

kinnektor

# "Launch Wisconsin has proven to be fertile ground for connecting with the startup ecosystem, creating partnerships and recruiting talent."

Founded in 2000, Stratatech develops cell-based human tissue for treating burn wounds. The company has received significant support from the Wisconsin-based angel investment community and more than \$30 million in federal research grants.

Stratatech's success story is one of many in the state. In each of the past two years, Hagar says the programs operated by WEDC and its partners have helped more than 300 companies bring in more than \$325 million in new funding and revenue, but there is always room to grow. WEDC continuously identifies missing pieces within the startup ecosystem and works to fill them so more startups can thrive.

"It's that continuum of opportunities we are looking for, like a series of stepping stones," Hagar says. "Ideally we can create enough stepping stones that a business can find something to fit needs."

For example, WEDC recently launched a competitive grant program that provides funding to organizations and communities whose efforts may not meet the eligibility criteria for existing WEDC programs. The program helps fill a gap that may exist in rural and midsize communities while fostering collaboration between organizations with similar goals. Earlier this year, 11 organizations were awarded nearly \$500,000 in grants to help develop programs aimed at advancing the climate for entrepreneurship throughout the state.

This type of innovative cooperation is a win-win because, as Hagar says, "When startups succeed, communities succeed."

## Venture Community: Winnebago Seed Fund

#### David Trotter

David Trotter saw many Wisconsin entrepreneurs facing the same challenge: a lack of access to venture capital at the seed stage of their business. To remedy this, he launched the Winnebago Seed Fund in May 2016 with the goal of raising \$10 million to invest in Wisconsin-based startups, focusing primarily in the Fox Valley. In less than nine months, Trotter had surpassed his goal, raising \$11 million.

This was accomplished through "a lot of meetings, persistence and brute force" as well as contributions from dozens of investors throughout the region, says Trotter, who is the managing director of the fund's general partner, Winnebago Capital Partners in Neenah.

Now the fund is searching Northeast Wisconsin for early-stage, high-potential startups in need of capital. A five-person investment committee will evaluate and select the most promising companies in which to invest. The fund's strategy is to be the first investor in new Wisconsin companies, in some situations forming a new company with the product inventor.

"If a community is going to grow, it's by creating new business versus relying on things that have worked in the past,"
Trotter says.

Growth is the goal regarding Wisconsin's startup ecosystem. Trotter says supporting entrepreneurs and innovators in their early stages brings immeasurable value to local economies. One of the greatest

competitive advantages the state offers entrepreneurs is its reasonable cost of living.

"Your dollar goes a long way in Northeast Wisconsin," Trotter says. "You can develop software anywhere in the world, but if you can do it where your cost of living is low, that means you have a longer runway and you are more likely to be successful."

The fund's mission of generating investor return by partnering with talented entrepreneurs aligns with and complements the efforts of Launch Wisconsin. Trotter says Launch bridges the gap between entrepreneurs and investors.

"It takes more than just funding," he says, "It takes groups like Launch to mix all the ingredients together. Launch is great at connecting people in the region, and that's not an easy task."

Wisconsin startups still face challenges, Trotter says, but the landscape is changing for the better with Launch leading the charge in creating the social framework for high-growth, innovative companies to thrive.

"We have all the ingredients here to be successful, and it's groups like Launch that are moving our region in the right direction," he says.

# Education Community: Lawrence University

#### Gary Vaughan

Academic institutions play an important role in the startup ecosystem. Gary Vaughan, coordinator of the innovation and entrepreneurship program at Lawrence University in Appleton, says they have the challenging task of preparing students for jobs that may not currently exist.

"The national and international businesses in the Fox Valley are looking for innovative employees to give them their edge against competition," Vaughan says. "In private and public universities, we are working toward creating that vibrant workforce."

This is especially vital for markets seeking to attract and retain new talent. Vaughan says businesses throughout Wisconsin are especially motivated to engage the startup community because of a lack of workforce.

"We have an unmet need right now, so corporations are looking for employees in places they traditionally wouldn't look," he says. "Everyone is looking for talent, and some of it is in the innovative startup world."

Students who have the skills and confidence to be innovators are in-demand employees. Vaughan says an entrepreneurial mindset applies to all industries and college majors.

"Our program is interdisciplinary," he says. "Entrepreneurs are people who get things done, and you don't need a business background to have that mindset." In an effort to grow that entrepreneurial mindset, Vauahan helped form The Fox Connection, a collaboration between four academic institutions in Northeast Wisconsin. The participating universities — Lawrence University, St. Norbert College, University of Wisconsin-Oshkosh, and University of Wisconsin-Green Bay work together to facilitate cross-campus collaboration among students and leverage the unique strengths of each institution to enhance entrepreneurial education and opportunity for students.

One way the organization accomplishes this is by hosting an annual business pitch competition, called The Pitch, where finalists from each school present their ideas to a panel of judges and an audience of students, community members, business leaders, entrepreneurs and investors. The 2017 winning pitch came from a Lawrence University team that was awarded \$10,000 cash and \$15,000 in startup assistance.

For business executives looking to engage the startup community and prospective employees, Vaughan says the best approach is simply to show up to events like The Pitch and Launch Wisconsin.

"The biggest thing businesses can do is not necessarily throw money, but rather share their time and talents," he says. "Get out from behind their desks and be part of these events where we create the environment and they create the magic themselves."

# Corporate Community

Wendy Lea



The future economic relevance and vitality of a city depends on innovation. The Cincinnati business community knew this, so

the Cincinnati Business Committee commissioned a McKinsey study to determine the gaps in entrepreneurial success in the region. This led to the birth of Cintrifuse: a startup catalyst that's a public/private partnership designed to build a sustainable tech-based economy for the Greater Cincinnati region.

Wendy Lea, CEO of Cintrifuse, says the organization has begun to fill those gaps in entrepreneurial success with the help of three essential assets: a 38,000-square-foot coworking space, a platform of entrepreneur educational tools and the Cintrifuse Syndicate Fund, a strategic set of funds focused on top-performing, early-stage venture funds in technology and life sciences.

Despite the gaps that exist, Lea says the Midwest is fertile ground for entrepreneurs thanks, in part, to the diversity of large industries.

"When you're an entrepreneur with a big dream that's potentially disruptive to traditional industries, this is a great place to be because you can be in the dirt with them and you can learn from them as well as partner and co-design with them," she says. "If startups can get savvy and pragmatic about how to approach them, you're fishing in a well-stocked pond."

At the same time, startups face challenges that hubs like Cintrifuse and Launch Wisconsin work to resolve. For example, the Midwest startup community is relatively small, Lea says, and lacks the critical mass that typically attracts outside investors. This requires entrepreneurs to think strategically about funding and persevere.

"The work ethic here is unique.
(Entrepreneurs) will go the long haul,"
Lea says. "They also know to get money
from institutional investors they just have
to be better. They know it takes a long
time — that they don't have as much
access to capital — and they suit up
for that."

Funding connections is a critical area of focus for Cintrifuse. It introduces qualified entrepreneurs to venture capitalists, members of the business community, and investors from around the country. Through the maintenance of the Cintrifuse Syndicate Fund and its active network of BigCos, universities, investors, and startups, Cintrifuse has helped more than \$140 million get invested into the Cincinnati region.

"The impact we are having is we are growing a strong base of digital native talent — people who understand technology at a baseline level and are willing to experiment with it for the greater good of business and the community," Lea says.

### *Venture Community:* Village Capital

Emily Edwards

Village Capital is a global venture capital fund that finds, trains, and invests in entrepreneurs solving real-world

# kinnektor

An active agent of human energy, ideas, and relationships, reshaped to kinnekt a dynamic network of big companies and startups.

Become kinnekted and learn more at kinnektor.com.