

# ‘Elevating’ Entrepreneurs

## Partnership Provides Consulting, Capital

**S**ome of the most famous brands and companies are started by “serial entrepreneurs” – those who get right back up and start over after failing (sometimes on multiple occasions).

Never heard the term? No doubt you’re familiar with these famous “serials”: Harland Sanders (aka the Colonel of Kentucky Fried Chicken fame), R. H. Macy (founder of Macy’s department stores), Henry Ford, Walt Disney and Bill Gates. They’re just a few of the now household names whose first efforts were fruitless.

Conversely, some hit the ball out of the proverbial park on the first attempt.

Entrepreneurship is about risk and reward. There’s a balancing aspect to it: knowing when to push harder (or when to give in) and having resources to support and sustain your business. Those resources may be even more important in the Midwest, which has not been known for its venture capital investing.

In 2011, the Indiana Economic Development Corporation (IEDC) created Elevate Ventures (a not-for-profit enterprise) to pave the way for more venture capital opportunities and business assistance to keep entrepreneurs moving forward. Elevate Ventures serves as a public-private partnership and was modeled after a similar program in Ohio called JumpStart.

### Seizing opportunity

Elevate Ventures CEO Steve Hourigan (an experienced entrepreneur himself) points to the “Hoosier humbleness problem” as one of the reasons Indiana’s entrepreneurial scene isn’t as robust as it could be.

“We’re so humble; we’re not bragging about what innovation is taking place here. The rest of the country is taking advantage of it. Consequently, we have excellent access to one of the healthiest university systems. But (students) are leaving because opportunity begs them to leave. We need to advertise to the talent workforce,” he offers.

“There are three things for an ecosystem for an entrepreneur to work: talent, supportive community and capital. In essence, those are the core ingredients. You have to have the

An annual forum at DeveloperTown allows Elevate Ventures’ entrepreneurs-in-residence to explore potential deals.





**Entrepreneur-in-residence Ryan Pfenninger brings his own business experience to the table as he assists organizations with their needs.**

velocity of opportunity to attract the talent, to attract the community – like-minded entrepreneurs want to be near like-minded entrepreneurs. And you need capital.”

Elevate Ventures manages Indiana’s 21st Century Research & Technology Fund (21 Fund). The 21 Fund begins to solve the capital issues with investments in small entrepreneurial start-up companies across the state, according to Daniel J. Hasler, CEO of the IEDC and Indiana Secretary of Commerce.

“We became aware several years ago, unlike the coasts, that Indiana was not a place that was blessed with a lot of venture capital experience or people in the venture capital business,” he acknowledges. “(The 21 Fund) is not designed to be the end all, be all of venture capital in Indiana, but to be a stimulant of other venture capital in Indiana.”

Hourigan says there is more confidence from investors in working with the state since Elevate Ventures can make deals on behalf of Indiana but its future doesn’t depend on the political landscape.

“If you’re a private investor thinking long term about your partners, the state is a very difficult partner. The importance of creating an entity outside of the state, but acting on behalf, was allowing partners to come in and partner in a progressive way with the state. That’s a mechanism that we could use to attract other capital,” he explains.

## Starting at the top

Northern Indiana, specifically, wasn’t seeing much in

the way of capital coming through the area.

Elevate Ventures has put five Entrepreneurs-In-Residence (EIR) in place to work with companies in a hands-on role to help steer through start-up and emergent company challenges, Hourigan shares. Prior to Elevate Ventures coming into Northern Indiana, the area was doing less than 5% of the state’s venture capital deal volume.

“Northern Indiana was picked for a number of reasons ... unemployment rates in the (area) were the highest in the state; there were strategic assets that weren’t being leveraged by tackling that humble Hoosier issue,” he indicates.

The network of angel investors – those who invest their own funds into start-up companies – in Northern Indiana wasn’t as active as possible because the deal flow wasn’t sufficient, Hourigan adds.

That is no longer the case. Opportunities to invest there have increased 40%. Part of that success comes from capitalizing on the experience and knowledge of the EIRs.

“We are seeing a lot more opportunities to invest in entrepreneurs and companies in Indiana, because these EIRs are finding them,” Hasler declares.

“We will receive from them a request for investment by the companies – and that continues to flow through 21 Fund vetting and due diligence process as it always did –

but now when we make an investment of funds from the 21 Fund, we’re assigning to the company an EIR who can help make sure they are avoiding the pitfalls a start-up might see.”

That’s one of the most important pieces for companies such as CloudOne, a Fishers-based technology business that partners with IBM to allow customers to bring software development tools to the cloud. The company relocated from Chicago to Fishers after the partnership with Elevate Ventures came along, says CEO John McDonald.

Elevate Ventures provided \$825,000 from the 21 Fund and the Indiana Angel Network Fund, but also put EIR Ryan Pfenninger on CloudOne’s board of directors to offer guidance.

“Ryan brings an incredible amount of experience to CloudOne; he’s helped us completely redo our web infrastructure and offered new contacts around PR. He’s constantly looking for companies and organizations that can help us do other functions more cheaply,” McDonald affirms. “The money is important, but Ryan has



**Building a community of support statewide is an important piece to growing entrepreneurship and retaining talent. Leading that charge at Elevate Ventures are chairman Howard Bates (left) and CEO Steve Hourigan.**



**Elevate Ventures also partners with those looking to solve municipal challenges through the “Investments for Indiana” program. A recent partnership was with the South Bend Department of Public Works.**

been a huge value-add to CloudOne.”

### Keep on moving

Elevate Ventures is set up to create a continuous cycle of entrepreneurship: EIRs work with growing businesses and then choose a company with which to take a management position for their next entrepreneurial endeavor. More EIRs come into the fold as more companies grow and need assistance.

“These EIRs are always entrepreneurs that are between gigs. They will start a company, will sell it and look for the next interesting thing. These are folks that have experience in start-ups, who have been beat up through

the process, who have learned a lot, have so much wisdom to impart,” Hasler describes. “It creates a virtual cycle. It creates a consulting cycle for the current entrepreneurial community.”

It’s all about figuring out what works – for the experienced EIRs as well as the first-time and serial entrepreneurs, Hourigan says.

“In a knowledge economy, you’re about experimenting and finding the experiments that work, and that’s what Elevate is very good at,” he notes.

### Bright future ahead

With just a year under its belt, Elevate Ventures has some optimistic long-term goals.

“I’d like to see a strong commitment to putting the services necessary in place to keep these companies moving forward, rather than trying to make a bet with large investment capital amounts and then seeing if our entrepreneurs can figure it out on their own,” Hourigan declares.



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Other goals: Partnering with angel investment groups around the state, stimulating outside money to come into Indiana and seeing returns on investments from the 21 Fund that can be reinvested in the next generation of Hoosier entrepreneurship.

Hourigan also wants to increase investment confidence in entrepreneurs that have tried and failed previously, as well as first-time entrepreneurs.

“We have a scarlet letter problem here in Indiana; you’re tagged with a letter that says ‘Failure’... (investors) really only want to take discretionary dollars and fund proven entrepreneurs,” he laments.

“The model that we have to formulate was one that said, ‘We’re going to take first-time entrepreneurs; those are difficult for Hoosiers to fund. If we’re going to fund serial entrepreneurs who have succeeded and failed, we need to attach them with entrepreneurs that have succeeded; that can quell those concerns that the investment community has.’ ”

Hasler’s message across the state and country: There is support for innovation and entrepreneurship here.

“In Indiana, we want people to feel like we appreciate the risk these people put on the line, that we understand the need for community and support, that we will do absolutely everything in our power to make this an environment that makes it as easy as possible for this to be successful and we will celebrate their successes, and we won’t abandon them in their failures,” he summarizes.


## INFORMATION LINK

**Resources:** Daniel J. Hasler, Indiana Economic Development Corporation, at [www.iedc.in.gov](http://www.iedc.in.gov)

Steve Hourigan, Elevate Ventures, at [www.elevateventures.com](http://www.elevateventures.com)

John McDonald, CloudOne, at [www.oncloudone.com](http://www.oncloudone.com)

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