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INTRODUCTION

There have been three earlier State of Entrepreneurship for Greater Louisville reports that led the way to this fourth edition and update. These reports have been effective, most notably with the original report entitled “Growing Success” prepared by Doug Cobb in 1996, kindly referred to as “Doug and his word processor writing a term paper for the City of Louisville.” However, it was Doug’s vision that a critical assessment of our entrepreneurial state would pave the way for more entrepreneurial support and further needed improvement as a means to economic growth. And he was right. The impact of the preceding reports called for the launch of ENTERPRISECORP in 1998. State incentives for start-ups were implemented in 2000 and the creation of Angel Groups and the Kentucky Seed Fund in 2005, are just a few significant examples. And in fact, both the 2000 and 2005 Report updates were led by the ENTERPRISECORP.

Each of these reports has made an impact on the region’s culture with the cited examples. And credit should be given to the early pioneers like serial entrepreneur Doug Cobb, Dr. Robert Taylor with the University of Louisville, and David Jones, Jr., with Chrysalis Ventures.

This 2010 update is critical. Entrepreneurial activity is more important now, than ever before, to the economic health of our region. One of the most important aspects of this report is that it will be used as a guide in decisions about setting public policy and hopefully inspiring leaders to incorporate these recommendations into policy. The findings represented will play a vital role in contributing to the Visioning work for Greater Louisville that is underway with this report feeding into that process.

Entrepreneurship is vital to an economy by creating new jobs and new wealth. Most Fortune 500 companies don’t move an entire corporate headquarters to a new location. Rather, since 1980, 80% of new jobs have come from small to medium size companies less than five years old. It is entrepreneurship and a strong, entrepreneurial ecosystem that attract and retain talented people, breathe life into established companies, support new innovations and allow entrepreneurially-minded business people to participate on various boards of companies.

Finally, for a region to grow, it is imperative to understand the importance of “entrepreneurial vitality.” It is the people that drive an economy. It’s the constant need for larger companies such as Texas Roadhouse and Humana, to continue to be relevant. Entrepreneurship is an authentic strength of the Louisville region and it is possible to achieve aspirations here.

The 2010 State of Entrepreneurship report highlights what has happened here in the past five years and makes recommendations as to what strategically needs to occur over the next five. We are becoming known as a place for entrepreneurship, but we must always be mindful that we have tremendous opportunities, and challenges, ahead.
SUMMARY OF FINDINGS

It is now a given that Louisville is a major entrepreneurial center. The various indicators and other evidence in this report all describe a city vigorously supporting new ideas and new businesses. The challenge today is how to increase that activity and step up the rate of entrepreneurial successes.

As this report identifies issues and shortcomings, it will also identify some encouraging strengths. Ten years ago, many of these strengths did not exist.

Louisville can be proud of its entrepreneurial accomplishments, especially because they were achieved during a decade of much economic turmoil. The job ahead - and it is a big one - will be to keep growing what the city has started.

Developing, attracting and retaining skilled, ambitious people continues to be a major challenge. The MSA’s levels have risen, but so have the levels in competing cities. Louisville is closing the gap, but slowly. The 2010 census may help answer a crucial question: Is the city growing its pool of talented younger workers?

Louisville’s angel and venture capital scene looks healthy, especially compared to the national scene. There are more sources of capital, and more money available, than five years ago. And this is despite a dismal national economy.

The greatest challenge facing Louisville’s entrepreneurial culture is to make a good thing better. There is some grumbling - public officials and large corporations could do more, red tape and taxes are a hindrance, etc. - but civic and government leaders have made a clear commitment to grow entrepreneurial activity. Educational institutions are promoting entrepreneurship at all levels and the University of Louisville is receiving national recognition for its entrepreneurial programs.

U of L continues to grow its R&D programs at a rapid rate. Its research expenditures still lag competitor institutions, but its growth rate is among the highest nationally. A significant new addition to the city’s technology resources has been the opening of the Purdue Technology Center of Southeast Indiana, through which Purdue University’s technical knowledge and research programs are becoming available to local entrepreneurs.

U of L needs a better process for bringing the fruits of its research to market. The University’s research programs are producing more good ideas than the current commercialization process can handle. The University recognizes this, and has made a priority of restructuring its Office of Technology Transfer and simplifying the process to move discoveries to the marketplace. Improving the commercialization process will remove a major impediment to entrepreneurial success.

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**SUMMARY OF RECOMMENDATIONS**

**Accelerate the initiative for world-class technology transfer at the University of Louisville.** Specifically we must maintain an intense focus and measure the progress of the University of Louisville effectively moving discoveries from the lab to the marketplace. This requires the leadership of an industry veteran, who is a deal maker, operating within a university setting to get more done faster. There must be reduced angst among researchers and the commercialization process. U of L should find a system, model or process that maximizes the flow of discoveries to market and minimizes tension. Ideally U of L should have a policy flexible enough regarding any upfront equity that simply allows innovation to happen as smoothly as possible. The method by which the University will profit is through royalties, licensing fees and generous gifts to the University’s foundation. Other research institutions that have successfully implemented such a policy include Carnegie Mellon University, the University of North Carolina at Chapel Hill and Stanford University.

**Develop an ecosystem similar to our Life Science sector for the Clean Tech space.** We have had some success in narrowing our niche strength in the Healthcare sector to Long Term/Aging care and managed care and we need to build upon, celebrate and promote the fact that Louisville now ranks #1 in Long Term/Aging care headquarters in the U.S. compared to Boston who is ranked #2. This success has been due to both organic company growth and deliberate innovation. Louisville needs to build upon its clustering capability and invest in the Clean Technology space. Clean Technology includes products that either decrease our energy consumption and/or minimize the waste produced that impacts our environment. We must lead the initiative to develop the infrastructure that assists the start-up and nurturing of the growth of these companies.

**Focus on leading efforts toward intrapreneurial initiatives.** We must leverage local examples of innovative intrapreneurship -- such as Humana’s Innovation Center, Sullivan University’s Pharmacy School, and Churchill Downs’ Live Entertainment Venture -- into other initiatives at local corporations. Opportunity abounds at places like Papa Johns, Texas Roadhouse, DD Williamson, Yum! Brands, Brown-Forman, Kindred, and UPS (just to name a few) where we can systematically and artfully identify innovative ideas and develop new products, processes, or markets. We need to determine their needs for self-funded innovations, which may require more than just capital. There are tremendous benefits to this type of effort for the region. One of the largest and most recent examples being the aforementioned Sullivan University College of Pharmacy which represents a completely independent and intrapreneurial investment that is creating a significant number of highly skilled and professional jobs.

**Support the organizations, agencies, and groups focused on educational attainment and tax code changes that support entrepreneurs.** Given that the overwhelming majority of new jobs and new wealth come from small to medium businesses, it is imperative that these companies have access to the talent, skill sets and a corporate tax structure, minus the tremendous red tape, necessary to grow. Our relatively high income tax and capital gains tax rate hurt new economy companies rich with intellectual capital. Additionally, entrepreneurs need access to very affordable and reasonably priced infrastructure. They require a physical space they can drop into at a low cost and we want to compare Louisville to other “lower cost of doing business” markets.

**With the rapid adoption of social media and web-based opportunities, we need to help entrepreneurs sell their products and services.** We are now in a people-driven economy and social media has transformed the way we live and do business. Entrepreneurs require assistance in the areas of sales by thinking differently in the marketplace using new tools and technology available. Those that adopt now -- rather than later -- will win and be successful. Organizations, such as ENTERPRISECORP, SCORE, SBDC and others that support entrepreneurs must keep up with what is happening in the marketplace and be able to assist in transferring the knowledge of these new technologies to entrepreneurs. The ability to incorporate social media into an entrepreneur’s venture is as important and relevant as debt financing and business plan development.

**Raise the visibility of the entrepreneurial assets, resources and successes of our region.** Louisville has the opportunity to exploit access to leading research institutions including the University of Louisville, University of Kentucky, Indiana University and Purdue University, and most recently Sullivan University with their pharmacology research, as a “Research Star,” compared to “Research Triangle.” These are strong academic assets that are willing to work collaboratively now more than ever before. Entrepreneurs need to be made aware of all the resources available to them (see Appendix). We must continue to support the idea of anything is possible here given the needed support, experience and infrastructure and we must effectively communicate, much more broadly, our entrepreneurial successes using new and traditional forms of communication and media throughout the region.
Entrepreneurs need money. In particular, they need investments from sophisticated investors who understand and are prepared for the higher risks as well as potential rewards of putting money into entrepreneurial ventures. There are two sources -- angel and institutional investor.

In any community, the availability of such investors, and the amounts of money they can dispense, are a vital element of entrepreneurial development. In 2005 Louisville’s angel capital scene had its limitations -- there was some scarcity of seed money, the earliest stage investments that give an entrepreneurial venture a chance to prove itself.

And now? We’ll come to the present local capital scene in a moment, but first we should place this in the framework of the national scene - which has not been booming. National data of venture capital investment show it peaking in 2000, and then falling off dramatically with a modest recovery in 2007 and 2008.

The apparent reason for this is no farther away than yesterday’s economic news. The year 2000 was right around the peak of the dotcom boom, which soon went bust. Then a recession arrived, followed by a recovery, followed by the current economic bust, which has been called, the Great Recession. By a PricewaterhouseCoopers MoneyTree Report estimate and regional data from the National Venture Capital Association, national venture capital investment in 2000 totaled $103 billion. In 2009, it was estimated at $17.7 billion. That is a bruising fall off.

And locally? All things considered, the picture is not bad - not bad at all. Definitive numbers are not available, but some evidence, numerical and anecdotal, suggests the Louisville angel capital and venture capital scene have remained active and grown, even if fighting the drag of a faltering national economy.

The 2005 version of this report listed nine angel and institutional venture capital firms with a local presence. Among them, they had $368 million in capital under management. A similar list today runs to 24 firms or funds (see tables), some of them state-supported or collaboration between public and private partners in an excess of $800 million under management.
These sources provide funds in amounts from $6,000 up to $10 million, a range that suggests investments all along the spectrum from seed capital to major, later-stage ventures. Many of these firms do not disclose financial information, but from the figures available, it seems likely that total local investments are well above the $368 million reported in 2005.

Membership and activity in the Venture Club of Louisville has remained high, especially compared to what seems to be happening in similar groups in other cities in the region. According to figures compiled by the Louisville club, from 2005 through 2009 several dozen local companies received investments totaling $104.4 million, in amounts ranging from $10,000 to several million. There was a sharp fall-off in annual totals from 2005 to 2006, but in the last two years the numbers have gone back up - not a clear trend yet, but certainly an encouraging sign.

Anecdotal evidence about the health of the local angel capital and institutional venture scene comes from two veteran participants - serial entrepreneur Kent Oyler and investor Bob Saunders. The two gentlemen believe angel capital investment in Louisville did not participate in the national nose dive and, in fact, has increased. Institutional investors have continued to successfully raise pools of capital, and there seems to be increased activity by angel groups and individual investors.

“There is new money at the table and in general, more money available,’ Saunders says. “This has been evolutionary. It’s not like there’s a giant-step change.” Oyler believes there has been a dramatic increase in angel investment activity since 2005 and recently much more seed capital activity. He points to two significant developments: the emergence of the Kentucky Seed Capital Fund, which was launched in 2005 with $5 million of funding, and invests in early-stage Louisville-based companies specializing in healthcare services; and a shift by the University of Louisville Foundation to making direct investments in startups, a step that has attracted other investors.

From the point of view of the entrepreneur, the picture probably isn’t perfect - has there ever been an entrepreneur who thought there was too much money available? But compared to the region and the nation, Louisville’s angel and institutional venture capital picture looks respectable.
Entrepreneurship is by definition a risky activity, and often a lonely one. It is less lonely, however, and perhaps not quite as risky, if the entrepreneur has the assistance of an understanding environment -- community leaders who offer encouragement, readily available support services, government policies and procedures that smooth the way forward. These things, or the absence of them, create a culture that strongly influences the chances for entrepreneurial success.

Measuring a community’s entrepreneurial culture is not easy; it is not a simple matter of collecting the right numbers. But it is important to try to make assessments, because, for good or bad, the culture counts.

In the past various attempts have been made to assess how well Louisville treats its entrepreneurs. Though necessarily subjective, these assessments offer a helpful picture of what has happened to the community’s entrepreneurial environment over time.

The first assessment, in 1996, concluded that Louisville was a virtual dead zone for entrepreneurs. Subsequent assessments showed an improving situation, as money, specialized support services, civic support and recognition became more abundant.

Even so, there were persistent problems. Finding skilled workers was sometimes difficult, and tax policies were considered unsympathetic to entrepreneurial efforts. In this context, let us look at the latest assessment, a survey conducted in 2009 among all Venture Club of Louisville members. The survey asked entrepreneurs, investors, advisors and the general public questions that covered a range of issues important to an entrepreneurial culture.

(The questions appear on Page 13.)

As in the past, this assessment produced an often divergent combination of positive and negative responses, and some familiar themes surfaced once more -- bad tax policies, too much government red tape, difficulty finding skilled workers, difficulty securing capital. But the picture emerging from the survey was not all black or white; here are some highlights from the survey, with representative comments that give the mood of the responses. Sometimes, as will be seen, it was a very mixed mood.

**CAPITAL**

The community’s venture and angel capital scene is discussed in detail in another section of this report. The survey responses showed divergent opinions about the availability and effectiveness of venture capital. Forty-four percent thought there were not sufficient sources of capital in the community. One-third thought high tech loans had not been successful; only half as many thought they had been.

But one-third-- a high positive response for the survey--thought the Small Business Innovation Research (SBIR) match program had been successful, while 39 percent were not sure. Only 11 percent thought Louisville had a sizable venture capital community investing in the city.

For a more favorable take on the venture capital scene, see the Capital section of this report.

**Comments:**

“Generally, angel funding is available but inadequate for rapid growth of new entities.”

“The community has come a long way. We have a much deeper understanding of venture capital and private equity than we had 10-plus years ago. We have the Louisville Venture Capital Club and the ACG of Louisville. We also have multiple private equity funds.”

“There are more angel networks in Louisville, which has provided more opportunities for entrepreneurs.”

“There is capital available, but I believe that it would be beneficial if the entrepreneurs had more venues to pitch their ideas.”

“It is a very difficult environment, especially during the last year. Early stage companies have a very difficult time getting financial support.”
Unlike other survey questions, the question about red tape did not seek responses on a positive to negative scale. Respondents were simply asked, “What are the regulatory, financial, legal or other obstacles in Louisville for entrepreneurs?” The answers were strongly divided.

Comments:

“Too much paperwork at the same time.”

“Antiquated tax structure that is hostile to startups. Legislature is back in the Stone Age. Poor educational support from government and access to best public schools is stacked against newcomers to the area.”

“Getting permits and economic incentives.”

“Lots of red tape. They are a lot like the federal government. They talk the talk but do not walk the talk.”

“There are so many taxes from various local agencies. Work force is weak. Educational levels low. Financial acuity of work force low.”

“Raising capital and obtaining loans.”

And in a different tone:

“I do not feel there are any regulatory or legal obstacles that are special to Louisville that are particularly onerous.”

“I have not experienced any hurdles.”

“None that are unique to Louisville or the state.”

Almost a quarter of the respondents, a relatively positive response for the survey. An almost equal number thought it was not successful. And almost one-third had no opinion. These results may say as much about what people know - or perhaps don’t know - about the agency’s activities as about its effectiveness and requires more effective PR. Finally, about equal numbers of respondents thought local government officials were and were not supportive of entrepreneurial companies.

GOVERNMENT SUPPORT AND ECONOMIC INCENTIVES

One-quarter of the respondents thought tax incentives had been successful at promoting business growth, but no one thought they had been extremely successful. A larger number - almost 42 percent - thought they had had little or no effect. One-third thought the Commonwealth Seed Capital fund had been successful, but almost as many had no opinion - which may say something about how few people really know much about the fund.

The ENTERPRISECORP -- the enterprise development arm of Greater Louisville Inc. -- and the city’s spearhead agency for promoting fast-growth entrepreneurship, was considered successful by almost a quarter of the respondents, a relatively positive response for the survey. An almost equal number thought it was not successful. And almost one-third had no opinion. These results may say as much about what people know - or perhaps don’t know - about the agency’s activities as about its effectiveness and requires more effective PR. Finally, about equal numbers of respondents thought local government officials were and were not supportive of entrepreneurial companies.

Comments:

“Most if not all tax incentives are of the old-school industrial model and do not fit entrepreneurial growth.”

“A lot of programs that were put into place several years ago are not being funded as well under recent budgets.”

“As far as life science companies go, the state has not done a good job of providing grants and some initial seed funding.”

“I suppose the tax code could be better.”

“Really have to walk the talk! Need to get the state to rethink the opportunities and reset the incentive models to attract, retain and grow entrepreneurial business.”

COMMUNITY SUPPORT

There was a close to even split - 28 percent positive, 33 percent negative - on whether community leaders other than government officials give support to entrepreneurial companies. But when asked if large companies do enough to encourage innovation and new enterprise in Louisville, the response was an emphatic no. Seventy-two percent of the respondents though not. Only three percent thought large companies were doing enough.

A solid majority - 61 percent - of the respondents thought the media did not follow startup and midsize growth companies with the same intensity and sophistication it accorded to large corporations.

This result is a pronounced turnabout from virtually the same question in 2005. Then the respondents gave the local newspaper high marks for coverage. The reason for the dramatic change is not explained. It is no secret, however, that locally and nationally print news media are struggling with diminished resources, as the internet and other alternative information sources erode the traditional franchises of newspapers. This may well have something to do with the survey result.
There was some good news. Fifty-three percent of respondents - one of the most positive responses in the survey - thought local universities encouraged entrepreneurial activity among faculty and students. Universities are natural centers for the knowledge and skills required by many entrepreneurial ventures, and this result suggests that the region’s universities are embracing this role.

Comments:

“We are better than most communities.”

“Louisville embraces local entrepreneurs.”

“It is much more supportive of entrepreneurs. The infrastructure of attorneys, accountants, banks, etc., is much stronger. And it is even okay to fail and start again. This may be the ultimate test.”

“Insufficient support comes from community leaders, the folks that are capable of getting the job done. They may be supportive of their own interests, but there’s a lack of leadership in rallying influencers to implement a focused, strategic action plan with measurable objectives to get things done.”

“The University of Louisville and MetaCyte Business Labs have been enormously supportive of my efforts to commercialize my ideas.”

“I believe that although the University of Louisville offers a very attractive royalty sharing policy, at the departmental level there is a tangible resistance against rewarding entrepreneurial activities when assessing performances annually, or on the promotion and tenure process.”

“There is not a supportive environment at the University of Louisville to encourage entrepreneurship.”

One closing, happy note: Two thirds of the respondents thought Louisville had a decent supply of affordable office and industrial space. Less than 10 percent thought this was a problem.

It should be noted that this survey was taken at a time when the nation was experiencing the most severe economic downturn in decades and fortunately our region was not hit as hard. However, the effects of this downturn reached into almost every nook of the economy, and may have influenced the survey responses. Times have been hard for almost everybody in business; it would be a shock if they were not hard for entrepreneurs.

Still, the main points of the survey are consistent enough with previous assessments to reliably yield a conclusion: Louisville is aware of the value of entrepreneurs, and is making efforts to encourage them. Even with the recent setbacks brought on by the national economy, the city has made real progress. But it could do more. And if it wants the entrepreneurial climate it aspires to, it should do more.

Let’s finish with one more comment from the survey, by a respondent who wanted to add a sense of perspective:

Comments:

“There should be recognition for the great strides the city has made for revitalization of downtown which therefore is attractive for recruitment.”

“While some will always say we don’t have ‘enough’, two observations: a) They mostly are the whiners who didn’t have an effective business approach, effective management, etc., and therefore could not garner support. b) They have not considered the HUGE progress made since the 1980s and 1990s, when our community focus was almost exclusively on business attraction. There has been a sea change in support for entrepreneurship. Thank Doug Cobb, David Jones Jr. and Kent Oyler for aggressively putting this on the agenda!”

QUALITY OF LIFE

On the survey question about the community’s quality of life, the response was a home run. Seventy-two percent of the respondents thought the city has the stuff to attract and support an entrepreneurial culture.

In a similar survey question in 2005, respondents thought the city might not offer young professionals the entertainment possibilities of competitor cities. But even then, the respondents thought the city’s charms were considerable, and underestimated outside the community. It is clear that people who live in Louisville believe it has a lot to offer.

Comments:

“This is a beautiful community. Culture of entrepreneurship in the region is like a new little plant that has too much mulch on top of it. It is trying to break through, but the regulations on taxes, health care, etc. are just piling more mulch on top of the little plant trying to break through.”

“Louisville is relatively easy to recruit people and once they get here, they never leave.”
ENTREPRENEURIAL CULTURE SURVEY QUESTIONS

1. What is your perception of the percentage of time the city spends on attracting out-of-state companies?

2. What is the percentage of time the city spends on entrepreneurial companies?

3. What are the regulatory, financial, legal or other obstacles in Louisville for entrepreneurs?

4. Sufficient alternative funding sources are available to entrepreneurs in the community.

5. Alternative funding sources are available to entrepreneurs in the community.

6. Do you have any other comments or insight regarding the way entrepreneurs obtain funding?

7. How successful have tax incentives been?

8. How successful have high tech loans been?

9. How successful has the Commonwealth Seed Capital Fund been?

10. How successful has the SBIR match been?

11. How successful has the ENTERPRISECORP (Innovation and Commercialization Centers) been?

12. The state provides adequate support for entrepreneurship.

13. There is decent, affordable office and industrial space available for new businesses.

14. The local universities encourage their faculty and students to participate in entrepreneurial ventures.

15. Local government officials adequately support entrepreneurial companies.

16. Other community leaders give adequate support for local entrepreneurial firms.

17. Entrepreneurial companies are able to recruit nearly all of their professional workforce from the local area.

18. There is a sizable, visible venture capital community that invests in Louisville companies.

19. Large companies in the community are doing enough to encourage innovation and new enterprise in Louisville.

20. Do you have any other comments or insight regarding the level of support that entrepreneurs receive?

21. Can you think of five recent spin-offs or growth companies started by entrepreneurs?

22. How does the community celebrate entrepreneurs?

23. The local media follows the progress of start-ups and mid-size growth companies with the same intensity and sophistication as it does large corporations.

24. The community offers a quality of life that attracts and supports an entrepreneurial culture.

25. What types of businesses will grow, develop and succeed in Louisville?

26. Before completing the survey, do you have any final comments regarding the culture of entrepreneurship in the region?
How much does entrepreneurship matter? Maybe more than you think. Advocates of entrepreneurship often seem to regard the value of entrepreneurial activity as self-evident, but in some communities it takes a back seat to more traditional economic development strategies.

But a New Policy Brief published by Harvard’s Rappaport Institute for Greater Boston suggests that it may be a more powerful approach to economic development than traditional strategies like attracting large, mature businesses to your community. Economists Edward Glaeser and William Kerr found that metropolitan areas with many small firms had faster economic growth over time than areas with fewer, larger firms. They were not sure why, but suggested that the presence of many small businesses may create an infrastructure that makes it easier for new businesses to appear.

The men noted two findings that states and communities should consider when devising economic development strategies: the higher the quality of life in an area, the likelier the area is to attract well-educated workers; and the better educated the workforce, the more startup companies. These are themes that will underlie several of the issues examined in this report.

Just what specific economic development policy issues these findings might raise for Kentucky is a question for another day; but before we begin examining the entrepreneurial climate in the Louisville area, let’s take a brief look at some measures of the entrepreneurial climate in the state.

One is the Kauffman index of Entrepreneurship, which tracks entrepreneurial activity by the number of new businesses created each month in each state, per 100,000 adults. By this measure, in 2008 Kentucky (0.36) did better than neighboring states and exceeded the national average of 0.32.

A longer-term look using the same method and comparing business creation rates over a decade, shows Kentucky has attained the national average recently - an improvement - while neighboring states have stayed even or lost ground.

Another measure is the Small Business Survival Index for 2009, published by the Small Business and Entrepreneurship Council. The index evaluates a state’s friendliness to small businesses using several measures, then creates an overall ranking for each state.

On the overall ranking, Kentucky is in the middle of the pack, ranked 22nd among 50 states and the District of Columbia. Ohio (11th), Tennessee (13th) and Indiana (15th) all ranked higher.

A look at the specific factors that go into the overall ranking gives some insight into Kentucky’s strengths and weaknesses. It ranks poorly on two individual taxes: Individual income tax rates (27th place) and individual capital gains tax rates (29th place). Indiana, Ohio and Tennessee all rank better - in some instances, much better - in these categories.

Kentucky does better on corporate income tax rates (16th) and corporate capital gains tax rates (18th). Only Ohio ranked higher in these categories. Finally, Kentucky does relatively poorly when unemployment taxes are considered, ranking 29th. Ohio and Tennessee are ranked near Kentucky, but Indiana ranks near the top, in 5th place.

These measures suggest Kentucky’s appeal to entrepreneurs is a combination of good points and bad, with room for improvement. If Glaeser and Kerr are correct, the state’s leaders would do well to consider what more they can do to promote the growth of small businesses as an economic development strategy.

The rest of this report will concentrate largely on the entrepreneurial climate in the Louisville community. It should not be forgotten, however, that even as what happens in region can influence the state’s climate, statewide policies and programs can have a powerful effect on Louisville’s climate; and that for some issues, the most appropriate response may be at the state level.
From educational institutions to information sources to entrepreneurial programs and achievers, Louisville has a rich reservoir of know-how available to aid entrepreneurs. This section is a summary look at education and training centers, agencies and other resources for entrepreneurs in the Louisville metro area, and a brief rundown of some of the community’s most successful entrepreneurs and venture capital investors.

The city has developed a new and growing class of investors and entrepreneurs who go from venture to venture, adding new businesses to the economic base and providing examples of what the entrepreneurial spirit can accomplish.

Some of these people we might call Super Angels. They have lent their money and experience to a number of companies. Among them:

- **Bob Saunders**, for over a decade a Managing Director of Chrysalis Ventures and, as an angel investor, an important contributing force behind several early stage ventures, including: Stonestreet One, Boardroom Events, IMC Licensing, Wazoo Sports, Backupify, US WorldMeds, Aptamera, Sanbolic, Bioscale and Brickfish. Bob was a founding member of MetaCyte, bCatalyst and the Venture Club of Louisville and has been a supporter of several organized angel groups in Kentucky including Anchorage Angels, the Yearling Fund, the Kentucky Seed Capital Fund, the Enterprise Angels and the Louisville Angel Network.

- **Kent Oyler**, former COO of High Speed Access Corp. and now an investor and board member for Simpak, Nomad, Corporate Playbook, and other ventures. Kent, like Bob, was a founding board member of MetaCyte and bCatalyst.

- **Phoebe Wood**, former CFO and vice chairman of Brown-Forman, now an active investor in Investment Governance, ParkVu, Quantum Leap, Corporate Playbook and others.

Any list of seasoned local angel investors would also include: Dale Boden, Greg Chapman, Doug Cobb, Tom Cottingham, George Emont, Greg Fischer, Steve Gailar, Mike Grisanti, Henry Heuser, Dean Holland, Sterling Lapinski, Jim Lintner and the River Hill Capital partners, Sean O’Leary, Ty Wilburn and many others who provide vital money and experience to Louisville’s young and growing companies.

There is also a group of people who have acquired deep experience at successfully starting and building companies, and have then moved on to a leading role in other young companies.

- **Yung Nguyen** co-founded the VINE Company, which has become Appriss. Yung is now the founder and CEO of International Voting Solutions, which provides voting technology for the visually impaired.

- **Brian Brohman**, as CFO of Aptamera helped lead the company to a $21.4 million buyout by British-based AntiSoma plc, and now heads Bradmer Pharmaceuticals, which is based in new life sciences technology from Duke University. Brohman is now considering how best to commercialize several promising technologies for brain cancer.

- **David Richardson** was the VP of Finance for High Speed Access Corp. Subsequent to that he engineered the sale of Keller Furniture, went on to lead RentalHouses.com to a successful sale to Rentals.com and now leads the online education company Learning House.

- **Henry Kuehn**, a former Chicago resident and life-sciences CEO, moved to Louisville in 2008. He is now an investor and adviser to several emerging companies, including Advanced Cancer Therapeutics and Quantum Leap.

- **John Reinhart** co-founded Advanced Imaging Concepts with Jeff Amrein in 2000 and executed a multi-million-dollar sale to Allscripts in 2004. Reinhart recently helped Greater Louisville Inc. bring Signature Health Care - a $1 billion company - to Louisville, and will lead a new Innovation Center for Aging Care, which expects to produce a number of innovations and companies.

**Sullivan University** is an excellent example of the largest “start-up” in the last 10 years in our region with the creation of their College of Pharmacy. They have also entered the scientific research arena which will be a contributing factor to our region’s further economic development.

There are a growing number of agencies and programs, some of them focused on specific kinds of scientific, commercial or technical business creation activities.

**MetaCyte Business Labs LLC**, which began as a subsidiary of the Louisville Medical Center Development Corp., operates under the sponsorship of the University of Louisville Foundation. Its focus is growing Louisville’s life science industry.

MetaCyte looks for promising life science and healthcare technology. It helps form and find financing for companies built on this technology and typically joins the founders of technology-based companies to provide interim management expertise. The goal is to develop a company’s technology to the point where it is ready for the marketplace.

On the heels of the success of Aptamera, a core group of scientists working with Donald Miller M.D., Ph.D., and Director of the [James Graham Brown Cancer Center](https://www.jamesgrahambrown.org/), created Advanced Cancer Therapeutics. **ACT** is focused on the discovery and early development of novel cancer therapeutics as well as selection for partnership, commercialization...
and manufacture of the most promising discoveries. Utilizing business arrangement with the James Graham Brown Cancer Center and the University of Louisville Research Foundation, ACT will establish exclusive rights to specific novel therapeutics and fast-track these leading edge discoveries to the pharmaceutical industry, and ultimately the patients who need them.

The Cardiovascular Innovative Institute focuses on the discovery, development and implementation of innovative treatments for cardiovascular disease. This is done through a progressive collaboration between the University of Louisville and Jewish Hospital/St. Mary’s Healthcare.

Beyond the incubator stage, other agencies help startups make the step to active commercial businesses. Nucleus, the newest arrival on the scene, will play a key role in the development of a 30-block life science research park U of L is sponsoring in Louisville’s Haymarket area. The park will provide space where startup companies can begin operations. Nucleus is developing a center that will house multiple facilities which will promote collaboration and shared expertise among researchers and companies. Its focus is developing and recruiting life science companies.

Nucleus has set long term goals. It intends to increase the amount of life science research done in Louisville, and within 20 years it expects to have created 8,700 new, high-paying jobs and to have attracted $2.3 billion in capital investment.

The Purdue Technology Center of Southeast Indiana, a significant new program for the Louisville area, opened in fall of 2008, and can help local students and entrepreneurs tap the academic programs and research know-how of Purdue University. It assists expanding companies and technology-based startups. The center’s activities are discussed in more detail elsewhere in this report.

The University of Louisville’s Rapid Prototyping Center, begun in 1993, provides industrial users with problem-solving technology and continuing research. Members of the center’s consortium range from Fortune 500 companies to individual inventors. The center has helped them expedite product development.

In 2007 the center became the only Louisville-area Haas Technical Education Center for Haas Automation, Inc. With advanced manufacturing equipment and six fully featured CNC machine tools, the center is now one of the most advanced prototyping facilities in the Louisville area.

For entrepreneurs seeking to start or grow a business, the ENTERPRISECORP is the entrepreneurial arm of Greater Louisville Inc.-The Metro Chamber of Commerce. Its mission is to create and sustain an entrepreneurial culture in the metro area, and to increase the number and quality of fast-growth entrepreneurial companies headquartered in the community. The ENTERPRISECORP is a source of advice, guidance and, not least, connections. It can direct entrepreneurs to the things they need - capital, legal advice, research and counseling from people who have successfully launched businesses of their own. Its programs and services include:

- **Technology Commercialization** – In partnership with the Kentucky Department of Commercialization and Innovation, the ENTERPRISECORP is home to the Louisville Innovation and Commercialization Center and assists early-stage, technology-based companies access a variety of grants offered by local, state and federal sources.

- **Growth Capital** – ENTERPRISECORP helps clients secure funding by assisting with company valuations and matching entrepreneurs with varied sources of private equity funding, including seed funds, angel investment funds, venture capital funds, and mezzanine funds.

- **Business Advising** – By offering assessments and case review by an advisory council of seasoned professionals, ENTERPRISECORP helps businesses create custom recommendations on how they can take advantage of potential opportunities for growth.

- **High Impact Program** – Initiated by Mayor Abramson in 2004, this public/private partnership has grown to 155 companies in its portfolio and serves to identify and nurture locally headquartered, fast growth companies that drive growth in our region and are responsible for the majority of new jobs and investment created. Assistance includes expansion, tax incentive application, talent attraction, site selection and local market exposure.

In the greater metro area, more than 30 colleges, universities and training schools with a total enrollment of more than 75,000 develop workers, perform research and offer expertise in healthcare, life sciences and other areas.
## College and University Enrollment Figures

<table>
<thead>
<tr>
<th>College or University</th>
<th>City</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATA Career Education</td>
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<td>150</td>
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<tr>
<td>Bellarmine University</td>
<td>Louisville</td>
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<td>Brown Mackie College</td>
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<td>Devry University</td>
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<tr>
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<td>National College</td>
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<td>Ottawa University</td>
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<td>Webster University</td>
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<td>245</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>75,833</strong></td>
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</table>

While graduating this number of students each year is impressive, the next section highlights our greatest challenge in talent attraction.
TALENT

The quality of a community’s work force has long been recognized by businesses and governments as a key factor in encouraging economic growth and entrepreneurial success. And work force quality is inseparably joined to the community’s level of educational attainment. The higher the level, the richer the talent pool. Studies have indicated that as education increases, so does the rate of entrepreneurial activity.

EDUCATIONAL ATTAINMENT

Educational attainment has been a weakness in the Louisville metro area for years. Community leaders have long recognized this, and have made efforts to improve the community’s education levels. But it takes years of work to make substantial progress, and as Louisville moves ahead so do competitor communities. This is a competition in which the bar keeps raising.

For the last six years, Louisville’s progress in relation to 16 competitor cities has been tracked by the KentuckianaWorks Human Capital Scorecard. The report is produced for KentuckianaWorks, a work force investment board, by researchers at the University of Louisville.

The most recent scorecard measured educational attainment through 2008. Here are some highlights, good and not so good.

The percentage of adults in the metro area with a high school diploma or higher degree is up, from 81.3 percent in 2000 to 87 percent in 2008. This improvement moved the area up among its competitors, from 12th to 10th place. In Jefferson County alone, the ranking actually improved to 7th place. The rest of the MSA is keeping the overall ranking lower.

BACHELOR DEGREE EDUCATIONAL ATTAINMENT LEVELS IN 2008 AGAINST PEER METROS


The number of adults who did not have a bachelor’s degree but had at least advanced to a certificate or associate’s degree increased significantly. In 2000, only 2,964 adults had reached this level; in 2008 the number was up to 6,415 - a 116 percent increase. This looks like a solid trend, as the number had increased steadily for the last five years.

In the 25 to 34 and 35 to 44-year-old age groups, the percentages of adults who had a bachelor’s degree or higher went up approximately 5 percent. So did the community’s rankings among competitors in this category, to 11th place for the 25-34 age group, and 14 for the older group. These are important ages, because research has indicated that these are the years during which an entrepreneur is most likely to start a business, and having attained at least a bachelor’s degree is an important factor in building a successful business.

Long-term enrollment trends are encouraging. For programs awarding associate or higher degrees, Louisville is one of only five competitor cities where the rankings stayed even or increased since 2000.

Now for some of the not-so-good results: Louisville’s ranking among its competitors remains relatively low in many of the desirable education categories, and relatively high in undesirable categories. For example, even with the improvement just noted in the 25- to 44-year-old range, the number of 25- to 34-year-olds with at least a bachelor’s degree still ranks only 11th among the 16 competitors; for 35- to 44-year-olds the ranking is 14th.

HIGH SCHOOL EDUCATIONAL ATTAINMENT LEVELS IN 2008 AGAINST PEER METROS

There has been a slight drop in the number of people obtaining General Equivalency Diplomas. The numbers involved are so slight - small annual fluctuations from just above to just below 2,000 people - that this drop may not be significant.

More troubling is that the metro area ranks first among its competitors in the percentage of adults with only a high school education. Louisville has consistently ranked high in this category. This reflects the historically low educational attainment levels that the city has had to overcome, and it puts the city’s progress into somber perspective. There is still plenty of room for more progress.

**HIGH SCHOOL AND BACHELOR DEGREE RANKINGS 2000 – 2008 AGAINST PEER METROS**

<table>
<thead>
<tr>
<th>MSA</th>
<th>High school degree</th>
<th>Rank</th>
<th>Bachelor degree or higher</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charlotte</td>
<td>86.4%</td>
<td>11</td>
<td>32%</td>
<td>4</td>
</tr>
<tr>
<td>Cincinnati</td>
<td>87.4%</td>
<td>9</td>
<td>28.1%</td>
<td>10</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>88.7%</td>
<td>6</td>
<td>31.8%</td>
<td>6</td>
</tr>
<tr>
<td>Lexington</td>
<td>88.4%</td>
<td>7</td>
<td>33.7%</td>
<td>2</td>
</tr>
<tr>
<td>Louisville</td>
<td>87%</td>
<td>10</td>
<td>24%</td>
<td>16</td>
</tr>
<tr>
<td>Nashville</td>
<td>85.7%</td>
<td>12</td>
<td>29.4%</td>
<td>9</td>
</tr>
</tbody>
</table>

Percentages are of total adult population. Ranking is out of 16 comparison metro areas; not all areas included in chart.


**METRO POPULATION GROWTH, 2000 TO 2008**

<table>
<thead>
<tr>
<th>Metro area</th>
<th>2000</th>
<th>2008</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charlotte</td>
<td>1,340,283</td>
<td>1,701,799</td>
<td>2%</td>
</tr>
<tr>
<td>Cincinnati</td>
<td>2,014,615</td>
<td>2,155,137</td>
<td>7%</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>1,531,079</td>
<td>1,715,459</td>
<td>12%</td>
</tr>
<tr>
<td>Lexington</td>
<td>409,646</td>
<td>453,424</td>
<td>10.7%</td>
</tr>
<tr>
<td>Louisville</td>
<td>1,165,060</td>
<td>1,244,696</td>
<td>6.8%</td>
</tr>
<tr>
<td>Nashville</td>
<td>1,317,514</td>
<td>1,550,733</td>
<td>17.7%</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of the Census

A concluding note: One significant indicator of metro Louisville’s talent pool will not be available until after the 2010 census. This is the number of residents aged 25 to 39, a proxy for the age range in which entrepreneurs are most likely to be active, especially the founders of tech companies.

These are people Louisville historically has had trouble keeping; it has in fact lost residents in this age group. In the 2000 census results there was an indication that the rate of loss was slowing. But what has happened in the 10 years since - years during which Louisville has made efforts to attract and retain young, talented people - is not clear.

Natural population growth may have given some lift to the city’s ranks of young people, but natural growth is not likely to have given Louisville a competitive edge. In the main, its competitor cities have grown faster. Out of six comparison metro areas, Louisville and Cincinnati are in virtually a dead heat for the slowest growth rate.

**TALENT ATTRACTION**

Greater Louisville Inc. is well aware of the importance of a young, vigorous work force and has created a number of programs designed to attract or retain talented workers. Some of the programs hope to lure back Louisvillians who live elsewhere, or enlist them as ambassadors to promote the city’s charms. Some programs pitch Louisville’s opportunities to students nearing graduation. Some help corporate recruiters in Louisville share with each other ideas on how to recruit new talent. And, not least, some of them help new arrivals or returning former residents to settle in and explore the city’s charms - once you get ‘em, you want to keep ‘em.

One of the higher profile programs, the Louisville Reunion, targets cities with a large concentration of former Louisvillians. The mayor and other community leaders hold a reception in the target city, at which 500 or more former residents are given information on career opportunities in Louisville and, not coincidentally, given relocation information. The Reunion is an annual event, and some people who have returned to the city say it played a key role in drawing them back. And the ones who do not come back may become effective ambassadors.

In 2008, GLI partnered with the Greater Louisville Convention and Visitors Bureau and, after in-depth research, launched The Greater Louisville Community Branding Project, a marketing plan intended to raise Louisville’s profile nationally as a good place for tourists, businesses and skilled workers. The project makes use of 20,000 Friends of Louisville - former Louisvillians living here and elsewhere - and various media strategies to increase favorable awareness of the city. Some of the project’s results, to date:

- Around the country, 17 percent of professionals are knowledgeable about Louisville, an increase from 11 percent in 2006. This proportional increase is higher than for 10 competitive cities around the country.
Within Louisville, more than one-third of the community is aware of the campaign.

Among professionals outside the city, Louisville is considered the fourth most desirable place to live among the competitive cities - a move up two spots from 2006.

Louisville has displaced Atlanta and Knoxville as a preferred city on the list of competitive cities.

Current Louisville residents are less likely to consider leaving Louisville than they were in 2006.

Workforce Innovation in Regional Economic Development (WirED) is a groundbreaking approach to workforce and economic development. The WirED initiative is designed to integrate economic and workforce development activities by demonstrating the role of talent in the transformation of regional economies. To better reflect economic ties, the region was expanded to include 26 counties - 19 in Kentucky and seven in Indiana. The region encompasses the Louisville and Elizabethtown metropolitan areas and includes portions of six workforce investment areas. Because of the central role infrastructure plays in tying a region and its workers together, this regional planning process was named Wired65, a reference to Interstate 65, which cuts through the heart of the region.

A new regional internship program, Intern to Earn, funded by the U.S. Department of Labor via a Wired65 grant and supported by HIRE (Higher Income Requires Education) and Greater Louisville Inc. was developed as a comprehensive program providing employers with turn-key tool kits to develop quality internships and ongoing assistance if needed. The program also provides a means of exposing younger talent to Louisville and providing opportunities for them to stay.

The census results will be a revealing measure of how well Louisville is succeeding in its efforts to grow its pool of talented younger people; in any case, it’s relatively slow growth rate makes it imperative that the community do everything it can to boost the percentage of residents with high education levels.
TECHNOLOGY

Technology, as understood for this report, is not only technical inventions or innovations - though they certainly count - but also any ideas with entrepreneurial potential. A patent-worthy device, a more effective way of doing something, a new business concept - all are part of the picture. And any program encouraging the kind of creative thinking that produces new business opportunities is, in this sense, a contributor to the area’s technology resources.

The region’s universities are a natural source of new ideas, including U of L, UK, Purdue and IU. In particular, as the local community’s only major public research institution, the University of Louisville plays a central role in stimulating entrepreneurship, and understands this. It has beefed up its research efforts, and has created a portfolio of programs, especially in its College of Business, to nurture and market new ideas and to develop the entrepreneurs who can market them. This has been a years-long effort, and it started from a low level of activity. By one measure, the money it spends on research, development efforts, and has created a portfolio of programs, and understands this. It has beefed up its research efforts, and has created a portfolio of programs, especially in its College of Business, to nurture and market new ideas and to develop the entrepreneurs who can market them. This has been a years-long effort, and it started from a low level of activity. By one measure, the money it spends on research and development, it is still catching up to other public universities in the region.

The table below illustrates U of L’s progress. As of 2007, the University’s federally funded research expenditures, and its R&D expenditure ranking, lagged well behind nearby regional universities.

U of L’s 2007 expenditures were less than half those of the University of Kentucky, the University ranked closest to it. But a striking feature of the table is the pace at which U of L’s expenditures have grown. Its 2007 expenditures were more than four times bigger than in 2000. Despite some healthy increases of their own, none of the other universities came close to this rate of growth.

U of L is, in fact, one of the largest growth rates in a statistical sampling of 200 universities. It helps, of course, that the University started from such a small base - it is much easier to double a small expenditure than a big one - and U of L will be hard pressed to maintain that rate in the future. Even so, its growth rate is healthy and encouraging.

Along with this increase in research and development efforts, the University has made a determined push to develop programs that create the kind of entrepreneurial talent to build an idea into a successful business. A major boost came in 2008 with the establishment of the Forcht Center for Entrepreneurship, made possible by a gift from Corbin, Ky., entrepreneurs Marion and Terry Forcht. The center built upon programs already in place at the University. A representative sampling of its offerings includes:

- An Entrepreneurship MBA. This is a signature program that allows students to create new ventures and participate in national business plan competitions.
- An Entrepreneurship PhD. One of only six such programs in the United States, this is a degree program for scholars who want to do extraordinary research or teach entrepreneurship at the highest levels.
- The Cardinal Venture Fund. An investment fund that invests up to $50,000 to support business startups by alumni and students.
- The Entrepreneurship Council. A working council of alumni and other business leaders who have achieved significant entrepreneurial success on their own and want to support efforts that maintain the entrepreneurial focus of U of L’s business college.

The University is attracting national recognition for its entrepreneurial focus - the kind of recognition that can itself become a recruiting tool for the school and the community. This year the U.S. Association for Small Business and Entrepreneurship named the Ph.D. program its National Model Ph.D. Entrepreneurship Program. In 2009 the Princeton Review/Entrepreneur Magazine ranked the MBA program 14th nationally. U.S. News and World Report ranked the undergraduate entrepreneurship program 15th nationally, and the 2009 World Rankings for Entrepreneurship Research Productivity gave the Forcht Center a Top 20 ranking.
Since the 2005 report on entrepreneurship, there has been a significant addition to the metro area’s technology resources. In 2006 Purdue University announced the establishment of a 40-acre technology park and the Purdue Technology Center of Southeast Indiana in New Albany, Ind.

The center, housed in a 40,000-square-foot building, began operations in the fall of 2008. The Purdue College of Technology offers bachelor’s degrees in five areas: computer graphics technology; electrical engineering technology; mechanical engineering technology; industrial technology; and organizational leadership and supervision. The center also offers space and expert assistance to entrepreneurs and startup companies.

The center works in cooperation with the University of Louisville and metro area economic development agencies, and brings to the community a powerful new tool for recruiting and developing entrepreneurial ventures. It offers Purdue University degrees to metro area residents; gives area entrepreneurs a direct connection to the University’s considerable technology expertise and research; and becomes a prominent referral point which can guide entrepreneurs to the incentives programs and university resources - whether in Indiana or Kentucky - that best fit their needs.

This year WindStream Technologies, a California company that makes small scale wind turbines, is locating a new development and production facility at the park. It will invest several million dollars and expects to create more than 260 news jobs by 2012. Paul Moses, business development manager for the center, said the center has 225 full-time students, one tenant company and four affiliate companies that use the center’s facilities and are expected to become tenants soon. The center building is 75 percent full, he said, and the possibility of building another facility is being discussed.

The center complements the entrepreneurial attractions of the metro area, and its location on the Indiana side of the Ohio River puts a welcome emphasis on the importance of having regional strategy for entrepreneurial development.
As any entrepreneur who has gone the distance knows, the journey from having a new idea to having a commercial success can be a long one. Having the idea is sometimes the easiest part.

Developing the idea can require partnerships, grants, financing arrangements, testing, patent applications, licensing and clearing regulatory hurdles. There may be thick contracts and other legal documents full of confusing and specialized language.

It is not an easy maze to navigate, especially when trying to commercialize ideas of a highly technical nature. To an entrepreneur encountering it for the first time, it can be overwhelming. When the University of Louisville resolved to step up its research efforts several years ago, it created a patent technology office to help address the problem.

That office -- the Office of Technology Transfer -- is in charge of ushering to market ideas from what is by far the community’s largest public research and development institution. The office plays a special and vital role in the city’s entrepreneurial efforts.

The table below presents some measures of the office’s productivity through 2008. To help interpret what the numbers mean, think of disclosures as promising new ideas; of royalties as later-stage income from ideas that have been successfully established in the marketplace; and of associated income as money from research, clinical trials and other activities involved in the early stages of commercializing an idea. Material transfer agreements and negotiated agreements reflect the frequency of arrangements essential to research and commercial development.

Generally, the numbers show a clear acceleration of the activities that take an idea from possibility to marketability. They do not show how capably the inventory of available ideas is being moved to market.

In September 2008, University of Louisville President James Ramsey appointed a committee to examine this question. The committee members included scientists on the U of L faculty and leaders from the city’s business and entrepreneurial communities. In March 2009, the committee reported its conclusion: the Office of Technology Transfer was not working as it should, and needed fixing. The committee called for comprehensive structural changes in the office’s operations.

Dr. Ramsey appointed Ed Glasscock, one of the city’s foremost attorneys and someone widely experienced in the needs of entrepreneurial development, to oversee these changes. They are being made now.

That the Office of Technology Transfer has been a problem spot is clear, but the problem should be seen in a forgiving perspective. It is at least partly a consequence of U of L’s conspicuous success at building its research programs. Because of its own efforts, and with a major boost from Bucks for Brains, the program that provides a dollar for dollar match of state to private money to attract talented researchers, the University has drawn researchers from around the world.

As an indication of the size of this influx of talent, consider that from the beginning of 2005 through 2009, the University’s School of Medicine added 92 faculty members. With them came research assistants, technicians and other skilled workers, who are engaged in research to find better treatments and cures for cancer, pulmonary and heart disease and other medical problems.

### OFFICE OF TECHNOLOGY TRANSFER INTELLECTUAL PROPERTY AND LICENSING STATISTICS BY FISCAL YEAR

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<td>Patents Awarded</td>
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<td>Negotiated Agreements</td>
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<td>Royalties</td>
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<td>80,923</td>
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<td>Associated Income</td>
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<td>760,187</td>
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<td>2,292,325</td>
<td>3,246,076</td>
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Source: University of Louisville Office of Technology Transfer, 2008 annual report
These people are doing what it was hoped they would do -- producing a surge of innovations and discoveries with commercial promise. The surge has proven to be more than the Office of Technology Transfer, as originally constituted, could handle effectively.

As the innovations and discoveries have accumulated, the need for a faster path from lab to market has become urgent.

“We need an accurate and efficient mechanism that allows all of these new ideas to get out into the marketplace,” says Dale Boden, a Louisville investor and a member of the committee that advised Dr. Ramsey.

The creation of that mechanism will be a critical entrepreneurial step for the community in the immediate future. It should also be seen as a major opportunity. This is the kind of problem other cities would envy. The fix is clear and doable, the potential rewards are enormous. A community that is good at converting ideas into thriving businesses not only creates new wealth for its citizens and its tax base; it can become a magnet drawing in more talent and more wealth.
METHODOLOGY

This 2010 update was prepared by a regional task force comprised of business leaders, entrepreneurs and professionals with diversity in expertise, industry, and demographics to research and compile this report. Dale Boden, President of B F Capital Inc., served as the Report Chair assisted by Mark Crane and Lisa Bajorinas with ENTERPRISECORP. The initial meeting of the task force was held on December 17, 2009. The task force was divided into 8 sub-committees representing: Benchmarks, Capital, Culture, Climate, Know-How, Talent, Technology, and Technology Commercialization - collectively referred to as “entrepreneurial success factors.” Each sub-committee was asked to consider what is the current assessment of their particular area of focus, what are the key benchmark findings to support their analysis and what recommendations do they offer.

THE SUB-COMMITTEE CHAIRS WERE:

Benchmarks
Diane Medley, Mountjoy Chilton Medley

Capital
Bob Saunders, Chrysalis Ventures
William Summers, Central Bank

Culture & Climate
Haleh Karimi, Coca-Cola Enterprises
Ben Keeton, Growth Services

Know-How
Gill Holland, The Green Building

Talent
Michael Gritton, KentuckianaWorks

Technology
Jack Danehy, IBM
Paul Moses, Purdue Technology Center

Technology Commercialization
Doug Cobb, Appriss Inc.

MEMBERS OF THE REGIONAL TASK FORCE WERE:

Summer Auerbach, Rainbow Blossom
Lisa Bajorinas, GLI ENTERPRISECORP
Dan Bauer, Bellarmine University
Suzanne Bergmeister, Sunflower Business Ventures
Dale Boden, B F Capital
Paul Borgman, Smoothstone IP Communications
Robert Brown, Greenebaum Doll McDonald
Vik Chadha, GLI ENTERPRISECORP
Doug Cobb, Appriss
Paul Coomes, University of Louisville
Mark Crain, University of Louisville
Mark Crane, GLI ENTERPRISECORP
Jack Danehy, IBM
Greg Fischer, Entrepreneur

Melody Grapperhaus, Mountjoy Chilton Medley
Michael Gritton, KentuckianaWorks
Eric Harter, Sullivan University
Shawn Herbig, IQS Research
Gill Holland, The Green Building
Chris Jones, Greenebaum Doll McDonald
Haleh Karimi, Coca-Cola Enterprises
Ben Keeton, Growth Services
Curt Martin, Greater Louisville Inc.
Tom McMahon, Growth Services
Diane Medley, Mountjoy Chilton Medley
Paul Moses, Purdue Tech Center
Charlie Moyer, University of Louisville
Leslie Noel, Greater Louisville Inc.
Ellen Oakley, GLI ENTERPRISECORP
Kent Oyler, OPM Services
Eileen Pickett, Greater Louisville Inc.
Greg Richey, Chrysalis Ventures
Bob Saunders, Chrysalis Ventures
Bill Strench, Frost Brown Todd
William Summers, Central Bank
Kevin Walsh, University of Louisville
John Willmoth, Chrysalis Ventures
Vickie Yates Brown, Nucleus

All information gathered by the sub-committees was presented to the full task force on February 5, 2010 and then submitted to freelance business journalist David McGinty who was hired to write the report and interview sub-committee chairs. The full task force reviewed the final copy and provided feedback. Highlights of the report were presented at the ENTERPRISECORP State of Entrepreneurship Breakfast event on March 31, 2010. An opportunity to engage the event attendees was provided for them to offer comments on the report findings through a community feedback webpage on the ENTERPRISECORP website. Graphics and narrative layout were prepared by Nimbus. Chair Dale Boden, Mark Crane and GLI leadership reviewed the report, suggested some edits and created the Summary of Findings and Summary of Recommendations. Printed copies of the report were distributed to all committee members, event attendees and made public in June 2010. The electronic version is available on www.EnterpriseCorp.com on the Publications page as are all of the earlier reports.
ACKNOWLEDGEMENTS

This report was produced through the hard work and commitment of many volunteers and GLI staff.

First, thank you to Chair Dale Boden who truly stepped up to this responsibility and met with every sub-committee multiple times to offer guidance, assistance, and support throughout the entire process. Dale was an inspiration to the entire committee to think critically, truthfully and outside of the normal realm of peer community measurements.

This report, and its predecessors, would not be possible without the much needed data, graphs and trends provided by Dr. Paul Coomes with U of L.

A special thank you to Lisa Bajorinas with ENTERPRISECORP who worked tirelessly on the day-to-day project management of this endeavor and editing of the report, looking after every detail to ensure a valuable, worthwhile publication was produced.

We were thrilled to track down David McGinty in the far reaches of the Pacific Northwest to compile and objectively provide the final narrative for this report. Dave’s talent as a writer makes a serious subject as Louisville’s state of entrepreneurship worth the read.

This report was underwritten through the ad salesmanship of GLI’s Jeremy Jarvi. Thanks to those sponsors of this report whose support is always appreciated and covered the cost of the writing, printing and distribution: CBRE / Louisville, Chrysalis Ventures, DMLO, Greenebaum Doll & McDonald, Mountjoy Chilton Medley, OPM Services, Stites & Harbison, Stoll Keenon Ogden, TARC, UofL College of Business, and Wyatt Tarrant & Combs.

Mark Crane
Executive Director, ENTERPRISECORP and SVP Enterprise Development, Greater Louisville Inc.

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Vince Lombardi

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APPENDIX: ENTREPRENEURIAL RESOURCES

Through the internet, a local entrepreneur today has access to a dazzling range of information and advice from multiple sources. Here’s a guide to what’s available where compiled by Innovative Productivity Inc. and available online at [www.EnterpriseCorp.com/OnlineResources](http://www.EnterpriseCorp.com/OnlineResources)

## KEY TO SERVICES

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<td>2. Writing a Business Plan</td>
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