



MIT REAP
Regional Entrepreneurship
Acceleration Program

Entrepreneurial Ecosystems

Update from Greater Des Moines + Ames

Get to Know... Diana Wright

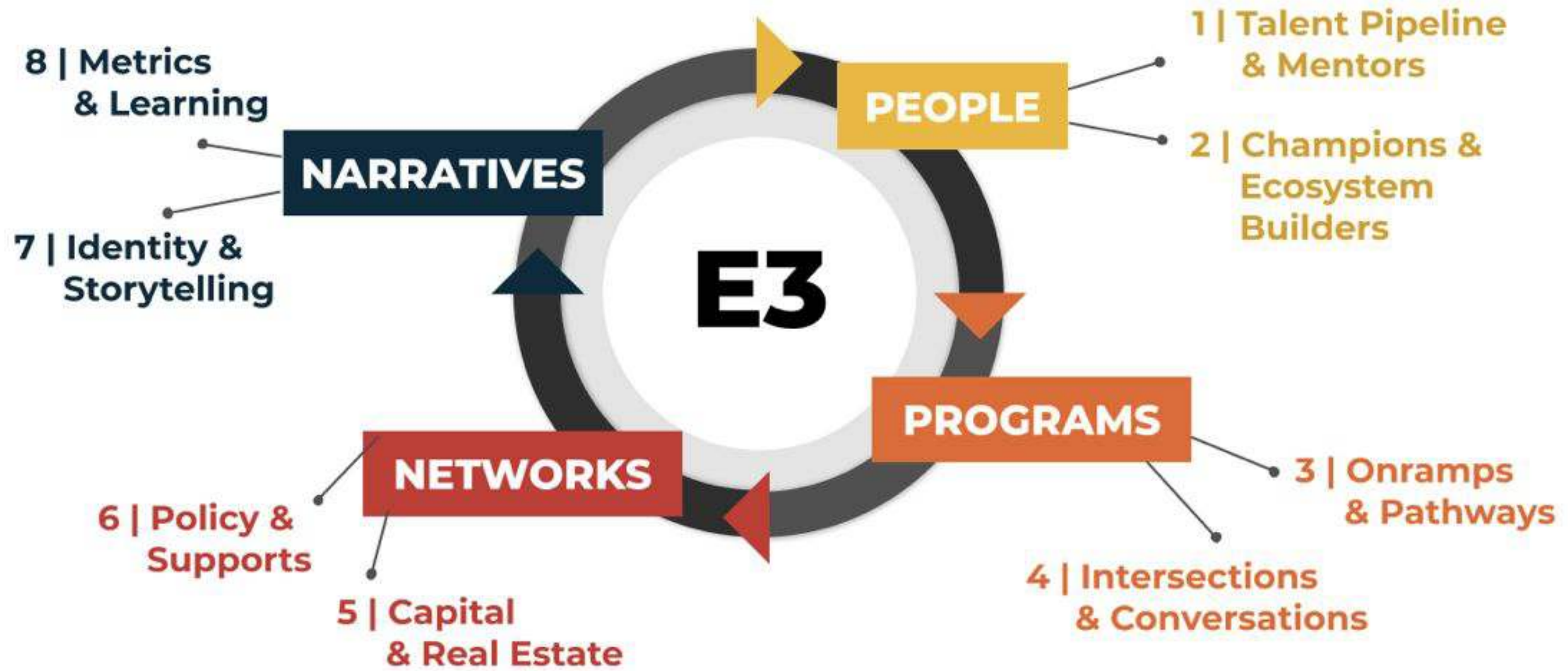
- Connector
- Welcomer
- Earthkeeper
- Storyteller
- Finder of Money

- Entrepreneurial Gardener...



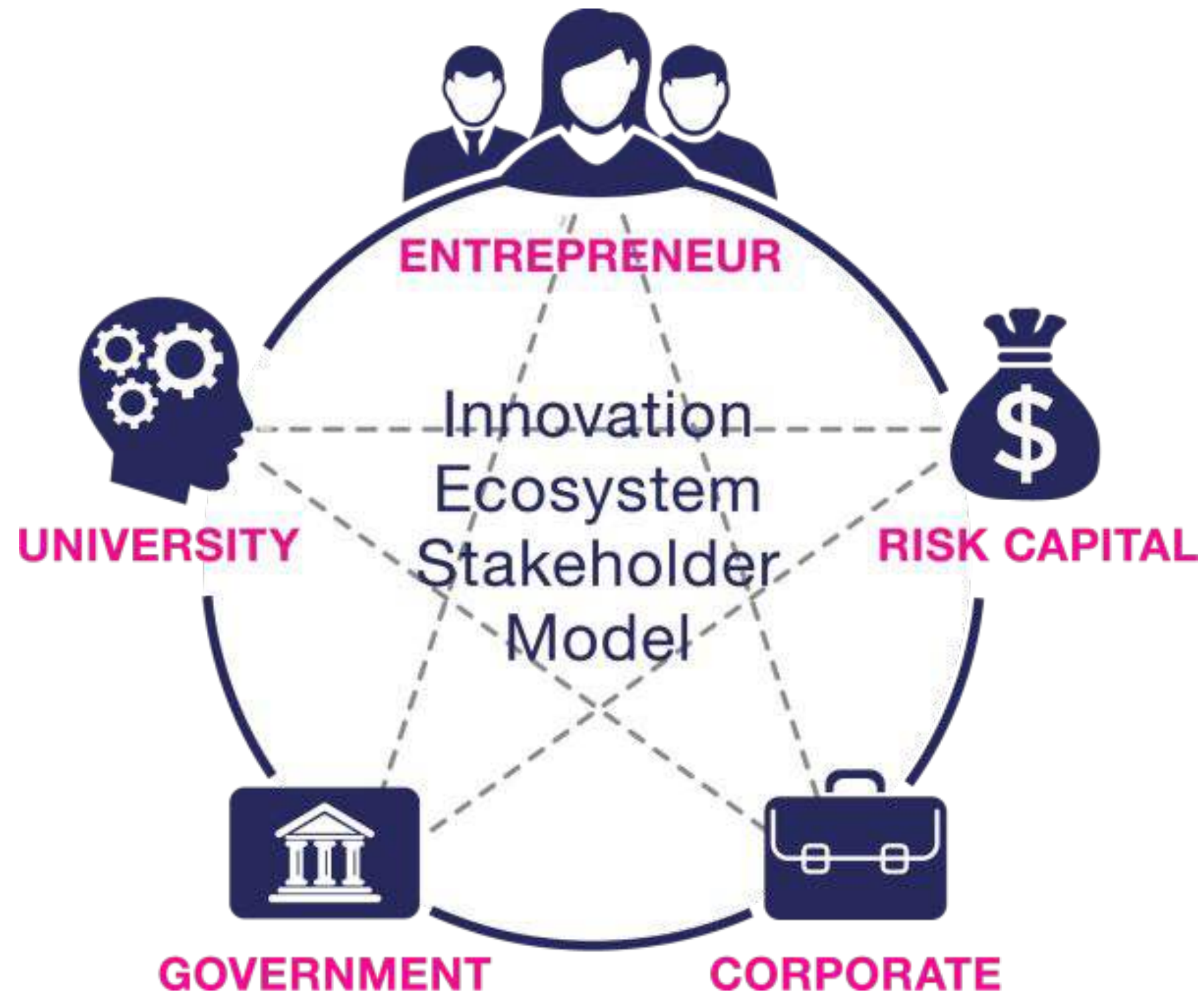


An Entrepreneurial Community Needs Rich Soil: Seeds, weed removers, water, growth



No one owns entrepreneurship!

MIT REAP Stakeholder Model



MIT REAP

The MIT Regional Entrepreneurship Acceleration Program (MIT REAP) provides opportunities for communities around the world to engage with MIT in an evidence-based, practical approach to strengthening innovation-driven entrepreneurial (IDE) ecosystems.

MIT REAP Mission

Translate research and expertise into practical frameworks, approaches and actions with widespread global applications.

Convene stakeholders (corporate, risk capital, entrepreneur, university and government) from ecosystems around the world to build a community for collaboration and learning.

Educate regional innovation ecosystem leaders through team-based learning to facilitate meaningful economic and social outcomes.

Impact regions through the development of new programmatic and policy interventions that build on strengths and support weaknesses to support IDEs.

12 Members from Ames + Greater DSM

Steven Brockshus, Haber Technologies

Tej Dhawan, Principal Financial Group & Plains Angels

Alison Doyle, ISU Research Park

Nadilia Gomez, Iowa State University

Brian Hemesath, VolunteerLocal

Kevin Kimle, Ag Startup Engine & Iowa State University

Anne McMahon, BioConnect Iowa

Nancy Mwiroti, Pi515

Hank Norem, Ramco Innovations & Maple Studios

Mikayla Sullivan, ISA Ventures

Geoff Wood, Gravitate Coworking

Diana Wright, Greater Des Moines Partnership



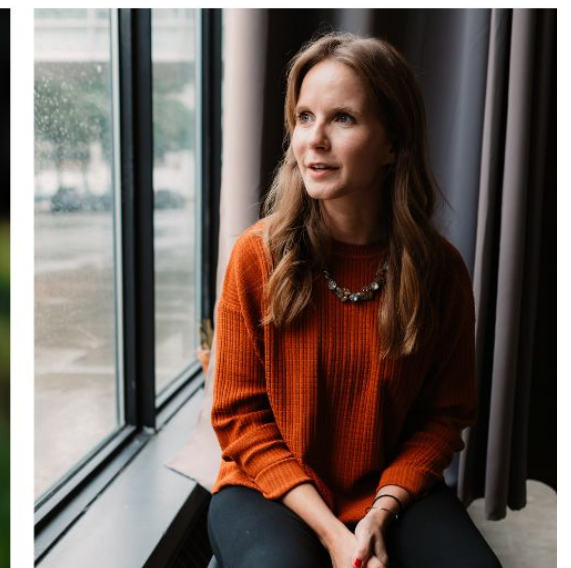
Communities in MIT REAP cohort:

- **Funded by Kauffman Foundation:**

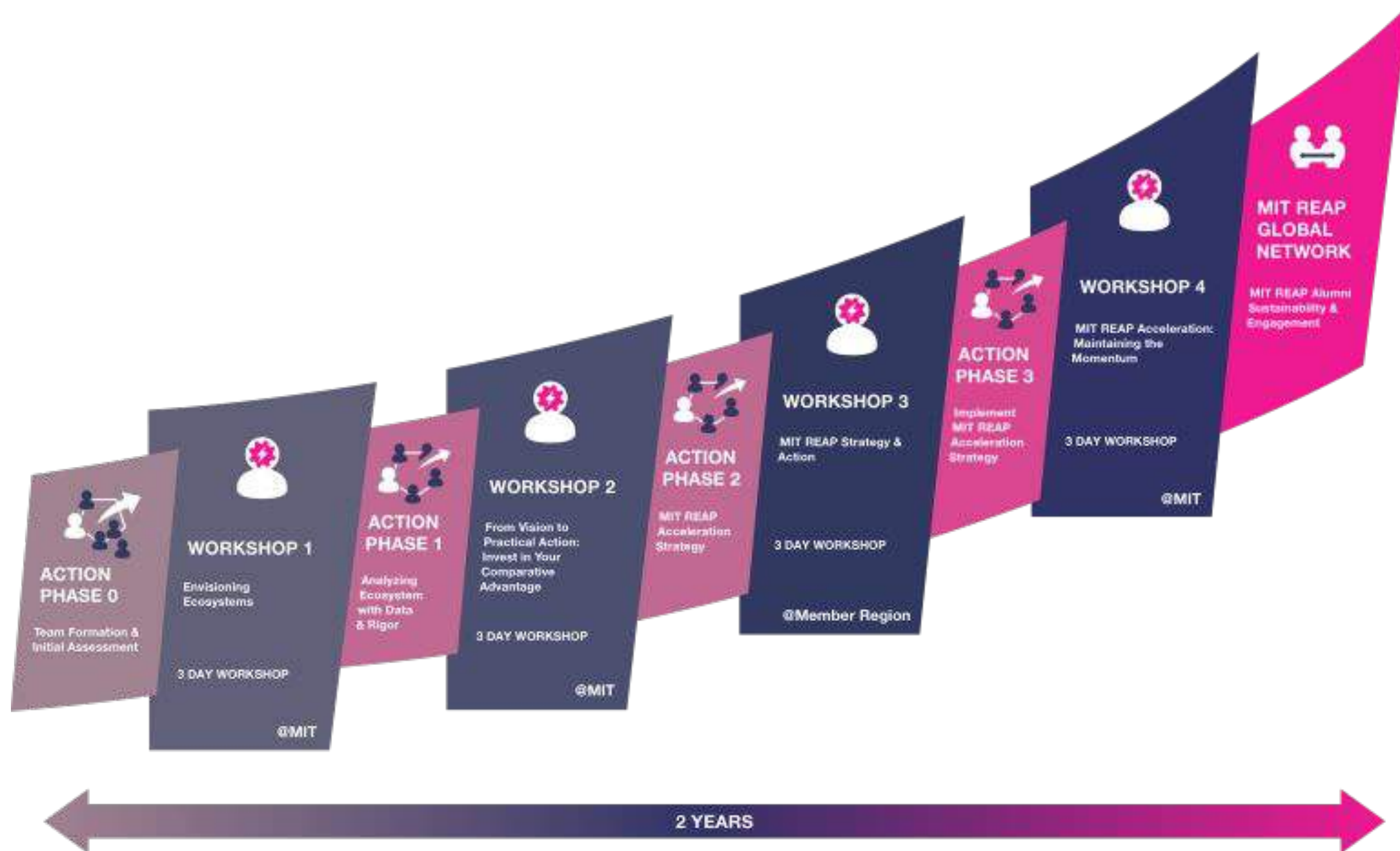
- **Des Moines, Iowa**
- **Kansas City, Missouri/Kansas**
- **Omaha, Nebraska**
- **St. Louis, Missouri**

- **International:**

- **Dominican Republic**
- **Hungary**
- **Piaui, Brazil**
- **Western Australia**



MIT REAP Timeline



Our Why

We believe entrepreneurs solve problems which all other stakeholders (university, government, corporate, risk capital) cannot or will not.

They inherently solve problems that impact the communities we live in and the greater society.

The How + What

HOW | Entrepreneurs create value in many ways:

- **starting a new business**
- **bring innovative solutions to market**
- **turn hobbies into side hustles**
- **create our fav shops on Main Street**
- **make products and services we buy every day**
- **employ the majority of people, even through big corps whose origin story was an entrepreneur with an idea**

Create an Urgency for Change

Our region's: There is a need for a critical number of people who are bold, brave, and open-minded to entrepreneurship as an impactful and good career choice. The **fear of failure** in a traditionally risk-averse state appears to be high as it prevents business starts in an already low density state.

How many people are becoming entrepreneurs? (Kauffman)

The rate of new entrepreneurs in Iowa has been below the national rate in most years since 2004. In Iowa, the rate of new entrepreneurs in 2021 was 0.22%, meaning that **2.2 out of 1,000 adults became new entrepreneurs, on average, in a given month**. This compares to 0.36% nationally.

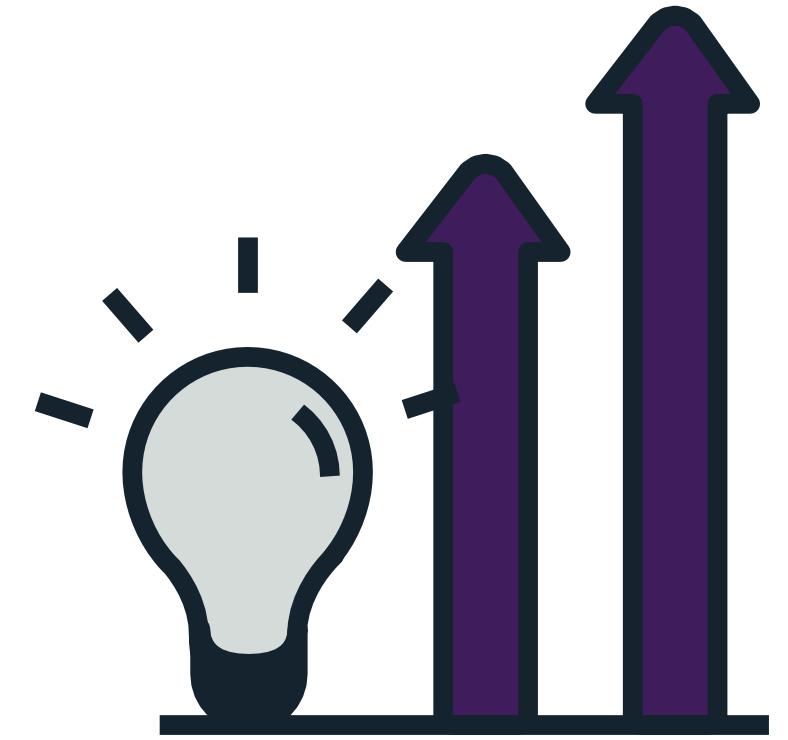
Our Primary Objective + Purpose

What is Iowa doing to encourage and support more entrepreneurs to start or start again so that they keep taking risks to solve problems if no one else will?

Are we building a region that retains and grows startups across Central Iowa?

The Land of Opportunity

Building in Iowa



Power of Community

- A Community with a Presence
 - Shows up
 - Mentors
 - Cheerleads
 - Rolls up sleeves
 - Provides intros & access

Ecosystem of Innovation

- The Central Iowa Entrepreneurial Support System is a strong asset across all 5 stakeholders ...and then some

Founders who Fit in Iowa

- Opportunity to Impact Change
- Space to Focus
- Surrounded by Champions who want to see you succeed
- Progress over Politics

Central Iowa Entrepreneurial Support System

Accelerators/Incubators

ArtWorks
 BrokerTech Ventures
 Bunker Labs
 Cultivation Corridor Cultivo
 Drake Business Clinic
 EO Iowa Accelerator
 G2M Accelerator
 Global Insurance Accelerator
 Goldman Sachs 10,000 SMB
 Iowa Startup Accelerator
 ISU Startup Factory
 John Deere Startup Collab
 Mainframe Iowa Creative Incub
 Scale DSM Minority Accelerator
 Techstars Iowa
 Venture School

University

Central College
 Des Moines University
 DMACC Business Resources
 Drake University's Legal & Business Clinic
 Grand View University
 Grinnell College
 Jacobsen Institute for Youth
 Entrepreneurship
 Iowa State University
 ISU Center of Industrial Research & Service
 Pappajohn Centers → Drake | ISU | Iowa
 Simpson College
 University of Iowa Tippie College of
 Business

Risk Capital

Ag Startup Engine
 Ag Ventures Alliance
 Ames Seed Capital
 Ankeny Angels
 InnoVenture Iowa
 FIN Capital
 Iowa Community Capital
 ISA Ventures
 Manchester Story
 Midwest Growth Partners
 Next Level Ventures
 Plains Angels
 Red Cedar Fund
 Rural Vitality Fund
 Summit Ag Funds
 Twelve19 Ventures
 UnityPoint Health Ventures

Connections, Events, Education

1 Million Cups
 Black & Brown Business Summit
 Center on 6th
 Chamber of Commerce/Ed Dev (25+)
 DSM Music Coalition (Music
 University)
 Evelyn K. Davis Center
 FemCity
 Global Insurance Symposium
 Gravitate Coworking
 Greater Des Moines Partnership
 IEDA/Iowa SourceLink
 Immigrant Entrepreneur Summit
 Iowa Center for Economic Success
 Iowa EdTech Collaborative
 Mainframe Studios
 NAWBO
 Newboco (Kiva, DeltaV, K-12 edu)
 Pi515
 SBDC Iowa
 SCORE
 Startup Ames
 TAI (TechBrew, Prometheus, Summit)
 Techstars Iowa Startup Weekend
 Waukee APEX
 Women's Business Center
 V-Sum

Coworking

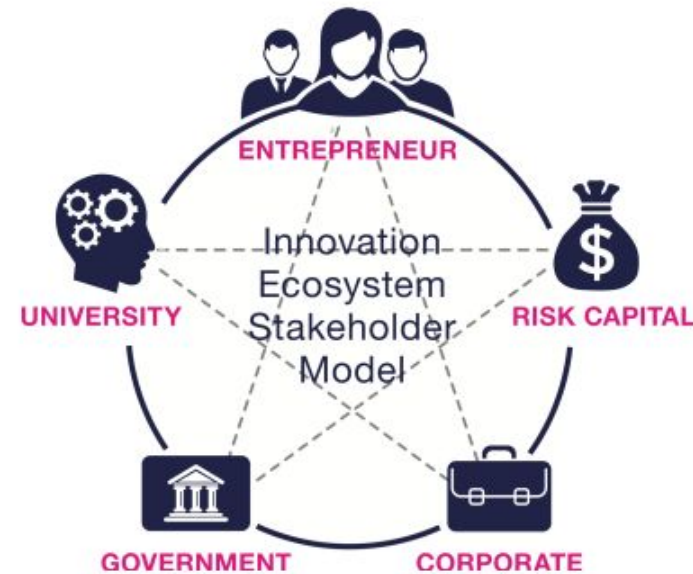
Bluebean
 Collaborate DSM
 Gravitate Coworking

Innovation Hubs

ISU Research Park
 Landus Ag Innovation Hub

Media

Ames Tribune
 Business Record
 innovationIOWA
 DSM Register
 Iowa Public Radio
 ISU News Service



Government

Energy Grants
 Federal, State, Local
 IEDA Innovation Continuum (VentureNet)
 Revolving Loan Funds
 R&D Tax Credits
 America's Seed Fund (BioConnect IA)
 Targeted Small Business Program

Corporate

AgLeader*
 Alliant Energy
 Aureon
 Casey's
 Corteva (Pioneer)
 EMC Insurance*
 Homesteaders Life*
 Holmes Murphy*
 HyVee
 John Deere*
 Kent Corp*
 Kemin Corp
 Kreg Tool
 Kum & Go | Krause
 Landus*

Corporate

Lincoln Savings Bk*
 MidAmerican Energy*
 Pella Corp
 Pivot Bio
 Principal*
 REG/Chevron
 Ruan/Bankers Trust
 Stine Seed*
 Sukup*
 Vermeer*
 Wellmark*
 Wells Fargo*
 Workiva*

Hacker/Makerspace Studio

Area 515 Maker Space
 Hackathons → HackISU | dsmHack
 ISU Student Innovation Center
 Maple Studios
 Mainframe Studios

Map out your community assets that support **Entrepreneurship**



■ **Create a visual representation of your stakeholder network**

Ask 10+ people to contribute to it!

■ **Include existing influential organizations, people, and initiatives**

■ **Keep it in an “always editing” format to add and make changes!**

Identified Challenges

Do the work: Entrepreneur & Risk Capital Needs Assessment

- Create open-ended questions with stakeholder group
- 15 interviews with entrepreneurs and risk capitalists
- 50 entrepreneur surveys, 50 risk capital surveys
- Conduct focus groups

Early-Stage Risk Capital

Volatile

Fragile

**Small amount of
active angels**

**Handful of funds
over \$50M**

Limited Diversity

Entrepreneur Findings

- More investors who could/would invest in ideas
- Limited resources who could listen, mentor, and advise young entrepreneurs Disjointed
- and uncoordinated entities that provide entrepreneurial resources We have the capacity
- and resources but need to put them to more complex work We need more event-based
- forcing of entrepreneur network creation/fostering We need more people and more
- entrepreneurs among them
- Few/minimal sources of big money (>\$100MM funds)
- Siloed relationships between Ames and Des Moines
- Non-ag/fin/insurtech businesses struggle to find supportive resources/funds Limited
- resources for later-stage companies (3 yrs and older)
- Lack of focus on sustainable, long-term businesses (over serial entrepreneurs)
- Safe spaces for hard conversations
- Limited diversity of thought from corporate, customer, SMB segments

Cultural Perception of Entrepreneurship as A Pathway

**Low Rate of New
Entrepreneurs**

**Risk-Managed Attitude
in Iowa**

Low Employment Rate

**High Paying
Professionals**

Lack of Healthcare

Corporate Engagement with Startups Has Room To Be Amplified

Misconnections

Lack of shared goal

Innovation theatre

**Different industry
priorities for startup vs.
corporate**

Unclear onramps

Find the solutions...

Develop Must Win Battle(s)

- Decide on a concrete project that is required for the ecosystem to accelerate, but also will help sharpen the common agenda, create shared measures, and, most importantly, is something that your team will be proud of when accomplished.
- Develop an initial set of key metrics for your MWB(s) to evaluate your ecosystem over time.

Risk Capital Findings

- Uninvested capital sitting on sidelines amongst venture funds and angel networks awaiting the good deal flow
- A need for founder-friendly terms
- Low incentives for managing directors or investment team(s)
- Aversion to leading an investment across many funds and networks
- Some investment vehicles are limited to Iowa-homed startups only
- Many investors seeking revenue in initial pitches
- In the absence of generalized CVC, corporate investors focused on strategically relevant startups
- Threat to investor-friendly credits and environment risk drying up capital
- Need for more angel interaction to foster learning and maturity
- Need stronger and more inbound deal-flow

Building a region that retains and grows startups across Central Iowa

Increase corporate relations & partnerships with entrepreneurial community	Change cultural perception and awareness of entrepreneurial opportunity	Broaden the type and sizes of risk capital
WIP: Corporate Innovation Councils (Pship, EcDev groups)	Done: Online resource navigator tool for entrepreneurs	Done: Creation of rolling angel investor fund
WIP: Formalize mentor networks for DSM/Ames (use or create similar program from MIT Venture Mentoring from Pappajohn Centers)	WIP: Creation and updates of Iowa Innovation Dashboard	WIP: Creation of \$100M AgTech Fund
1st Customer Program	WIP: Creation of long-term (3-5yr) marketing campaign w/ regional partners	WIP: Angel Investor education and summit
Case studies showing the value to corporates to engage in the local startup community (ForgeNorth example)	Consistent eship events and programs to provide onramps and access	WIP: Wellmark VC Fund Replacement
	Entrepreneurship-marketing professional group to amplify storytelling/best practices	
	Resurrection of startup publication	

Resources to help!

Data for Iowa Eship:

www.lowaInnovationDashboard.com

www.indicators.kauffman.org

Coverage in the Startup Iowa Hot List:

www.startupiowa.substack.com

It takes one person to start something

“Many small people, in many small places, do many small things, that can alter the face of the world.”

Let's have a conversation!



DIANA WRIGHT

**GREATER DES MOINES PARTNERSHIP
STARTUP COMMUNITY BUILDER**

dwright@DSMpartnership.com p: (515) 286-4949

**With ❤️,
from Iowa**



Greater Presence of Risk Capital

PROGRAM OVERVIEW

CHALLENGE Absence of a truly early-stage funding program for Iowa startups

HYPOTHESIS: Lacks limit of IDE formation
Inability to match negatively affects underserved
Community banks have investible \$\$

OPERATIONAL OVERVIEW
The creation of investible fund served by rolling investment committee seeded by the MIT REAP team

KEY INPUTS

INPUT 1
SAFE like debt with EPR rate, repayment with \$1MM+ raise

INPUT 2
IDE potential checklist

STAKEHOLDERS ROLES

CULTURE
Concurrent with the Proof of Commercialization funding

CORPORATE PARTNERSHIPS
Community banks

INVESTORS
Any angel or professional investor via syndicates

ACTIVITIES & RESOURCES

MENTORING
VentureNet panels + SWOT analysis

EDUCATION
Raising Capital seminars

INFRASTRUCTURE & SPACE

ACCESS

SERVICES

Proof of Commercialization prep

KEY OUTPUTS

OUTPUT 1
Facilitate IDE funnel
Increase POCR dealflow
Brand elevates private-public partnerships
Track growing sectors
Wellmark replacement vc fund
Possible rolling fund
Strengthening angel investing
Raising capital edu (more frequency)

SHORT-TERM OUTCOMES

OUTCOME 1
Visibility
More accomplished by entrepreneur
Harder to kill/horse trade by lawmakers

LONG-TERM OUTCOMES

OUTCOME 1
Syndicate
Increase in startups that apply for the state's innovation continuum funds
Higher success rate from funding seed stage to Series A rounds

IMPACT

IMPACT 1
Larger number of IDEs move through the funding funnels
Perception that there is capital to support startups and IDEs in Iowa
Founder-friendly process that attracts the right startups to Iowa or to stay in Iowa and majority of their growth

Increased Corporate Engagement

PROGRAM OVERVIEW

CHALLENGE

Lack of corporate engagement with IDEs due to lack of engagement in the ecosystem and lack of knowledge on how to work with early-stage startups

HYPOTHESIS

Corporates want to engage but do not know how and lack an avenue for structured engagement.

OPERATIONAL OVERVIEW

A structured program could be a venture studio program or a first customer program

KEY INPUTS

INPUT

- IDEs
- Entrepreneurs
- Corporate Employees and Leaders
- Corporate investors and fund managers

STAKEHOLDERS ROLES

CULTURE

Entrepreneurs wanting early feedback from potential customers on products or needing industry knowledge or access to channels for partnerships/customers

CORPORATE PARTNERSHIPS

Access to key staff at corporations including those with the ability to make buying decisions

INVESTORS

N/A

ACTIVITIES & RESOURCES

MENTORING

Expert and professional mentorship provided through corporates willing to participate in program(s)

EDUCATION

Expectation of relationships and clear defined outcomes

INFRASTRUCTURE & SPACE

Hosted meetings at corporate and startup spaces

ACCESS

SERVICES

Fractional services provided
Formalized network

KEY OUTPUTS

OUTPUT 1

1st Customer Program
Outline of expectations
Intake form and questionnaire
Facilitate connections that are a good fit based on industry channels
Follow-up in 3 and 6 months to understand value

-Innovation internally shared across companies (Principal, John Deere, Pella) info-sharing,

SHORT-TERM OUTCOMES

OUTCOME 1

Increase in research related IDE's at university

Faster rate of success or failure for IDEs

Strengthen relationship between corporates and startups

Increase innovation within existing businesses where little resources are allocated for new product offerings/services

Curate experience for talent to get involved and feel part of a mission outside of normal job responsibilities

LONG-TERM OUTCOMES

OUTCOME 1

Acquisitions and partnerships active among the region's corporate community and startups

Speed up the success for startups to move faster to acquire customers and build scalable businesses

IMPACT

IMPACT 1

Appetite to take more calculated risks among corporates by allowing startups to learn with industry leaders

Bridge the perception that industry is too big vs. startups being too small

Persistent Storytelling to Raise Cultural Perception of Entrepreneurship



PROGRAM OVERVIEW

CHALLENGE: It takes constant effort to tell the narratives, stories and resources for the community to know that entrepreneurship can be a career here.

HYPOTHESIS
How can we create a short and long-term plan that amplifies the people building businesses in Central Iowa?
How can we make sure that all communities have access to resources and are aware they exist?

OPERATIONAL OVERVIEW
Comprehensive marketing plan including resurrecting online publication (Clay & Milk), hosting events aimed at introducing newcomers to the resources, and an online resource navigator tool for Central Iowa

KEY INPUTS

- INPUT 1**
- Media and publications
 - Writers and entrepreneurs
 - Entrepreneur Support Orgs
 - Creatives and Artists
 - Educational partners

STAKEHOLDERS ROLES

- CULTURE**
Perception that entrepreneurship is a career choice
- CORPORATE PARTNERSHIPS**
- INVESTORS**

ACTIVITIES & RESOURCES

- MENTORING**
Entrepreneurs helping entrepreneurs
- Strong referrals
- EDUCATION**
Events that showcase resource providers
- INFRASTRUCTURE & SPACE**
Need to show up in-person and online to diverse and many communities within the Central Iowa region
- ACCESS**
- SERVICES**

KEY OUTPUTS

- OUTPUT 1**
- Clay & Milk - restructure model to ensure financial stability for long-term success
 - Marketing plan needs to win buy-in from key organizations that have budget and bandwidth for campaigns
 - Events need to be accessible and recurring to ensure it's an open-door for all to learn and plug into resources (be intentional about events and who is part of them)
 - Online resource navigator tool needs to be maintained and updated, also marketed

SHORT-TERM OUTCOMES

- OUTCOME 1**
- Increase awareness of resources that exist
 - Measure participation (when necessary) and engagement and tracking eyeballs

LONG-TERM OUTCOMES

- OUTCOME 1**
- Strengthen the community connectedness
 - Increase clients receiving help at regions ESOs
 - Cultivate a community that is constantly evolving and growing based on the needs of new and existing entrepreneurs

IMPACT

- IMPACT 1**
- Increase the rate of new entrepreneurs year over year
 - Build the community so it's bringing in new leaders that step up and nurture the culture of entrepreneurship

Other things to know

Basic Facts

Iowa Stats

- Size: 16,884 km²
- Central Iowa's Population: 917,938 (28.7% of state)
- State of Iowa's Population: 3,193,079

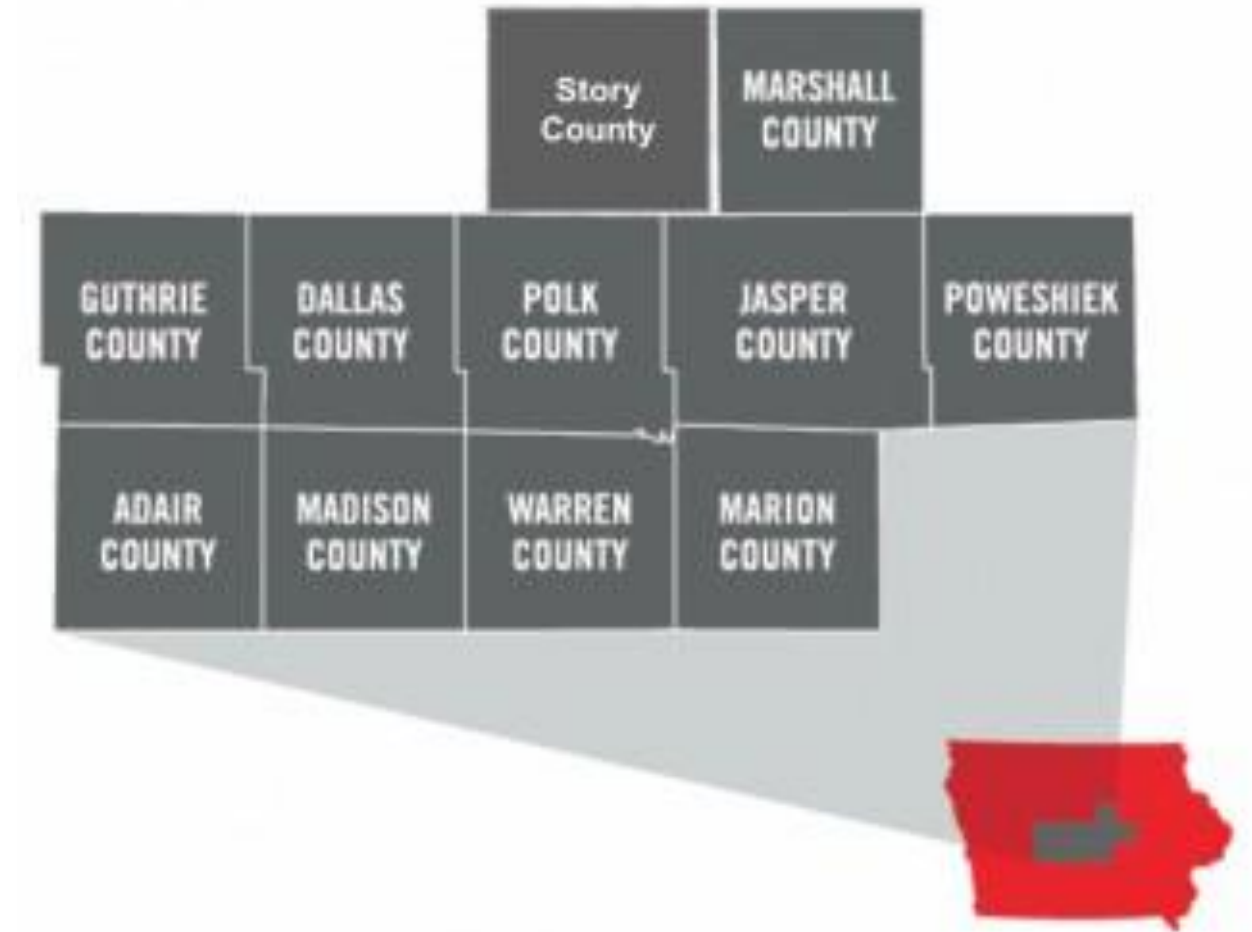
Source: US Census Bureau 2021

Ames

- 21.6 m²
- Population: 66,424
- Major Ecosystem: University
- Funding Opportunities: Federal grants

Des Moines

- 88.18 m²
- Population: 212,031
- Major Ecosystem: Corporations
- Funding Opportunities: Private fundraising



A Simple Overview

Jobs in Iowa



Jobs Profile

- Total jobs in Iowa: 429,303 as of 04/2022
- Private Sector Jobs: 366,808
- Self Employment: 60,102*
- Unemployment rate under the national average at 2.2%

Productivity

- 85.1% participation in the labor force for individuals ages 25-64.
- 2.3% unemployment rate in Des Moines as of 09/2022
- 1.8% unemployment rate in Ames as of 09/2022

Jobs by Sector

- Trade: 65,970 (20%)
- Government: 62,496 Professional & Business Services: 58,381
- Education & Health Services: 56,638
- Finance, Insurance & Real Estate: 55,471
- Manufacturing: 35,121
- Construction: 24,242
-

*Greater DSM Laborshed Survey 2022

Economic Specializations

- **Agriculture, Biosciences & Food**
- **Advanced Manufacturing Insurance &**
- **Financial Services Healthcare,**
- **Software & Info Tech Transportation &**
- **Logistics**

Subsectors

- **Ag Machinery and Services**
- **Feed**
- **Chemical & Energy**
- **Value-added Food**
- **Precision Ag**
- **Systems Robotics**
- **Autonomous Equipment & Vehicles**
- **CleanTech**
- **Drones**
- **Sensors**
- **Data Analytics**
- **Machine Learning/AI**
- **IoT**
- **Blockchain**
- **Mobile App Development**
- **Cybersecurity**
- **InsurTech**
- **FinTech**

Understanding Innovation Capacity (I-Cap)

I-Cap Outputs

- 6.2% of total workers are in STEM fields
- 3.5% of total workers are in Tech industries
- Patents per 10k job, 2018 was 5.9 (low but doesn't include Ames)

I-Cap Inputs

- 2.83% R&D expenditure in 2019 (as % of GDP)
- R&D business expenditure was 62.4% in 2018
- 4408.2 per M population researchers/professionals engaged in R&D

Understanding Innovation

Capacity (E-Cap)

E-Cap Outputs

- 0.22% of population that starts a new business
- 83.75% Startup survival rate after one year
- 2.84 Avg # of jobs created by startups in year one
- 86.88% of new entrepreneurs start by choice instead of necessity
- 11.71% all new businesses that make 1st payroll with quarters of business filing

E-Cap Inputs

Funding/Human Capital: United States

- R&D expenditure (as % of GDP) is 2.83 in 2019
- R&D business expenditure (% of total R&D) was 62.4% in 2018
- 4408.2 per M population researchers/professionals engaged in R&D
- Quality of scientific research institutions scores high (6 out of 7) in Global Competitive Index, 2018
- PCT patents is 176.5 applications/ million pop.

Understanding Innovation

Capacity (E-Cap)

Infrastructure

- 0.22% of the population that starts a new business
- 83.75% Startup survival rate after one year
- 2.84 Avg # of jobs created by startups in year one
- 86.88% of new entrepreneurs start by choice instead of necessity
- 11.71% of all new businesses that make 1st payroll with eight quarters of business filing

Entrepreneurship

- Venture capital funding per worker 2020 was \$11 (below avg)
- High growth firm density, 2011-2017 is 69.1 (below avg)
- Self-employed establishments per 100 residents in 2018 was 6.8 (low)
- Share of establishments with < 20 workers is 82.8%
- Share of firms that are minority-owned in 2019 was 6.2% (low)

Share of firms that are women-owned in 2019 was 17.5% (below avg)

Understanding Innovation

Capacity (E-Cap)

Infrastructure

- Avg daily outbound flights per 100k residents 2021 was 3.2 (average)
- Miles of rail per 10,000 employed workers in 2019 was 9.9 (avg)
- Share of households with multi-provider access to 100 Mbps download in 2019 was 56.5% (below avg)
- Avg commute time in minutes in 2019 was 20.6 minutes
- Housing permits issued by 100 existing units in 2019 was 1.8 (avg)

Culture

- Entrepreneurial intentions: This is where the group believes Iowa scores low to open-mindedness to new ideas and choosing entrepreneurship as a career compared to the national outlook in the US (which scores high via Global Entrepreneurship Monitor).
- Our region's "urgency for change" is the need for a critical number of people who are bold, brave, and open-minded to entrepreneurship as an impactful and good career choice. The fear of failure in a traditionally risk-averse state appears to be high as it prevents business starts in an already low density state.