



new economy initiative

# 2014 **ANNUAL REPORT TO FUNDERS**

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*A project of the Community Foundation for Southeast Michigan*

## **2014 ANNUAL REPORT TO FUNDERS**

Issued: April 1, 2015

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The following report focuses on the details and progress made during 2014 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 and affirmed by the foundation partners in 2013-14.



**Outlined within this 2014 Annual Report are the New Economy Initiative's (NEI) tactics, investment numbers, and programmatic descriptions that are increasingly helping the regional economy gain momentum. The NEI's piece of that growth is built around supporting entrepreneurs, small businesses growth and innovation across a spectrum from grass roots to high-growth through our non-profit grantees. What's difficult to capture, however, beyond dollar investment and programmatic activity, is the cajoling and connecting piece of what NEI does to help make that happen.**

It's not only pulling together some of the most influential big thinkers in the region to consider how to leverage our innovation assets in the Detroit Innovation District, or convening over 35 community leaders from across the city to develop a cohesive neighborhood strategy for small businesses. It's also not only the work done in animating over 100 different ambassadors, jurors and technical support providers to engage 600 existing businesses that applied to our *NEIdeas: Rewarding Ideas for Business Growth* – all of which you'll learn about in this report. It's working to tie *all* those things together in a meaningful way. We see a bigger system at play.

In 2014 the region's post-bankruptcy narrative quickly shifted from crisis to potential, from a story of disinvestment to a story of rekindled investment, from a tragic tale of a failed city to a reimagining of what cities can become. Central to that optimism sit all the ingredients for an explosive innovation district within a 4.3 mile stretch of Greater Downtown Detroit. On the south end is a burgeoning tech scene that has the world's attention. Up north are leading education and health care institutions activating new technologies and commercialization, and the places where each collide. Throughout are nearly 50 entities supporting entrepreneurs, small businesses and innovators from across the region. Individually these things are already creating momentum. But the whole can be greater than the sum of its parts. It can all be brought together – the strength of corporations, foundations, government, universities and the entrepreneurial ecosystem – more cohesively to harness existing activities, open new opportunities and accelerate growth. It is with this potential in mind that NEI worked tirelessly with the Mayor's Office and the Brookings Institute to help develop the Detroit Innovation District, which began to be explored and considered by a steering group of diverse stakeholders during this year.

But it's not about a geography in isolation. If done right, it's about leveraging that geography to build a strong regional economy and serve our neighborhood businesses. It's about building a system that grows the pie for all. If done right the district can connect all the region's innovation assets so Detroit can compete on a global scale, ultimately pushing our most traditional employers to their greatest potential, while creating the companies of tomorrow. Perhaps more important, it can reach into the neighborhoods to create jobs for Detroiters and provide district resources that grow Detroit's small businesses, all while employing our innovation brainpower and assets to solve some of our most vexing problems.

If this year has shown us anything in our country – from Ferguson to our own back yard – we cannot let Detroit become a tale of two cities. The success of greater downtown cannot be an island. It must be a bridge. We need Downtown and Midtown to succeed. We need new employers and employees moving into our City. But our neighborhoods need to be connected to that success through business-to-business opportunities, workforce connections and how the entrepreneurial resources, mostly centered in Greater Downtown, work with neighborhood businesses. The well being of our entire community depends on a thriving economy. It is with that in mind that we present the 2014 annual report.

**Regards, David O. Egner**



## A. BUILDING ON SUCCESS

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2013 was a year of planning, reflection and fundraising – all with the realization that more work needed to be done to support entrepreneurship and small business growth across the region. 2014 was the year that the New Economy Initiative (NEI) began to execute those plans in earnest.

In 2014, NEI continued to focus on driving culture change towards a more regional entrepreneurial and innovative mindset, while developing a network of service providers who work together so entrepreneurs and small businesses get what they need, when they need it. The evolved and newly focused work, defined as NEI 2.0, began in January around three critical and often integrated areas – *Innovation Network Support*, *New Ideas and Programs*, and *Entrepreneurial Culture and Promotions*. And the work continued to bare results.

By the end of 2014, 187 grants had been made since the inception of NEI, equating to \$87.6 million. Of the total grant dollars awarded, 21 percent have gone to programs solely focused on serving historically underserved individuals. The year saw 62 grants awarded, equating to \$12.6 million with 46 percent going to programs serving underserved communities. Also in 2014, NEI began to better understand, articulate and activate the important connective tissue between the many entrepreneurial service providers within the greater downtown geography of Detroit (Detroit Innovation District), and other regional and neighborhood-based providers.

## B. NEI 2.0

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The work of NEI from 2007 to 2012 focused on identifying, launching and funding service providers to support the formation of new ventures, attract new investment, and provide jobs within the Southeast Michigan region and the City of Detroit. While continuing grantmaking, 2013 was an opportunity for NEI to look back on that work, reflect on what was learned, and determine the best course moving forward. It was apparent that even though much had been accomplished through NEI funding to identify and develop an entrepreneurial ecosystem, more was needed to ensure its growth and sustainability. Therefore, it was determined more work was required to support entrepreneurship, small business growth and innovation, and additional funds were raised to continue work through NEI 2.0.

NEI 2.0 began in January of 2014 with \$32 million in commitments from eleven funders and a carry-over of \$12 million from the first phase of NEI. Through this phase, central to NEI's work is the role of intermediary with a strategy of coordinating, funding and connecting service providers who support entrepreneurs to each other, and other resources in the region. By promoting the ecosystem to diverse players, and continuing its roles as intermediary and grantmaker, NEI continues to both strengthen the current network and expand the pipeline of clients that benefit from those services.

NEI 2.0 grantmaking and programmatic activities are organized in three key areas:

1. *Innovation Network Core Support* -- Identify programs and administer grants to grow and sustain enterprises from grass-roots to high-growth. There is an emphasis with grantees to form and operate strategic collaborations that will increase efficiency across the ecosystem's service providers and conduct more outreach to engage minority and women entrepreneurs in the high-tech and high-growth areas. Special emphasis is on supporting sustainability strategies for the Innovation Network portfolio of grantees.
2. *New Ideas and Programs* -- Identify programs and administer grants catalyzing new or unrecognized approaches to improve the effectiveness and accessibility of the entrepreneurial ecosystem to Detroit residents. NEI funds grants and programs that address the unmet demand of entrepreneurs and owners of new and growing businesses. The identification of these programs is driven by a diverse business support community engagement process and by assessing the needs of neighborhood-based businesses within the city of Detroit. There is an emphasis placed on organizations to form and operate strategic collaborations that increase efficiency across the Network's service providers.

3. *Entrepreneurial Culture and Promotions* -- Design programs and administer grants to promote and grow a vibrant entrepreneurial culture in the region and the city of Detroit. Facilitate the design of activities intended to attract national attention to Detroit in order to draw talent and investment. Lead in forming and implementing programs that provide opportunities to increase and diversify the pipeline of entrepreneurs and investors engaging with the ecosystem.

The following sections provide an update on key grantmaking and programmatic activities during 2014:

## Innovation Network Support

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The work to continue the growth and sustainability of the portfolio of 30 programs identified as the Innovation Network involves administering grants to Detroit and Southeast Michigan organizations who are involved in driving innovation, entrepreneurship, and business growth through various methods. Although the majority of these grantees are located within the city of Detroit, their services are open to entrepreneurs (working in enterprises from grassroots to high-growth) from across the Southeast Michigan region. These organizations cover areas from technology commercialization, providing early stage seed funds, micro-loan programs, business-to-business procurement support, district planning strategies, to venture development support. The primary focus of these programs is to support the attraction of innovative and entrepreneurial talent to the region, and support entrepreneurial-designed place making activities within the Midtown and downtown areas. In addition, the focus of these programs is to scale high technology ventures, and support business development that can result in growing density and a greater employer base within the city.

During 2014, Innovation Network grantees demonstrated continued progress in working together to support ventures in a more efficient manner. The sharing and coordinating of deal flow between TechTown, Bizdom, WSU Office of Technology Transfer, Detroit Creative Corridor Center and Invest Detroit's First Step and Detroit Innovate programs were significant, and continued to attract funding from MEDC to leverage NEI's funding.

The D2D Procurement program of the Detroit Economic Growth Corporation (DEGC) was launched in partnership with the State of Michigan's business connect program, and resulted in over 160 businesses being connected to Detroit-based large anchor purchasers. Through the effort, a select cohort of fifteen Detroit B2B companies received hands on technical assistance in sourcing these anchor organizations. Average revenue growth during 2014 was over 25 percent for the cohort.

Regarding placemaking activities, Midtown Development, Inc. launched the viaduct challenge and completed the study to design the green spaces connecting NextEnergy and TechTown's properties. This work will be implemented starting in late 2015.

The majority of the Innovation Network programs are headquartered in the 4.3 square-mile geography of Midtown and Downtown. This concentrated grouping of entrepreneurial assets combined with the extensive real estate and place making investments led to the Mayor supporting the formation of a Detroit Innovation District (DID) Advisory Committee - Chaired by Nancy Schlichting of Henry Ford Health System (HFHS) with a working staff led by Jed Howbert, Director of Economic Development for the City of Detroit in partnership with Pamela Lewis, Senior Program Officer, NEI.

The DID Advisory Committee was formed to harness the collective power of those involved in innovation, place making and entrepreneurial support in Detroit's core to attract and grow talent, employ residents and improve the city's overall story beyond the city's borders. The charge of the Committee is to: (1) identify and drive alignment of investments and coordination of strategies and (2) identify and support a short list of initiatives that can be implemented within a 24-month time frame that will provide benefits in various neighborhoods throughout the city. During 2014, three work teams were formed to focus on innovation, place making and growing talent. The work will be structured with a focus on leading to more equitable job growth for Detroiters, diversifying of the economy through local innovation assets, and accelerating the attraction of talent to the city of Detroit, in addition to developing a pipeline of talented city residents. The work team engaged over 50 key players across the city and state involved in these areas. These groups met three times for structured roundtable discussions facilitated by the MassEconomics team in partnership with NEI. Additionally, over 120 interviews were conducted of local and national experts. This resulted in a list of over 20 initiatives which were narrowed down to six in the following three areas: (1) enabling the development of contemporary industrial real estate and internet infrastructure, (2) enabling the connection of District assets to neighborhoods in order to support resident job growth and business development, and (3) enabling an environment to foster community-informed innovation in specific areas tied to addressing urban based issues. Planning and coordination to assess the feasibility of funding and executing these initiatives will start in 2015.

The Innovation Network element of NEI 2.0 represented \$9.3 million in grants for 2014.

## New Ideas and Programs

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The work to fund new ideas and programs involves identifying activities and administering grants to catalyze new or unrecognized approaches that improve the effectiveness and accessibility of the entrepreneurial ecosystem. This work primarily focuses on supporting service providers outside of the Midtown and Downtown geographies, creating more accessibility to not only startups, but also to the many existing small business owners. Special emphasis is being placed on programs directly impacting the city of Detroit and its residents, but funding is not limited to that geography.

During 2014, NEI supported the Detroit launch of nationally-recognized programs, including Endeavor and Venture for America, that address the unmet demand of entrepreneurs and owners of new and growing businesses. Of note, was support for high-growth businesses covering diverse industries along with venture fellows programs to attract and retain entrepreneurial talent to the Detroit region. In addition to these nationally driven models, a key initiative was conducting the research and analysis to understand the needs and gaps of neighborhood-based businesses and the current state of neighborhood-based business development providers. This work validated the need for a more comprehensive neighborhood strategy to strengthen and expand the network of support entities that service neighborhood business growth and development. Key gaps identified include capital readiness, business advocacy, and place/real estate.

The results of this research led to the formation of the NEI Neighborhood Work Table, led by Steering Committee member Lizabeth Ardisana, CEO of ASG Renaissance and Donald Jones, Senior Program Officer, NEI. Throughout 2014, the work table designed a community-engagement grantmaking strategy that will begin to move up to \$3.5 million over three years to neighborhood business service providers through a competitive RFP process during the second half of 2015. This will be in addition to neighborhood support NEI already provides through grants to organizations such as ProsperUS, ACCESS, Techtown SWOT, and Eastern Market.

This was a new approach to NEI's grantmaking and included interviews with more than 30 service providers, entrepreneurs, and extensive data collection. By the end of 2014, the work table developed an RFQ to be administered in early 2015. The RFQ was constructed to further increase understanding of current capabilities of existing service providers and to identify new ones that might be better equipped to support neighborhood-based businesses. Michigan Community Resources, PolicyLink and Mass Economics were critical in the support of this work.

In addition to the Neighborhood Work Table, part of 2014 was focused on working with Douglas Bitonti Stewart, Executive Director, Max and Marjorie S. Fisher Foundation and Bradford Frost, Director, Detroit Corridor Initiative, to frame a strategy to develop a PRI fund. Once implemented, this fund would deploy a minimum of \$1 million in capital for new and growing businesses in Detroit, Hamtramck and Highland Park, with an emphasis on social ventures. The fund is expected to launch in the first half of 2015 and is designed to leverage current intermediaries. It has the potential to grow to \$3 million.

Through a \$1 million grant and by working behind the scenes with the city of Detroit and other partners, NEI was also part of an effort to attract the American Lightweight Manufacturing Institute to Detroit.

The New Ideas and Programs element of NEI 2.0 represented \$2.3 million in grants for 2014.

## Entrepreneurial Culture and Promotions

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The work to fund culture change and promotions involves designing and conducting events, competitions, and programs, in addition to making grants to organizations focused on promoting and growing Detroit into a vibrant entrepreneurial culture.

With this funding, NEI identifies and/or designs activities and events intended to attract attention and participants to Detroit and Southeast Michigan's entrepreneurial ecosystem. NEI will continue to lead in forming and implementing programs that provide unique opportunities to increase the pipeline of entrepreneurs and investors engaging with the ecosystem. NEI will also lead in creating, implementing, or granting programs designed to promote and raise awareness of the entrepreneurial ecosystem service providers and the entrepreneurs themselves.

Perhaps most prominent in this work was the 2014 *NEIdeas: Rewarding Ideas for Business Growth*. *NEIdeas* not only provided over \$500,000 in direct grants to thirty six small businesses located in Detroit, Hamtramck and Highland Park (areas with some of the highest unemployment and poverty rates in the country), it provided an entry point for all 600 businesses who applied, to access the growing network of available small-business services NEI has been supporting over the last several years. Data is still being collected on all applicants, but of the first thirty winners 73 percent were minority owned, 60 percent were women owned, and 50 percent were both women and minority owned. On the higher-growth end of the challenge spectrum, NEI and partners celebrated five years of the Accelerate Michigan Innovation Competition (AMIC). In that time the international business competition designed to bring

together later-stage entrepreneurial companies with local, national and international investors has awarded \$5 million in cash and prizes to new and growing companies, created over 680 jobs in Michigan, and seen over \$123 million in follow capital for participating companies. The 2014 event alone welcomed over 77 venture capitalists, increasing from during its inaugural year.

In 2014 NEI embedded itself more deeply in the entrepreneurial ecosystem it serves through co-working during the *NEI Street Level* program that not only drew attention to a growing trend, but saved money from original plans for a dedicated space in the district for NEI staff. By tying *Street Level* to support of co-working week, a co-working speaker series, and the development of a co-working infographic/pass and website, NEI was able to further promote the co-working lifestyle and spaces in the region. And, through NEI's own meetings and activities at Grand Circus, the first *Street Level* stop, staff were able to make new connections with, and better understand, entrepreneurs and programs that serve them.

With the help of programs like AMIC, *NEIdeas* and *Street Level*, traditional media impressions were significant during the year – over 104 million for *NEIdeas* alone in publications such as *Detroit Free Press*, *Delta Sky* and *Fortune* – and the social media audience grew by over 150 percent in 2014.

In addition to grants and activities explicitly called out as Culture Change and Promotions throughout NEI's work, the Neighborhood strategy, Detroit Innovation District and individual grants all provide a platform to advance culture change and promotions around regional entrepreneurship, and the organizations and network that support it.

The Entrepreneurial Culture and Promotions element of NEI 2.0 represented \$989,500 in grants for 2014.

## C. GOVERNANCE

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NEI leadership realizes the value of involving leaders who have a deeper understanding of the needs of entrepreneurs and access to expertise and resources that can inform the NEI 2.0 strategy to create a highly functioning horizontal network of organizations that serves and promotes innovation and entrepreneurship. As a result, the current NEI Steering Committee consist of individuals who bring funding, along with talent, intellectual and policy resources to assist in establishing a well-connected entrepreneurial ecosystem positioned to benefit Detroit and the Southeast Michigan region. The NEI Steering Committee continues to be under the leadership of Steven Hamp, and made up of successful entrepreneurs, NEI funders and local civic and corporate leaders. Funders of the committee include the President of the Community Foundation for Southeast Michigan, the NEI project home, along with funders who awarded \$5 million each to the project. The Steering Committee met four times during 2014. Each meeting focused on an update of activities according to the three activity areas, presentations by five grantee organizations, and during the month of June, a field trip to a presentation by Steve Case, co-founder of AOL and Chairman of the Case Foundation. At each meeting members received a current list of grants, an updated budget report and other materials that demonstrate the public exposure of the NEI program in the media.

A complete list of Steering Committee members is [included in Appendix c.](#)

## D. THE GRANTS

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Research and studies of successful entrepreneurial communities show there are six key elements needed to effectively meet the goals of an entrepreneurial ecosystem: (1) **Ideas**, (2) **Tools**, (3) **Investment**, (4) **Place**, (5) **Talent** and (6) **Culture Change and Connections**. NEI grantmaking in 2014 continued to be aligned, in large part, by those elements.

The following outlines the grants made by each element:

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### **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** was awarded a one year \$50,000 grant to support the development of a web based tool to connect entrepreneurs to intellectual property developed by the automotive and advanced manufacturing industries.
  - **Invest Detroit Foundation** was awarded a one year \$400,000 grant for the Accelerate Michigan Innovation Competition 2014 to encourage entrepreneur business development and venture capital investment in southeast Michigan.
  - **Michigan Corps** was awarded a one year \$15,000 grant for the Social Entrepreneurship Challenge to advance sustainable business ventures throughout Michigan that are addressing pressing social challenges.
  - **Wayne State University** was awarded a one year \$325,000 grant to support phase two of The Front Door, a business engagement center that improves university connections to industry for greater market-driven technology commercialization results.
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### **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 and Social Services (ACCESS)** was awarded \$400,000 as a one year grant to support the Growth Center that provides training and technical assistance for immigrant and non-English speaking populations to develop and grow businesses.
- **Bizdom U** was awarded \$250,000 as a one year grant of support to fund operational expenses for entrepreneurial training programs and inclusion driven marketing campaigns.
- **Detroit Regional Chamber Foundation Inc.** was awarded a one year \$100,000 grant to pilot a technology platform to create connections within the Southeast Michigan entrepreneurial ecosystem and across national investors and mentors.

- **Downtown Detroit Partnership Inc.** was awarded a one year \$40,000 grant to support the Build entrepreneurship education and training program. Build was started in January 2012 as a program of D:Hive, a welcome center and resource hub located downtown. The classes, called Build Basics, are based on national standards for entrepreneurship education. Classes are now offered every season and have expanded beyond the core curriculum to include Build Social, a class focused solely on social entrepreneurship, as well as satellite classes offered in Hamtramck and on Detroit's west side.
- **Endeavor Initiative Inc.** was awarded a two year \$1,000,000 grant to support the establishment of Endeavor Detroit, a program that works within the entrepreneurial community to mentor and accelerate high growth potential entrepreneurs in Southeast Michigan.
- **Henry Ford Health System** was awarded \$800,000 as a one year grant for the Innovation Institute at Henry Ford to increase commercialization of health care technology and leverage intellectual assets to solidify an entrepreneurial ecosystem in Detroit.
- **Inforum Center for Leadership** was awarded \$300,000 as a two year grant to provide comprehensive training programs and mentorship to high-tech and high-growth women entrepreneurs.
- **Southwest Housing Solutions Corp.** was awarded a one year \$350,000 grant to support ProsperUS, an entrepreneurial training and technical assistance program to assist underserved populations to develop and grow businesses in neighborhoods.
- **Regents of the University of Michigan** was awarded a one year \$5,000 grant to assist in the implementation of an interactive workshop and summit for university students across the region interested in entrepreneurship.
- **Wayne State University** was awarded \$500,000 for a one year grant to support the expansion of the Technology Development incubator, Innovation Fellows program and strengthen infrastructure. With this support Wayne State University has worked to improve their technology transfer program and process, increase their amount of licensable IP thereby creating spin off companies for the region.
- **Wayne State University Research & Technology Park (TechTown)** was awarded a one year \$1,000,000 grant to build a high-tech business incubator and accelerator, and a neighborhood business support and entrepreneur program to develop and grow businesses in Detroit.



## **INVESTMENT** – *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; which includes funding for underserved groups, although challenges remain. NEI provided new grants to the following organizations that were primarily focused on this work:

- **Invest Detroit Foundation** was awarded a two year \$4,000,000 grant to support the Detroit Innovate Fund, a venture capital and venture development organization supporting high-growth businesses within Detroit.
- **Wayne State University Research & Technology Park (TechTown)** was awarded a one year \$37,500 grant to contribute to the Detroit SOUP neighborhood micro-granting dinners that support community entrepreneurial projects in Detroit.



## **PLACE** – *Providing investments in physical places for collaboration, support, and networking.*

The building of a vibrant regional economy requires a strong urban core. The growth and strengthening of an Innovation District, from Midtown to Downtown, is a key priority of the Innovation Network. This has been documented by studies from the Brookings Institution, the Detroit Future City team, and the Hudson-Webber Foundation. Each of these reports acknowledges that a strong urban core will draw talent and help build the region. NEI provided a grant to the following organization:

- **Eastern Market Corporation** was awarded \$500,000 for a one year grant to support a Community Kitchen to provide assistance for food entrepreneurs and businesses in metropolitan Detroit.
- **Edison Welding Institute Inc.** was awarded a one-time grant of \$1,000,000 to fund the capital expenditures related to the launch of the federally funded Detroit-based lightweight materials innovation institute.
- **Grandmont/Rosedale Development Corp.** was awarded \$75,000 for a three year grant to support operations, business development and training for a newly opened business incubator and co-working space.
- **Midtown Detroit Inc.** received a \$100,000, one year grant to engage planning and real estate expertise to assess the opportunities for catalytic real estate and place making development within the Detroit Innovation District. It also develops an urban design framework that attracts and retains creative and innovative people, in addition to rebuilding an underutilized section of real estate with the aim to turn it into an equitable community of opportunities.
- **Southwest Solutions Inc.** was awarded a one year \$50,000 grant in support of Ponyride Detroit for a tenant mentorship program, and facilities enhancements for entrepreneurial spaces to increase capacity, efficiency and offerings.



## **TALENT** – *Providing investments 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** was awarded a one year \$5,000 grant to support the Workforce Intelligence Network (WIN) in securing resources to assist in the completion of the Invest Manufacturing Communities Partnership (IMCP) application.
- **Venture for America** was awarded a two year \$375,000 grant to provide support for a programmatic structure to the Venture for America Fellows program in Detroit.

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**CULTURE CHANGE AND CONNECTIONS.** *Celebrating entrepreneurship, while revealing regional assets and the network of services available, in order to encourage collaboration among the entrepreneurial ecosystem providers and the entrepreneurs.*

NEI provided grants to the following organizations that were primarily focused on this work:

- **Bizdom U** was awarded \$10,000 for a one year grant to support the 2014 Brand Camp Summit Detroit. Brand Camp Summit Detroit harnessed an extraordinary collection of talent with 400+ founders, entrepreneurs, investors, developers, designers, startups and brands in Detroit.
- **Detroit Economic Growth Association** was awarded a one year \$20,000 grant for the *NEIdeas: Rewarding Ideas for Business Growth* awards to People's Choice winners.
- **Detroit Economic Growth Association** was awarded \$11,500 for a one year grant to support Bamboo Detroit to execute a co-working week sponsorship, and research, design and production for an infographic and website to market and promote co-working spaces in southeast Michigan.
- **Downtown Detroit Partnership Inc.** was awarded a one year \$40,000 grant of support to D:Hive for design assistance for entrepreneurs.
- **MiQuest** was awarded \$3,000 for a grant to support the 2014 Great Lakes Entrepreneurial Quest Business Plan Competition. The GLEQ Business Plan Competition is one of the programs run by MiQuest, a statewide organization whose mission is to Ignite, Unleash and Promote a Culture of Entrepreneurship.
- **PolicyLink** was awarded \$250,000 for a one year grant to support NEI staff in advancing equitable innovation and entrepreneurship strategies.
- **The Greater New Orleans Foundation** was awarded \$50,000 for a one year grant to fund the City of Detroit's participation in a multi-city cohort led by Forward Cities that will collaborate and share best practices for developing effective entrepreneurial ecosystems.

In addition to NEI's grantmaking to non-profit organizations, NEI conducted *NEIdeas: Rewarding Ideas for Business Growth* which awarded grants to the following for-profit entities to support business growth and retention in Detroit, Hamtramck, and Highland Park -- all cities with poverty rates over 40 percent.

The following outlines the two companies with revenues between \$1 and \$5 million who received \$100,000 grants made through *NNEIdeas: Rewarding Ideas for Business Growth* during 2014:

- **J & G Pallets and Trucking Inc.** was awarded a one year \$100,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to accelerate the renovation of a new location with electrical and plumbing work, and purchase an automated wood pallet maker to increase the manufacturing of new pallets.
- **Sherwood Prototype Inc.** was awarded a one year \$100,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to evolve from exclusive prototyping to short-run production through the purchase of welding equipment as well as investments in certifications and marketing. They also plan to accelerate the renovation of an expanded space with necessary electrical upgrades.

The following outlines the 30 companies with revenues under \$1 million who received \$10,000 grants made through *NEIdeas: Rewarding Ideas for Business Growth* during 2014:

- **Alexander's Total Lawn Care LLC** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase a commercial lawn mower and sprinkler system equipment, and supplement cost for staff – all to target and bid competitively on larger properties and grow commercial business.
- **Alicia's Cleaners and Alterations** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to add a same-day press, fire/water/mold restoration and services, up-to-date point of sale register/ticketing system and purchase an industrial sewing machine.
- **Anthology Coffee** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase a new commercial roaster to expand wholesale operation.
- **Brother Nature Produce** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase equipment to expand services.
- **Buffalo Street Farm** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase and prepare additional land to establish Detroit's first grape vineyard.
- **Cafe con Leche** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase equipment and train staff to bring roasting process in-house, and expand overall product line.
- **City Bird LLC** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to reinvent City Bird through a redesign that expands the store's retail floor area by 50 percent, incorporating new and custom fixtures, and more efficient counter space and storage.
- **Corridor Sausage Co.** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to make significant improvements to production equipment by replacing aging and undersized meat grinder and mixer in order to more than double daily production capacity and greatly expand distribution support to purchase equipment to improve production.
- **Dijana Creative Sewing and Embroidery** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase an industrial sewing machine, and secure space and marketing to expand businesses' Industrial Sewing Machine Operator training program.
- **Dulce Diamante Garden** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase and construct cold frame greenhouses, and add fans and heating units to facilitate all-season growth.
- **G + C Style Barber Shop** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to add a repair service for barber clippers and sharpening tools, in addition to a shoe grooming service.
- **GLEEOR INC.** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase a skid steer loader to increase market share and competitive advantage in snow removal, landscaping and property maintenance.

- **Graham's Printing Inc.** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase additional printers to enable overall efficiency and establish a do-it yourself printing station; install lighting and a camera monitoring system outside of the building to improve security.
- **House of Morrison Shoe Repair** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to develop an apprentice program for unemployed and under-employed residents who will be trained in the art and craft of fine leather goods restoration, customer service, and entrepreneurship, and allow the opening of future satellite locations. In addition, House of Morrison purchased point-of-purchase software to increase efficiency.
- **Mootown Ice Cream & Dessert Shoppe** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to establish an all-natural soda fountain service with equipment and supplies, and expanded countertop for added seating; add point-of-sale (POS) system to accurately track sales and inventory.
- **OIC Movies** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to increase distribution by developing digital app for users to access content.
- **Omega Wiring LLC** was awarded a one year 10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to acquire an additional service vehicle and a single-axle trailer to haul equipment and complete more jobs in fewer trips.
- **One Custom City** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase additional print equipment including larger capacity screen printing press, flash dryer, and screen rack, as well as upgrade exposure and wash out areas to expand wholesale business.
- **Peck Produce LLC** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to open and operate a shipping-container café featuring seasonally available products. The café will be equipped with cold storage, water and solar electricity, and include indoor and outdoor seating.
- **Pronko Enterprises LLC** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to invest in food manufacturing equipment including an electric dicer, a heated hopper and transfer pumps with piston fillers to advance to a more automated processing facility.
- **Red Panda LLC** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to secure a UV LED printer to bring a key part of the manufacturing process into its Detroit workshop.
- **Rising Pheasant Farms** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to install a radiant heating system in the greenhouse to increase growing capacity while minimizing utility costs.

- **Seabird Fresh Fish and Chicken LLC** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to provide healthier alternatives for customers by investing in a commercial oven and grill, a commercial steamer (as an alternative to fryers), and a cooler to stock packaged salads and other healthy options.
- **Shep's Barber & Beauty Shop** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase additional salon chairs, repair existing stations and remodel to expand services to include nails, hair weaving and braiding.
- **Small World Development Center** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to give the building a facelift by repairing the doors, painting the inside, installing better lighting, updating signage, investing in a security system, and purchasing tablets, computers and more equipment for indoor/outdoor play time.
- **Stan's Grocery Inc.** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase a walk-in freezer to allow for required storage to meet peak demand times, particularly around festivals and holidays. They will also hire a marketing strategist to consult on web, digital and print marketing.
- **Sweet Potato Sensations** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase equipment, a cook station, and increased seating to add a savory menu to offerings.
- **The Turkey Grill** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to add a new computerized point of sale system, new exterior signage, additional lighting, and additional cooking equipment to increase street-front visibility and overall productivity.
- **Tijuana's Mexican Kitchen** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to purchase a convection oven and equipment to help attract and fulfill larger scale catering opportunities.
- **Touch of Class Restoration Inc.** was awarded a one year \$10,000 grant through the *NEIdeas: Rewarding Ideas for Business Growth* to grow their business idea to invest in overall physical improvements, purchase new remediation equipment and hire a marketing consultant to expand services and increase customer base.

## E. EVALUATION

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In 2014, Growth Capital Network (GCN), of Ann Arbor, continued to conduct the evaluation of NEI grantees under the leadership of NEI staff. Over 60 grantees provided quarterly or semi-annual reports and submitted data to inform NEI of their milestone achievements and their ability to contribute to its goals of new enterprise creation and growth, investment leveraged, and jobs created. The following metrics were reported on: individuals exposed to entrepreneurial programs, workshops, events; number of companies created and growing that are less than five years old; number of jobs resulting from enterprise creation and growth; amount of investment leveraged to support new and growing companies less than five years old; and the amount of program dollars leveraged by grantees to support and sustain grantee programs and operations.

In addition to tracking and analyzing grantee submitted metric data, GCN also partners with the staff in updates with grantees as well as prepares briefs on grantee progress and issues related to current program strategies. GCN also provides technical assistance to grantees, supporting them in the use of the NEI Grant Progress Network database. The database provides a web-based tool for grantees and NEI staff to upload, view and report on grant and outcomes data. This system, developed by Spring Management Systems, in partnership with NEI and GCN staff, continues to serve as an effective tool to track and report on NEI outcomes in an efficient manner.

NEI has produced a number of positive outcomes since making its first grant in 2008. With just over \$87.6 million invested across 187 programs, NEI grants have directly resulted in creation of over 1,300 new companies, creation of more than 11,000 jobs and leverage of more than \$589 million in additional new resources to companies and the organizations that service entrepreneurs.

*A full evaluation report coordinated and written by Growth Capital Network is provided as a supplement to this annual report. The evaluation report includes data through March 2015.*

## F. RESULTS as of December 2014

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By the end of 2014, 187 grants had been awarded equating to \$87.6 million. 62 grants were made in 2014, equating to \$12.6 million. 46 percent of those dollars were awarded to organizations focused on supporting historically underserved populations, compared to 21 percent of the total grant dollars awarded since the inception of NEI. Historically underserved populations refer to members of groups that traditionally have not had adequate access to capital or business support services, such as African American, Latino, Asian, Middle Eastern and immigrant communities and women.

During 2014, the following grantee-reported outcomes were realized:

- **80,927 individuals exposed to entrepreneurial services**
- **491 new companies created and growing**
- **4,386 new jobs added to the region**
- **\$115.8 million leveraged into the entrepreneurial ecosystem**
- **85 patents and invention disclosures**
- **2,458 ideas vetted during NEI driven challenges and competitions**

As a result of the total 187 grants granted since NEI's inception through the end of 2014, the following grantee-reported outcomes were realized:

- **139,862 individuals exposed to entrepreneurial services**
- **1,338 new companies created and growing**
- **5,608 companies assessed or assisted**
- **13,204 new jobs added to the region**
- **\$603 million leveraged into the entrepreneurial ecosystem**
- **741 patents and invention disclosures**
- **3,300 ideas vetted during NEI driven challenges and competitions**
- **946,100 sq ft square feet supporting entrepreneurial activities in Greater Downtown**

## G. STAFF

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The following individuals were a part of NEI staff during 2014:

**James Boyle**, *Senior Program Officer*: Lead on all communications and messaging for project, as well as planning and grantmaking for entrepreneurial change and promotion activities. Mr. Boyle is full time to the NEI effort.

**Carol Davis**, *Administrative Assistant*: Administrative support for all NEI staff and supports grant administration activities. Ms. Davis provides 80 percent of her time to the NEI effort.

**David Egner**, *Executive Director*: Lead on the development of NEI's strategy and fundraising as well as lead on managing funder and key partner relationships. Mr. Egner continues to be contracted to NEI from the Hudson-Webber Foundation, providing 50 percent of his time to the NEI effort.

**Donald Jones**, *Senior Program Officer*: Lead on planning and grantmaking for neighborhood and place-based acceleration activities, and development and oversight of social equity metrics for grantees. Mr. Jones provides 80 percent of his time to the NEI effort.

**Pamela Lewis**, *Senior Program Officer*: Team leader for NEI staff and lead on planning and grantmaking for innovation network and district activities and oversight of evaluation for NEI grantees. Ms. Lewis is full time to the NEI effort.

**Danielle Smith**, *Communications Associate*: Manages communications, messaging and social media for project. Ms. Smith is full time to the NEI effort.

## H. PARTNERS/CONSULTANTS

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In 2014, NEI continued to engage the following consultants who provide specific knowledge and expertise that informs and strengthens the overall work.

**Abir Ali, LLC** – Project manager to continue development, implementation and coordination of *NEIdeas: Rewarding Ideas for Business Growth*.

**Ali Elisabeth Photography** – Developed and captured images of the *NEIdeas: Rewarding Ideas for Business Growth* and its participants.

**Amanda Lewan** – Assist with social media strategy and execution for New Economy Initiative, David O. Egner and *NEIdeas: Rewarding Ideas for Business Growth*.

**Build Create** – Developed a new NEI Website, which was launched in 2014 in conjunction with a new brand, in addition to developing a stand-alone website for *NEIdeas: Rewarding Ideas for Business Growth*.

**Data Driven Detroit** – Provided data sets that were used to inform NEI staff and the evaluation team during fundraising and strategic planning efforts.

**Detroit Lives** – Created and edit video for *NEIdeas: Rewarding Ideas for Business Growth*.

**Good Done Daily** – Provided design support to NEI leadership and staff. In 2014 Good Done Daily managed design for *NEIdeas: Rewarding Ideas for Business Growth* and has since incorporated other design projects

**Growth Capital Network** – Worked closely with NEI staff to construct milestones and benchmarks for all the grants awarded, provide technical assistance to support capturing of grantee metrics and support staff in further development of the NEI Grant Progress Network database.

**Issue Media Group** –Worked 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))

**Little Ideas, LLC** – Assisted with grant application review and processing for *NEIdeas: Rewarding Ideas for Business Growth*.

**Lovio George** – Provided strategic council, design and media support to NEI leadership and staff. In late 2013, Lovio George began working closely with James Boyle to rebrand NEI, which was launched in 2014.

**Main Street Inclusion Advisors** – Identified and linked underrepresented groups and their constituents to the Innovation Network ecosystem.

**Mass Economics** – Assisted NEI staff in economic analysis to support NEI strategy and fundraising efforts.

**Michigan Community Resources** – Provided data analysis and program planning for neighborhood entrepreneur and business development programming.

**PolicyLink** – Worked closely with the NEI team and grantees to identify social equity goals and how to best accomplish them. In addition, they provided social equity lessons learned and specific case studies related to a select number of NEI grantees.

**Spring Management Systems** –supported the NEI Grant Progress Network database which they developed in 2012 and expanded the reporting functionality of the database.

# I. GRANT REPORT (please refer to Evaluation report for details)

See the Evaluation report for specific grantmaking details and attachment for a list of grants made. This report covers 2008 through March 2015.

# J. 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. The year was started with \$11.9 million in carry over funds from the NEI 1.0 program. During 2014, \$13.3 million in revenue was recorded from NEI funders, totaling \$25.2 million in revenues for 2014. During 2014, a total of \$14.8 million were expended, leaving another \$10.3 million carry over from 2014 to 2015 program year.

Below is a report of NEI expenditures from January 2014 through December 31, 2014, comparing actual expenditures to the 2014 budget:

New Economy Initiative 2.0  
Budget Activity Report  
Year 1 - 2014

Budget Category	2014-2016 Budget	2014 Budget	YTD 2014 Expended	2014 Budget Balance	%Spend 2014 Budget	2014-2016 Budget Balance	%Spend 2014-2016 Budget
Innovation Network Core	\$20,052,500	\$10,900,000	\$9,487,394	\$1,412,606	87%	\$10,565,106	47%
Entrepreneurial Culture & Promotions	8,614,000	2,838,000	1,525,416	\$1,312,584	54%	\$7,088,584	18%
New Ideas & Programs	7,581,355	2,349,355	2,314,819	\$34,536	99%	\$5,266,536	31%
Evaluation	2,079,000	693,000	593,023	\$99,977	86%	\$1,485,977	29%
Administration	6,591,968	1,551,061	967,394	\$583,667	62%	\$5,624,574	15%
<b>Totals</b>	<b>\$44,918,823</b>	<b>\$18,331,416</b>	<b>\$14,888,047</b>	<b>\$3,443,369</b>	<b>81%</b>	<b>\$30,030,776</b>	<b>33%</b>

During 2014, the Administration spending was \$967,394, leaving a balance of \$5.624 million of which 50 percent is allocated to 2015. Based on current 2015 Administration projections, the amount allocated was more than required to administer the program in 2015. This is due to a decision to only add one additional full time staff member and to utilize existing co-working spaces for an on the ground location of the NEI team rather than developing new physical space. As a result, Community Foundation leadership agreed to reallocate dollars from administration to grantmaking for the 2015 program year. This will be reflected in the next budget report to the Steering Committee in June 2015.

Working with the Community Foundation for Southeast Michigan Financial Department, the NEI staff is effectively managing the budget of the program.

## K. CONCLUSION

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Momentum continues to build in the entrepreneurial ecosystem as service entities get more sophisticated in how they help entrepreneurs and innovators. In addition network behaviors are more firmly taking hold among many of those entities (thanks in part to some of the “products” and programmatic pieces NEI has fostered such as BizGrid, *NEIdeas*, and the PRI strategy), and the pipeline of entrepreneurs being served is growing and becoming more diverse. And, the importance of helping a spectrum of businesses – from grass roots to high-growth – is becoming part of the public consciousness, as it not only grows the economy, but helps diversify it while providing greater access for all communities to the benefits of that growth. Equally exciting is the asset-based focus in Detroit’s Innovation District to begin to coordinate and amplify innovation clusters around work already being done in the region (food, mobility, IT, etc.), better connect the regional economy so we can compete globally, and innovate small-businesses solutions in Detroit’s neighborhoods.

By weaving together this grass-roots-to-high-growth strategy there is great opportunity to continue to use our combined assets and intellectual capital to create high-quality jobs around new and exciting industry clusters, *and* support small businesses growth (and the jobs they create) in key areas of the city. Along the way, Detroit can become the model for inclusive economic growth, health, and diversity.

## L. APPENDICES

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- a. [Evaluation Report published by Growth Capital Network](#)

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- b. [List of 2014 NEI grants](#)

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- c. [Membership lists of governance and related committees](#)

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- d. [NEI financial statement, report includes income on grant funds provided](#)

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- e. [Copies of 2014 Governing Council and Steering Committee minutes](#)

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- f. [Copies of NEI Media coverage](#)

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- g. [Community Foundation for Southeast Michigan Financial Statement](#)

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- h. [Community Foundation for Southeast Michigan Yearbook](#)

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new economy initiative

POWERED BY

**Community Foundation**

FOR SOUTHEAST MICHIGAN