fund provides emerging companies with access to capital, targeted mentoring, and a network to foster demand and create opportunities for increased revenue and investment. First Step Fund support is meant to address the dearth of early stage business financing in the marketplace providing \$10,000 to \$50,000. The fund promotes economic development by identifying and nurturing commercially viable, high growth businesses. Their efforts are focused on job creation and increased tax revenue for the Southeast Michigan region.

### Seelio – Online Portfolio Network

First Step Fund was one of the two first investors in Seelio when it was in its concept stage. Seelio, a minority-owned company, has launched a platform that enables college students to showcase a comprehensive portfolio of their experiences. The platform helps to market students to employers in a much more compelling and understanding manner. It's a resume 2.0.



First Step Fund invested early, based on their confidence in the founder, Moses Lee. They trusted his extensive experience working in higher education at the University of Michigan and the idea that schools did not provide the best resources for students to showcase themselves and their work. After the investment in 2012, the First Step Fund team has been an integral part of all significant strategic decisions including recruiting of additional investors, advising on a business model change from Business-to-Consumer to Business-to-Business, and developing a partnership with a large educational service firm. Since the initial investment, the company has grown to 12 employees, has raised \$1.5M in investment capital, and has a revenue run rate well into the six figures.

### memloom

memloom is a woman-owned company founded by Alyssa Martina, the founder of Metro Parent Magazine. It aims to be the connection point for online family and friend storytelling, filling a gap between Facebook and manual scrapbooking. memloom allows users to quickly and easily build stories through digital images, written narrative, videos and audio recording. These stories can then be easily shared across social networks and mobile platforms.



First Step Fund was the first (and only) institutional money committed to memloom. Since making the investment in 2013, the First Step Fund team has played a key role with the company through a myriad of strategic decisions around key hires, product design, and launch decisions. The company is now poised for a national platform launch in the spring of 2014.

### Sky Specs

Sky Specs is a company formed by a group of University of Michigan engineering graduate students. The company has developed an autonomous aerial vehicle capable of inspecting a wide variety of structures including wind turbines, bridges, arenas, dams and sewers. Sky Specs provides both data collection and analysis tools for companies responsible for maintenance and services.

First Step Fund was the first commitment of \$50K in a \$500K round, and set terms to enable the company to raise the remaining \$450K in investment. In addition to the capital, First Step Fund placed a Detroit Innovate Entrepreneur-In-Residence, Nick Cucinelli, on the board of directors. Since the investment, the company has built a fully functional vehicle and secured a six figure development agreement with a major wind industry operations and maintenance company.



SkySpecs CEO Danny Ellis shows a prototype of their drone technology



## The Henry Ford Innovation Institute

The Henry Ford Innovation Institute (HFII), established in 2012, serves as both a physical and virtual resource for health care, life science and medical device entrepreneurs. It is the flagship of the Henry Ford Health System's commitment to innovation. The goal of the HFII is to enhance patient care and research, training, and commercialization opportunities within the health system through innovation and creation ideation. It provides access to an array of resources and programs that include technological opportunity assessment, engineering services for prototypes, educational seminars, and programs aimed at developing specific medical products. The NEI funding has contributed to HFII's expansion and development of infrastructure and capabilities.

### POP-TOP

Genesis Cases are used by hospitals to sterilize equipment. Soiled instruments are placed inside a Genesis Case and a plastic tab is inserted. The tab signifies that the case is sterile by changing colors after it has been autoclaved. In order to open the case, the tab must be broken and this motion can cause unnecessary discomfort and pain. One of Henry Ford's nurses pointed out that some of their colleagues have to open as many as 500 Genesis cases each day.

In response, the Innovation Institute team has prototyped several leveraging devices that help to more easily break the tab and reduce the strain. The devices have a non-latex based rubberized handle, are lightweight, strong, and secured to a lanyard for mobility. So far, five prototype iterations have been created and the Innovation Institute continues its work towards producing the ideal tool.



Examples of leverages now being tested to assist in opening the Genesis cases

### Retinal Detachment Diagnostic Device Prototype

Dr. Fuxiang Zhang of Henry Ford Health System has conceived and begun preliminary testing of a self-administered device for diagnosing retinal detachment. This medical device (a dish) will aid in the diagnosis of a very common condition: age related macular degeneration and retinal detachment.

Eric Myers, an Innovation Institute product developer has designed and built the prototype Retinal Detachment Diagnostic Device. The goal is to produce a device that can be used both by clinicians in the office setting and patients in the home. The dish will be used to determine a patient's peripheral and central vision. A patient presenting with diminished peripheral vision via the home test would be instructed to seek additional medical attention. This easy-to-use testing device will help encourage early detection which will likely preserve vision and reduce overall medical costs associated with retinal detachment.



Eric Myers with the Retinal Detachment Diagnostic Device Prototype



## Michigan Women's Foundation

Michigan Women's Foundation (MWF) was established in 1986 by 30 women committed to creating positive change for Michigan's women and girls. As a statewide foundation, MWF was created with the vision to redefine philanthropy for women and support programs that meet the special needs of women and girls across Michigan. It specifically focuses on promoting the economic self-sufficiency and personal well-being of women and girls. NEI grant funds are helping MWF to provide financial assistance and supportive resources to economically disadvantaged women owned/led businesses in underserved areas of Detroit. The MWF Angel Micro Loan Fund provides access to capital for disadvantaged women who might not otherwise have access to start-up capital. The Fund also provides a supportive environment and helps to create a network of resources and female mentors, so that women can achieve economic justice and security.

### E and S Uniforms

E and S Uniforms is a discount retail store in Northwest Detroit that sells school uniforms and medical apparel at reasonable costs. The company is owned by a Detroit mother and advocate of school uniforms. Ms. Page opened the store to better serve the community and assist schools in building a strong and meaningful foundation. The company delivers uniforms to schools as a convenience to working parents and stays current on any regulatory changes. In 2013, the Michigan Women's Foundation granted E and S Uniforms a \$5,000 loan to purchase inventory, signage, and a security system. This loan is helping the business grow and continue to serve Detroit families.

### Twice Nice Upscale Resale

Delta Sigma Theta is a public service sorority started at Howard University in 1913, now with more than 930 chapters in 48 states. The Detroit Chapter of Delta Sigma Theta received a loan from the Michigan Women's Foundation for \$35,000 to open Twice Nice – Upscale Resale Boutique in Southfield, Michigan. The store is designed to offer an upscale shopping experience at a reasonable cost, and the proceeds allow Delta Sigma Theta to fund their organization and other local non-profits through their "Community Grant" program. The loan from the Michigan Women's Foundation is funding the storefront lease, store fixtures, and a cash register system. The store will carry gently-used current styles for women, men, and children. Twice Nice will also launch a website to feature selected pieces and reach a broader client-base.



## Walsh College – Blackstone LaunchPad

The Blackstone LaunchPad at Walsh College provides Walsh students and alumni with the educational resources and support to develop and launch their business concepts. The funding from NEI supports entrepreneurial education and training. Resources include guidance in developing an idea or concept, advice on growth strategies, events and linkages to networking opportunities with industry experts and venture coaches.

### Avaneer Dental Studio

Armando Doku is a business information technology student at Walsh College who recently opened Avaneer Dental Studio in Utica, Michigan. The studio's mission is to deliver high-quality, dependable products, tailored for each patient. Avaneer is building an experienced team of dental engineers to provide quality dental care, reduce remake rates, and deliver natural-looking, non-allergenic products to their patients. Doku had the technical experience needed for the studio, but sought business guidance from Walsh College's Blackstone LaunchPad program. "I was surprised and in awe the first time I met with the LaunchPad staff and realized there was a team of people that cared about my progress," said Doku. LaunchPad's mentoring program provided support with the Avaneer business plan, marketing strategy, and online presence.





## Accelerate Michigan Innovation Competition

The Accelerate Michigan Innovation Competition is an international business competition designed to highlight Michigan as a robust and vibrant venue for innovation and business opportunity. Held in Detroit for the second year in a row, 2013 marked the 4th annual competition. Accelerate Michigan targets mid-to-late-seed stage businesses with the potential to generate an immediate impact on Michigan's economy. The competition assists innovation-based businesses by uncovering the brightest new business concepts and providing them access to constructive critique, high level networking, and exposure to Michigan and national venture investors. More than 70 angel groups and venture firms have been engaged with the competition since its inception.

NEI funds were allocated to support the Accelerate Michigan Innovation Competition 2013 to encourage entrepreneur business development and venture capital investment in southeast Michigan. The competition leveraged the NEI funds to raise an additional \$1.1 million from sponsors across Michigan. The three highlighted companies below, Varsity News Network, Algal Scientific and DeNovo Sciences, were the \$500,000 winners for 2013, 2012 and 2011 respectively.

### Varsity News Network (VNN)

Varsity News Network is a web platform that enables high school Athletic Directors to manage critical communication, and creates media coverage for athletics in the process. The platform aggregates local high school audiences across one system for all their sports information, creating a single channel through which brands, vendors, and products reach individual scholastic communities.



Varsity News Network was the winner of the 2013 Accelerate Michigan Innovation Competition, impressing the judges with their business plan and professional pitch. VNN received a check for \$500,000 to support the continued expansion of their successful new business. VNN has since raised an additional \$3 million in a Series A funding round from Arsenal Venture Partners, North Coast Technology Ventures, RSL Venture Partners, Start Garden, Grand Angels, Northern Michigan Angels, First Step Fund, Muskegon Angels, and the Michigan Angel Fund.

### Algal Scientific

Algal Scientific is a Plymouth-based company that initially started using algae to treat high strength waste water. Through the process, Algal realized that they could not only provide this service for companies at a lower cost than its competitors, but also produce a source of algal biomass that can be used as an organic fertilizer or animal feed protein. Algal has now developed a parallel process to use algae to make beta-1,3 glucan, an all-natural product that can be used to reduce the impact of disease in agriculture, and boost the immune system of almost any living thing.



Algal Scientific won the 2012 Accelerate Michigan Innovation Competition grand prize, bringing a significant boost in funding and public recognition to the start-up. They have since hired 10 employees and raised an additional \$1,090,000 in investment funding to propel their company forward.

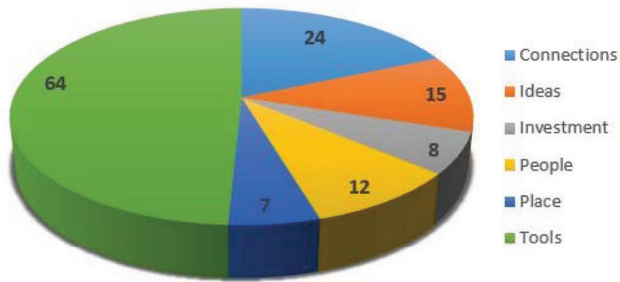
### DeNovo Sciences

DeNovo Sciences' mission is to provide an easy and accessible platform for cancer research and diagnosis. The company sells an instrument system and reagent kit as an alternative to traditionally painful and invasive biopsies. DeNovo is developing a proprietary product that will allow researchers to identify and capture rare and difficult to harvest cancer cells and enable them to conduct downstream molecular analysis. Their technology allows for personalized therapies as well as the ability to monitor patient prognosis.

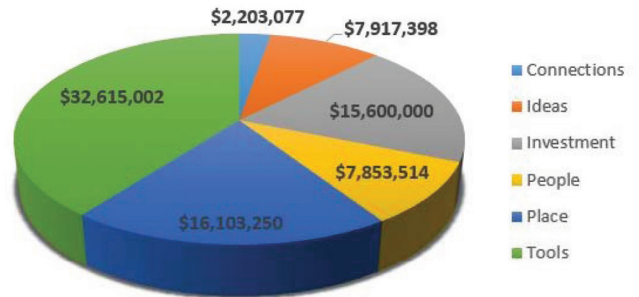


DeNovo Sciences has raised almost \$5 million since its 2012 Accelerate Michigan win and has amassed a strong contingent of investor support, including the NEI funded First Step Fund and added 8 full time positions.

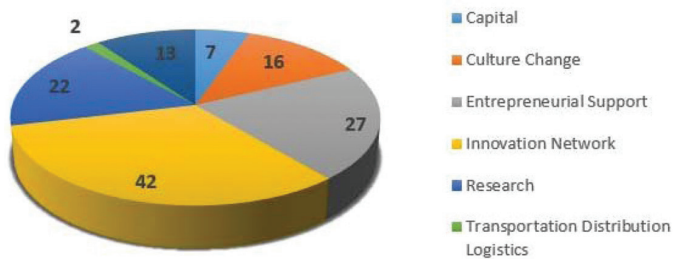
Number of Grants Awarded - NEI Spend



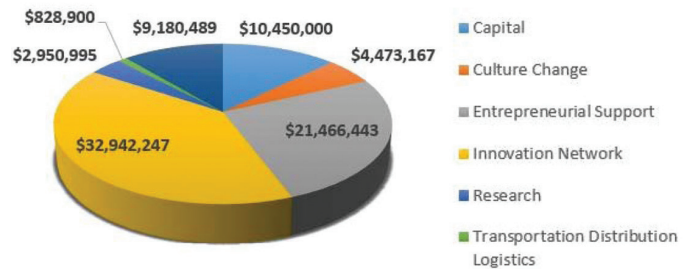
Grant Dollars Awarded - NEI Spend



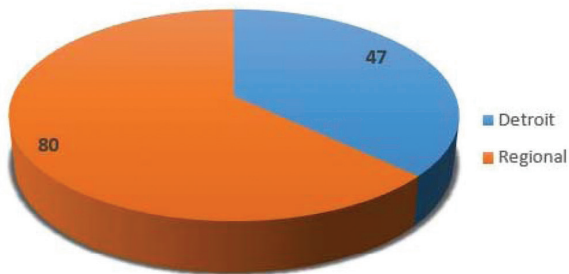
Number of Grants Awarded - Strategy Connection



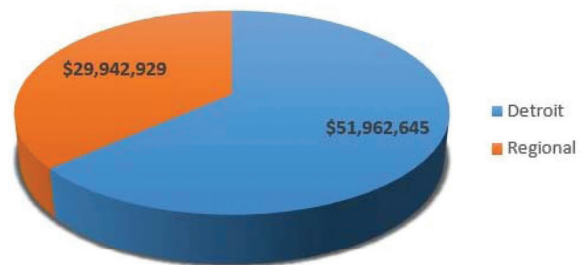
Total Dollars Awarded - Strategy Connection



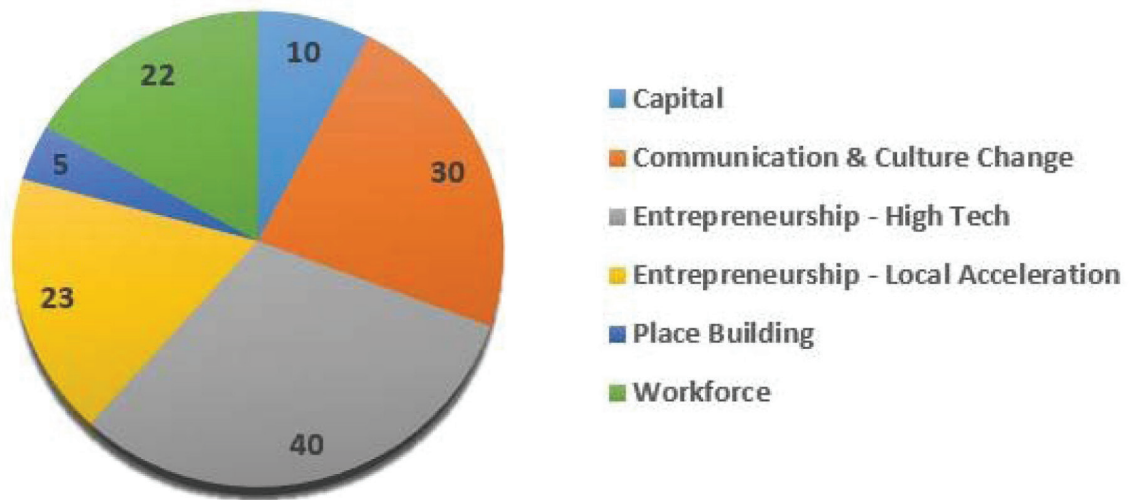
Number of Grants Awarded - Geo Focus



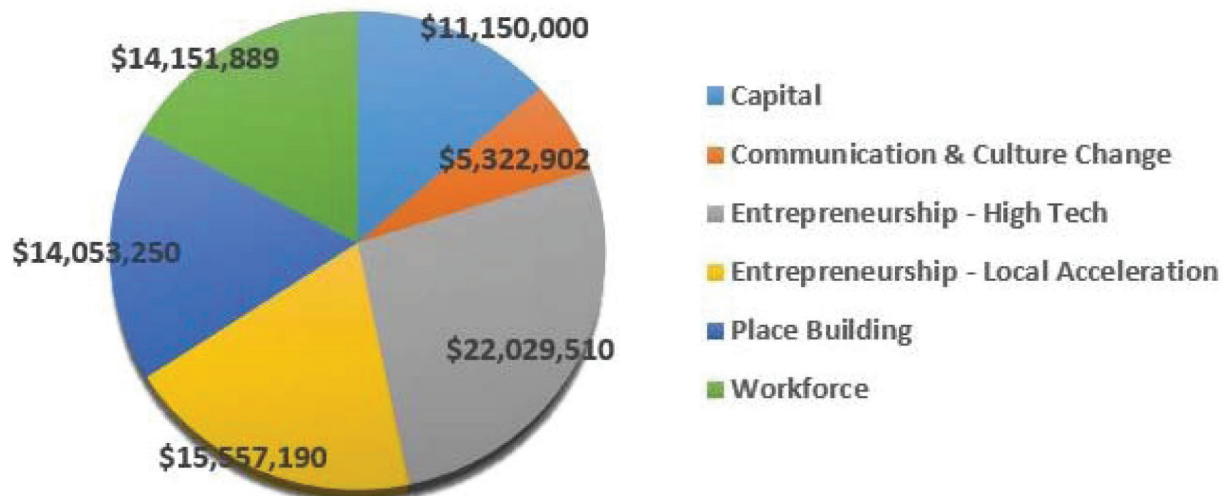
Grant Dollars Awarded - Geo Focus



## Total Volume of Grants by Program Focus

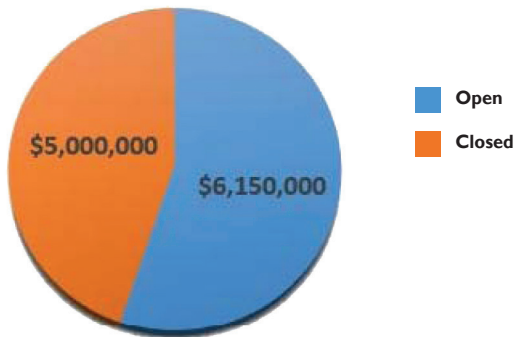


## Total Grant Dollars by Program Focus

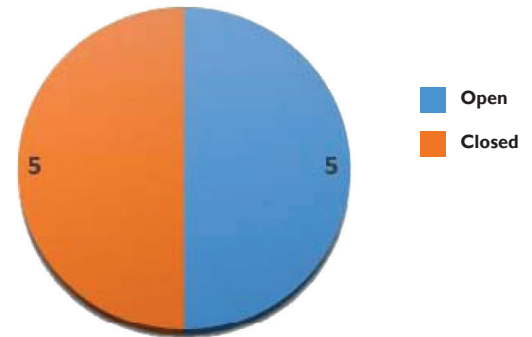




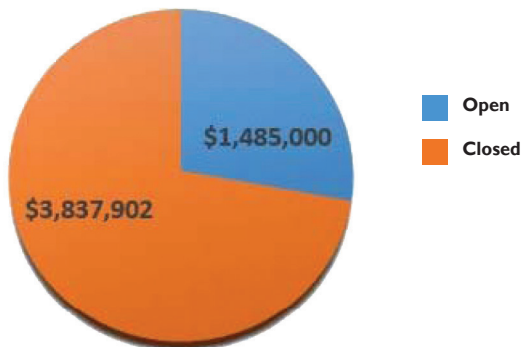
Program Focus - Total Grant Dollars - Capital Open vs Closed



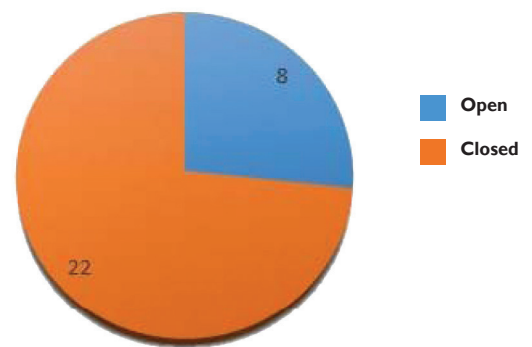
Program Focus - Total Grants - Capital Open vs Closed



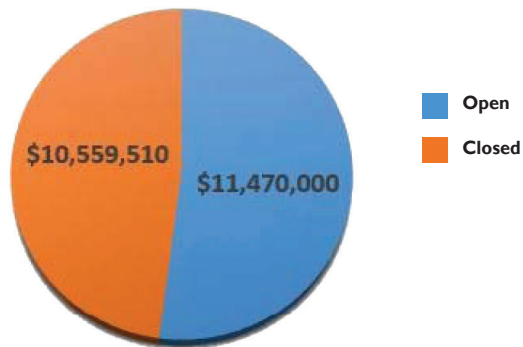
Program Focus - Total Grant Dollars - Community & Culture Change - Open vs Closed



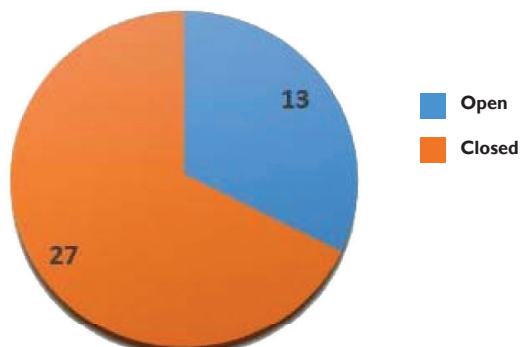
Program Focus - Total Grants - Community & Culture Change - Open vs Closed



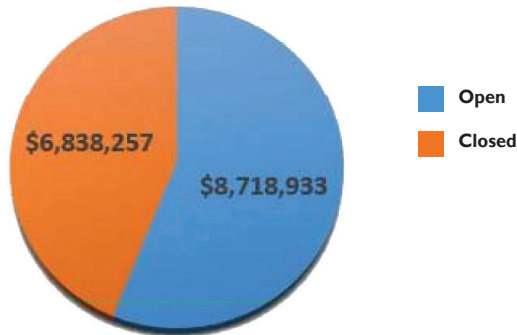
Program Focus - Total Grant Dollars - High-tech Entrepreneurship - Open vs Closed



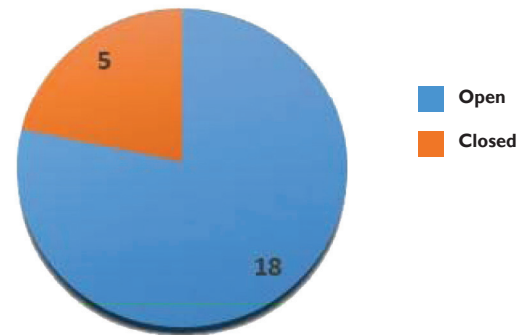
Program Focus - Total Grants - High-tech Entrepreneurship - Open vs Closed



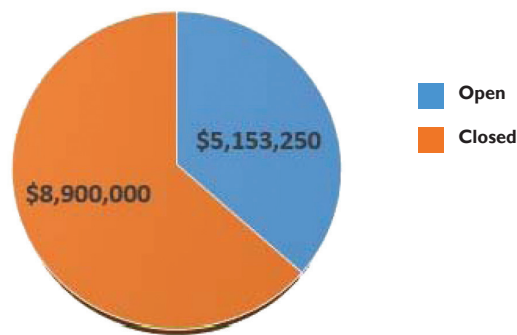
Program Focus - Total Grant Dollars - Local Acceleration Entrepreneurship - Open vs Closed



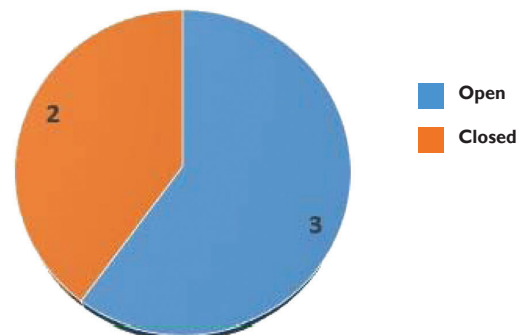
Program Focus - Total Grants - Local Acceleration Entrepreneurship - Open vs Closed



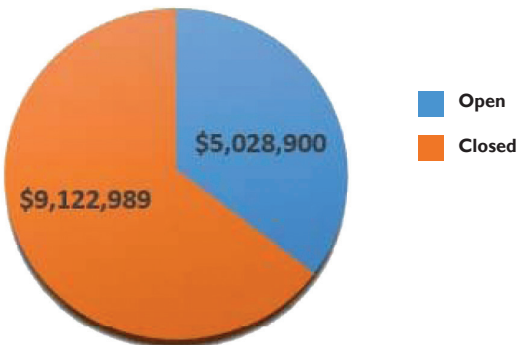
Program Focus - Total Grant Dollars Place Building - Open vs Closed



Program Focus - Total Grants Place Building - Open vs Closed



Program Focus - Total Grant Dollars Workforce - Open vs Closed



Program Focus - Total Grants Workforce - Open vs Closed

