

February 21, 2019

## Building High-Impact Entrepreneurship and Investing Communities in Flyover Country | Part VIII: The Path Forward

### Related Practices

Fund  
Grow  
Sell  
Start

Finally, we get to what Dan Claraham, one of my informal editors, calls the “so what?” part of this blog series. The part where I stop describing what needs to change and start prescribing how those changes might happen.

It’s a fair question; one that has been on my mind, for most of the almost twenty years that have passed, since I returned to my New North roots. Alas after all that time and thought, all I have is a couple of ideas, one more definitive than the other, but both sadly short of particulars.

First, and most definitively, we simply must get some qualified nurture venture investors seriously interested in the latent opportunity for risk capital investments in the New North. Qualified in that they must have personal, direct experience in the “real” world of high-impact entrepreneurship and investing. They must also be excited by the prospect of working with smaller pools of capital as they get their hands down and dirty helping less experienced entrepreneurs refine their ideas and manage their startups, often even before investing capital.

Fortunately, these investors do not need to bring their own capital to the table (or at least not any significant amount of the same). Venture capitalists typically manage venture funds where the capital is provided by third parties who are mostly passive (the “Limiteds”). So, while we need some regional limiteds to step up with some capital, we can look further afield for our venture professionals.

Badger State ex-pats who put in their time in Silicon Valley or other venture centers – folks likely to have some networks in some of those centers, as well as the requisite entrepreneurship and/or investing experience – would be good targets. Ideally, folks who could attract capital from outside the region at the front end (see Drive Capital in

Columbus Ohio for a best-of-class example of how that can work).

Addressing the cultural issues is more problematic. The challenge is two-fold, involving education and promotion. First, we must convince the broader community, particularly the folks with the capital (wealthy families and family businesses, as well as some of our larger corporate residents) and the best entrepreneurial material (young, hungry technologists and managers) of the need for changes. Beyond that, though, we need to sell those changes even as some of them (e.g. risk/failure tolerance, high job mobility) are not just alien, but in fact contrary to entrenched cultural norms.

My thinking on the cultural challenge starts with the idea that while we have a lot of public and private organizations focused on economic development, including small and lifestyle entrepreneurship, we don't have any significant organization focused exclusively on nurturing and promoting high-impact entrepreneurship and investing here in Northeast Wisconsin. We need an organization exclusively by, for, and about high-impact entrepreneurship and investing.

What would such an organization look like, and what would it do?

In terms of what kind of organization it would be, my thinking is that a small, low-overhead (perhaps initially one full-time (paid) "owner" appointed by and reporting to a small leadership team), largely "virtual" operation that would look to its members/supporters to host events and provide limited administrative support. The leadership team would be made up exclusively of folks who have extensive real high-impact entrepreneurial and/or investing track records. Hopefully including some Badger state expats in Silicon Valley and other venture capital centers.

The goals of the group – let's borrow from B-school lingo and call it "NewOrg" – would be four-fold.

First and foremost, educate a "first-generation" of New North high-impact entrepreneurs and angel investors on how the game is played in Silicon Valley, and how that can translate, with some modification around the edges, to the New North. This could be done online and via periodic learning/networking events. It's all about creating fundable entrepreneurs and startups – and value added, hands-on investors to fuel them.

Second, provide some sort of networking hub, virtual for sure, but also real (but mobile around the region) that high-impact entrepreneurs and investors in the region can call home. A place that hardcore company builders can congregate with every expectation that the people they meet their will be peers in the high-impact entrepreneurship and investing space – not wannabes and cheerleaders and (ugh) service providers with time on their hands looking for work. We don't (yet) have a lot of dots in our regional high-impact entrepreneurship and investing community – so, it is all the more critical that we get them connected.

Three, establish and nurture points of contact between our nascent emerging company builder community and established businesses in the region (potential future sources of capital, talent, and markets for regional startups) and key high-impact entrepreneurship nodes in Silicon Valley and other venture centers (potential financing and talent reservoirs). We surely need some solid nurture venture capital in the region – but if we want anything to happen sooner rather than later, we're also going to need to supplement it from outside the neighborhood

Finally, develop "buzz" in the New North and Wisconsin generally around high-impact entrepreneurship and investing in the region. The good, the bad, and the ugly – but always the "real" in terms of real

company builders, real deals and real milestones. No over-the-top cheerleading, and no “softening” of the message in terms of either how hard it is, or how different it is from small and lifestyle business entrepreneurship and investing. If we are ever going to get where we want to go, we have to make sure people know about where we are going, and why, and how – and what the journey looks like.

As any NewOrg gets going, there will be a temptation towards mission creep, if only because the number of folks in the region who fit the narrow mission/profile is today very small. Mission creep must be avoided. On the one hand, it would dilute the message and allure of NewOrg to the key company builder audience. Further, it would inevitably result in NewOrg being perceived as a competitor to any number of the region’s existing economic development groups, to everyone’s detriment. NewOrg must have a very specific mission in the high-impact entrepreneurship and investing space and must – like most successful high-impact startups – stay laser focused on that mission if it expects any success.

Building a vital high-impact entrepreneurship and investment hub in the New North will not be easy, and it will take time. Likely a decade or more to achieve a self-sustaining level of success. It also has something – besides risk – in common with playing the lottery: you can’t win if you don’t invest in any tickets.

## **Related People**

### **Paul Jones**

Of Counsel

[pajones@michaelbest.com](mailto:pajones@michaelbest.com)

T 608.283.0125