



Vision Shared – Entrepreneurship Committee

February 3, 2011

Attending: Melissa Aguilar (Create WV and Region 1 Workforce investment Board), Megan Bullock (MESH Design), Mark Burdette (Legacy Asset Strategies), Gene Coulson (Department of Education), Jeff James (chairman), Deana Keener (SBDC), Diane Ludwig (LKEDA, Wirt and Calhoun Counties), Judy McCauley (SBA), Bob McLaughlin (WV Angel Network), Glen McClung (KISRA), Jonathon Moore (Rowdy Orbit), Guy Peduto (Innova), Susan Rice (Department of Education), Duane Thomas (Marshall University/APPAPHIL), Rob Wilmick (Legacy Asset Strategies)

By Phone: Ralph Bean (Steptoe and Johnson), Pam Curry (Center for Economic Options), Tom Heywood (Bowles and Rice), Cheryl Moore (Publishing Entrepreneur)

Jeff James convened the meeting. He explained the re-visioning of Vision Shared and the committee structure. He explained we need to make many improvements; therefore we set the goals very high, establishing a time for dramatic change.

Jeff talked about a Kaufman Foundation study which shows a constant growing of new companies which truly presents great opportunities of growth in many areas. Per net job creation, the most jobs are being created by entrepreneurial ventures. Women owned ventures are growing at a rapid pace but only accounts for about 50% of ventures. The average start up team for entrepreneurial ventures is 1.8 people. These stats are important when looking at the future of growth for both workforce and economic development. The bulk of entrepreneurial activity is between 25 and 44 years of age and specifically, African American males having a Masters Degree has the greatest growth in starting ventures.

“There is a renaissance going on right now where many people of color realize there is opportunity to create our own growth. In addition, you are seeing people of color organizing together to be one, rather than to be separate entities. This is specially happening because there is a collective community mindset around the goal of growing and taking opportunity rather than asking for opportunity. With online capacity, it is easier now to go create the opportunity.” – Jonathon Moore

Jeff stated we have a tendency in our state to be fatalistic; but the culture is changeable. There was discussion on the fact that government seems to be providing more assistance now more than before which seems to have an effect in providing resources. It is recognized there are so many different resources needed because of the facts and demographics of WV – which again presents opportunity.

Lots of discussion surrounded the fact that diversity is a key factor in attracting entrepreneurs. It's very important that we also focus on the college students enrolled and “if” they realize there is a definite opportunity in WV for entrepreneurial activities. There is also a need to analyze existing entrepreneurs in WV, especially those who are young and in college. In

addition, there are pockets / regions in WV that definitely have a mindset that succeeding is possible, but we especially need to be cognizant that indeed this mindset is present with our college students. There are many success stories which many are not aware of throughout the state.

History of the Blueprint – Mark Burdette

Mark discussed the recommendations and the goals of the blueprint. He explained the Angel Network, the ELS, and the business plan competition was all started out of the blueprint which is all great endeavors who have had successes.

WINS

CHALLENGES

Youth Entrepreneurship Programs which policy

Entrepreneurs are not truly engaged in

Created the environment to generate opportunity throughout the state to create awareness in pockets

Lack of awareness of entrepreneur efforts

More effort is needed to rally around entrepreneurs and their needs

Benedum and Kellogg grant to assist with about the initiatives

same people are in the meetings talking

Entrepreneurial League System which stayed true to people who are paid to be at the entrepreneurial ventures. The project continued for 4 years and engaged 150+ entrepreneurs of which half continued to be engaged. (Sustainability had

which are mostly governmental table.

definite funding issues and there was resistance for controlled politically

Culture of WV seems to be a top down approach, centralized and

Entrepreneurs to pay to continue to be in the

system. Entrepreneurs did not seem to see the ELS needed and should be pushed

New private investment funds are

as an investment but as an expense in many cases.)

out to entrepreneurs rather than centralized, governmental coalition.

Human capital element is missing. There does not seem to be enough skilled entrepreneurs who are connected to opportunities. Dollars must be invested in developing the human capital resource. Single entrepreneurs have an uphill battle. However, coalitions of entrepreneurial people are more successful.

Huge fear factor for entrepreneurs in relation especially to sharing product ideas and building teams to help be successful as an entrepreneurial venture.

Seems to be a lack of coaches or lack of awareness where to get a coach for entrepreneurial ventures. Entrepreneurs must also realize coaches who are FREE get what they pay for in most cases.

Angel Network (AN) Update - -Bob McLaughlin

The group of individuals working on the AN has been evaluating all the needs of entrepreneurs, but simultaneously is cautious in moving forward rapidly. There is a group of about 20 investors who work together and has set a goal to eventually have 40-50. No investments have been made yet. Approximately 20 companies are being worked with and one company out of Charleston has completely went through the process of the AN system. The specific Charleston based company has invested in their team and truly made progress in moving closer to being funded. Many partners have been working together inclusive of a company from of Pennsylvania. The Pennsylvania Company has now funded the Charleston based company who will be most likely looking for its second round soon. The Benedum Foundation has been very helpful in funding the AN. There are several avenues of sustaining the AN. There are 3 specific individuals who have been working directly with entrepreneurs in coaching them in business planning and presentation for funding requests. The AN is the start of a network which is needed in WV and will hopefully grow and become a tool for many entrepreneurs. There have been meetings with legislators in possibly passing policy for obtaining tax credits for angel investing opportunities (50% tax credit with caps.... e.g. If you invest \$50K in a company, investor will get \$25K tax credit). 155 ANs in US and a 25 states have the tax credit already. There seems to be a huge concern legislatively for a loss of revenue and therefore, a loss of taxes.

Guy Peduto explained ANs which are working. Ohio for example, has "ONE" strategy which was formed and supported by the entire community / region, and then became legislatively supported. WV is one of the few states that does not have funds designated for venture capital development. He explained there are so many different groups who are working on their own solutions; yet none of the groups are coordinating and partnering together. ONE plan is needed by all partners. He suggested the Angel Tax Credit (ATC) should be approved. In Minnesota, 28 companies started in the first year, after the ATC was approved. The ATC will allow more investments – this fact has been proven. TechConnect is a certainly a front runner in taking on the role of coordinating the efforts; yet, it is realized that TechConect may be too specific especially for non-tech companies.

The question was asked if investment money is available, why has no money been invested? Bob explained there have been many entrepreneurs who have presented ideas which are not

truly in the realm of the project which the investors want to invest in and somewhat, even a lack of understanding by the entrepreneurs themselves about being successful as a venture. The AN has worked with companies who are already successful, yet want to be more successful as well as new entrepreneurs who have product ideas.

The question was also asked about discussion which has taken place for small investments vs. large investments. Bob stated there are qualifiers for investing options as well as thoughts of having small investment clubs throughout the state. He stated there are several groups who work on small investments who are all talking about their customers and how to work together.

Tom Heywood also explained there are definitely budgetary concerns for the legislature in looking at tax credit requests especially because of the economy and the recession. The new Governor also seems to be open in listening to possible new solutions inclusive of tax credits. The overall environment seems to be very receptive, especially to TBED initiatives. He also suggests there are so many different philosophical differences in opinions and certainly a sense of conservativeness because of the economy. However, fundamental strategies should involve pointing to successes already in the state as well as the successes of other states which have passed the TC. There is growing awareness; however, it just has not risen high enough in the legislative perspective.

WV Business Plan Competition (BPC) – Susan Rice

The BPC is both at the HS level and at the collegiate level. It was first funded by Benedum. There have been approximately 400 business plans submitted from high school students. It's approximately 13K to operate the high school level competition. There is an issue in that DreamQuest (the project's name) cannot be fiscally administered by the DOE; therefore the Region 1 WIB has been assisting in that capacity. In addition, the \$13K has not been able to be funded this year. There are SO MANY successes from the project where students have started companies early on. Also, CTE piloted a competition as well, specifically in Agriculture. The collegiate level of the BRP has students who are coached in business planning, marketing, financials, etc thus they are creating a team of entrepreneurial partners. The collegiate level costs approximately \$100K to operate.

In addition, there is a Lemonade Stand project which is in elementary schools that write a business plan and have a lemonade stand at the capitol. Each student also gets a book bag which includes entrepreneurial information to share with their parents as well. This program is \$7 per child (\$30K for example to promote to all third graders in WV)

It is clearly noted WV has been so dependent on government funding which must be changed. Private entrepreneurs must be aware of these opportunities because they will be very interested supporting and possibly funding projects of this nature.

There are so many projects that are ongoing and possible; however, there is a lack of funding as well as personnel resources (especially in the educational system) to deliver and coordinate the

programs. There ARE programs and initiatives! There is a huge lack of awareness of best practices. Interns are needed. Mentoring is needed.

CreateWV – Jeff James

WVState Extension received a grant from HUD. There is now a DigiSo project which includes individuals who will mentor entrepreneurs and potential entrepreneurs in the technological and social media industry.

CreateWV Conference has been happening for several years throughout the state. This year we are touring WV and having a Create WV day in different areas to educate and create awareness for entrepreneurship and opportunities. More information will be forthcoming.

TechConnect – Guy Peduto

A biometric / technology grant program has now been started. This project will coordinate players who need to be at the table to assist in proof of concept projects as well as have the ability to provide funding.

Investing in Entrepreneurs, a book that truly tells the reader about stage development, ELS endeavors, best practices, and lessons learned is a book that explains many facets of entrepreneurial ventures... a must read.

Innovate WV is coming. It will allow concept papers to be submitted online by Entrepreneurs. The Angel Network and SBDC will be partnering together on this initiative.

BREAKOUT Working Sessions:

Three teams: WV Magnets / Money and Funding / Developing and Attracting More Entrepreneurs

Phase 1: Capture Ideas and Stack Rank

Phase 2: For Top Recommendations: 1 - WHO is required to make it happen? 2 - What are the Cultural Implications and Changes needed? 3 - What are the Policy Changes needed?

Phase 3: Basic Timeline of Implementation

WV Magnets

Ideas – with Top Priorities First:

- Sustainability Lab – Energy based opportunity, especially for research, and specifically research ways of efficient delivery of energy
- Premise of Creative Communities if taken seriously because small towns are lifestyle magnet
- New River Gorge – Scout Summit Center
- I79 Tech Corridor – must be built the regionalism for this asset

- Waterways – research, preservation, restoration, etc
- University / College system – have colleges everywhere which would be elevated if we invest in them to become creative community hubs
- Continue to keep federal agencies in the north central part of WV – could be detrimental if we lose just one
- Braxton County project

Money and Funding

Ideas – with Top Priorities First:

- PR Campaign that encompasses grass roots that will force the state change (Expose, Educate, Empower – per Mark)
- Direct Investing
- Great Impact

Developing and Attracting More Entrepreneurs

Ideas – with Top Priorities First:

- Qualified and available coaches as needed in many ways
- Increase awareness and qualities of resources available
- Increase accessibility to broadband and technology access and culture
- Comprehensive approach for Entrepreneurship / Life Skills to be embedded into education with idea the school apply to be an Entrepreneurial Star School
- Schools evaluated on students with potential to be an entrepreneur on a 5 star rating scale
- Regional Entrepreneurial Coaches
- Teach social entrepreneurship
- MBE Program
- Funnel home grown Products and people
- Loan forgiveness for starting business in WV after college
- Promote programs like Jr Achievement / NIFE
- Have a “Market Festival” for Youth
- Strong SBDC presence
- Publicize magnets (inclusive of tourism)
- Establish a Location Based “ Entrepreneurial Trail”
- Instill pride in ourselves
- Internships (getting college kids locally involved)
- Be Your Own Boss day in Education

TOP ABSOLUTE PRIORITIES:

- Integrated PR Campaign for public to show we can create our own opportunity, showing successes , inclusive of drawing upon the magnets in WV

- Elevate educational “Entrepreneurial” culture and integrate the approach throughout education starting with K-12 and continuing into higher education

WHO???

- Convene the four groups: TechConnect, CreateWV, Generation WV, Vision Shared

LEADER???

- ~~Private~~ vs ~~Private Sector Led with delegation to Public Sector~~ vs ~~Public and Private~~ vs ~~Public~~

Follow UP Action Items:

Jeff will convene groups suggested above. Potential dates will be provided.