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## \$10M fund's goal: 400 new companies

Kauffman to join NEI at TechTown

By [Tom Henderson](#) And [Sherri Begin Welch](#)

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The New Economy Initiative for Southeast Michigan and the Ewing Marion Kauffman Foundation were expected to announce today that they have formed a partnership based at TechTown to help spur entrepreneurship and create 400 new companies in Southeast Michigan in the next three years.

On Thursday, NEI's governing council, made up of 10 private, mostly Michigan-based foundations, approved the partnership and \$9.25 million in funding to begin several economic-development programs.

Up to \$5 million over the next three years will fund the launch of the Kauffman Foundation's FastTrac entrepreneur training programs, initially at TechTown, said Dave Egner, who is interim executive director of NEI and president of the Hudson-Webber Foundation.

Another \$3 million will fund the nonprofit Urban Entrepreneurial Partnership over three years to assist 150 minority automotive suppliers in Metro Detroit to diversify their customer bases to four industries.

The program will work in conjunction with groups such as the Michigan Minority Business Development Council, the Michigan Economic Development Council, county economic groups and regional business accelerator organizations, Egner said.

NEI's board also approved a grant of \$1.25 million to ShoreBank Enterprise Detroit, a nonprofit affiliate of Chicago-based ShoreBank, to create neighborhood-based businesses that employ residents of the neighborhoods.



### KAUFFMAN FOUNDATION GREW FROM BASEMENT BUSINESS

Ewing Kauffman started Marion Labs in 1950 as a fledgling pharmaceutical business initially housed in his basement and grew it into a \$1 billion-plus operation by the time he sold it to Merrell Dow in 1989.

Kauffman, who later bought the Kansas City Royals, founded the Ewing Marion Kauffman Foundation in 1966 as an operating foundation to support his belief that philanthropy should support entrepreneurship.

Shortly after his death in 1993 at the age of 76, the foundation shifted from operating program to making grants in the areas of education and entrepreneurship.

The foundation operated the Kauffman Center for Entrepreneurial Leadership from 1992 to 2002 to introduce students to entrepreneurship and provide training to existing entrepreneurs.

It also established the Kauffman Fellows program to bring venture capital to the field, <http://entreworld.org> to serve as a credible, comprehensive source of information for entrepreneurs, and FastTrac, a national training program that has helped 300,000 budding business owners over the past 15 years.

In February, the foundation announced a \$1

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The grant could be just the beginning of seed money for neighborhood-based businesses, Egner said.

"Kauffman has what are recognized as the best programs in the world for entrepreneurship; they're very data- and results-driven," he said.

The foundation is also entrepreneurial itself, adapting its training to each community's needs, Egner said.

"This is the first step by NEI, the Kauffman Foundation and multiple partners...to rediscover that innovative spirit" that put the region on the map 100 years ago, he said.

No other region has the depth of engineering and design talent, three tier-one research universities within 75 miles of each other, the most-crossed border crossing in North America, which leads to logistics, trade and homeland security entrepreneurial opportunities, an unparalleled work ethic and an ingrained spirit of innovation, Egner said.

Kauffman is coming to Detroit because it sees Southeastern Michigan "as potentially the most creative and entrepreneurial site on the planet," Egner said.

With an endowment of nearly \$2.1 billion, according to its Web site, the Kauffman Foundation is one of the largest foundations in the U.S. and regarded as the world's largest foundation devoted to entrepreneurship. It will become an 11th member in the New Economy Initiative, contributing expertise in entrepreneurial training.

Launched in 2007, the New Economy Initiative is funded by contributions from 10 local and national foundations: Detroit-based **Community Foundation for Southeast Michigan**, Southfield-based **Max M. and Marjorie S. Fisher Foundation**, New York-based **Ford Foundation**, Detroit-based **Hudson-Webber Foundation**, Battle Creek-based **W.K. Kellogg Foundation**, Miami-based **John S. and James L. Knight Foundation**, Troy-based **Kresge Foundation**, **McGregor Fund** in Detroit, Flint-based **Charles Stewart Mott Foundation** and **Skillman Foundation** in Detroit.

Egner said the expectation is that up to 1,500 budding entrepreneurs will come to exploratory FastTrac meetings at TechTown once dates are set, starting in June. Of those, about 800 are expected to enter the program and produce 400 startups annually, he said.

The project includes business accelerator organizations and a host of others.

To establish hundreds of new companies, "...we will utilize every resource — Wayne State, the **Henry Ford Health System**, **Wayne County**, the **University of Michigan**, **Ann Arbor**

**Spark**, **Michigan State** and **Automation Alley**," Randal Charlton, TechTown's executive director, said Friday.

"The details have yet to be worked out, but the building blocks are in place and the work starts tomorrow."

"Carl Schramm, the CEO at the Kauffman Foundation, described what we are about to embark on as a unique experiment," Charlton said.

"We'll be basically doing triage. Maybe the engineers' skills will fit into clean tech. Some people might be funneled into **Bizdom U**. Some might be funneled into TechTown's SmartStart program," a six-month educational program for those starting businesses.

The foundation is expected to staff an office at TechTown to help oversee NEI's efforts.

"I am absolutely delighted to see the Kauffman Foundation bringing their program on urban development to Detroit," said Tom Anderson, a senior vice president at Troy-based Automation Alley, who was on a conference call Thursday afternoon when Egner spelled out details to local economic development officials, including Mike Finney, president and CEO of Ann Arbor Spark and Turkia Mullin, **Wayne County's** assistant county executive

million initiative — funded in part by the Minnesota-based **Deluxe Corp. Foundation** — to offer "FastTrac LaunchPad" entrepreneurial training programs in communities across the nation that have been hit hard by layoffs and the recession.

The first such program, aimed at providing rapid training to both the unemployed and entrepreneurs leading struggling businesses, began in New York in March.  
— *Sherri Begin*



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and chief development officer.

"It's exactly the right time to bring this to the city of Detroit. It will jump-start a wide range of new businesses in the city," said Anderson. "Here at the Alley, we want to find ways to add value to that."

"We are very encouraged that the NEI committee is bringing the Kauffman Foundation to TechTown. This continues the growth and synergy there," said Mullin. "There are going to be many great things coming out of there, and this is just the first step."

"It's a wonderful thing NEI is doing, deciding to make this significant commitment of resources to transform the community through entrepreneurial resources," said Finney. "It's great they are basing it at TechTown. It puts it absolutely at ground zero."

"Getting the Kauffman Foundation to the table is critical because it sets up an international set of eyes...I'm really enthusiastic about it, and we'll be actively participating in all their activities," he said.

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**KAREN ARONDOSKI** wrote:

I think that this is great however, it would be nice to see ALL of us that are suffering from the automotive to be inclusive of this rather than just the minority. In Michigan I don't think it should matter if you are female or male or the color of your skin, we are ALL in this together I would hope.

5/18/2009 4:12 PM EDT on crainsdetroit.com

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