

New Economy Initiative  
for Southeast Michigan  
**Annual Report to Funders**

January 1 - December 31, 2012



**Presented to:**

Community Foundation for Southeast Michigan (*Detroit*)

Max M. and Marjorie S. Fisher Foundation (*Southfield*)

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The Kresge Foundation (*Troy*)

McGregor Fund (*Detroit*)

Charles Stewart Mott Foundation (*Flint*)

Skillman Foundation (*Detroit*)

The following report focuses on the details and progress made since the last report to funders and follows the Uniform Information Guidelines developed and approved by the Governing Council of the New Economy Initiative for Southeast Michigan in 2008.

## General Narrative

### A. Summary of Year and Introduction

2012 was a year of increased focus and continued refinement for the New Economy Initiative for Southeast Michigan (NEI). By focusing on entrepreneurial development, NEI has been able to document over 400 company starts, nearly 7,000 jobs created, \$269 million in leveraged investments directly to entrepreneurs and \$166 million in matched dollars to grantees. These numbers exceed similar philanthropic economic development initiatives that are being operated in other parts of the country.

NEI's focus on social equity has been a driving factor in program design. The evolution of NEI's social equity and inclusion work has resulted in a comprehensive approach that has been recognized by PolicyLink, a national research and action institute advancing economic and social equity by lifting up what works. Victor Rubin, Vice President of Research of PolicyLink said:

*NEI is following through on a ... comprehensive and inclusive understanding of entrepreneurship ... more than any other regional initiative we have seen around the country. That breadth comes from giving serious attention to three distinct types of business development: in the high growth or high-tech sectors, in the realm of firms that can respond to the procurement and investment by urban anchor institutions, and in the fostering of new businesses in lower-income communities of color.*

According to JumpStart America, the Detroit region has one of the best developed, yet most severely fragmented entrepreneurial support systems in the country. NEI has been acting to connect and enhance this badly fractured system in order to create companies, jobs and greater opportunities for citizens in the region. NEI's work in 2012 was dedicated to establishing a shared vision and collective action among the organizations that make up the region's entrepreneurial support system in order to increase regional economic success.

### B. Launch of the Detroit Regional Innovation Network

The Detroit Regional Innovation Network was launched in the first quarter of 2012, culminating a year-long strategic planning process that began in 2011. In March of 2012, during a presentation to more than 100 economic development and community leaders, senior staff of the Brookings Institute validated the Innovation Network strategy by stressing the importance of leveraging local assets to drive economic development through entrepreneurial and place-making activities.

The Detroit Regional Innovation Network is defined as an interconnected group of organizations funded by NEI that provide services, capital, talent and facilities to support entrepreneurs in the creation and growth of ideas and enterprises. The organizations are primarily concentrated in the 3.5-mile Innovation Corridor that runs from Midtown to Downtown Detroit.

The support, talent, and capabilities of other entrepreneurial ecosystem service providers in Southeast Michigan are also included in order to leverage the talent and resources of the region to further strengthen this Innovation Corridor. The collective reach of the Network is region-wide and across select Detroit neighborhoods. The organizations of the Innovation Network are intentionally focused on accelerating the creation and growth of new enterprises, attracting new investment, and adding new jobs in a way that holds inclusion and social equity as a driving principal throughout every aspect of the work.

There was a change to the original Innovation Network strategy presented to the Governing Council in late 2010. Rather than funneling most of the funding to one “hub” institution that would provide leadership to a set of “nodes,” today the Innovation Network is more decentralized and diverse. This decentralized model acknowledges the already existing entrepreneurial ecosystem and provides support to strengthen and coordinate it in a way that supports the personal aspirations of entrepreneurs. The model is designed to quickly identify and finance those with ideas that can become thriving employers within Detroit.

In July 2012, NEI hosted the first event that brought every member of the Innovation Network together to learn about each of their respective programs and to experience the world of innovation, entrepreneurship and collaboration through the powerful exhibits and docents of The Henry Ford Museum.

### **Innovation Network’s Grantmaking Strategy**

Based upon research and study of successful entrepreneurial communities, it was determined that there are five key elements to meeting the goals of an entrepreneurial ecosystem. The grantmaking in 2012 can be understood by those elements.

**Ideas** – Investments instigating new ideas and helping ideas come to market. Ideas need time and space to grow and be evaluated and vetted for their relevance in addressing problems and meeting market demands. NEI provided grants to the following organizations that were primarily focused on this work:

- > AutoHarvest Foundation Online IP Catalogue
- > Henry Ford Health Systems (HFHS) Innovation Institute
- > Wayne State University Office of Technology Commercialization
- > Sustainable Water Works Business Forum and Innovation Factory
- > Ann Arbor SPARK Accelerate Michigan Innovation Competition

**Tools** – Investments in identifying best practices and providing training, mentors, and support services to help ideas grow. Entrepreneurs and growing business owners need advice and assistance on business plan development, coaching, mentoring and connections to commercial opportunities and investment support. NEI provided grants to the following organizations that were primarily focused on this work:

- > Arab Community Center for Economic & Social Services (ACCESS), Neighborhood Entrepreneurial Program
- > Bizdom Accelerator and Fund
- > College for Creative Studies, Detroit Creative Corridor Center
- > Detroit Economic Growth Corporation, Procurement Program
- > INFORUM, Entrepreneurial Training and Venture Development Support for Women
- > Michigan Women’s Foundation, Entrepreneurial Training and Support for Detroit Women
- > NextEnergy, Infrastructure Improvements for Testing, Validation and Demonstration
- > Southwest Housing Solutions, Neighborhood Entrepreneurial Program (ProsperUS)
- > Wayne State University, Business Engagement Center
- > WSU Research & Technology Park (TechTown), Accelerator and Neighborhood Business Development Programs

**Investment** – Investments in providing access to capital for every stage of ideas and growth. Detroit-based entrepreneurs with marketable ideas and ventures need greater access to capital, starting with seed funds, to start-up support and other follow-on investments. As a result of NEI’s work, there are now more funds available in the Detroit region for seed and start-up funding; recognizing funding for underserved groups is still a challenge. NEI provided new grants to the following organizations that were primarily focused on this work:

- > Detroit Midtown Microenterprise Fund
- > Invest Detroit Foundation, Detroit Innovate High Growth Accelerator
- > Invest Detroit Foundation, First Step Fund

**Place** – Investments in building physical places for ideas to thrive. The building of a vibrant regional economy requires a strong urban core. The growth and strengthening of an Innovation Corridor from Midtown to Downtown is a key priority of the Innovation Network. As has been documented by studies from the Brookings Institute, the recently completed Detroit Future City, and the Hudson-Webber Foundation report, “7.2”; a strong urban core will draw talent and help build the region. NEI support has been provided to Midtown

Detroit, Inc. to plan and build out the physical area anchored by TechTown, NextEnergy, Wayne State University and Henry Ford Health System.

**Connections** - Investments to create and promote valuable, sustainable and accessible networks. The creation and promotion of a network that will support all entrepreneurs and entrepreneurial service providers is necessary for the individual grantees to maximize their effectiveness and leverage programming dollars for sustainability. NEI provided new grants and continued funding of existing grants to the following organizations that were primarily focused on this work:

- > The Henry Ford, Salons
- > Issue Media Group, Southeast Michigan Startup website
- > Ethnic Media Project, collaboration among Arab American News, The Latino Press, The Jewish News, The Michigan Korean Daily and The Michigan Chronicle

**Talent** - Investment in retaining, attracting, preparing talent for jobs. As new companies are being developed and current companies look to expand, the need for adequately educated, diverse, and trained talent is a priority. Awareness of and connection to employer needs for skilled employees and efforts being made to meet those needs has been an important connection and convening objective of NEI. NEI provided grants to the following organizations that were primarily focused on this work:

- > Southeast Michigan Community Alliance, Workforce Intelligence Network
- > MSU Global Talent Retention Initiative
- > Detroit Regional Chamber, Intern in Michigan

This focused Innovation Network strategy is designed to move great ideas of entrepreneurs and innovators to the marketplace more quickly, in order to revitalize the economy. This will eventually result in more jobs and greater prosperity in the Detroit region.

The Innovation Network consists of 19 grants issued in 2012 totaling \$13.8 million, approximately 21 percent of NEI's total dollars granted to date.

### **NEI's Move into Detroit Neighborhoods**

Two neighborhood specific entrepreneurial programs were granted funds as part of the Innovation Network in 2012. ProsperUS provides training in the Cody-Rouge, North End and Southwest Detroit neighborhoods. ACCESS focuses on bringing entrepreneurial training and mentoring to two communities; the Dearborn/Detroit neighborhood of Warrendale that has a high concentration of Middle Eastern immigrants and the city of Hamtramck that

includes Yemeni, Bangladesh and Bosnian immigrants. ACCESS will also be providing a mentor and professional service provider network, a micro-loan fund and resource mapping.

### **Operationalizing Social Equity Principles**

Since its inception, NEI has been committed to inclusion and social equity as a driving value. Through the work of grantees it is increasingly clear that equity is imperative to growing the overall economy. The conscious commitment to inclusion and equity is necessary to make the “new economy” a new economy for all. The evolution of NEI’s work has resulted in a comprehensive approach that has been informed by PolicyLink.

Over the life of NEI, the social equity work has evolved and become increasingly more defined. In the first years it was necessary to do the basic work to define, promote and create measurements of social equity. Working with PolicyLink, a set of 13 principles were defined and ratified by the Governing Council in September 2011. Using those principles as a foundation, during 2012, NEI staff and PolicyLink met with each of the Innovation Network grantees to establish, monitor and adjust social equity criteria for their organizations that are reported as measurable, quarterly milestones.

As the Innovation Network grantees started to pursue social equity objectives, it was clear that further expertise and assistance was needed to assist them to develop the necessary tools and connections. By the last quarter of 2012, NEI engaged Darrin Redus, Chief Inclusion Officer of JumpStart America to assist in grantee program development. Mr. Redus is working with traditional inclusion organizations, such as New Detroit and the Detroit Urban League, and minority economic development organizations and professional groups, like the Michigan Black Chamber and the Michigan Minority Supplier Development Council, to build links between their constituents and the Innovation Network in order to expand entrepreneur opportunities in underrepresented markets.

As described above, NEI provided funding in 2012 to programs focused specifically on minority communities including Southwest Housing Solutions’ ProsperUS and ACCESS. Both programs have a focus on people living in and working in neighborhoods of Detroit to create and build businesses in those neighborhoods.

### **Seeing the Network Work**

NEI’s work and grants from the beginning have recognized that to build a successful new entrepreneurial ecosystem in the region will require a renewed attitude of collaboration and cooperation to replace the zero-sum game of competition. It has become apparent that NEI is the critical factor in driving a behavior of collaboration among entrepreneurial ecosystem players that did not exist in the past. Even though the work had just begun

in 2012, several collaborative efforts resulted in leveraging almost \$4 million in additional dollars to NEI grantee programs. The following are examples of those collaborations:

The Workforce Intelligence Network (WIN), the Michigan Manufacturing Technology Center (MMTC), the Detroit Regional Chamber and NextEnergy joined with the Society of Manufacturing Engineers to successfully apply for a \$2.9 million grant from the U.S. Department of Commerce to establish the Advanced Manufacturing Innovation Realization Cluster. The grant was awarded in October 2012. The purpose of the project is to assist small manufacturing companies to successfully compete for low-volume, rapid-production, custom projects by providing new business connections, research on niche markets, training and education programs.

TechTown, Bizdom and Detroit Innovate, all which serve entrepreneurs in the Detroit area, successfully secured a \$1 million grant from MEDC to support an initiative to identify and secure mentors and entrepreneur's-in-residence to support their client base, as well as methods to develop more student entrepreneurs. MEDC had only planned on a \$750,000 grant but increased the award based on the collaborative nature in which the Detroit service providers applied.

The real estate development process of Midtown Detroit, Inc. is leading the district planning effort by engaging community stakeholders who will improve and add vibrancy to the internal and external spaces surrounding TechTown, NextEnergy, Henry Ford Health Systems, and Wayne State University.

The Innovation Institute at Henry Ford Health Systems partners with the College for Creative Studies to drive new product development projects between HFHS staff supported by CCS design students.

### **Better Tools for Evaluation**

Since 2011, the Growth Capital Network (GCN) has been working with NEI to perform a set of quantitative and qualitative reviews of the full portfolio of grants. There are two primary goals for the ongoing project; to deliver data, analyses and stories about the impact of NEI and its role in shifting the local economy; and to build a performance measurement system for NEI grantees. GCN is tasked with collecting the grantee data, creating a concise set of quantitative reviews, communicating the analyses and gathering anecdotal stories and lessons learned by each of the grantees in order to provide a clear picture of progress.

Since its inception, NEI grantmaking has evolved from broad based metrics in the larger categories to a tightly focused strategy where metrics and outcomes are established with each grantee.

The ultimate goal of performance metrics, data and analysis is to drive well-informed funding decisions that lead to continuous improvement and



long-term impact in the region. The continued commitment to track and communicate results during Governing Council meetings helped NEI stakeholders better understand the goals of the organizations and the incremental progress towards achievement.

Integrating performance measurements into daily operations allowed NEI staff access to solid data that better illustrates progress and establishes a culture of continuous learning that is leading to amplified social and economic impact.

A refined set of evaluation processes has been instituted since January 2012 with all grants. The evaluation team is involved at the initial stage when the proposals are received. The evaluators, working alongside PolicyLink, retrieve milestones from the proposal and then define the associated metrics. A meeting is set with the grantee, the program officer and the evaluation team before any funds are disseminated. In this meeting the evaluation process is communicated, milestones and metrics are agreed upon and expectations are set.

In order to increase the efficiency of tracking and reporting outcomes of grantee programs, NEI worked with Spring Management Systems and GCN to create an online database, NEI Grant Progress Network (GPN).

The NEI GPN database provides the following value to the evaluation process:

- > Streamline reporting and communication with the grantees
- > Provides easy two way communication between the grantees and NEI
- > Allows the evaluation and NEI staff to easily access key organization information such as financials and budgets
- > Gives NEI staff access to media and communication data such as logos, board lists, and staff biographies
- > Captures data that ranges in scope from the individual grantee to the complete initiative
- > Includes organizational and grant data for all NEI grants (closed and open) allowing easy access to grant profiles offsite
- > Covers outcomes and measures data for NEI grants
- > Allows NEI staff to more efficiently manage the activity and adherence of each grantee
- > Creates reports and downloads for increased efficiency
- > Facilitates the transition of grantees between NEI staff

The GPN database has just completed its Phase I launch. Key features 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 now been populated with all of the earlier available data (pre- December 2012) so that all of the data included in key reports such as the flash report are current. The system currently houses data for 40 grantee organizations and 94 grants. Grantees with reporting deadlines in Q1 2013 have been introduced to the system and are learning how to provide their data/reporting.

Phase II of the project has been approved and will create a more robust engine with the GPN system. It will provide more enhanced reporting and trend analysis to inform NEI fundraising. Many of the new reports focus on compliance (close out, metric menus, NEI spend, equity impact), whereas others will show developments in the grants/data (grant maturity level, funds awarded, program match dollars, new capital investment trends). The launch of this phase will be in the summer of 2013.

Attached is an evaluation analysis, including a description of selected grants, by Growth Capital Network.

### **C. Results to Date**

The following has been realized from NEI's investments since its first grant was made in 2008:

- > 33,276 individuals exposed to entrepreneurial services
- > Creation of 423 new enterprises
- > Creation of 6,898 new jobs
- > \$269 million in capital leveraged by NEI supported new enterprises
- > Greater connected entrepreneurial ecosystem, leveraging \$166 million in program match dollars to NEI funded programs
- > Establishment of public-private funding partnership with Michigan Economic Development Corporation (MEDC)
- > Development of intentional social equity strategies and tactics across all grantmaking activities
- > Creation of collaborative partnership with eight community colleges, seven workforce boards, four regional accelerators and five ethnic media publications
- > Research that informed state policy in alternative energy, immigrant reform and transportation and logistics

### **D. Lessons Learned**

The implementation of the Innovation Network and the regular evaluation in 2012 continues to provide lessons used to revise strategy and tactics. The following are informing NEI's thinking on how to ensure the greatest value to the Southeast Michigan entrepreneurial and talent base, as well as the economic impact for the region:

- 1 Inclusion and social equity strategies must reach a level of implementation that both expands the market of existing entrepreneurial organizations to include underrepresented populations and influences programs that traditionally support minorities to better prepare their constituents for business ownership and employment.
- 2 The formation of a distinctive Detroit-based high-growth accelerator and fund requires a collaborative approach engaging regional venture fund leaders under the guidance of nationally recognized accelerator and fund managers.
- 3 The Innovation Network strategy must include a focus on the complex work of procurement as it is a key demand driver in creating jobs and sustaining new and existing Detroit businesses. Having the right players to lead this effort is crucial to its success.
- 4 Innovation Network effectiveness depends on a collaborative culture among the service providers that will lead to referrals, shared resources, joint projects, and partnering to secure public funds. NEI must remain as an influential and engaged coordinator and funder.
- 5 Coordination with State economic development agencies, MEDC, is critical to leverage resources and influence policy. However, MEDC's current funding structure often creates competition among institutions. Thus, non-public funding and NEI's current coordinating role are critical to the Network's success.
- 6 The Brookings Institute is pursuing an innovation district strategy with the State of Michigan that has been endorsed by the Governor. Planning and funding of district development may be catalyzed by NEI's Innovation Network strategy and how it affects the 3.5 mile Innovation Corridor.
- 7 The corporate community of Detroit is an important missing component of the Innovation Network. Large regional employers may wish to join this effort as they seek better coordination of their community and economic development, investment initiatives, as well as expanded procurement opportunities.

These lessons are helping to shape the future of NEI beyond the current \$100 million strategy in order to ensure effective returns of existing investments since the first grant was made in 2008.

## **E. Fund-Raising**

As of December 31, 2012, NEI has received payment of \$96 million of the pledged \$100 million from its constituent funders. The remaining balance on received funds at year-end was \$20 million.

## Governance Information

During 2012, the Governing Council continued to guide strategic actions and areas of focus for NEI, and the Executive Committee provided for the regular review of and recommendation of grants. The full Governing Council met four times in 2012 for half-day sessions. The Executive Committee began the year meeting by conference call every three weeks, due to the need to approve a high volume of grants in a three-month period. With the completion of grant reviews for the Innovation Network grantees in March, there were a lesser number of grant applications and the Committee adjusted its meeting schedule to every six weeks.

The Executive Committee had one in-person meeting in November. The purpose of that meeting was to discuss the creation of a Work Group to develop a plan and recommendation for a second phase of NEI. The Work Group members selected were Governing Council Members or Alternates: Steven Hamp, Chair; Lizabeth Ardisana, ASG Renaissance; David Egner, of NEI and Hudson-Webber Foundation; Neal Hegarty, C.S. Mott Foundation; Benjamin Kennedy, The Kresge Foundation; George McCarthy, Ford Foundation and Douglas Bitonti Stewart, Max M. and Marjorie S. Fisher Foundation Inc. Community representatives were David Blaszkiewicz, Invest Detroit; and Ryan Sullivan, Rock Ventures.

### A. Changes to Governing Council Membership

The following Governing Council membership changes occurred in 2012:

**Ronald Goldsberry**, Community Member, resigned with his appointment to the Detroit Financial Advisory Board.

**Sharnita Johnson** was added as a second alternate representative from the W.K. Kellogg Foundation serving with **Linda Jo Doctor. Sterling Speirn**, President of the Foundation, remains as the primary appointee.

**Rishi Jaitly**, alternate for the John S. and James L. Knight Foundation, resigned from the Foundation. **Paula Ellis** remains as the alternate representative and **Alberto Ibargüen**, President of the Foundation, is the primary appointee.

### B. NEI Council of Economic Advisors

The counsel and advice from the Economic Advisors assisted in the creation and implementation of the Innovation Network in 2012. Several of the advisors attended Governing Council meetings, and many participated in quarterly conference calls, usually one month before Governing Council meetings, to help review the work and critique the strategy.

Several of the Advisors were also helpful to staff this year in facilitating meetings around the policy agenda of NEI, as well as educating staff about program models around the country that could be effectively replicated in the Southeast Michigan region.

## C. Staffing

In 2012, NEI staff remained in place and deeply engaged in the work. The following changes occurred at the end of the year:

**Sam Singh**, who had been a Senior Consultant to NEI since 2009 was elected to the State House of Representatives from the 69th District and resigned as of November 30, 2012.

**Katie Brisson**, who had been Senior Program Officer for NEI since 2009, stepped down from that role on December 1, 2012 to assume the position of Vice President, Program at the Community Foundation for Southeast Michigan.

**Karen Goldbaum**, who had been spending 50 percent of her time as the Communications Officer for NEI stepped down on January 1, 2013 to work full time in that role at the Community Foundation for Southeast Michigan.

The Governing Council extended to each of these staff members sincere thanks for their hard work and commitment to NEI over the past years and wishing them great success in their respective new roles.

At the beginning of 2013, NEI Staff are:

**David Egner**, *Executive Director*: Lead on the development of NEI's vision. Responsible for relationships with NEI funders and Governing Council members. Key spokesperson.

**Carol Davis**, *Administrative Assistant*: Lead support for all NEI staff and Governing Council.

**Pamela Hurtt**, *Senior Consultant*: Lead on planning and grantmaking for high-growth acceleration activities and oversight of evaluation for Innovation Network grantees.

**Donald Jones**, *Senior Consultant*: Lead on planning and grantmaking for place-based acceleration activities and development and oversight of social equity metrics for grantees. (Mr. Jones returned to NEI full-time January 1, 2013 after spending 2012 splitting his time 50/50 between NEI and general grantmaking at the Community Foundation for Southeast Michigan).

### Partners/Consultants

NEI continued to engage consultants that provide specific knowledge and expertise that helps to inform and strengthen the overall work.

**PolicyLink** - Serving as economic advisors to NEI and also as a core part of the evaluation and project management teams. Namely, PolicyLink has been working closely with the NEI team and grantees to identify social equity goals and how to best accomplish them.

**JumpStart Inclusion Advisors** – Providing leadership, in partnership with PolicyLink, in identifying and connecting underrepresented groups and their constituents to the Innovation Network ecosystem.

**Little Things Labs** – Providing strategic direction, facilitation and communications support to staff in order to drive NEI strategy beyond 2013.

**Lovio George** – Providing strategic planning and communications support to NEI leadership and staff.

**Growth Capital Network** – Drs. Lauren Bigelow and Tatiana Bailey are working with NEI staff to construct milestones and benchmarks for all the grants awarded in 2012. They also assisted in the development of NEI Grant Progress Network database.

**Spring Management Systems** – Working with staff to develop and improve NEI Grant Progress Network database that allows for the capture and reporting of NEI grant outcomes and milestones as well as information associated with grantee organizations and grant programs.

**Data Driven Detroit** – Provides data sets that are used to inform NEI grantees and the evaluation team.

**Upjohn Institute** – Upjohn maintains oversight of evaluation activities for NEI's grants within the workforce development area.

**Reginorate** – Founder, Linda Fowler, provided NEI with assistance in identifying federal opportunities to leverage funds into NEI-supported projects. In particular, Ms. Fowler provided opportunities for BANSEM members to jointly apply for federal funds for related activities.

**Martha Welsh** – Ms. Welsh continued to be the lead support on the workforce development cluster of grantees. She was responsible for arranging the agendas for the quarterly grantee convenings and making sure the grantees were timely in their reporting. Her work ended in 2012.

**Airfoil Public Relations Firm** – This firm has assisted NEI with ongoing public relations needs. Their contract ended in 2012.

**Issue Media Group** – IMG continues to populate the Southeast Michigan Startup website with stories of local entrepreneurs to assist in changing cultural attitudes about Detroit. ([www.semichiganstartup.com](http://www.semichiganstartup.com))

**New Michigan Media** – A partnership of the region's five largest ethnic media publications, this entity is assisting IMG and NEI in identifying entrepreneurs within specific ethnic communities and highlighting their stories.

**Xconomy Detroit** – A national online magazine for venture capitalists, NEI partnered with the Kauffman Foundation to place an Xconomy reporter in Detroit to report on development of entrepreneurial activity. (<http://www.xconomy.com/detroit/>)

## Grant Report

Since the inception of NEI, \$78.6 million has been invested, including \$65.8 million across 94 grants. The following provides a high level profile of the investments made to date:

- > \$41 million (31 grants) went to grantees specifically focused on Detroit and its residents
- > \$51.2 million (58 grants) focused on entrepreneurial and place-making activities
- > \$21.3 million (23 grants\*) is supporting the newly formed Innovation Network strategy
- > 46 of the 94 grants are currently open and actively managed by NEI staff, representing \$39.8 million

\* Totals more than 94 grants, individual grants may address more than one area.

During 2012, NEI Governing Council approval of the Innovation Network resulted in a total of \$13.8 million in new grants, bringing total investments to date for NEI to \$65.8 million by year-end. See attachment for a list of grants made. The balance of available grant funds has been allocated to continue the work of the Innovation Network. Second and third year awards may be made to grantees based upon each meeting defined metrics and outcomes.

## Financial Information

During the reporting period, the multi-year budget for NEI was maintained in the revised expenditure categories, approved in 2008. These categories continue to be helpful for the work of NEI. Attached is a report of NEI expenditures through December 31, 2012.

## Conclusion

Since 2012, the transformation of the Detroit region to a more entrepreneurial culture has begun. New companies are being started, new investment is being assembled, and new jobs are being created. However, continued learning and aligning the culture in a way to sustain the change is more critical than ever. In 2012, NEI began shaping a shared vision and developing common metrics across all grantees, drove and supported the launch of new programs to enhance the Innovation Network strategy, and formed the NEI Work Group to refine and define the next steps of the overarching strategy of phase two of NEI.

The Work Group report was delivered to the NEI Governing Council on March 13, 2013. The report provides the framework for the next phase of NEI's work and forms the work plan that will be implemented in 2013 and reported on in next year's Annual Report. In summary, the report documents the tremendous progress accomplished by NEI. However, the work is not complete as systemic change is a continually evolving process that requires sustained effort.

### Attachments

- > Evaluation Report by Growth Capital Network
- > Chart of Grants to Date
- > Membership of governance and related committees
- > NEI Financial Statement, report includes income on grant funds provided
- > Minutes of Governing Council meetings including attendance
- > Copies of NEI media coverage
- > Community Foundation for Southeast Michigan Financial Statement
- > Community Foundation for Southeast Michigan Yearbook