



Best Practices in Tech-based Economic Development: A National Perspective

Presentation by:

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State Science and Technology Institute

- Mission

- Leads, supports, and strengthens efforts to improve state and regional economies through science, technology, and innovation

- Funders

- Carnegie Corporation
- Kauffman Foundation
- MEP
- More than 180 state, local, and university TBED organizations



What is TBED?

- Approaches designed to encourage the creation and growth of technology companies
- Instilling technology in existing non-tech companies
- Emphasis is “growing your own” rather than recruitment, although recruitment can play a role, particularly the recruitment of talent
- Goal: create an environment in which tech firms will be created and thrive without government action
 - “Organic rather than synthetic” – Don Smith



Elements for Tech-based Economy

- Intellectual infrastructure
- Spillovers of knowledge
 - from universities
 - from informal networks
- Physical infrastructure
- Technically skilled workforce
- Capital
- Entrepreneurial culture
- Quality of life



Some Best Practices

- Commercializing university-developed technology
 - VentureLab, Utah's Centers of Excellence
- Intensive work with entrepreneurs; venture development orgs
 - i2E, Innovation Works
- Help encourage entrepreneurship
 - Pipeline
- Internship programs
 - North Dakota Operation Intern, Ohio Third Frontier Internship
- Financing
 - Connecticut Innovations
- Treat companies as part of portfolio
 - BFTP/Central and Northern PA Transformation Services



Two Approaches to Capital

Encourage Outside Investment

- Tax credits to encourage seed investments, VC investments and pools of funds
- Investor forums, VC conferences
- Angel organization development
- Certification/validation/due diligence/ brokerage services
- Angel education – creating smart money
- SBIR/STTR outreach & assistance
- Entrepreneurship education
- “Finance readiness” services

Direct Funding To Firms

- Grants/loans for applied R&D
- Require/encourage pension fund equity investments
- Offsetting pre-commercialization costs through grants (R&D, patent funds, pre-seed grants, etc.) to make firms less risky, more marketable
- Forgivable loans for working or seed capital
- Royalty-based financing, Equity placements
- Tax credits direct to firms
- IRBs, debt financing (incl loan guarantees) for later stage



SSTI Resources Available

- *A Resource Guide for Technology-based Economic Development*
 - Available for download at www.ssti.org
- SSTI Awards for Excellence in TBED
 - Available at www.sstiawards.org
 - List of winners and 20 podcast interviews with prior winners
- *SSTI Weekly Digest*
 - Sign up at www.ssti.org
- Regional Innovation Acceleration Network
 - Focus on venture development organizations, profile of five successful VDOs including Innovation Works and i2E
 - Available at www.regionalinnovation.org



A Good Starting Point

- Self-assessment of regional innovation assets
 - Definition of the innovation asset
 - Common indicators to determine health of the asset
 - Links to resources to help measure asset
 - Questions to consider
 - <http://regionalinnovation.org/assets.cfm>



Resource: SSTI Annual Conf, Nov 8-9, 2011

A vertical poster for the SSTI Annual Conference. The background is a solid olive green. At the top left is the SSTI logo in white. Below it, the text 'Innovative Economies, Creating Our Future' is written in white and dark blue. A list of action verbs is centered in a smaller white font. At the bottom, the word 'participate' is in a light blue font, followed by 'SSTI's 15th ANNUAL CONFERENCE' in white. Below that is the date and location in white. At the very bottom, 'Host Sponsor:' is followed by the TechColumbus logo and name.

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Lessons Learned

- Action should be based on:
 - Understanding of needs, capabilities, and gaps
 - Filling gaps to encourage change in private sector behavior
- Committed high-level leadership is required that understands:
 - Economic impact further down the road than other approaches
 - Research does not always succeed
 - Significant cultural differences between actors



Lessons Learned

- Management of organizations most important
 - Ability to build partnerships
 - Has or can develop network of resources
 - Can relate to entrepreneurs
 - Err on side of compensating too much, although quality of life can be motivating force in rural areas



Lessons Learned

- Characteristics of successful TBED programs
 - Three hallmarks for long-term sustainability
 - Do good work
 - Measure whether they' re doing good work
 - Telling people they' re doing good work
 - Champions from more than one sector (ideally all three)
 - Private sector, university, government (gov or legislature)
 - Effective management and staff
 - Entrepreneurial in approach/responding to change



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