

# Economic Development Incentive Grant

## 2013-14 Annual Report

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<b>Institution Name(s): UW-Extension Division of Entrepreneurship and Economic Development (DEED)</b>	<b>Project Title: UW-Extension Business Development Program with WEDC Capital Catalyst Match</b>
<b>Principal Investigator: Idella Yamben</b>	<b>Person submitting Report: Idella Yamben</b>
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<b>Grant Award Amount: \$1,000,000</b>	<b>Report Date: July 15, 2014</b>
<b>Grant Funding Spent (as of 06/30/14): 36,128.29</b>	<b>Date project began: November 2013</b>
	<b>Date project ends (projected): June 2015</b>

### I. Status Report

**Outreach:** WEDC and UW System hosted a mid-February press release announcing the start of the program. The press release became a catalyst for campus-specific press announcing the program. To provide details on Ideadvance, we hosted 3 webinars with over 90 participants across the state. We also visited with faculty, staff, and student entrepreneurs as well as senior administrators at UW Eau Claire, Milwaukee, Parkside, Platteville, Stevens Point, and Stout. We are also building a collaborative relationship with UW Colleges Provost and Vice Chancellor, Greg Lampe, to outreach to the 2 year colleges in the fall.

#### **Support Entrepreneurism with early-stage capital:**

Twelve companies are engaging in the first Stage 1 cohort, which began June 2014. To date, all companies have completed work to receive their first 15% disbursement of the \$25K award. Teams continue to advance their ideas as they make progress on the following commercialization milestones:

- Validate customer needs & pains, market size, and minimum product features
- Validate minimum viable product or equivalent learning objective
- Begin testing other critical business assumptions such as revenue model, cost structure, key partners, etc.

#### **Offer faculty, staff and student entrepreneurs new pathways and new connections to sources of capital, business advice, and managerial talent:**

Companies receive mentoring through the Center for Technology Commercialization (CTC), Small Business Development Center Network (SBDC), and the UW Law Clinic in collaboration with the Lean Startup Consultant. All companies engage in an 8 week, virtual Lean Startup course that details how to assess and test the riskiest assumptions in their business model. The course also includes biweekly, virtual meetings where teams present updates to their business model and are assessed by a qualified teaching team of business consultants. To date, the teams have conducted 180 customer interviews to test 430 business model assumptions.

To create sustainability in the teaching material, each virtual meeting is recorded and posted on LaunchPad Central.

We have also begun to identify new connections to sources of capital for teams that complete the full Ideadvance program. We have visited with several follow-on investment entities such as angel and venture capital groups to better understand their investment criteria. These meetings help us create milestones for successful Stage 2 teams and allow us to market Ideadvance to these potential investors.

**Provide enhanced educational opportunities for students:**

In June 2014, three students are actively engaged in the Ideadvance program and are using Lean Startup methodologies to test their business ideas. This process not only encourages them to test their riskiest business assumptions, but also provides valuable career skills as they work to solve real market problems. We also provide extensive mentoring through UW Extension's DEED in collaboration with their business mentors.

**Increase WI jobs and businesses through additional commercialization of innovative technology:**

As many of these companies are very early-stage entities, we do not anticipate an impact on jobs and businesses till much later in the program. Our estimated goal is to have updates on new hires by June 2015.

**II. Updated Goals/Performance Metrics and Assessment Plans**

This year, our first application deadline was April 2014. The April deadline allowed us to better inform the campuses about Ideadvance and also helped applicants prepare competitive proposals for this novel program. Importantly, we learned that while many applicants had interesting products/services, not many had the background information to create a competitive argument for the business potential of their idea. As such, while 24 applicants applied in April, only 12 were awarded a Stage 1 grant opportunity. Current outreach efforts focus on identifying applicants early and providing extensive support to help them create competitive arguments for the business potential of their ideas.

We also learned that while many campuses were aware of the Ideadvance program, several would-be entrepreneurs chose not to apply because of teaching commitments. To support these entrepreneurs, we are building a network of student assistants that can support faculty pre- and post-award. Through these efforts, we hope to encourage more faculty entrepreneurs to apply.

**III. Project/Program Budget and Expenditures**

*Please provide a report of project/program expenditures detailed by category and source of funds.*

<b>FY14</b>	<b>BUDGET</b>	<b>Incentive Grant EXPENSES</b>	<b>WEDC Match EXPENSES</b>
<b>Awards</b>			
Stage 1 (20)*	500,000.00	0.00	0.00
Stage 2 (2)	<u>100,000.00</u>	<u>0.00</u>	<u>0.00</u>
SUBTOTAL	600,000.00	0.00	0.00
<b>Operations</b>			
Salaries	22,125.00	18,621.90	0.00
Fringe Benefits	10,399.00	7,910.79	0.00
Travel Domestic	2,000.00	63.08	0.00
Marketing	876.00	3,845.00	0.00
Other	<u>4,600.00</u>	<u>5,687.52</u>	<u>0.00</u>
SUBTOTAL	<u>40,000.00</u>	<u>36,128.29</u>	<u>0.00</u>
TOTAL	640,000.00	36,128.29	0.00

*\*12 companies have been selected for stage 1. Milestone disbursements for awardees to begin in July, thus no award expenditures are being reported as of June 30, 2014.*

**IV. Changes**

N/A

# UW System Incentive Grant

## General Outcomes/Goals Reporting Matrix

### 2013-14

**Incentive Grant Program Name:** UW-Extension Business Development Program with WEDC Capital Catalyst Match

**Funding Allocation:** \$500,000 in 2013-14 and \$500,000 in 2014-15

#	Performance Outcomes Descriptions	Assessment Plan Description	Projected Goals 2013-14	Actual 2013-14 Outcomes	Projected Goals 2014-15
1	Generate program awareness: Website	Create website landing page	Due by Jan 15, 2014	Completed; Feb 2014	
2	Generate program awareness: Outreach	At least three outreach activities (digital and paper marketing, press release, speaking opportunity, etc.) per eligible UW System University and two-year college	Three outreach activities completed by Feb 2014; Ongoing outreach through 2015	Completed: 1. State-wide press release with UW System President, Lt. Gov. and WEDC's Chief Executive Officer. Event was covered by Wisconsin Eye and several publications. UW Campuses published the press release for their local paper. 2. Held 3 state-wide webinars in March and April. 3. Additional outreach events at UW campuses Stevens Point, Milwaukee, and Parkside, Stout, Eau Claire, and Platteville. 4. Collaborating with UW Colleges Provost and Vice Chancellor, Greg Lampe, to outreach to 2 year colleges in fall.	
3	Support Entrepreneurism by providing an additional source of early-stage capital	Make awards to UW System faculty, staff, and student starting innovative businesses (excluding Madison). Stage 1 awards up to \$25K per business and Stage 2 awards up to \$50K per business	Stage 1: 20 awards Stage 2: 2 awards	First Investment Committee met in May 2014 and 12 teams (of 22 total eligible applicants) were awarded Stage 1 funding. Stage 2 funding was not available in this reporting cycle and will first be offered in December 2014. The Investment Committee convenes in August 2014 to award another round of Stage 1 funding.	
4	Increase number of Wisconsin jobs and businesses through additional commercialization of new or innovative technology	Awarded businesses report annually for five years. Reports will include the following details: industry sector, number of full-time and part-time employment, monthly and salary wages, dollar and type of capital investment(s).	The first cadre of awardees will report by June 2015	Per our goals, the first cadre of metrics will be available in June 2015	
5	Provide enhanced educational opportunities for students	Awarded businesses report annually (for five years) number of internships, co-ops and research opportunities	The first cadre of awardees will report by June 2015	Per our goals, the first cadre of metrics will be available in June 2015. However, 4 students representing Eau Claire, Milwaukee, and Platteville were awarded Ideadvance Stage 1 grants in May 2014. These students receive business mentoring and access to entrepreneurial training offered through Ideadvance. Additionally, 1 business, due to Ideadvance funding, is utilizing a team of MBA students from UW Parkside to assist in customer development and market analysis.	
6	Offer faculty, staff and student entrepreneurs new pathways and new connections to sources of capital, business advice, and managerial talent	To complete Stage 1, companies receive mentoring from the Lean Startup Consultant, Small Business Development Centers (SBDCs), and the Center for Technology Commercialization (CTC) to help them complete Lean Startup Training and Growth Wheel.	Project 20 companies will complete Stage 1. Two companies may be ready for Stage 2 solicitations released in 2014-2015 fiscal year	Twelve companies are engaging in the first Stage 1 cohort. They are receiving mentoring through CTC, SBDCs and the UW Law Clinic in collaboration with the Lean Startup Consultant. All companies are engaging in an 8 week, virtual Lean Startup course that details how to assess and test the riskiest assumptions in their business model. To date, the teams have conducted 147 customer interviews to test 425 business model assumptions.	

# UW System Incentive Grant Program

## Required Program Goals/Outcomes Reporting Matrix

### 2013-14

#### Economic Development Goals and Results

Economic development program" means a program or activity having the primary purpose of encouraging the establishment and growth of business in this state, including the creation and retention of jobs, and that satisfies all of the following:

1. The program receives funding from the state or federal government that is allocated through an appropriation under ch. 20
2. The program provides financial assistance, tax benefits, or direct services to specific industries, businesses, local governments, or organizations.

Performance Categories	Goals		Actual Outcomes 2013-14	Accomplished Goal? Yes or No	Notes
	Projected 2013-14	2014-15			
# of Jobs Created	0	5	0	NA	
# of Jobs Retained	0	5	0	NA	
				No	
# of Businesses Assisted	22	44	12		The program only had 1 award cycle this reporting cycle. 22 eligible teams applied and 12 awards were made. Subsequent rounds of applications are due in July and December 2014. By the end of CY 2014, we may have 20 teams awarded Ideadvance Stage 1 grant.

Additional Goals/Outcomes	Goals		Actual Outcomes 2013-14	Accomplished Goal? Yes or No	Notes
	Projected 2013-14	2014-15			
Increase capital investment	\$100,000	\$400,000	Up to \$300K awarded to June 2013 Cohort	Yes	Teams receive their awards based on completion of commercialization milestones. To date, eleven teams received their first Ideadvance disbursement totaling \$41,250. Some of these teams will be eligible for Stage 2 funding, which requires a \$50K match. By the end of FY2015, we anticipate 2-5 companies will work towards Stage 2 goals and increase investment in their business by \$100K - \$250K.

### Development of a Skilled and Educated Workforce

- Increasing the number of bachelor's, master's, and doctoral degrees awarded in fields for which occupational demand is high or in fields that the board and the department of workforce development jointly determine to be high-demand fields.
- Increasing the number of opportunities available to students to gain work experience in their fields through internships or cooperative work experiences.
- Increasing or enhancing research and development.

### Increasing or Enhancing Research and Development Reporting

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# UW System Incentive Grant Program

## Required Program Goals/Outcomes Reporting Matrix

### 2013-14

#### Improve the Affordability of Higher Education

Programs that Improve the Affordability of Higher Education for Resident Undergraduates, including:

- a. Reducing the time required to obtain a degree
- b. Increasing the opportunities available for high school pupils to earn credit toward a postsecondary degree; and
- c. Improving the transfer of credit between institutions of higher education.

#### Reducing the Time required to obtain a Degree

Goals	Anticipated Completion Dates	Actual Completion Dates	Accomplished Goal? Yes or No	Notes

#### Increasing the Opportunities available for High School Pupils to earn Credit toward a Postsecondary Degree

Goals	Anticipated Completion Dates	Actual Completion Dates	Accomplished Goal? Yes or No	Notes

#### Improving the transfer of Credit between Institutions of Higher Education

Goals	Anticipated Completion Dates	Actual Completion Dates	Accomplished Goal? Yes or No	Notes
			NA	