

Advantage Louisville

GLI'S STRATEGIES FOR REGIONAL ECONOMIC GROWTH



ADVANTAGE LOUISVILLE STRATEGY

Submitted by Market Street Services, Inc.
www.marketstreetservices.com

March 2014

MARKET ST

ADVANTAGE LOUISVILLE OVERVIEW

Proactive regional economic development, once simply a good idea, is now an absolute necessity.

Prior to the Great Recession, it was possible for metros to get by and sometimes even thrive on historical competitive advantages and the rising tide of a strong national economy.

Today, a new normal has taken hold. The economy is changing in fundamental ways, threatening to undermine existing strengths, and the continually sluggish national recovery indicates that the communities that will prosper in the coming years will be those that take the initiative themselves.

Fortunately, Greater Louisville is not starting from a standstill. Bold action in recent years by private and public sector leaders is resulting in significant investment in infrastructure, more regional collaboration, and real progress toward economic diversification. It is clear that Greater Louisville seeks to be a winner in the new economic reality. Still, there is much work to be done in terms of improving education, encouraging innovation, and realizing the promise of opportunity and prosperity throughout the two-state region.

The region, led by Greater Louisville Inc.—The Metro Chamber of Commerce (GLI), in partnership with *Market Street Services*, is now poised to translate recent momentum into a comprehensive regional economic development strategy—**Advantage Louisville**—that will further transform and focus Greater Louisville in the coming years. Competition has never been fiercer as regions jockey to position themselves for success in an increasingly global economy and talent pool. Simply put, no community can afford to rest on its laurels or wait for better times ahead.

The process to develop the **Advantage Louisville** regional economic development strategy will allow Louisville's leadership to explore in-depth the two-state metro's strengths, weaknesses, opportunities, and challenges. The full range of organizational and programmatic structures within GLI will be assessed and the financial and staff resources required will be identified. The result will be a shared commitment to build GLI into a nationally acclaimed economic and community development organization capable of achieving deep and meaningful change in the region while remaining competitive in a rapidly evolving world.

A strong and visionary Steering Committee from the public, private, and non-profit sectors will guide the **Advantage Louisville** planning process from start to finish. In addition, a group of key regional community leaders and top GLI staff will provide insight and technical expertise at critical points in the development of the **Advantage Louisville** Strategy.

GREATER LOUISVILLE'S EMERGING ENTREPRENEURIAL AND INNOVATIVE ACTIVITY

The expanding ecosystem

Innovation is a complex process that depends as much on the entrepreneurial ecosystem as individual creative power. The environments that are often associated with high levels of innovation tend to boast a critical mass of mobile and talented people with access to capital and an engaged business community, anchored by research-intensive education institutions. Measuring individual pieces of the ecosystem offers an output-oriented view, but the on-the-ground perspective of entrepreneurs and their support systems truly sheds light onto the challenges and opportunities available to the region. Greater Louisville's negative net jobs as a result of business openings between 2000 and 2010 illustrate a need in the region for additional emphasis on new business creation as a job growth driver.

Since 2000, GLI's EnterpriseCorp has periodically published the State of Entrepreneurship for the Greater Louisville Region report. The most recent update occurred in 2010 and concluded that Greater Louisville is "vigorously supporting new ideas and new businesses."

The region is gaining ground, and national recognition supports the growing entrepreneurial culture. In 2012, the Kauffman Foundation found that the Greater Louisville region ranked among the top 20 largest metros with the largest per capita numbers of high-growth firms (as measured by inclusion on the *Inc.* 500 list). Nashville, Austin, and Indianapolis also made the list. **The Kauffman Foundation labeled Greater Louisville as one of six "surprise metros" and found that high growth companies were primarily occurring in the business services and IT sectors.** In 2013, the entrepreneur media website Under 30 CEO ranked Louisville as the third among the Top 30 Best Cities for Young Entrepreneurs. Austin and San Francisco were ranked first and second.

The Greater Louisville region is continually making enhancements and adding capacity to its entrepreneurial culture and density. EnterpriseCorp's annual Signature Event focuses on the accomplishments and vision of regional entrepreneurs. The IdeaFestival brings hundreds of innovators and global thinkers to the region every year. Administered by EnterpriseCorp, the homegrown Vogt Awards support and provide mentors to manufacturing startups innovating in hardware, textiles, and food products.

Over the past year, there has been tremendous momentum in the Greater Louisville region to invest in high-potential firms through intense, focused support. Business accelerators and incubators are finding traction in the region. In the course of the past year the region has launched an early-stage accelerator and co-working space (Velocity Indiana) in addition to accelerators focusing on five different niches: manufacturing (Vogt Awards), aging care (Innovate LTC), healthcare (XLerateHealth), and agriculture and clean tech (Village Capital and VentureWell). The Distilled Spirits Epicenter and Moonshine University provide support to fledgling distilled spirits entrepreneurs.

Incubator space in Purdue Research Park in New Albany and University of Louisville's Nucleus Innovation Parks—including the iHub co-working space—in Downtown Louisville's Haymarket district are university-funded facilities for regional entrepreneurs to use.

Further, as highlighted in the *Wall Street Journal* in January 2013, the University of Louisville revamped its MBA program and placed an emphasis on entrepreneurship. The Princeton Review and Entrepreneur.com ranked the University of Louisville's graduate program in entrepreneurship 20th of the top 25 programs, and Eduniversal ranked the program ninth in the U.S. and 32nd in the world.

EnterpriseCorp's State of Entrepreneurship report also chronicles some challenges, many of which are addressed in the following analysis. Not unlike other mid-sized metros, the availability of capital is one of the primary challenges that face entrepreneurs. Nevertheless, while Greater Louisville is not a venture capital (VC) hub, momentum from private equity and angel networks are evident.

Another concern for the entrepreneurial community is the participation of large employers. The role of innovation in many of the sectors that comprise the core of the regional economy is not as prominent as other sectors. Finding ways to encourage "intrapreneurial" activities in the larger companies is a priority identified by EnterpriseCorp.

"We're missing corporate engagement. They could be partners in the new firms or the first customers to startups. They have a wealth of expertise," said a stakeholder. However, "There is a stunning lack of support for the entrepreneurial community from big companies. The corporate leadership has no clue what's going on." One example was Humana's lack of presence in XRateHealth, a business accelerator program for healthcare-related startups. "This is a corporate town. We have to engage the leadership to speak the language of entrepreneurship."

Finally, there is a need to raise the national awareness of the entrepreneurial environment and broadcast success stories. One of the takeaways from the State of Entrepreneurship report was an overwhelming feeling that local media could help drive stories about smaller companies in addition to reports about the large employers in the region.

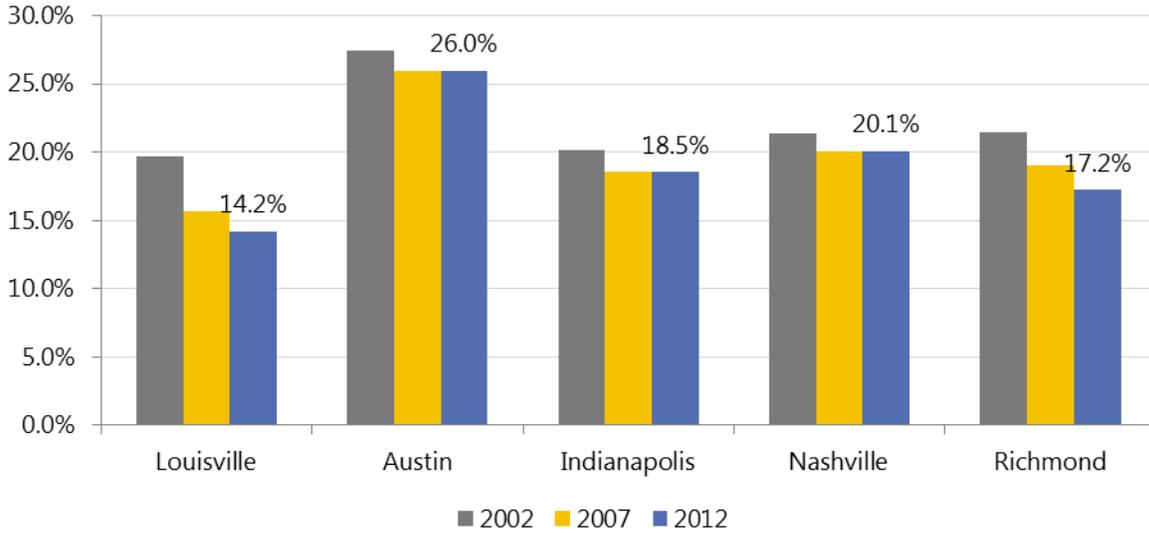
Entrepreneurial employment

Important measures that reflect one end of the entrepreneurial spectrum are those related to the self-employed. In the United States, per EMSI, 6.7 percent of workers are considered self-employed, a figure which is virtually unmoved from 2002. In the Greater Louisville region, self-employed workers represent 4.9 percent of all workers, a decrease from 2002 (5.6 percent). Self-employment rates in Nashville (7.4 percent) and Austin (6.7 percent) are the highest of the comparison metros.

Employment levels in companies that are young and small also give an approximation as to the willingness of employees to work for a fledgling startup rather than an established business. As indicated in the following charts, firms in the Greater Louisville region that are younger than 10 years old and those that have fewer than 50 employees tend to employ smaller shares of the regional workforce than in other communities. Austin has the largest share of employees working in young companies (26 percent) and the largest share of employees working in small companies (27.5 percent) among the comparison geographies.

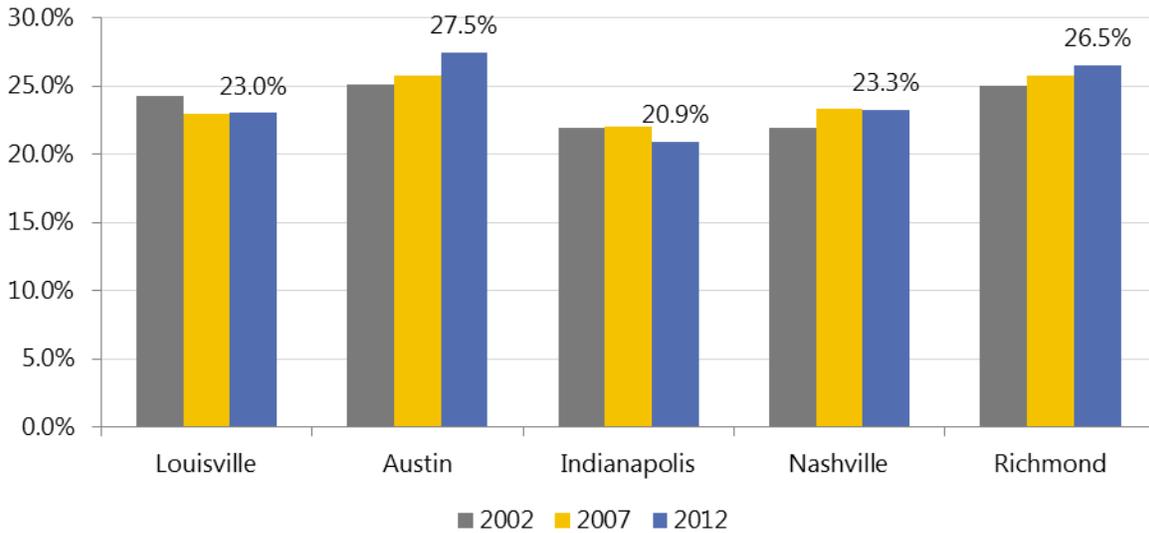
The culture of celebrating innovative and entrepreneurial ventures is well-established in Austin and supports acceptance of entrepreneurial risk.

SHARE OF EMPLOYMENT IN COMPANIES WITH FEWER THAN 50 EMPLOYEES, 2002–2012



Source: U.S. Census Bureau, Quarterly Workforce Indicators (QWI)

SHARE OF EMPLOYMENT IN COMPANIES YOUNGER THAN 10 YEARS OLD, 2002–2012



Source: U.S. Census Bureau, Quarterly Workforce Indicators (QWI)

Entrepreneurial talent in the region must “increase and develop.” “We need more professional talent that’s entrepreneurial,” said a stakeholder. The University of Louisville’s Entrepreneurship MBA at the Forcht Center for Entrepreneurship and the J.B. Speed School of Engineering were cited as important players in

developing local talent, but **still “there isn’t enough alignment with the entrepreneur community and [the] University.”** Many students from the Speed School want “big name companies” on their resumes like GE or Ford.

What is missing from Greater Louisville’s entrepreneurial ecosystem is “density—the sheer number and quantity” needed to build a critical mass of sustainable innovation and support. Increased density would provide more institutional knowledge for new entrepreneurs. “We always feel like we have to reinvent the wheel. We need some stability and consistency” in startup groups and networks.

Patents

Patent activity has long been associated with geographic centers of innovation as it indicates the creation of new products and technologies. According to data from the U.S. Patent and Trademark Office, patenting activity in the Greater Louisville region lags behind other comparison metros in terms of patents per 10,000 employees (3.1) and falls toward the bottom in regard to annual growth (.05 percent between 2001 and 2011). Between 2001 and 2011, Austin-based inventors and companies filed the greatest number of patents (21,236) and had the highest rate of patents per 10,000 employees in 2011 (39.9). The prolific patent activity in Austin is driven by companies such as IBM, Advanced Micro Devices, Dell, and Freescale Semiconductor, which have all filed at least 1,200 patents each since 2000.

Universities and university-connected organizations are among the top patenting organizations in most of the comparison metros. In Nashville, Richmond, and the Greater Louisville region, such organizations are among the top five patenting organizations. The University of Louisville Research Foundation filed 45 patents between 2001 and 2011, fewer than Vanderbilt University in Nashville (204), Virginia Commonwealth University in Richmond (63), and University of Texas in Austin (217).

PATENT TRENDS, 2001–2011

	2011		2001-2011		
	Patents	Per 10K employees	Annual % change	Trend	Total
Louisville	156	3.1	0.5%		1,454
Austin	2,460	39.9	3.6%		21,236
Indianapolis	497	6.9	-0.3%		4,869
Nashville	212	3.4	2.6%		1,667
Richmond	224	4.8	3.4%		1,890
United States	108,614	10.0	2.2%		966,964

Source: U.S. Patent and Trademark Office; U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

The patenting activity that is ongoing in the Greater Louisville region reflects the region’s large companies and its core economic activities driving product and technology upgrades. It is positive that this particular metric of innovation is driven by the region’s corporate employers, which are not only employing research talent locally but are seeking competitive advancements in the products they manufacture in the region. But it also underscores the fact that while patent activity reflects innovative activity, it does not necessarily reflect entrepreneurial activity. The top patented

technology class since 2000 has been in the refrigeration space, which is likely connected to GE Appliance Park. The third most patented technology category is in electric heating, also tied to GE.

R&D and technology commercialization

Research and development (R&D) is crucial, as it is where innovation and funding intersect. Universities are central institutions when it comes to R&D, and University of Louisville is the primary recipient of federally-funded academic research dollars in the region. In fiscal year 2010, the University of Louisville spent \$189 million in R&D expenditures, ranking 104th of 150 top research universities. **However, since 2006, R&D expenditures have increased by 33 percent at the University of Louisville, indicating that the university is working to fulfill its legislative mission to be “a premier, nationally-recognized metropolitan research university.”**

UNIVERSITY R&D EXPENDITURES, LARGEST RESEARCH UNIVERSITIES, FY 2010

		Total		Rank by
		expenditures	% of U.S. total	expenditures
Louisville	University of Louisville	\$189,090,000	0.3%	104
Austin	University of Texas at Austin	\$589,502,000	1.0%	29
Indianapolis	Indiana University-Purdue University Indianapolis	\$296,194,000	0.5%	71
Nashville	Vanderbilt University	\$504,959,000	0.8%	35
Richmond	Virginia Commonwealth University	\$197,709,000	0.3%	98

Source: National Science Foundation/National Center for Science and Engineering Statistics, Higher Education Research and Development Survey
Note: Ranking is out of 150 top research universities.

“University of Louisville specifically needs corporate-sponsored research. That’s where we fall woefully short,” remarked a focus group participant. “Right now the R&D is underwhelming.”

“The top action that the Greater Louisville Region could do to is support the University’s (U of L) efforts, particularly in research. **The researchers at U of L have a very high potential of drawing in major company interests and therefore more research parks, offices, and labs.** I don’t think Louisville will ever become a tech hub (too far from California for that) BUT, Louisville can become a leader in healthcare. Everything else would trickle down from a research explosion: demand for hospitality and restaurant businesses would boom around the Nucleus/Shelby campus (revitalizing downtown), research-related conventions could be created/recruited to base in Louisville which is better positioned for ease of access to the entire nation, and Louisville would receive notoriety for being innovative which would draw more employers and thinkers to get a piece of the action.”

Business research and development is another dimension of innovation as it is an indicator of the funding local businesses are willing to commit to new ideas and new products. In the latest accounting of states and R&D expenditures, Kentucky private businesses spent \$889 million in 2010 on research and development, with 92 percent being funded with the company’s own funds (as opposed to other businesses or federal dollars). Companies in Indiana spent significantly more as they expended almost \$5 billion in 2010. Research and development expenditures were the lowest in Kentucky and the second highest in Indiana. **The dichotomy between Kentucky and Indiana is also seen as Kentucky was ranked**

43rd and Indiana was ranked 21st in terms of overall R&D expenditures (all funding sources) as a percent of state gross domestic product.

Capital

As previously mentioned, capital is one of the most acute needs of entrepreneurs. The State of Entrepreneurship report found that with regard to capital in the region, “the picture is not bad—not bad at all.” The presence of angel investor networks, venture capital firms, and private equity firms is encouraging, especially as the presence of such groups has increased since 2005. **However, capital is still an acute need for regional entrepreneurs as other metros have a more developed and established capital framework.**

Startup companies need capital in very early stages to grow and scale their operations. Among the earliest sources of capital in the lifecycle of a business are funds from angel investors, high net-worth individuals who put money into young companies. Angel investment has been a focus of GLI’s EnterpriseCorp as they began and continue to support the Enterprise Angels, a group of more than 40 angel investors. The Enterprise Angels vet two selected deals each month and members of the groups are expected to invest \$50,000 in companies presented to the group in the first two years of their membership. The Louisville Angel Investor Network is another local angel group that is comprised of 21 members and seeks to make investments in startups across a wide range of industries located within two hours of Louisville. The efforts to increase the capacity and number of local angel investors is crucial to the overall ecosystem, but tax credits available to angel investors in states like Ohio and Indiana that are not available in Kentucky may diminish the willingness of would-be angels to invest in the Kentucky side of the region.

The democratization of early-stage investment is beginning to take shape. Crowdfunding, which already allows individuals to support initiatives, programs, and new products through online investments or donations, is being expanded to include equity investments. (Under current regulations only accredited investors can receive equity via crowdfunding.) The Jumpstart Our Business Startups (JOBS) Act, passed by Congress in April 2012, called for the U.S. Securities and Exchange Commission (SEC) to issue regulations regarding equity crowdfunding, which will eventually result a new marketplace for investors of all means to support early stage companies through equity investments. Recent rules released by the SEC have added latitude to the channels through which companies can seek equity crowdfunding and as *Forbes* reported in July 2013, widening equity crowdfunding to non-accredited investors is the next likely move by the SEC.

Greater Louisville is at the forefront of taking advantage of the easing on equity crowdfunding rules, and the implications it has on the regional entrepreneurial environment are immense. The Commonwealth Crowdfunding Committee and OPM Services, both based in Louisville, are working to connect companies with crowdfund investors. Such activity has already brought Greater Louisville national attention for being among the first metros to stake out excellence in crowdfunding. These progressions and initiatives are important to Greater Louisville as they will open up an entire new class of investors, both regionally and nationally, that companies can tap for capital.

Availability of capital was rated lowest by survey respondents assessing a range of components of business and entrepreneurial support and assistance in the region. Forty-seven percent ranked it as poor or below

average. "The risk adverse tendency of the city and the lack of money to bet on more projects and people" was identified by one community member as Greater Louisville's greatest weakness. To address this problem the region needs "angels, [venture capital], and more capital for entrepreneurs for the area." Specifically, "We need more tech-savvy angel investors," said a focus group participant.

For growing firms, venture capital is the natural corollary to earlier stage funding. However, venture capital and other private sources of funding tend to flow more slowly into Kentucky and the Greater Louisville region than competitor states and metros. According to the National Venture Capital Association, in 2012 companies in the Commonwealth of Kentucky attracted \$23.1 million in venture capital, equal to just less than one-tenth of one percent of total VC in the country. Further, none of the capital that was invested in Kentucky originated in the Commonwealth. Rather, the largest investments of the \$15 million that was invested by Kentucky VC groups went to companies in Ohio and Maryland.

In contrast, VC investments totaled \$327 million in Virginia (40 percent from in-state firms), \$87 million in Tennessee (27 percent from in-state), \$930 million in Texas (16 percent in-state), and \$84 million in Indiana (20 percent in-state).

As seen in Greater Louisville's in-migration trends from nearby metros, "We don't have a big cadre of people with national relationships," said one entrepreneur. "Relationships are regional." This characteristic of Greater Louisville's entrepreneurs puts more pressure on local and regional sources of capital.

One stakeholder actively involved with local startups observed, "**The money is there but it doesn't have any confidence.** We need to better educate [the corporate leadership]."

Many stakeholders involved in the startup and innovation communities of Greater Louisville referenced Kentucky's tax structure as a major impediment to growing local capital. "There are significant structural problems in the tax base" of Kentucky, said an entrepreneur. "We lose baby boomers, millionaires, and enormous talent who could be investing in the community." Tennessee and Indiana were cited as good examples of states that could better retain potential investors through favorable income, corporate, and estate taxes.

Another survey response regarding the region's greatest challenge for economy is "stagnation and the culture aversion to taking the risks necessary to ensure competitive growth." One respondent offered this perspective: "I would follow some other cities (for example with CincyTech) in developing a public/private venture capital arm that take a new business from incubation to IPO to prosperous business. I would take it one step further and provide up to five years of technical and business strategy support. These two initiatives would be greatly assisted if this region's leaders would support the establishment of top tier masters and doctorate programs at the University of Louisville. These programs should be chaired by the preeminent masters in fields such as engineering, business, medicine, law, and art."



GOAL 2 >> Foster Innovation & Entrepreneurial Relationships

The region must thoughtfully cultivate a sustainable entrepreneurial and innovation ecosystem rooted in hands-on regional support, capital for growth, and relationship density. An ecosystem is defined as a complex set of dependent relationships among the resources, habitats, and residents of an area. A sustainable ecosystem enjoys a balance and diversity of the elements that grow and evolve within the connected links. These concepts can be applied to a region's entrepreneurial community and capacity. With structures and support already in place for a connected entrepreneurial system in Greater Louisville, the community of startups, high-growth firms, and their champions will capitalize and leverage the internal and external changes that occur. The support structures of Greater Louisville must become institutionalized and ingrained and evolve along with the entrepreneurial community.

<i>Themes</i>	<i>Major tactics</i>
Visibility & Maturity	Seed national media coverage for the range of entrepreneurial activities and assets growing regionally.
Access to Capital	Stimulate the formation of early-stage capital for start-ups and coordinate an improved level of investor organization that ensures proper due diligence is completed—increasing the chances of local and regional deal syndication.
Capacity & Density	Further development in NuLu that generates entrepreneurial connections, branding this area an innovation district.
Corporate, University, & Non-Profit Engagement	Strategically focus U of L's research and development initiatives through industry-sponsored research opportunities led by regional and global companies.

6 Objectives:

- 2.1 **Mature Greater Louisville's culture of entrepreneurship by telling its story and building more accountability and follow up opportunities.**

-
- 2.2 Close gaps in current funding options for Greater Louisville's startups and fast-growing companies.
 - 2.3 Expand successful and creative investment models to impact the growth of more regional ventures.
 - 2.4 Create spaces for formal and informal relationship building that foster a critical mass of entrepreneurial connections and talent.
 - 2.5 Expand Greater Louisville's vibrant culture of entrepreneurship to the region at large.
 - 2.6 Expand the corporate, university, and non-profit sectors' engagement in (and utilization of) innovation to solve complex business and community challenges.

VISIBILITY & MATURITY

Objective 2.1: Mature Greater Louisville's culture of entrepreneurship by telling its story and building more accountability and follow up opportunities.

Greater Louisville's entrepreneurs speak to the ecosystem's incredible growth in just a few years. While angel investment networks, venture capital networks, accelerators, and networking events have proliferated quickly, the startup community must take advantage of the experience and knowledge developed in recent years. Formalized systems for succession planning and accountability may not be appropriate for this young and constantly-changing network of new business ventures, but as the entrepreneurial community's culture matures, it should identify ways to assert its influence, accomplishments, and understanding of the macro and micro issues faces by entrepreneurs.

- Raise the external and internal profile of Greater Louisville's entrepreneurial ecosystem.
 - Expand and multiply all accelerators' capacity and visibility to attract external ventures to Greater Louisville and grow the impact of their activities on the regional ecosystems.
 - Seek additional accelerator initiatives and partnerships with full-time residency requirements or dedicated corporate funding.
 - Continue GLI's Entrepreneur Town Hall model with quarterly meetings followed by an actionable list of items to delegate, pursue, and report over the next three months.
 - Work with more local media outlets to cover more success—and failure—stories of local ventures and events.
 - Seed national media coverage for the range of entrepreneurial activities and assets growing regionally, linking Greater Louisville's name with its most successful startups and talent to emerge from the region and its sophisticated programming.
 - Triumph local startup success stories.

- Integrate entrepreneurial story mining into a public relations campaign managed by GLI to promote accelerators' cycles, participating accelerator companies and mentors, and graduates.
- Develop a system for a post-mortem examination of ventures that fail in order to promote a more open dialogue around failure and define lessons learned for next steps.
- Develop and involve entrepreneurial leaders to advise and expand the region's culture of innovation.
 - Create a one-on-one mentorship program to provide entrepreneurial individuals with mentoring relationships from established, experienced entrepreneurial executives.
 - Identify formal and informal succession plans for the entrepreneurial community to connect emerging entrepreneurial talent with like-minded experienced entrepreneurial leaders.
 - Maintain and publicize an updated inventory of existing entrepreneurial groups, contacts, resources, spaces, events, and programs to ensure that new entrepreneurs are able to plug in and grow immediately.

>> **Best Practice: MERLIN Mentors (Madison, WI)**

ACCESS TO CAPITAL

Objective 2.2: Close gaps in current funding options for Greater Louisville's startups and fast-growing companies.

Capital is one of the most acute needs of Greater Louisville's early- and follow-on-stage ventures. While some sophisticated investment networks and creative crowdsourcing mechanisms have taken root in the region, regional entrepreneurs still urgently need seed, bridge, and second-stage funding to push growth potential ventures into a more sustainable system of financing this promising component of the regional economy.

- Work with foundations and grant programs to determine ways to deploy capital creatively toward innovative business models with social components.
- Partner with the Kentucky Cabinet for Economic Development, the Kentucky Economic Development Finance Authority, and financial institutions to develop flexible loan enhancement or multiplier programs for high-growth-potential second-stage companies.
- Identify mechanisms and programs to engage headquarters, corporate services, and financial services institutions in deal flow opportunities.
- Host and publicize venture capital firm visits in the region to promote the infrastructure, talent, and firms of Greater Louisville.

"More substance in the entrepreneurship side. We have the mentoring programs and such but need more big level player funding access from outside markets and a bigger funding source for technology beyond just the local players."

- Stakeholder input

Objective 2.3: Expand successful and creative investment models to impact the growth of more regional ventures.

Regional momentum on crowdfunding and the acceleration of venture and angel capital demonstrate Greater Louisville's dedication to growing its own investment opportunities for new and growing startups.

- Aggregate similarly-focused investment streams to maximize their potential.
 - Develop more micro VC and angel collectives, and expanding the volume of local VC investors.
 - Consider the creation of an umbrella "super network" to coordinate angel networks and determine gaps in startup funding, firm capacity and maturity, and other issues that must be strategically addressed by EnterpriseCorp and other entrepreneurial support organizations to maximize the available funding tools.
- Promote opportunities and prepare firms and funders for prospective investments.
 - Ensure that as investors and investment opportunities increase, due diligence is carried out that establishes sustainable and credible networks of capital.
 - Explore the implications of loosened crowdfunding regulations and the impact on the Commonwealth Crowdfunding Committee and other structures.
 - Promote investment platforms for capital through the Louisville Angel Investor Network, Enterprise Angels, Kentucky Seed Capital Fund, and other potential capital platforms for corporations and headquarters to seed and invest money in vetted local venture.

>> **Best Practice: NC IDEA (Durham, NC)**

>> **CincyTech (Cincinnati, OH)**

CAPACITY & DENSITY

Objective 2.4: Create spaces for formal and informal relationship building that foster a critical mass of entrepreneurial connections and talent.

Greater Louisville is a large metro with a still-maturing entrepreneurial community. Cultivating a stable and flexible network of talent, resources, experience, connections, and capital requires more concentration in each of these factors as well as identifiable spaces for the factors to merge and build off of one another—whether intentionally or serendipitously. Entrepreneurs have spoken of the connections developed in NuLu,

iHub, accelerator programs, and events that spark future ventures and relationships. Greater Louisville has the capacity to develop even more formal and informal locations for connectivity.

- Spur the development of mixed-use or informal community spaces for innovation.
 - Strategically explore spaces for entrepreneurial networking and density and expand co-working, meeting, and other space opportunities across the region, partnering with property owners and real estate developers to spur development that builds a tighter community of entrepreneurs.
 - With the East Market District Association, Real Estate Venture Exchange, and real estate developers, further development in NuLu that generates entrepreneurial connections, branding this area an innovation district.
 - Explore other areas the two-state region in which to establish innovation districts.
- Develop targeted and dedicated spaces for innovation.
 - Develop and launch a fabrication laboratory (fab lab) or makerspace for hardware production, prototyping, and small manufacturing startups.

>> **Best Practice: Fab Lab Tulsa (Tulsa, OK)**

- Work with the U of L Foundation to focus its new facilities, parks, and related resources on startup, second stage, and expanding high-growth potential life sciences and technology firms and ventures.
 - Assist U of L in identifying potential tenants and businesses for its parks and buildings.
- Consolidate an Entrepreneur Village for EnterpriseCorp services and resources, co-working space, meeting space, and opportunities for idea exchanges and mentoring between corporate and entrepreneurial talent.

"Streamline and assist entrepreneurs with starting a business in Louisville to make the startup process as simple as possible."

- Stakeholder input

Objective 2.5: Expand Greater Louisville's vibrant culture of entrepreneurship to the region at large.

As the entrepreneurial community matures and develops more resources and capacity, an increasing focus outward at the larger Greater Louisville region should be considered. Just as the more established structures in the region have much to offer the new bright spots in the regional economy, so too do local entrepreneurs possess the creativity and connections to tackle some of Greater Louisville's long-standing or most pressing problems and to spot new opportunities on which the region can capitalize. The growing

culture of entrepreneurship across sectors and institutions will build entrepreneurial density and capacity that goes even deeper and is more viable in the long-term.

- Charge Greater Louisville's innovation community with developing creative community solutions.
 - Develop an abbreviated accelerator or startup weekend for non-profit organizations' program development in order to more effectively involve entrepreneurs and business leaders in solving the complex issues in the community.
 - Pilot a program to match entrepreneurs and non-profit organizations to innovatively solve community problems and challenges.
- Expand the scope of entrepreneur events and align with common strategic goals.
 - Ensure that established and ongoing programs and events—including Startup Weekend, OpenCoffeeLou, and IdeaFestival—are strategically aligned in continuity, follow up, and collaboration to build off of one another's activities, goals, and accomplishments.
 - Maintain regional relationships with neighboring metros—such as Lexington and Cincinnati—and communities with active or nascent entrepreneurial scenes for idea exchanges, mentoring, and competition.

>> **Best Practice: Idea Village (New Orleans, LA)**

CORPORATE, UNIVERSITY, & NON-PROFIT ENGAGEMENT

Objective 2.6: Expand the corporate, university, and non-profit sectors' engagement in (and utilization of) innovation to solve complex business and community challenges.

Entrepreneurs in Greater Louisville have consistently raised concerns over a perceived lack of corporate engagement in the world of startup and second-stage firms that could benefit from mentorship, investment, and cheerleading from established or well-connected professionals. There is also an opportunity to link "intrapreneurs"—innovative leaders within large corporate structures—with startups and entrepreneurs, and to connect non-profit organizations, philanthropic leaders, and foundations with entrepreneurs to address education, socioeconomic, health, and other community issues creatively.

- Align and connect corporate and entrepreneurial innovation in Greater Louisville.
 - Develop significant corporate and institutional sponsorship opportunities for major and ongoing events from regional and national firms to elevate the capacity and visibility of the event and the sponsoring companies and organizations.
 - Expand and adapt the model of GE's Entrepreneur Open House to other major employers with research and innovation operations.

- Work with corporate headquarters and major employers to establish entrepreneur in residence, loaned executive, or intrapreneur positions that interface directly with the Greater Louisville and national entrepreneur communities while driving corporate innovation in their workplaces.
- Create workshops to guide entrepreneurs through dealing with corporate structures and leadership, from initial approaches to product development, market research, and piloting in test markets.
- Identify large or growing businesses that can contribute capital, mentorship, or other leadership to regional accelerator programs.
- Organize a roundtable of regional chief information officers, chief technology officers, and other tech executives to discuss new approaches and best practices to attracting and retaining IT talent, innovating within a corporate structure, and scaling tech strategies for businesses across a range of sizes and services.

>> **Best Practice: Greater Austin Technology Partnership (Austin, TX)**

"We're missing corporate engagement. They could be partners in the new firms or the first customers to startups. They have a wealth of expertise."

- Stakeholder input

- Tie university and education goals to entrepreneur networks and high-growth startup opportunities in Greater Louisville.
 - Strategically focus U of L's research and development initiatives through industry-sponsored research opportunities led by regional and global companies.
 - Facilitate connections and partnerships between U of L and industry leaders to grow the University's portfolio of corporate-sponsored research.
 - Facilitate relationships between entrepreneur networks and universities and colleges to link bright graduating talent to startup career opportunities in Greater Louisville.
 - Create and launch a corporate-sponsored startup weekends, hackathons, and other entrepreneurial competitions for high school and college students to connect the region's corporate, education, and startup communities. Partner with higher education institutions to engage and attract international entrepreneurial talent with ties to Greater Louisville.
 - Identify international students, faculty, and researchers with networks to attract other international entrepreneurs.

"The top action that the Greater Louisville Region could do is support the University's efforts, particularly in research. The researchers at U of L have a very high potential of drawing in major company interests and therefore more research parks, offices, and labs."

- *Stakeholder input*