

## A southern US state builds a powerful digital economic development engine to empower & grow thousands of startups and small businesses

### Introduction:

A southern state in the USA has roughly half a million small businesses and startups spread across every corner of the state. Most small businesses (SMB) fail at an alarming rate (20% in 2 years) thus hurting the SMB entrepreneurs and the state's economic growth. The reasons of failure were lack of skills in market research, business planning, marketing and financials.

The state's economic development agency wanted to change this and provide systematic assistance to the struggling small businesses as well as drive the innovation economy by attracting startups to the state and providing them help to fuel their growth.

It was a monumental task for the fairly small team and the limited resources at the economic development agency to provide systematic help to such a large number of ventures that are geographically dispersed across the entire state.

The state's economic development agency thought out-of-the-box and decided to go digital and build a digital economic development ecosystem that can help startups and SMBs across the entire state.

### The Challenges:

**Small team:** It was impossible for the agency's small team to educate, guide and mentor thousands of ventures spread across the state with a very small team. Quadrupling the team was not an option and it would have only marginally increased the level of impact.

**Limited pool of advisors and mentors:** The agency's small team could only help with few mentoring hours for few ventures. It was imperative that that pool is expanded to include local business leaders and successful entrepreneurs to achieve the scale and help the large number of small businesses. However, there was no easy way for connecting the ventures with the mentors in a self-service manner without agency employees becoming a bottleneck since they were manually making connections between the two parties.

**Limited pool of investors:** Every region from the state has limited number of angel investors. They would get the deal flow only from their local region and that too if the entrepreneur is somehow able to find a warm connection to the investor. Several promising ventures were not realizing their potential due to lack of capital.

*"StartupWind as a single Unified solution has dramatically helped us scale our efforts to accelerate the growth of the startups across the entire state."*

**VP of Economic Development for the State's economic development agency**

**Challenges for rural ventures:** Most of the mentors and advisors are concentrated in the cities and so are the investors. As a result, the rural startups and SMBs find it very difficult to get help from advisors or find any capital for their businesses.

**Manual processes:** Over the years, the state's economic development team used a combination of Google docs, Google forms, Excel and limited functionality point-solutions to run programs that created a lot of complexity and friction. This also took time away from directly helping the ventures.

**Prohibitive cost of buying multiple point-solutions:** as the market was cluttered with solutions that would barely solve one or two use cases. There was not a single solution that fulfilled all the state-wide economic development use cases such as Business Planning, Accelerators, Small Business Incubators, Annual Challenge & Grant programs, Mentoring program, Angel groups & courses to educate the ventures. Buying 4 to 6 incomplete solutions became prohibitive from the cost and TCO (Total Cost of Ownership) perspective and the integrated synergies still won't exist.

**Inability to run focused programs:** as the market is littered with solutions that act simply as a directory listing of ventures and makes it difficult to run focused programs such as Accelerators, Incubators, Competitions, Workshops, Grant Programs, and Focused Mentoring Programs. It was impossible to offer targeted path, coursework and mentors based on the industry, stage and the current needs of the startups and small businesses.

**Inability to demonstrate tangible results:** The economic development agency received both Federal and State grants to drive economic and job growth in their state. It was imperative to show tangible progress and impact made by the economic development agency on the state's economy. However, the data from different programs were often in multiple silos. Integrating that data and creating meaningful reports was very manual, and time consuming. Without the ability to showcase tangible progress, it was difficult to excite the grantees or the state's leadership to invest more.

## The Solution:

The southern-western state took a radical approach and decided to go digital in building an economic development ecosystem for its startups and small businesses. The agency authorities partnered chose with StartupWind's Unified Innovation & Mentoring platform that delivered a solution for all the key economic development programs such as:

- State-wide virtual accelerator programs for high growth startups.
- State-wide small business incubator programs for main stream businesses.
- Flagship grant program to fund promising local startups and attract startups to the state from elsewhere.
- State-wide mentoring programs.



- Online education via StartupWind's video-based courses as well as agency's curated content for relevant business topics.

**Unified solution:** StartupWind delivered the single unified solution with collaborative tools, frameworks, that span across the lifecycle of the entrepreneurs including ideation, business model canvas, business planning, mentoring, business plan competitions, virtual accelerators and online entrepreneurship courses. It dramatically reduced the silos, confusion for the entrepreneurs and administrative burden for the agency's staff.

**Focused program cohorts:** helped the agency to run focused programs such as startup accelerators, virtual incubators, competitions, workshops and grant programs instead of just listing the ventures in a directory. The program cohorts allow each one of the program to define a targeted path, unique content and most relevant mentors that are fit for the stage and industry of the ventures in that cohort. The program cohort also provide a safe and private collaboration for only the ventures, instructors, and mentors that are allowed in that program.

**Business Plan Competition:** The agency used the Business Plan Competition tools to conduct several state-wide and regional business plan competitions. The platform provided tools for online submissions of ideas and business plans, judge assignment, mentoring, and online judging capabilities to run the business plan competitions seamlessly.

**Virtual Accelerator & Incubator tools:** These tools were used heavily to create focused programs for startups and small businesses based on the stage and the need of the ventures. These private program cohorts provided step-by-step guided coursework, deliverables, feedback from experts and discussions with the mentors.

**Virtual Mentoring:** The StartupWind platform provided the state with its video-based, mentoring capabilities that helped small business owners to connect with experienced mentors from across the state. This helped unlocked the experiential knowledge from the mentors to help the ventures in the specific challenges they were facing.

**Ideation tools:** Early stage startups and small businesses used StartupWind's ideation tools to develop their ideas into viable business ventures through a step-by-step guided framework so that they can validate the market need, test the prototypes while getting the feedback from the faculties and mentors.

**Business model canvas:** is being used by small business entrepreneurs to evaluate economic viability of their ventures and to get them ready to create compelling business plans and get feedback from the expert mentors. The iterative tools allow the entrepreneurs to continue to revise their business plan based on the feedback they receive.

**Entrepreneurship courses:** Over 35 video-based courses from Silicon Valley Venture Capitalists, successful entrepreneurs and professors from Northwestern, UC Berkeley are available for the perusal of entrepreneurs. These self-paced courses cover topics from all aspects of the entrepreneurs' journey to help them navigate through various processes like

creating pitches, business models, projections, marketing plans, growth strategies, understanding finances, etc.

**Dashboards and Economic Development reports:** The platform provided macro-level reports to showcase the impact to the state and federal authorities who were providing the grants. The platform also provided micro-level reports to track the progress of each program as well as each venture, provide them targeted help.

## **Key Initiatives:**

**Flagship Grant Program:** The economic development agency runs a prestigious grant program that is designed to help promising local startups with sizable funding and also attract promising startups to the state. Hundreds of ventures from all over the USA apply every year. Each one of the multiple winners who has a potential to grow exponentially, receives over \$100,000 in grants.

The grant program is run as a multi-round business plan competition where hundreds of successful executives score and screen the ventures and also provide them valuable feedback.

A smaller number of ventures that were selected for the later rounds, got an opportunity to work with mentors from their industry and were able to refine their business plans based on the feedback they received.

**Virtual Accelerator:** 8 weeks, intensive accelerator program was sketched designed to fast-track high potential tech startups. The program was designed to help the startups to perform systematic market research, identify the right market segment and product-market-fit, develop strategies and tactics to drive customer traction and ultimately get ready with a story that is compelling for investors.

The program had step-by-step guided path, coursework and curated content for each module, actionable deliverables using business planning tools and discussions with expert mentors.

The success of the program lead the agency to run multiple program cohorts throughout the year and getting hundreds of high potential ventures ready for the next level.

**Small Business Incubator:** 8 weeks, intensive incubator program was designed to help main stream small businesses that otherwise don't receive this help.

The program was designed to help the small businesses to help them understand their market, offer right products that are compelling for the market, give them tools to establish online presence, educate them about how to drive traffic to their businesses and how to sell via online channel.

The program had step-by-step guided path, coursework and curated content for each module, actionable deliverables using business planning tools and discussions with expert mentors.

Similar to the accelerator program, the Small Business Incubator program was a huge success and since the demand kept growing, the agency ended up running several SMB incubator cohorts during the year and ultimately helping a large number of small businesses in the state.

**Virtual Mentoring Programs:** Entrepreneurs in the small cities were not getting help as the mentor pool was small or non-existent in their region. This is a common scenario for rural areas since the industry experts are typically based in bigger cities. The Virtual Mentoring Program solved that problem since the entrepreneurs from any region of the state could find a large state-wide mentor pool that was otherwise unavailable to them. Instead of relying on the agency employees to manually connect them, the entrepreneurs were able to find the right mentors, from anywhere in the state and request meetings and get the help they need. The process of finding mentors, requesting meetings, meeting via a video call and getting help was seamless.

## The Results & Impact:

The much coveted culture of innovation took root in the Southern state with more and more entrepreneurs, mentors and investors getting involved to actively participate in the economic growth and development of the state by taking active measures to innovate, pivot and grow their business.

- A thriving digital ecosystem of over 1500 ventures, mentors and investors were created and more importantly the infrastructure was built to help over 10,000 small businesses in the near future.
- Over 700 small business and startup entrepreneurs were helped with very focused programs that were suitable for the stage, industry and the need of their businesses.
- Over 250 mentors and investors were engaged on the platform not only helping the ventures with their input but uncovering opportunities for investments.
- Millions of dollars of grants were given to provide seed funding for promising high growth ventures.
- A powerful economic development engine was built that would play a key role in propelling economic and job growth in the state.



**Dashboard for State Innovation Network**

## Conclusion:

By going digital, the Sothern state built a powerful digital economic development engine to help fast-track over 1,000 startups and small businesses and ultimately boost economic activity and job growth in the state. More importantly, the digital ecosystem and infrastructure has enabled the state agency to plan the expansion of helping over 10,000 small businesses with very targeted programs and propel the economic activity to the next level.

*“StartupWind has enabled us to drive economic development outcomes at a significantly larger scale. I would highly recommend StartupWind for any economic development programs.”*

**VP of Economic Development for the  
State’s economic development agency**