



new
economy
initiative



**2017
ANNUAL
REPORT**

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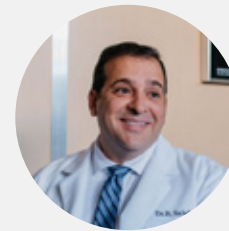
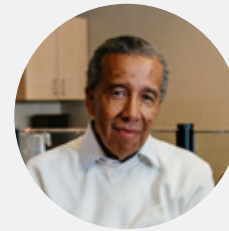
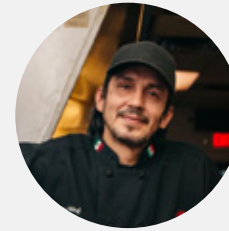
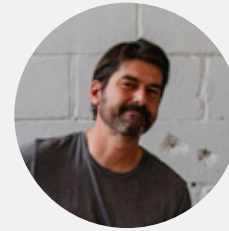
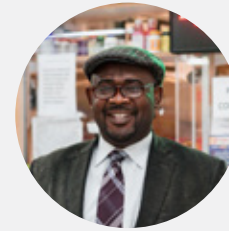
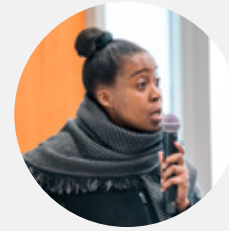
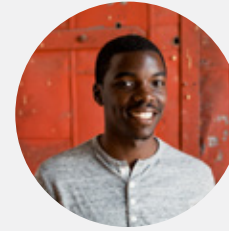
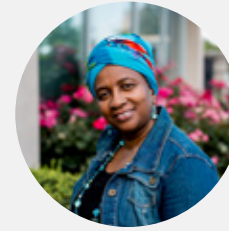
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Image: Vaughan Industries, 2017 NEIdeas \$100K winner

OUR MISSION

The mission of the *New Economy Initiative (NEI)* is to grow an inclusive culture of entrepreneurship in southeast Michigan that benefits all residents and strengthens the regional economy.



OUR FUNDERS

The New Economy Initiative is made possible by the generous support of its funders. Since 2007, the following 13 foundations have contributed a total of \$159 million to the effort:

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

**Contributed to NEI in 2016 and 2017*



NEI WORKS TO ACHIEVE ITS MISSION BY ACTING AS A...



STRATEGIC GRANT MAKER supporting nonprofits that constitute a wide network of support for entrepreneurs of all kinds in southeast Michigan



CONVENER of philanthropic, government, nonprofit, and for-profit partners working to develop and sustain a network of support for entrepreneurs in southeast Michigan



STORYTELLER sharing how diverse entrepreneurs are creating a better future for their communities

Director's Letter



Since The New Economy Initiative (NEI) launched in 2007, the principle of inclusion has been the core of our mission to grow southeast Michigan's culture of entrepreneurship. We have always recognized that in order to transform our region's economy so that it benefits all residents, the pursuit of entrepreneurship had to be made accessible to women, people of color, and immigrants—regardless of the field they work in or the neighborhood they call home.

NEI spent the last decade investing in organizations and programs that support startups, main street businesses, and growth enterprises across the city of Detroit and surrounding communities, building what we now refer to as our region's entrepreneurial ecosystem. This work has been rewarding because it is proving that anyone living in metro Detroit can participate in shaping the region's future. Of the companies served by NEI-funded organizations, more than half were founded by people of color and women, and 13 percent were founded by immigrants.

These numbers are encouraging considering national statistics. According to the Kauffman Foundation, Americans who identify as entrepreneurs are 80.2 percent white and 64.5 percent male, even though the U.S. population is becoming more diverse.

In 2017, we were encouraged that our peers around the country are increasingly committed to changing these numbers to be more reflective of the country's demographics. As cities and regions around the country work to develop their local entrepreneurial ecosystems, they are adopting the inclusive approach that we have long championed in Detroit.

Our funders, too, continued to recognize and encourage our commitment to inclusion in 2017, granting NEI a total of \$26.1 million to support our efforts through 2021. We thank them for their leadership and recognition that there is still much more work to be done.

Over the course of last year, NEI began implementing a new strategy that builds upon the foundation of its investments and activities over the last decade. The elements

“NEI is more dedicated than ever to its mission of strengthening and sustaining an inclusive culture of entrepreneurship in southeast Michigan that benefits all residents.”

of this strategy (explained in greater detail in the following report) include increasing investment in support for neighborhood businesses in low-income communities, continuing to support the development of high-growth businesses, supporting minority and women founders of high-growth businesses, and telling the stories of the entrepreneurs who are changing our communities for the better. Another important element of this strategy is seeking to better understand what is needed to sustain the many effective organizations that serve entrepreneurs and business owners in our community.

At the outset of a new year, I am pleased to report that NEI is more dedicated than ever to its mission of strengthening and sustaining an inclusive culture of entrepreneurship in southeast Michigan that benefits all residents.

I hope you take the time to review the activities and progress of 2017 outlined in this report. I also encourage you to pay special attention to the stories that highlight some of the grantees and entrepreneurs that are making a real difference in our community.

Sincerely,

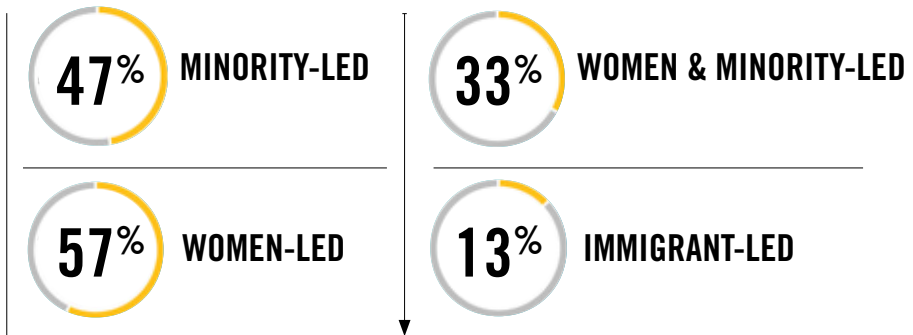
Pamela Lewis
Director, New Economy Initiative



NEI RESULTS: 2017 *at a glance*

In 2017, NEI invested in 34 programs supporting southeast Michigan entrepreneurs with grants totaling **\$7,345,250.00**. With NEI's support, these programs achieved the following outcomes last year:

2,906 companies assisted **292** companies launched



Where these companies are located:



66 %
IN THE CITY OF DETROIT



24 %
IN OTHER SE MICHIGAN COMMUNITIES



10 %
IN ANN ARBOR/ YPSILANTI

These companies employed



4,225 people and leveraged

\$312.8M in capital in 2017.

In addition to serving companies and founders, NEI's grantees have exposed thousands of southeast Michigan residents to opportunities to learn about entrepreneurship. In 2017...

10,705 PEOPLE WERE EXPOSED TO ENTREPRENEURIAL SERVICES THROUGH MORE THAN

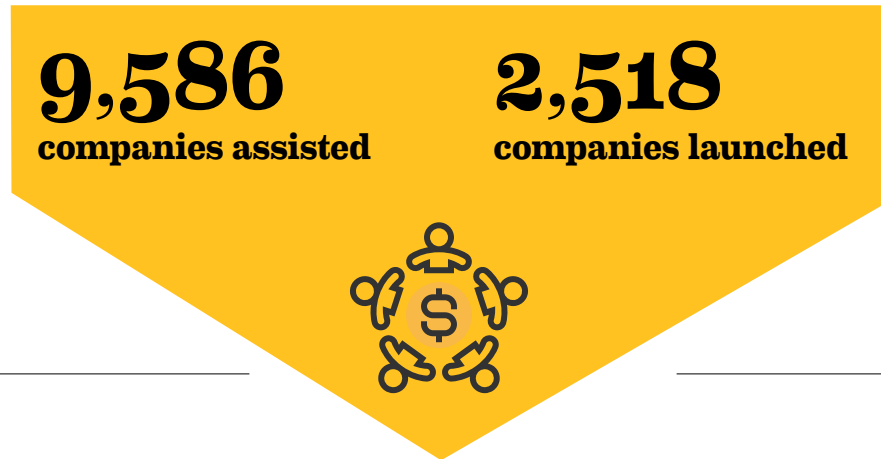
340 events, workshops, & programs hosted by NEI grantees.



1,349 BUSINESS IDEAS SURFACED THROUGH NEI-SUPPORTED BUSINESS CHALLENGES.

NEI RESULTS: 2007 – Present

Since 2007, NEI has awarded **386 grants** to organizations that have achieved the following cumulative outcomes

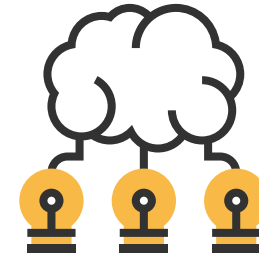


These companies employed
24,610 people
And leveraged more than
\$1.2 BILLION in capital.



248,618

PEOPLE EXPOSED TO ENTREPRENEURIAL SERVICES THROUGH *events, workshops, & programs* hosted by NEI grantees.



5,899

 IDEAS SURFACED THROUGH NEI-SUPPORTED BUSINESS CHALLENGES.

—
01

A New Phase of NEI



NEI 3.0 STRATEGY

Since 2007, NEI has focused on building a vibrant and inclusive network of support for all southeast Michigan entrepreneurs, from grassroots neighborhood business owners to founders of high-growth startups. As that network has matured, NEI has refined its strategies to ensure the efficacy of its investments and the sustainability of the region's entrepreneurial ecosystem.

From 2016-2017, NEI raised \$26.1 million from 10 funders to implement a new strategy that focuses on **GROWING NEIGHBORHOOD BUSINESSES** in Detroit, Hamtramck, and Highland Park; **DEVELOPING AND SCALING HIGH-GROWTH BUSINESSES** across southeast Michigan, with an emphasis on ventures led by women, people of color, and immigrants; **SUPPORTING SOCIAL INNOVATORS** who are addressing challenges in their neighborhoods; **SHARING STORIES** to make entrepreneurship accessible to all residents of southeast Michigan; and **ENSURING THE SUSTAINABILITY OF SOUTHEAST MICHIGAN'S ENTREPRENEURIAL ECOSYSTEM.**



Image: Vernor Chiropractic, 2017 NEIdeas \$10K winner

NEIGHBORHOOD STRATEGY

A robust regional economy requires strong, vibrant neighborhoods—places people choose to live because of the amenities and opportunities they afford. For this reason, NEI believes it is critical to build and sustain an infrastructure that supports the neighborhood businesses contributing jobs and a sense of place to their communities.

To support the development and sustainability of neighborhood businesses in Detroit, Hamtramck, and Highland Park, NEI launched its neighborhood strategy in 2014. NEI refined that strategy in 2017 by refocusing on elements that have proven successful, including:

1. **Providing grants to three community development corporations serving entrepreneurs in three Detroit neighborhoods: Grandmont Rosedale Development Corporation in northwest Detroit, Central Detroit Christian CDC in the North End, and the Osborn Neighborhood Alliance in northeast Detroit.**
2. **Supporting organizations such as ACCESS, Build Institute, TechTown SWOT, Accounting Aid Society, ProsperUS Detroit, and FoodLab that provide neighborhood entrepreneurs with training and services.**
3. **Convening a quarterly worktable dedicated to enhancing business advocacy in the neighborhoods, strengthening new and existing businesses' readiness to access capital, and promoting the availability of accessible neighborhood retail and commercial space.**

In 2017, the neighborhood worktable grew to 35 member organizations, including both grantees and other organizations dedicated to business development and growth in Detroit, Hamtramck, and Highland Park. The worktable has created a space for citywide, cross-sector collaborations in support of small businesses, as well as actual tools those organizations can use to better serve their constituents, including a capital readiness checklist and a series of one-pagers describing various place-based economic development tools.



SUPPORTING HIGH-GROWTH BUSINESSES, INVESTING IN INCLUSION

A decade ago, a support system for entrepreneurs attempting to launch and scale high-growth ventures, either tech-based or otherwise, was virtually non-existent in southeast Michigan. Since then, NEI has collaborated with foundation partners, entrepreneurs, and government agencies to help seed a regional network of support for startups that includes capital sources like Invest Detroit's First Step and First Capital funds, pitch events like Accelerate Michigan Innovation Competition, and accelerators like Ann Arbor SPARK and TechTown.

By 2017, those resources had made major strides towards becoming self-sustaining. Accelerate Michigan, under the stewardship of Invest Detroit, has diversified its sources of funding beyond NEI, engaging new philanthropic and private supporters to ensure that one of the country's premier venture funding pitch competition continues to advance our state's most exciting and innovative startups. Pre-seed capital funds like the First Step Fund, an early NEI investment, have recently experienced significant returns on their investment in high-growth startups, allowing them to invest in even more companies growing locally. In 2017, NEI also partnered with the Michigan Economic Development Corporation to equip Invest Detroit to launch the First Capital Fund to provide additional early-stage capital for the region's high-growth startups.

But NEI and its partners are far from declaring "mission accomplished."



As NEI embarked on a new phase in 2017, it refined its support high-growth ventures by committing to a new strategy that has three components:

1. **Investing in regional strengths like the med-health and mobility sectors;**
2. **Supporting the creation of affordable, flexible workspace where companies can grow and stick; and**
3. **Ensuring that women, minorities, and immigrant founders have greater access to capital, mentorship, and other resources needed to successfully scale their companies.**

As part of this strategy in 2017, NEI supported the Michigan Hispanic Chamber to launch Hispanic Business Excellence (HBEX), an accelerator program for high-growth Hispanic entrepreneurs. NEI also provided support to launch a Detroit chapter of Bunker Labs, a nationally renowned accelerator program for military veteran entrepreneurs. NEI staff also researched national programs and hosted listening sessions with local high-growth entrepreneurs to inform what types of support are most beneficial.

INNOVATION FOR REVITALIZATION

The greatest assets of Detroit, Hamtramck, and Highland Park are their residents. Across those cities, social entrepreneurs are working to address challenges in their communities in creative and collaborative ways. But these social entrepreneurs often lack the connections, exposure, and investment that can elevate their work.

To ensure that revitalization efforts in Detroit, Hamtramck, and Highland Park are just and inclusive, NEI believes it is necessary to support social entrepreneurs who are already advancing ideas and projects to improve the health, safety, and economic vitality of their communities.

As a part of its Innovation for Revitalization strategy, NEI began identifying social entrepreneurs during community listening sessions held in three different neighborhoods in 2017. These sessions were used to identify stories that will be featured on DetroitInnovation.org, an NEI-managed website. Through this storytelling platform, NEI hopes to learn more about what local innovators need to further their ideas for their neighborhoods and find ways to support them in 2018.



SHARING STORIES, EMPOWERING PEOPLE

NEI is about more than making grants to organizations that help people launch and grow businesses. It's about transforming the wider regional culture into one that embraces entrepreneurship as a means of creating a more inclusive, prosperous future for southeast Michigan. NEI empowers entrepreneurs to share stories of their successes and failures through its series of High Growth Happy Hour talks, where founders speak candidly about their experiences growing companies, and the annual Startup Story Night event, where entrepreneurs tell their personal stories in front of a live audience after receiving coaching from an expert storyteller.

In 2017, with support from the John S. and James L. Knight Foundation, NEI began the process of developing a storytelling campaign that will encourage Detroiters, particularly women, immigrants, and people of color, to see their city as a place of opportunity through the lens of entrepreneurship. NEI contracted with Gyro, a Detroit creative agency, to develop the framework for the campaign. Gyro interviewed 16 representatives of NEI grantee organizations to learn about the

needs of the entrepreneurs they serve, then worked with NEI to create a survey that was distributed to a broad group of southeast Michigan entrepreneurs identified by NEI and its grantees. Nearly 200 entrepreneurs completed the survey.

Using insights gleaned from the interviews and survey responses, NEI is working with Gyro to finalize the campaign framework and issue a request for proposals for its execution in 2018.



ENTREPRENEURIAL ECOSYSTEM SUSTAINABILITY

N EI is charged with thinking through what is required to maintain the regional entrepreneurial ecosystem that it has helped grow over the last decade. In 2017, NEI began seeking answers to two key questions:

- 1.** What is required to maintain the entrepreneurial service organizations that deliver programs across southeast Michigan in support of neighborhood and high-growth businesses?
- 2.** What is required to maintain a culture of inclusion across those organizations?

With these questions in mind, NEI spent time in 2017 determining the activities to be conducted over the next year to inform a sustainability strategy for the entrepreneurial ecosystem shaped by NEI's investments. These include identifying and documenting...

- all public- and philanthropy-funded service providers supporting entrepreneurship and business growth in southeast Michigan
- long-term funding needs of NEI's active grantees and their programs
- roles and responsibilities of organizations promoting an inclusive culture of entrepreneurial support in the region

NEI will spend time in 2018 securing contractors and partners to undertake this work.



Image: Crystal Clear Images, a 2017 NEIdeas \$10K winner

02

Building an entrepreneurial culture



Image: Winners of the 2017 NEIdeas Challenge celebrating their awards at Shed 5 in Eastern Market.

NEIDEAS: REWARDING IDEAS FOR BUSINESS GROWTH

Neighborhood businesses provide communities with the things they need – services, jobs, and places to come together. The NEIdeas challenge honors the neighborhood businesses of Detroit, Hamtramck, and Highland Park by rewarding them with cash for their ideas for growth.

Each year, NEIdeas asks neighborhood businesses in those cities a simple question:
If you had \$10,000 or \$100,000 to invest in growing your business, how would you spend it?

In 2017, the fourth year of the NEIdeas challenge, nearly 700 local businesses submitted a simple application – just 400 words – for a chance to win cash to turn their ideas for growth into a reality. After reviewing each application with the assistance of a jury comprised of past NEIdeas winners, community leaders, and local journalists, NEI selected 22 businesses to receive a total of \$400,000 in cash awards.

This year's winners were fêted alongside the 96 past winners of the NEIdeas challenge at a special gala event in November at Shed 5 in Detroit's Eastern Market. The gala featured a special photo exhibition by Ali Lapetina, who's been photographing NEIdeas winners since 2014, and a performance by poet Jessica Care Moore of a specially commissioned piece celebrating small businesses in Detroit.

As it prepares to conduct the NEIdeas challenge again in 2018, NEI staff is looking into ways to better connect all past and future NEIdeas applicants to the network of resources in Detroit's entrepreneurial ecosystem, as well as encourage connections and collaborations between past NEIdeas winners.



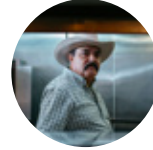
How did NEI attract a record number of applicants in 2017?

By meeting business owners where they are through...

- ADS FEATURING PAST WINNERS IN LOCAL PRINT MEDIA AND ON CITY BUSES AND BILLBOARDS AT KEY INTERSECTIONS ACROSS DETROIT, HAMTRAMCK, AND HIGHLAND PARK
- RADIO SPOTS ON LOCAL STATIONS
- A NETWORK OF 30 NEIDEAS AMBASSADOR ORGANIZATIONS ACROSS DET, HAM, & HP
- FIVE INFORMATION SESSIONS HOSTED IN NEIGHBORHOODS ACROSS TOWN
- PRINT INFORMATIONAL MATERIALS IN FIVE LANGUAGES: ENGLISH, SPANISH, ARABIC, BENGALI, AND POLISH



2017 NEIDEAS WINNERS



1 STEP 2 FITNESS - \$10,000

(Fitness services – Detroit, Northeast)

Idea: Purchase basketball wheelchairs for adapted sports programming.

ALL MY CHILDREN - \$10,000

(Childcare and education services – Detroit, Bagley)

Idea: Purchase a van to transport new and expectant mothers to “safe sleep academy.”

BEAU BIEN FINE FOODS - \$10,000

(Food manufacturing – Detroit, Eastern Market)

Idea: Upgrade kitchen equipment to be able to rent kitchen space to other small food businesses.

BLESSED BEGINNINGS LEARNING CTR - \$10,000

(Childcare services – Detroit, Mohican Regent)

Idea: Purchase tablets, a computer, and a smart white board to add technology and STEM programming into the childcare facility.

BON BON BON - \$10,000

(Food manufacturing – Hamtramck)

Idea: Pay for the manufacture of new silicone molding to dramatically increase production of chocolates.

CRYSTAL CLEAR IMAGES - \$10,000

(Printing services – Detroit, Northwest)

Idea: Create a mini computer lab so customers can design their own projects in the printshop.

EL ASADOR STEAKHOUSE - \$10,000

(Restaurant – Detroit, Southwest)

Idea: Expand their kitchen and interior dining space to serve more customers.

ESI HARDWARE STORE - \$10,000

(Retail – Detroit, Southwest)

Idea: Purchase drywall, lumber, plumbing, and other types of inventory so contractors/builders don't have to go to big box hardware stores.

EVERYDAY SUPER DISCOUNTS - \$10,000

(Retail – Hamtramck)

Idea: Increase inventory of sporting goods and fitness equipment that they sell in their store.

FA SHOW LAWN N' HOME CARE - \$10,000

(Lawn services – Detroit, Warrendale)

Idea: Purchase commercial-grade landscaping equipment to be able to service both residential and commercial landscaping opportunities.

LUSH YUMMIES PIE CO. - \$10,000

(Food – Detroit, Eastern Market)

Idea: Buy a walk-in freezer and a double convection oven to increase production and keep up with demand of new grocery contracts.

NANDI'S KNOWLEDGE CAFÉ - \$10,000

(Restaurant and retail – Highland Park)

Idea: Upgrade signage and online presence to get the word out more to potential customers.

NATURALICIOUS - \$10,000

(Manufacturing – Detroit, Corktown)

Idea: Invest in marketing campaign to reach new customers of natural haircare and cosmetics in 2,500 markets nationwide where the products are now in stores.

NIKKI'S GINGER TEA - \$10,000

(Food manufacturing – Detroit, Osborn)

Idea: Purchase a new delivery van to ensure reliable delivery of their ginger tea beverages to wholesale clients.

PAGES BOOKSHOP - \$10,000

(Retail – Detroit, Rosedale Park)

Idea: Hire a part-time event planner to bring authors into the store, increase traffic, and increase book sales.

PAINEXX CORPORATION - \$10,000

(Manufacturing, medical – Detroit, Northwest)

Idea: Purchase vats, a mixer, and other machinery to make production of Ringmaster Rubbing Oil more efficient.

TAQUERIA EL NACIMIENTO - \$10,000

(Restaurant – Detroit, Southwest)

Idea: Execute a marketing campaign to spread the word about new sports cantina they are building.

THE FOOD EXCHANGE RESTAURANT - \$10,000

(Restaurant – Detroit, East Side)

Idea: Activate a vacant lot adjacent to their carry-out restaurant, to be called Harper Gardens.

TRINOSOPHES - \$10,000

(Venue and cafe – Detroit, Eastern Market)

Idea: Purchase permanent audio/visual recording equipment for musicians and touring artists to make recordings with their independent record label.

VERNOR CHIROPRACTIC CLINIC - \$10,000

(Medical – Detroit, Southwest)

Idea: Purchase Shock Wave Therapy machine and relevant training for staff to offer customers an effective treatment for chronic pain.

BEL AIR LUXURY CINEMA - \$100,000

(Entertainment – Osborn, Detroit)

Idea: Expand commercial kitchen and build a bar to serve more food options and serve alcoholic beverages to customers.

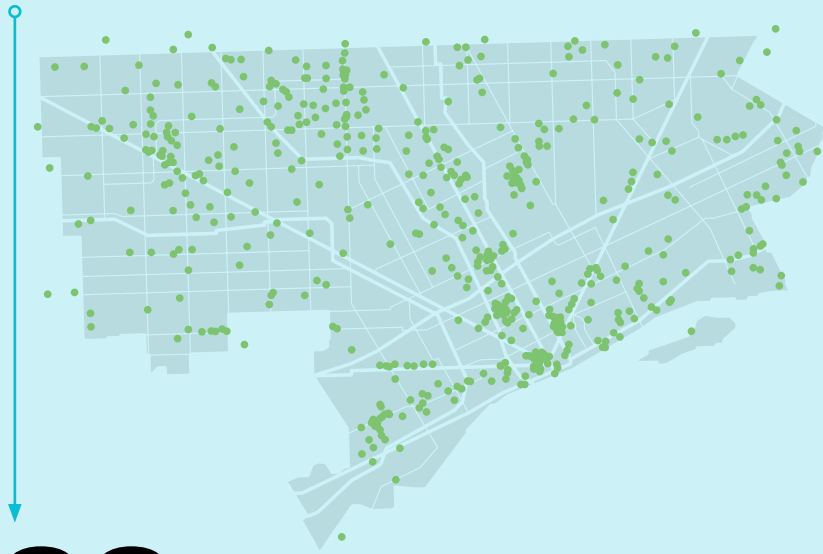
VAUGHAN INDUSTRIES - \$100,000

(Manufacturing – Detroit, Northwest)

Idea: Purchase a piece of equipment that makes producing car wash parts dramatically more efficient.

NEIDEAS IN 2017

699 Applicants from across Detroit, Hamtramck & Highland Park



22 Winners

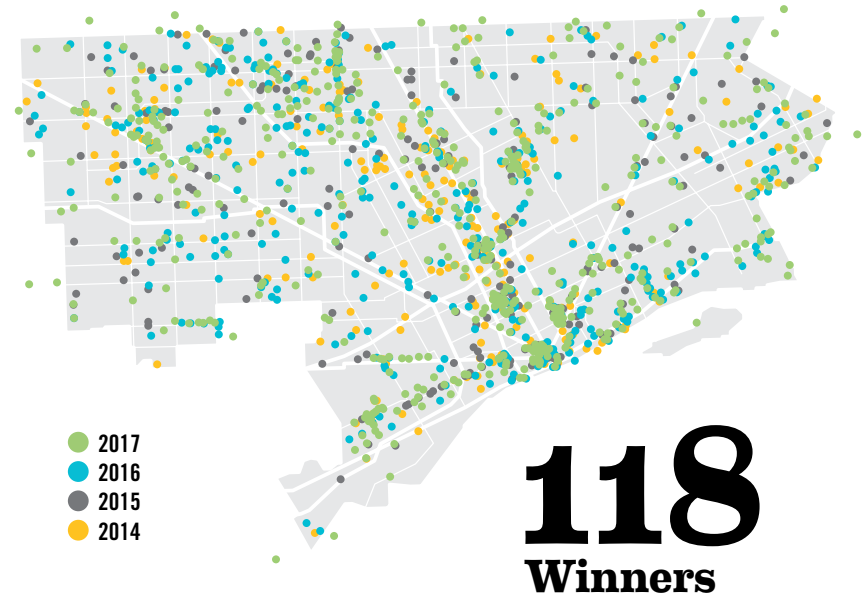
80% MINORITY-OWNED BUSINESSES

65% WOMEN-OWNED BUSINESSES

9 INDUSTRIES | **\$400,000**
in cash awards

NEIdeas 2014-2017

2,265 Applicants from across Detroit, Hamtramck & Highland Park



118
Winners

71% MINORITY-OWNED BUSINESSES

60% WOMEN-OWNED BUSINESSES

13 INDUSTRIES | **\$1.9 Million**
in cash awards

The Great Idea

Originally Performed at the 2017 NEIdeas Gala
on November 02, 2017

by Jessica Care Moore

The idea of two Detroits
is not as powerful as one
incredibly strong city.

The most vibrant
economy occurs between
neighbors

and connected
neighborhoods.

If we are going to be the
“comeback city” then we
have to empower

The businesses who were
already here to stay.

We refer to them simply
as the “been here” people.

Under the radar, without
recognition, they stayed
the course, some over 30
years.

Some of them speak
English, others Arabic,
Spanish, Polish, and
Bengali

From Hamtramck to
Highland Park to Detroit

They lit a neon spark.

When you are
independent, the grind
never stops.

You have to fight
for everything, and
sometimes you just need
a small break.

This is not a business as
usual city

This is a place full of
passed down traditions.
Existing without
fanfare or well deserved
accolades

It’s the empowering way
someone simply says the
words

“I see you”

It’s often just ONE little
thing that can transform
so much more down
the line.

A sensible idea turns into
something tangible and
valuable

This is when the great
idea is born.

Businesses are now
growing in humanitarian
ways

Humanity is made better
by great ideas

Great ideas are made
better when supported by
community

So show up, knock on
these doors, make an
appointment,

Buy flowers, buy sweet
potatoe pies,

visit the
dreamers of

Southwest, Hamtramck,
Highland Park and all
Detroit zip codes.

Be inspired and turn your
own bright neon light on

Place the sign in the
window

Create some new history.
Make your mark.

Your small idea

Could be the big change
the world was

Waiting to discover.



HIGH GROWTH HAPPY HOUR

Not all entrepreneurs are performers, but they all have stories to share. That's why NEI believes it's important to create opportunities for entrepreneurs to get together in informal settings and have candid conversations about entrepreneurship in southeast Michigan. As a part of its High Growth Happy Hour event series, NEI invites experienced entrepreneurs who are scaling companies to give short talks about their work and network with the region's emerging entrepreneurs.

In 2017, NEI hosted six High Growth Happy Hour events at various locations in Detroit, Pontiac, and Ann Arbor featuring talks by entrepreneurs who are scaling companies in the tech, design, manufacturing, and food and beverage sectors. Three quarters of speakers were women founders, and more than half were minorities. More than 250 people attended these events.

HIGH GROWTH
happy hour



STARTUP STORY NIGHT

January 19, 2017

@ PLANET ANT HALL - *Hamtramck*

There's a lot more to entrepreneurs than their business pitch. NEI's inaugural Startup Story Night event, held January 19, 2017, at Planet Ant Hall, was intended to create a fun forum for local entrepreneurs to share their personal stories and give them practical tools to talk to diverse audiences about what drives them, with the goal of inspiring others to follow their own passion.

Leading up to the event, NEI put out a call to its network asking entrepreneurs of all types to share 'A-ha!' moments they've experienced while building their businesses. Sixty people submitted stories, and five were selected by NEI staff and a few local storytelling experts to perform on January 19.

NEI brought in Glynn Washington, host of Snap Judgment, a podcast heard on 400+ NPR stations around the country and downloaded more than a million times each week, to lead a workshop for the five storytellers and to emcee the main event.

Thanks to media partnerships with Issue Media Group, who helped NEI produce Startup Story Night, and WDET 101.9 FM, who promoted the event through on-air ads, more than 350 people packed Ant Hall for the event.

There was laughter, there were tears. There were moments when the audience hung silently on a presenter's every word. Best of all, there was a great community vibe that celebrated local entrepreneurship.

As storyteller Jan Akervall described in an email to NEI after the event, "This was an absolutely terrific experience. I haven't cried this much since I got married...I think startup storytelling is a new art form that has a lot to offer. Understanding what entrepreneurs are going through is fundamental when it comes to appreciating what we do but also to better understand what it takes to succeed: courage, patience, creativity, compassion, street-smarts, unpretentiousness, self-criticism, true to yourself-ness, endless hours with your shrink (wife/partner), and just a little bit of money...that's it. It's not rocket science, but it's very close."



STARTUP STORY NIGHT



GRANTEE CONVENING

December 13, 2017

@ FEDERAL RESERVE BANK OF CHICAGO - Detroit

As a funder of more than 30 organizations supporting entrepreneurs and small businesses across southeast Michigan, NEI believes it important to convene its grantees annually to promote awareness of activities across the region's entrepreneurial ecosystem and encourage potential collaborations.

NEI convened its grantees in December 2017 at the Federal Reserve Bank of Chicago's Detroit Branch for a half-day session that spotlighted the work of a several grantees, provided an overview of NEI's updated grant reporting requirements, and asked grantees for their thoughts on how to better support professional development within their organizations. The day culminated with a workshop on connecting data and storytelling led by Ron Fournier, editor and publisher of *Crain's Detroit Business*.



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03

Stories

BRINGING RESOURCES TO THE NEIGHBORHOODS

Paul Garrison, Osborn Business Association



New Economy Initiative • 2017 ANNUAL REPORT

Paul Garrison is a dyed-in-the-wool Detroit.

He speaks with passion about grandparents, who were some of the first African-American homeowners on their block in Conant Gardens in northeast Detroit, and his father, who was a fireman and the chief supervisor of the Detroit Fire Academy.

"I am a son of the city of Detroit," Garrison says passionately.

He is a dedicated advocate for the people he serves as the businesses manager for the Osborn Business Association (OBA), a business advocacy and support organization that operates out of the Matrix Center for Human Services in northeast Detroit.

"I have a panther mentality," Garrison says. "That's the attitude of teaching, empowering, and uplifting people—and 200-percent dedication to your work."

It helps to be tenacious when working on behalf of the people of Osborn, a neighborhood that has faced significant economic challenges in the 21st century. Home values plummeted during the subprime mortgage crisis of 2008, causing the neighborhood's population to decrease at a rate higher than the rest of the city. With little funding available, entrepreneurship stagnated.

Part of the Osborn Neighborhood Alliance, the OBA was founded in 2012 by several small business owners and community leaders to uplift local entrepreneurship. Garrison, who has a background in economics and urban planning, was hired in 2015 to run the organization's cohort program. Supported by the New Economy Initiative, the program assists new and existing neighborhood businesses, about one-third of which are in Osborn, to establish and grow through business mentoring and by connecting them to resources.

The central service of the cohort program is its six-week course covering the essentials of business development.

According to Garrison, the course is designed that way because the most common issue holding neighborhood businesses back is that

NEI made a grant of \$100,000 to the Matrix Center for Human Services in 2017 in support of the Osborn Business Association's cohort program.

some aren't fully formalized. Due to a lack of resources, they haven't filed as a legal entity or paid taxes in some time. But Garrison says making the case for formalization is simple.

"Entrepreneurs are some of the most ambitious, self-motivated people you'll ever meet," he says. "It's not hard to teach them or motivate them—they just need to see and understand the value."

Sessions are led by leaders at important business support institutions, like Lawrence Jackson of the Michigan Small Business Development Center, who helps members

Garrison and business coach Cindy Cleveland have worked hard to develop partnerships to ensure members have access to that funding. For example, they leveraged the Community Reinvestment Act, a law designed to encourage banks to help meet the needs of borrowers in low- and moderate-income neighborhoods, to encourage PNC Bank to conduct capital readiness workshops. Or when they arranged for 3D Marketing Solutions, themselves a graduate of the cohort program and a technical assistance provider to Motor City Match winners, to conduct a strategic marketing analysis workshop.

"Entrepreneurs are some of the most ambitious, self-motivated people you'll ever meet"

develop a business plan, or Devita Davison of FoodLab Detroit, who gives members a primer on marketing. Other workshops cover accounting, legal formalization, and more.

171 individuals have graduated from the cohort program in the two years it's been operating.

But getting business owners enrolled and graduated from the program is only the beginning of Garrison's work. "Helping them through this process means following up with them and making sure they're accountable," he says.

Graduates of the cohort program and OBA members have certainly been successful at raising funds—\$578,500 since 2015, according to OBA. Eight have been NEIdea's Challenge winners, including Osborn-based Bel Air Cinema, which won a \$100,000 grant in 2017 to upgrade its kitchen and build out a bar.

That's one reason why the organization won Community Strategy of the Year Award at the 2017 Detroit Community Development Awards.



NEIGHBORHOOD HEALER

Belief Emadamerho, Pharmacy 4 Less



It seemed like everyone had an opinion about Belief Emadamerho's idea to open a pharmacy in Osborn, a neighborhood in northeast Detroit, and most were negative.

"A lot of people said I shouldn't be in Osborn. They were conscious of security issues," he says. "It was a matter of perception versus reality. I ignored that perception, and thank God I did. The environment hasn't been like they thought. I've had the opportunity to grow, and I felt that happen right away.

Emadamerho, an immigrant from Nigeria, came to the U.S. through a certification program for

trained, foreign-born pharmacists, spending the first decade of his career working in hospitals and CVS stores.

But being an employee wasn't satisfying, and he dreamed of one day opening his own pharmacy. When scouting neighborhoods, he spotted a perfect location on E. Seven Mile Road near Gratiot Avenue. Putting aside the concerns of others, Emadamerho saw an opportunity to meet pent up demand in an underserved neighborhood. He opened Pharmacy 4 Less in Osborn in 2011.

Emadamerho immediately embraced his new neighborhood. Describing Pharmacy 4 Less as a "community pharmacy," he says he knows practically every customer by name. The pharmacy also offers clients free home delivery, which is important in a neighborhood like Osborn, which has a large population of seniors and others with transportation challenges. And he's done much, and has plans to do much more, to uplift that community.

In 2012, Emadamerho, along with several other small business owners and community leaders, founded the Osborn Business Association (OBA) to support local entrepreneurs. "We said it was time to increase our spending power within the community and give everyone a sense of belonging," he says.

OBA first set out to build civic pride in the neighborhood by organizing cleanups, parades, and other community gatherings. But its



primary function is supporting businesses, and it's been incredibly successful.

"We started out with nine entrepreneurs in the OBA," Emadamerho says. "When you go to meetings now, it's so busy you have to look for a place to sit down."

"I owe a lot to all [the support services]... they really cleared a lot of bottlenecks that could have stopped us—stumbling blocks that would have been tough to overcome."

Emadamerho himself has made ample use of the increased access to resources generated by the OBA. He's a graduate of the Goldman Sachs 10,000 Small Businesses program, and he won a \$75,000 Motor City Match grant in 2016.

Part of that funding will be used to open the Osborn Center, a collaboration with the OBA that will be a pharmacy, mini-clinic, and business center all in one. Emadamerho says the choice to combine these services was a direct response to listening to the needs of residents.

In a low-income neighborhood like Osborn, where residents struggle to access quality healthcare, the Osborn Center will be able to diagnose patients in house and provide them with individualized medications at an affordable rate. That's because the center will be a compounding pharmacy, meaning the pharmacist can design customized dosages and strengths of medicine to suit clients' needs.

Emadamerho says he often gets asked by customers if Pharmacy 4 Less has a fax or copy machine they can use. So the Osborn Center will let residents make faxes or copies for free once a week. Emadamerho also expects to hire "as many students as they can" for summer jobs and internships.

The Osborn Center has an expected opening date of April 2018.

Emadamerho credits a lot of his success to the business support services that have helped him develop as a business owner. He's received funding from Motor City Match, technical assistance from Goldman Sachs, and a loan from the Detroit Development Fund. The New Economy Initiative has been an invaluable partner, providing a network of entrepreneurs and specialists he can access, as well as funding for the OBA cohort program.

"I owe a lot to all [the support services]," he says, "because they really cleared a lot of bottlenecks that could have stopped us—stumbling blocks that would have been tough to overcome."

CREATING A GLOBAL CITY

Steve Tobocman, Global Detroit

NEI made a grant of \$150,000 to Global Detroit in 2017 in support of its efforts to connect international talent to the Detroit region's innovation community and to enable business growth for immigrant entrepreneurs.



Steve Tobocman has a lot to say about the positive ways immigrants impact regional economies, and he is armed with studies, statistics, and anecdotes to make his case. These facts, figures, and stories come natural to a person who has spent years working with governments, nonprofits, and foundations. But Tobocman's also able to make a personal case for supporting immigrants, tying the story of his own family's success in Michigan to their immigrant roots two generations ago.

"My grandmother instilled upon me that America was a place of refuge where Jews came to seek freedoms and opportunities," he says. "And I was always brought up

instilled with that sense that America was a place that valued freedom and opportunity...I think that's what inspired me from day one to be involved in community and economic development work."

These two threads come together in his work with Global Detroit, an organization he started in 2009, with the help of the New Economy Initiative and others, to study the effect of immigration on Detroit's economy.

That initial study was revealing.

"[The report showed that] immigrants are strong contributors to economic growth and prosperity, and the region should invest in ways to better encourage and include them," says Tobocman. "That can sound sort of trite, but the reality is it makes hardcore economic sense."

Tobocman believes this work could be economically and socially transformative for Detroit, and others are buying into that vision. According to recent anonymous survey of community leaders, 92 percent of respondents thought that Global Detroit had put immigrant inclusion on the map as an economic development strategy.

"In America, there hasn't been a single city to rebound from population loss like the city of Detroit [has experienced] without immigration growth," Tobocman says.

Population growth is just one of the benefits immigrants bring to Michigan communities. Global Detroit's research shows that adult immigrants in Michigan are twice as likely as native-born residents to have college degrees, and they are much more likely to be qualified for STEM (science, technology, engineering, and math) jobs that many local employers struggle to fill. Michigan's immigrants are also twice as likely as the native-born population to start a business.

But retaining immigrants in Detroit and southeast Michigan is just as important as attracting them.

In recent years, Global Detroit has expanded beyond research and developed programs like the Global Talent Retention Initiative, an effort to retain foreign-born college students in the Detroit area after they graduate. The organization also holds workshops for employers interested in hiring foreign-born talent, walking them through the process of obtaining visas and other issues. It has also teamed up with ProsperUS Detroit and the New Economy Initiative to help immigrant business owners take advantage of grants and other resources.

"...I think that's what inspired me from day one to be involved in community and economic development work"

Tobocman acknowledges the "up and out" phenomenon where immigrants come to urban communities before gaining an economic foothold and moving to more affluent suburbs as many Mexican-Americans have done—leaving Southwest Detroit for places like Melvindale and Lincoln Park. But he believes another narrative is possible.

"When business owners and others feel welcomed and feel connected to the opportunities, they can begin to recognize that the urban core is a special place, and it's a place where they can stay and invest," he says.

Tobocman takes a very personal satisfaction in the progress he sees in the city of Detroit, where the foreign-born population has grown by 13 percent since 2010, even as the overall population has decreased. Thanks in part to Global Detroit's advocacy efforts, immigrants have also become a more high-profile part of the city's entrepreneurial community. In 2017, 20 percent of the winners of the NEIdeas challenge were immigrant-owned business, and for the first time ever, an immigrant-owned business (Baobab Fare) won Comerica's Hatch Detroit contest.

COMMUNITY SUPER-STORE

Rezaul Karim, Everyday Super Discounts

New Economy Initiative • 2017 ANNUAL REPORT



Everyday Super Discounts on Conant Street in Hamtramck is an eclectic jumble of merchandise.

“We carry almost everything you need,” states the store’s Facebook page.

This isn’t much of an exaggeration. The store’s inventory includes hunting and fishing licenses, charcoal briquettes, piggy banks, clothes, cookware, cleaning supplies, and tea sets. Fax and printing services are also available to customers.

There’s a method to the madness, however. Store owner Rezaul Karim keeps everything as organized and presentable as possible while still being responsive to the needs of his customers, a task that would be easier with

a little bit more room. Luckily, after working closely with Global Detroit on his application, Karim won a 2017 NEIdeas grant to expand into a bigger space, something that he believes will allow him to carry more items at lower prices and better serve his customers. This could have a transformative effect on a business that is deeply embedded in the Bengali immigrant community of Hamtramck and surrounding Detroit neighborhoods.

Managing a bigger retail-space will certainly come with its own challenges, but Rezaul is clear on his motivations.

“One of my friends said, ‘Why do you want a bigger space, more headache, more stuff, more everything?’” Karim recounts. “The only thing I could explain to him is that I want my store to look nice. I will get all the things people are asking for, keep my customers happy, and keep the price lower. When I buy volume, my price will be lower.”

Knowing his customers and keeping them happy is the key to the business as Rezaul sees it. He carries products preferred by the Bangladeshi community and other ethnic communities in his neighborhood. These include specialty cookware, air fresheners, decorations and metal lunchboxes known as tiffin. With more space, he plans on expanding into gardening supplies including seeds, plants and fertilizers for the many Bengali gardeners in the area. He will also stock sporting goods,

most importantly cricket equipment, which is highly sought after by the Bengali community but difficult to find in southeast Michigan.

Addressing unmet needs seems to be the through line of Everyday Super Discounts. Karim began to develop his knack for doing so as a teenager in Bangladesh, where worked in several small

Everyday Super Discounts depend upon. The average sale here is small (Rezaul says around \$15), so success depends on frequent visits from customers and a good rapport with them.

“Sometimes they come to me because of the ethnic choice,” Karim says. “Like these kinds of things you won’t get in Sears or Walmart,” he

“... If you’re honest with your customer, they’ll trust you. They’ll rely on you.”

retail enterprises. After emigrating to the U.S., he worked stints at Dunkin Donuts and as an office clerk, eventually saving enough money to open his own store.

Although Rezaul is understated and reserved, the business clearly brings him joy. He described it as “a kind of hobby,” and customers seek him out for advice. While he was being interviewed, a customer comes up to him several times to ask his opinion on a training toilet for toddlers. Rezaul says he knows the man’s wife and their parents who all shop at the store. Keeping this kind of customer happy is part of maintaining the web of relationships that businesses like

says pointing to the unique sorts of curtains and window treatments he carries. “They can talk to me in our language. They have trust in me. If I say this is good, they’ll buy it. And I won’t tell him the wrong thing...If you’re honest with your customer, they’ll trust you. They’ll rely on you.”

With more space and an enhanced line of products Karim believes his enterprise can compete against bigger stores in the suburbs, which will in turn help the neighborhood maintain its unique flavor by providing the residents with a business that understands their needs.



DOING THE NUMBERS

Gabrielle Thomas, Accounting Aid Society



Believe it or not, some people actually enjoy doing taxes.

Gabrielle Thomas, chief operating officer of the Accounting Aid Society, is one of those people. In addition to her other work stewarding the organization, she volunteers every Saturday to help individuals and businesses with their finances, something she describes as “so much fun.”

Although this isn’t the way most of us would describe tax preparation, Thomas is sincere. She tells a story about a man whom she recently assisted.

“I asked him what the best part of the day was, and he said, ‘I met Gabrielle today, and you did my taxes and helped me get \$500 dollars. Now I can pay my rent,’” she recalls with a hint of pride.

This kind of community-focused work is exactly what Gabrielle Thomas was looking for when she went back to work after taking a break from her corporate career to raise a family. Previously she had helped Stroh’s and Frito-Lay streamline their processes and gain efficiencies, an approach she has brought to Accounting Aid.

“I like to see progress,” she says, “I like being able to do more with the funds we’re entrusted with.”

Serving Detroit since 1972, the Accounting Aid Society provides tax assistance services to businesses and individuals who otherwise might not be able to afford them. With 18 year-round employees, 20 seasonal ones, and around 600 volunteers, Accounting Aid works with 18,000 individual tax-payers each year and more than 100 businesses. This translated into \$24 million pumped back into the local economy through tax returns in 2017. They also work with the city of Detroit to increase uptake of the Earned Income Tax Credit by 10 percent a year.

NEI made a grant of \$100,000 to Accounting Aid Society in 2017 to support its efforts to provide accounting and tax assistance services to small business owners in Detroit, Hamtramck, and Highland Park.

Accounting Aid is innovating on the business side of their operation as well. As a part of their “Do the Numbers” program for business owners, they are extending their services beyond tax preparation to assist businesses with record keeping in QuickBooks and learning about sales interfaces like Etsy and Square. This back-end support helps businesses secure the information they need to properly do their taxes—understanding their ownership equity,

This has allowed them find new tax-preparation sites like the one at Central Detroit Christian CDC.

These partnerships have led to the development of a “Drop and Go” tax service where clients can leave their taxes with neighborhood nonprofits to be picked up and processed by Accounting Aid and then returned to these convenient locations. This is part of their effort to extend their services

“Warren Buffett has all of his advisers that tell him what to do with his money. Everybody should have that.”

tracking expenses, dividing business from personal expenses, and so on. But it also enables them to, as Thomas puts it, “tell their story with numbers,” which can make it easier for them to court investors or secure loans.

The Accounting Aid Society has relied on partnerships with other nonprofits and governmental organizations to help drive their evolution. They work from 23 tax sites across a four-county area and use organizations like Southwest Solutions, Build Institute, Focus Hope and the New Economy Initiative to assist with outreach. Thomas calls out NEI specifically for having “intentionally brought people together... which has helped us focus on what we do best.”

and “build futures,” as their website puts it. It’s also an acknowledgement of the time-stress that many of their clients face.

As Thomas sees it, her project goes beyond tax preparation to fostering a sense of empowerment.

“We’re giving them points of success that they can see...we’re creating these reference points that they can build on,” she says. “Warren Buffett has all of his advisers that tell him what to do with his money. Everybody should have that.”

GROWING WITH THE CITY

Tonia Williams, **Universal Special Events**



Tonia Williams takes pride in her lifelong investment in the city of Detroit. She grew up in the Woodbridge neighborhood (where she still owns a house) and attended Wayne State University. But it's the future that gets her excited.

"I feel like I'm part of what's coming to the city," she says.

That's because her valet business, Universal Special Events, is taking advantage of the city's developing economy by growing a list of clients that includes her alma-mater, Shinola, the Detroit Institute of Arts, and the Detroit Historical Museum. She's also worked "on the frontline" of events like the opening of the John Varvatos store and the Albert Building.

When Williams says she is on the frontline, she means it. You'll see her at 99 percent of her company's events, never asking her employees to do anything that she wouldn't do herself.

"I know the valet business like the back of my hand," she says. "I can go to an event and know exactly how to make it go smoothly."

Having worked in the valet business for 20 years as a valet, manager, and director before going into business for herself 3 years ago, she understands what makes for exceptional customer service—ensuring that a customer has a great first and last impression when they come to and leave an event.

"To me it's not just valet," she says. "It's the above and beyond."

But like many passionate business owners, she still needed help with the back end of her business. She found support from the Accounting Aid Society, a New Economy Initiative grantee that assists small businesses with bookkeeping and tax preparation.

Accounting Aid helped Williams become comfortable working in QuickBooks.

"When my daughter and I went there for help, they sat down with us for four hours," says Williams. "They took the time to really explain a lot about my business expenses and where

"Before I retained a regular accountant, I was doing QuickBooks myself, and he told me that I was doing a good job with my books. I attribute that to Accounting Aid Society."

to put different accounts. Before I retained a regular accountant, I was doing QuickBooks myself, and he told me that I was doing a good job with my books. I attribute that to Accounting Aid Society."

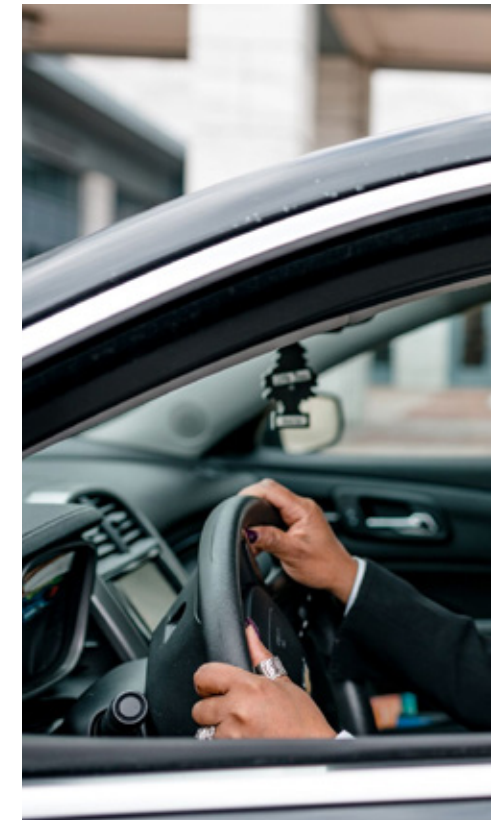
This support has allowed Williams to remain focused on the details of running a great front-end organization. She mentions little things like taking customers' jackets out of the back of their cars and helping them put them on or changing a client's flat tire.

In addition to her work with Accounting Aid, Williams has taken advantage of resources for Detroit entrepreneurs like Motor City Match, a program that connects new and expanding businesses with real estate opportunities in Detroit, and Goldman Sachs 10,000 Small Businesses, a program that teaches participants entrepreneurial skills like negotiation and employee management. All of this support is helping Williams plan for the growth of her business, which will soon expand to providing other transportation services. She wants to buy a few SUVs to deliver clients to and from events, building on the relationships that she has already established.

"Our clients feel comfortable with us," she says. "They're not in a car with a stranger."

Her expanded business model will set her up to take advantage of opportunities that are likely to come to downtown as more development occurs.

"I plan to grow with the city of Detroit," she says. "I see it coming back. Just to be a part of that—I feel very special."



INVESTING IN WOMEN'S GROWTH

'Tember Shea, Inforum



The path of the entrepreneur is often shaped by personal challenges and struggles.

Like the Black Hawk chopper pilot who would pick up pieces of metal on the battlefield in Afghanistan, or the single mom with just \$32 to her name struggling to keep her house, or the designer who was diagnosed with cancer and underwent a double mastectomy.

These women went on to launch businesses that were informed and inspired by their experiences. The chopper pilot, Katie Bigelow, would launch Mettle Ops, a firm that recently landed a \$9.1 million government contract working on sustainability and soldier

survival for the Department of Defense. The single mom, Gwen Jimmere, would launch Naturalicious, a natural hair care brand, and become the first African-American woman to receive a patent for a natural hair product. The designer, Julie Hyde-Edwards, launched re-Contour and created a mastectomy dressing that heals scar tissue.

These are the types of people and stories that inForum, a professional organization focused on accelerating the careers of women, aims to celebrate and elevate.

"People need to know what these entrepreneurs are doing. That's how they get investment. They get mentors and get connected to other great women who want to help them and support them," says 'Tember Shea, director of inForum's inGAGE™ program, a master class geared toward high-growth women entrepreneurs like Bigelow, Jimmere, and Hyde-Edwards.

The inGAGE™ program launched in August 2012 with the goal of helping women entrepreneurs as well as investors looking to invest in those entrepreneurs. The master class covers topics such as sales, entrepreneurial law, and negotiation. Participants are asked to assess their companies in terms of operations, management, finances, and personnel.

NEI made a grant of \$200,000 to the InForum Center for Leadership in 2017 in support of its comprehensive training programs, capital development, and mentorship programs for emerging high-growth women entrepreneurs.

There's an inGAGE™ cohort about every year, with 11 cohort members participating in 2017. While the master class tuition is \$1,500, NEI supports Inforum to provide scholarships to bootstrapping entrepreneurs who may find that fee a barrier to participating.

Since its inception, the 100 women entrepreneurs from the first eight inGAGE™

inGAGE™ also offers a Role Model and Investor Series, a quarterly event that connects emerging and experienced entrepreneurs with inspiring founders and investors.

It aims to help women who have achieved business success to give back.

"We know that investment only diversifies

"I'm able to watch women who are passionate about what they do,"

cohorts have incorporated 41 new companies, created 384 jobs, and have been granted 35 new patents. Inforum has provided support to assist these women entrepreneurs in raising more than \$41.8 million in new capital.

when the community of investors is diverse," says Shea, "so it's important to help our entrepreneurs learn how to do that for the next generation and make it a little easier for the next woman coming up."

"[In my role,] I'm able to watch women who are passionate about what they do," says Shea. "They are growing wealth for their families, they're employing people and helping them grow wealth for themselves, and they're giving back."

In 2017, inForum created an affinity group for women who have gone through the master class to continue to strengthen those connections made during the cohort.

ALL-NATURAL ENTREPRENEURSHIP

Gwen Jimmere, **Naturalicious**



Even when working a day job, Gwen Jimmere was plotting ways to go into business for herself.

“I always had a side thing going on that was entrepreneurial,” says Jimmere, who has worked in top marketing roles at Ford and Uniworld.

She wrote a book and started to market it while in grad school at Kent State University, then tried to open a clothing store in her hometown of Cleveland, Ohio.

But her best idea came after seeing a documentary called “Good Hair” starring comedian Chris Rock. In the movie, a chemist takes three cans of soda and submerges them into three beakers of hair relaxer, Jimmere

says, and the can that had been submerged for four hours had disintegrated.

“Seeing that freaked me out,” says Jimmere, who was pregnant at the time. If that hair product, which she had been using since she was young to straighten her hair, could do that to a metal can, what would it do her baby?

She decided she needed to come up with something that would work well on her hair but was also organic and natural. And the hair care regimen had to be fast because as a new mom, she didn’t have the luxury of spending several hours a day on her hair.

So combining products she found in her kitchen, she created the foundation of what would become Naturalicious, an all-natural hair care system that does the work of 13 products in just four steps and takes users from wash to style in less than an hour.

At first, the product was essentially just for her, but then friends and family started asking for it. At that point, Jimmere knew she was on to something.

About a year and a half later, she found herself going through a divorce and was getting laid off. She had \$32 to her name and needed to figure out how to make money. By that time she had the bare bones basics of a business together: packaging, proof of concept, a website.



“Once I lost the job I got to really go for it and make this something,” she says.

It wasn’t easy in the beginning. She fell behind on her mortgage payments, but she was determined to be strong for her son, now 7, and stay in the house.

“I was grinding so hard to make sure I didn’t completely fail,” she says.

“There’s no debt on my business, and I’m very proud of that. We had 204 percent increase in revenue just last year.”

Eventually, Jimmere secured a patent on her formula, becoming the first African-American woman to receive a patent on a natural hair care product.

“My business has been completely self-funded,” she says. “There’s no debt on my business, and I’m very proud of that. We had 204 percent increase in revenue just last year.”

The line is now sold in 1,500 retail outlets, including Whole Foods, not just in the U.S. but abroad. In March her products were slated to be in Sally Beauty Supply Stores.

Critical to Jimmere’s success has been the support she has received from Detroit’s

entrepreneurial ecosystem. She has been counseled by Endeavor, a global nonprofit that selects, mentors and accelerates the best high-impact companies around the world to catalyze long-term economic growth, and received a 2017 NEIdeas grant, which will allow her to grow to keep up with demand. She was also participated in inForum’s inGAGE master class program that is geared toward high-growth women entrepreneurs.

Jimmere has moved from making her product in her basement to Ponyride, a community of makers and artists in Detroit’s Corktown neighborhood. The company now has six employees, several of whom have special needs and were hired through a partnership with Detroit nonprofit Services to Enhance Potential.

Social impact is an important piece of the business for Jimmere.

“The biggest thing for me is that we get to serve so many women,” she says. “The more we grow, the more people we can serve.”

TECH FOR TRADITIONS

Kim Gamez, Mi Padrino



For Kim Gamez, starting a business was a little like having a baby. Maybe that's because when she and her husband, Hugo, were about to open their first restaurant in Jackson, Michigan, she was 9-months pregnant. While waiting for the Liquor Control Commission to approve the new restaurant's liquor license, Kim went into labor with her first son. When she and a healthy baby returned home from the hospital, she got the news that the license had been approved.

"I'm 20 and a new mom, and we opened our restaurant," recalls Gamez. "How hard can it be, right?"

Turns out plenty hard.

"Anyone who knows anything about the restaurant business will tell you," she laughs.

But she and her husband learned as they went, and a few businesses and a few kids later, they had found a groove. After adding another restaurant and a few rental properties to their portfolio, Kim and Hugo were feeling confident to take on new challenges.

"If you can be a landlord and you can own a restaurant, you can do anything," says Gamez.

That includes launching a technology company.

As a girl from Jackson without much exposure, Kim had fallen in love with the Hispanic culture that Hugo, a native of Mexico, had introduced her to. Her favorite thing was the padrino tradition.

Essentially, a padrino is a sponsor. Leading up to Hispanic cultural events like quinceañera and weddings, padrinos—often members of the extended family—band together to sponsor aspects of the celebration. Someone pays for the dress, someone else pays for the venue, someone else pays for the drinks, and so on.

"It's all about being selfless and giving to others," says Kim.



Kim was happy to oblige when she was asked to be a padrino for her niece's quinceañera, but working out the details was complicated. She decided she would buy the pillow that her niece would kneel on during the ceremony. But how could she be sure it would match her dress? Maybe she would just send cash instead. But was there a simpler way to send money to Mexico than arranging a wire transfer?

Then it dawned on her. Maybe there was a business opportunity here. What if there was an app that was part registry, part crowd-funding site, for padrinos?

"A lot of you have that \$1 million idea in your head, but you have to be crazy enough to follow it."

She went to Ann Arbor to meet with people in the startup community to get advice. Someone told her to check out the Accelerate Michigan Innovation Competition, where Michigan's most promising startups pitch for chances to win cash prizes of up to \$500,000. Watching the pitches,

Kim was emboldened. She went back to Ann Arbor to assemble a team that operated out of Ann Arbor SPARK, and within months, they'd developed a platform called Mi Padrino. It didn't take long for the service to catch on. By the end of the year, they'd attracted 50,000 users.

The following year, Kim went back to Accelerate Michigan, but this time as a participant. She left with a \$100,000 prize. Mi Padrino would later receive follow-on funding through Invest Detroit's First Step Fund.

"You really just have to listen to yourself," says Kim. "A lot of you have that \$1 million idea in your head, but you have to be crazy enough to follow it."

RETURNS ON INVESTMENT

Patti Glaza & Martin Dober, Invest Detroit



Before 2010, funding for emerging high-growth businesses in Detroit was scarce. Most local entrepreneurs looking to startup in southeast Michigan had to look outside the state for investment.

That all changed when Invest Detroit, with a \$5-million grant package from the New Economy Initiative, launched the First Step Fund, the city's first venture capital fund.

The First Step Fund is designed to address the deficit of startup financing in southeast Michigan and promote economic development by identifying, nurturing, and fostering demand for early-stage, commercially viable businesses that can scale—resulting in job creation

and increased tax revenue for the southeast Michigan region.

Since its founding, the First Step Fund has invested in 74 companies, mostly in Detroit and Ann Arbor. It has also been committed to assisting, women, minority, and immigrant founders. Of the 19 investments made by Invest Detroit in 2017, more than half were in companies run by diverse founders. The First Step Fund's typically makes initial investments of \$15,000 to \$150,000, with some companies receiving follow-on investments as high as \$150,000. The fund sometimes partners with other investors for investments between \$150,000 and \$500,000.

Martin Dober, vice president of Invest Detroit and managing director of its affiliate, Invest Detroit Ventures, is proud of the work the program has done to help startups and emerging businesses in the region.

"As we get returns from the companies we invest in, we go out and invest in additional companies. As companies give us back those investments, we're able to help other companies down the road."

For example, Llamasoft, an Ann Arbor-based supply chain software company that counts companies such as Ford Motor Co., General Motors, Land of Lakes, and Whirlpool among its clients, is one of the venture capital fund's biggest success stories to date. In 2011, the First Step Fund invested in the fledgling

NEI made a two-year grant of \$800,000 in 2017 in support of the First Step Fund to provide capital and outreach to early-stage, high-growth businesses in southeast Michigan.

startup, and after TPG Capital purchased a majority stake in the company for an undisclosed amount in May 2017, the First Step Fund received a significant return on its money.

"It's really great," Dober says. "Now, like 6 years later, we received payment more than 10 times our original investment. In that one investment we were able to make, we're able to help 10 more companies."

Additionally, Invest Detroit helps creates other opportunities for emerging Michigan businesses. Since 2014, Invest Detroit has managed Accelerate Michigan, the state's largest business plan competition, which Ann Arbor SPARK originally operated with funding from NEI. Every year, more than 200 companies apply to compete for a total of \$1 million in grants and investments, including the \$500,000 grand prize.

"...6 years later, we received payment more than 10 times our original investment. In that one investment we were able to make, we're able to help 10 more companies"

But it doesn't always work out that way. Many investments the fund makes don't result in a return. This tolerance for risk, however, is essential to growing the region's culture of entrepreneurship.

"We take a lot of risk in investing in companies, and we expect a lot of them to fail," says Dober. "But we're seeing a lot of great companies, and we're seeing returns from investments we did a long time ago."

Watching companies flourish is gratifying, Dober says. He points to WorkIT Health, an Ann Arbor-based company that uses a website and app to help people recover from heroin and opiate addictions along with clinics in Michigan and California. A \$50,000 First Step Fund investment helped the company launch.

Although Invest Detroit primarily supports technology-based companies, it has found winners in companies like Ash & Erie, an online retailer featuring clothing for shorter men. Through Invest Detroit Ventures' newer affiliate, the First Capital Fund, Ash & Erie received a \$37,500 investment. The company has gone on to secure other investments, including \$150,000 for a 25 percent stake from billionaire Mark Cuban when it was featured on ABC's "Shark Tank" in October 2017.

"We have a variety of different funds through Invest Detroit, some for technology businesses and some set up for traditional businesses," Dober says. "We also look to invest in Detroit--in neighborhood businesses, retail businesses, and other businesses related to things happening in the city."

STARTUP SUPPLY CHAIN

Toby Brzoznowski, Llamasoft



Llamasoft, an Ann Arbor-based supply chain design software business, is one of the fastest growing technology firms in North America, counting companies like Whirlpool, Land O' Lakes, and Michael Kors among its more than 700 customers.

But the growth didn't happen overnight.

Co-founders Don Hicks and Toby Brzoznowski launched Llamasoft in 1998 with an idea to help companies design and redesign their supply chains. Brzoznowski says the partners set out to be global leaders in their niche by taking advantage of their backgrounds in software development and marketing.

"From day one, unlike a lot of startups that have a very good idea but don't know how to commercialize it, we started with an understanding and background in the business—creating something unique and being able to sell it," he says. "It allowed us to be focused and solve a real problem for some of the best-known companies in the world. When you can do that and have early successes with Dell or Unilever and have them endorse your product and attribute their success to your software, it allows you to have credibility, success, and growth."

With each new customer, Llamasoft hired another employee, and by 2012, with 40 employees, the company was ready to raise a Series A investment round. Invest Detroit's First Step Fund was joined by MK Capital and Nike in contributing a total of \$6 million. Then in 2015, Llamasoft secured an additional \$50 million investment led by Goldman, Sachs & Co., which is believed to be the largest single round of venture financing by a non-medical company in state history.

But Llamasoft's big breakthrough came last year when TPC Capital, a Silicon Valley investment company that's made major investments in companies such as McAfee, Airbnb, and Uber, acquired a \$300-million majority stake in the company. Invest Detroit's Series-A contribution was paid back 12-fold, a return allowed the First Step Fund to invest in at least 10 other companies.

"I'm incredibly proud of the fact that we can get Invest Detroit that kind of return because I think the work they are doing is extremely important,"

"I'm incredibly proud of the fact that we can get Invest Detroit that kind of return because I think the work they are doing is extremely important," Brzoznowski says. "It's helping dozens of entrepreneurs get their ideas off the ground, and you never know who that next company is going to be that will impact other people's lives. It's paying it forward in that way; it's great to know what we've done has an impact on other entrepreneur's lives, as well."

Today, Llamasoft, which doesn't disclose its value, has nearly 500 employees around the world and is approaching \$100 million in annual revenue.

And whether you realize it or not, Llamasoft's work is having an impact on most of our daily lives. If you shop at stores like Walmart, Kroger, or Nordstrom's; buy a car from General Motors, Ford, Chrysler, Honda, or Toyota; or take a bath or brush your teeth with products from Proctor & Gamble and Colgate; Llamasoft's footprint is there.

"It's extremely gratifying," says Brzoznowski. "We help companies find the most efficient, cost-saving ways to do business. We help them figure out where their products should be sourced, shipped, manufactured and how to get them to market in the most cost-effective ways. They are saving hundreds of millions a year."



Governance

GOVERNANCE

The New Economy Initiative is a special project housed within the Community Foundation for Southeast Michigan (CFSEM). Since its inception in 2007, 13 national and local foundations have committed a total of \$159 million in support of NEI. The CFSEM board of trustees officially approves NEI grants, which are recommended by the NEI grant review committee, a sub-group of the NEI steering committee.

The NEI steering committee, chaired by Steven Hamp, is responsible for the strategic direction of NEI. The committee consists of successful entrepreneurs, representatives of NEI funders, and civic and corporate leaders immersed in regional economic development in southeast Michigan. These committed volunteers participated in 8 meetings in 2017.

NEI STEERING COMMITTEE MEMBERS:

Steven Hamp, *chair*^{*}

Lizabeth Ardisana, *CEO, ASG Renaissance*[‡]

Lavea Brachman, *vice president of programs, Ralph C. Wilson, Jr. Foundation*^{*}

Don Chen, *director, Equitable Development, Ford Foundation*

Ed Egnatios, *program officer, W.K. Kellogg Foundation*[‡]

Michael Finney, *president and CEO, Community Ventures Resources, Inc.*[‡]

Ralph J. Gerson, *board member, William Davidson Foundation*^{*}

Paul Glomski, *CEO and co-founder, Detroit Labs*[‡]

Lydia Gutierrez, *president, Hacienda Foods*[‡]

Benjamin S. Kennedy, *director, American Cities Practice, Kresge Foundation*^{*}

Katy Locker, *program director, Knight Foundation*[^]

Mariam C. Noland, *president, Community Foundation for Southeast Michigan*^{*}

Chris Rizik, *CEO, Renaissance Venture Capital Fund*[‡]

Kevin Ryan, *program officer, Ford Foundation*[‡]

Veronika Scott, *founder, The Empowerment Plan*[^]

Sena Segbedzi, *program manager, Ford Foundation*

^{*}Ecosystem Sustainability sub-committee

[‡]High-Growth and Inclusion sub-committee

[‡]Neighborhood sub-committee

[^]Storytelling sub-committee

Grants

NEI 2017 GRANTS

Accounting Aid Society – \$100,000.00

support for accounting and tax assistance services to small business owners in Detroit, Hamtramck, and Highland Park to develop sound business practices to grow and maintain their revenue

Allied Media Projects Inc. – \$200,000.00

support for the Equitable Internet Initiative program to provide adult and youth entrepreneurship experiences in the information technology field utilizing gigabit speed internet in Detroit neighborhoods

Arab Community Center for Economic and Social Services (ACCESS) – \$20,000.00

support to the Growth Center for technical assistance for business clients of the BizLoan Fund

Build Institute – \$125,000.00

support for the Build Institute to support entrepreneur and small business education, and the Kiva loan program

Bunker Labs NFP Inc. – \$70,000.00

support for a business accelerator program for military veterans

College for Creative Studies – \$150,000.00

support for the Detroit Creative Corridor Center to strengthen Detroit's creative businesses and create awareness of Detroit's creative economy as a tool for regional economic growth

Central Detroit Christian Community Development Corp. – \$90,000.00

support for start-up and growth in businesses in Detroit's Central Woodward/North End neighborhood

Detroit Development Fund – \$190,000.00

support to operate a new microloan fund that will provide capital and technical assistance to historically underserved businesses in Detroit, Hamtramck and Highland Park

Detroit Economic Growth Association – \$250,000.00

support to help stimulate commercial real estate investment in Detroit neighborhoods, strengthen commercial corridors and provide resources for businesses to improve their exteriors

Detroit Economic Growth Association – \$50,000.00

support for an initiative to accelerate the garment industry in the City of Detroit to enable economic access and growth

Detroit Economic Growth Association – \$440,000.00

support for an initiative to improve the mobility ecosystem of the City of Detroit to enable economic access and growth

Detroit Economic Growth Association – \$147,750.00

support to coordinate outreach and participate in the jury process for NEIdeas, a citywide challenge in partnership with NEI to energize and expand the culture of entrepreneurship, and drive economic growth in Detroit, Hamtramck and Highland Park

Downtown Detroit Partnership Inc. – \$30,000.00

support for the Detroit SOUP Project at Build Institute, neighborhood micro-granting dinners that support community entrepreneurial projects and civic engagement in Detroit

Downtown Detroit Partnership Inc. – \$20,000.00

support to the Build Institute for technical assistance for business clients of the BizLoan Fund

Eastern Market Corporation – \$150,000.00

support for a food business cluster development and accelerator

Global Detroit – \$150,000.00

support to connect international talent to the Detroit region's innovation community and to enable business growth for immigrant entrepreneurs

Grandmont Rosedale Development Corporation – \$110,000.00

support for a comprehensive business development and commercial activation strategy on the Grand River corridor in the Grandmont Rosedale community

Inforum Center for Leadership – \$200,000.00

support for comprehensive training programs, capital development and mentorship for emerging high-growth women entrepreneurs

Invest Detroit Foundation – \$2,200,000.00

support for over one year to renovate and build out phase one of a historic school to activate catalytic real estate missioned to provide support and networks to small and high-growth businesses primarily led by underserved entrepreneurs

Invest Detroit Foundation – \$800,000.00

support over two years for the First Step Fund to provide capital and outreach to early-stage, high-growth businesses in Southeast Michigan

Jefferson East Inc. – \$60,000.00

support for the development of mixed-use properties in the Jefferson-Chalmers neighborhood

Matrix Human Services. – \$100,000.00

support for the Osborn Neighborhood Alliance to assist new and existing neighborhood businesses to establish and grow by connecting them to support resources and business mentoring and coaching

Michigan Community Resources – \$12,500.00

support for data entry and analysis for 2017 NEIdeas applications

Michigan Community Resources – \$175,000.00

support to manage the NEI Neighborhood Business Initiative worktable and capacity building program

Michigan Hispanic Fund – \$50,000.00

support to pilot a business accelerator program for Hispanic high-growth entrepreneurs

The Michigan Women's Foundation – \$220,000.00

support to provide education, capital, technical assistance and mentoring to economically disadvantaged women entrepreneurs in the Detroit region

Midtown Detroit Inc. – \$300,000.00

support to continue implementation of the innovation district real estate plan

NEIdeas Grants – \$400,000.00

see pg. 34-35 for the list of the 22 small business that won NEIdeas grants in 2017

PolicyLink – \$50,000.00

support for research for equity and inclusion for high-growth and neighborhood-based businesses

SCORE Foundation – \$15,000.00

support for program marketing and volunteer recruitment for small business coaching

Southwest Detroit Business Association Inc. – \$60,000.00

support for the planning and implementation of affordable space development for commercial and retail use in the West Vernor and Springwells corridors

Southwest Solutions Inc. – \$125,000.00

support for ProsperUS for training, education, capital access for neighborhood entrepreneurs in the city of Detroit

Southwest Solutions Inc. – \$20,000.00

support to the ProsperUS program for technical assistance for business clients of the BizLoan Fund

Venture for America – \$80,000.00

support to provide training for an entrepreneurship-focused fellowship program in Detroit

Wayne State University Research & Technology Park (TechTown) – \$350,000.00

support for a Detroit-based high-tech business incubator and accelerator, and a neighborhood business support program

Wayne State University Research & Technology Park (TechTown) – \$200,000.00

support for the strategic planning and operation of a regional MedHealth Innovation Cluster program

Wayne State University Research & Technology Park (TechTown) – \$20,000.00

support to the SWOT program for technical assistance for business clients of the BizLoan Fund

NEI Staff



Carol Davis
Administrative Assistant



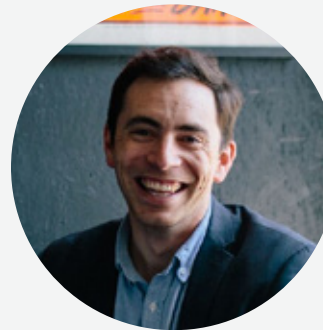
Paula Gonzalez
Program Associate



Don Jones
Associate Director



Maria LaLonde
Senior Program Officer



Matthew Lewis
Communications Officer



Pam Lewis
Director

Our Partners & Consultants

NEI continues to engage the following consultants that provide specific knowledge and expertise that informs and strengthens the overall work.

313 Creative – Worked closely with the NEI team and grantees to provide strategic counsel for NEI 3.0.

Build Create Studios – Provided technical support to the maintenance of the NEI Website and a stand-alone website for the NEIdeas Challenge.

Detroit Lives! LLC – Created and edited video for the NEIdeas Challenge.

Eckblad Group – Provided training and support to align NEI partner technical assistance programs to industry best practices.

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 Detroit Innovation website with stories of local social entrepreneurs to assist in

changing cultural attitudes about Detroit, Hamtramck, and Highland Park. Worked with NEI to plan and host a series of High Growth Happy Hour events that connect local entrepreneurs through storytelling.

Gyro Creative – Developed a storytelling campaign framework that will guide and inspire the special storytelling campaign funded by the Knight Foundation, and work related to advising NEI's overall communications strategy.

Ali Lapetina Photography – Developed and captured images of the NEIdeas Challenge and its participants.

Amanda Lewan – Assisted with social media strategy and account management for NEI and Pamela Lewis and organized High Growth Happy Hour event series.

Loveland Technologies – Provided support with data analysis and reporting activities related to the work of NEI through NEIdeas Challenge.

Lovio George – Provided strategic council, design, public relations, and

media support to NEI leadership and staff; Supported NEI staff in planning NEIdeas winner announcements and press events.

Jessica Care Moore Foundation – Interviewed NEIdeas grantees and created an original poem inspired by the independent business owners in Detroit, Hamtramck, and Highland Park, who won NEIdeas Challenge grants from 2014-2017.

PricewaterhouseCoopers LLP – Volunteered five staff members to support the financial assessments related to the NEIdeas Challenge.

Public Sector Consultants Inc. – Provided research, strategy support, coordination with MEDC leasers, and stakeholder facilitation for the Detroit Mobility group.

Smart City Lab LLC – Assisted in developing the initial steps to bring the key stakeholders to consensus on next steps that will accelerate new mobility options to address equity challenges in Detroit, and

assessed the integration of Detroit's role in leading a new ten-city platform called the Smart City Lab.

Spring Management Systems – Supported the NEI Grant Progress Network database, which they developed in 2012, and expanded the reporting functionality of the database, as well as started the design process for a “contractor” module.

UtilityBoost LLC – Consulted NEI as it worked to develop programs under its Innovation for Revitalization strategy.

Glynn Washington – Worked with NEI to develop a storytelling event showcasing local entrepreneurs. Served as host of Start-Up Story Night, as well as led storytelling workshops to prepare entrepreneur performers for the event.

Who's That? – Provided graphic design and consultant services for NEI and the NEIdeas Challenge.

Contributors

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"THE GREAT IDEA"

Poem by Jessica Care Moore



Image: Irma Fuentes, owner of ESI Hardware in Southwest Detroit, and her granddaughter at the 2017 NEIdeas awards gala.



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Community Foundation
FOR SOUTHEAST MICHIGAN