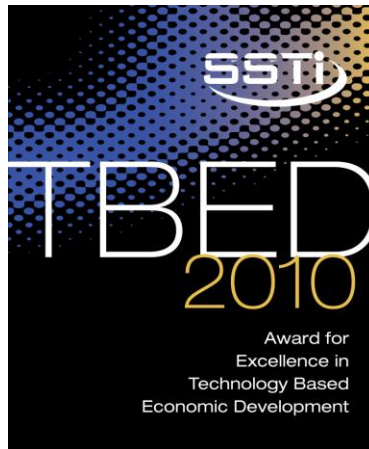


# Podcast Interview



Ray Leach, CEO, JumpStart  
Interviewed by: Phillip Battle, SSTI

*2010 Excellence in TBED Award Winner:  
Building Entrepreneurial Capacity*

Mr. Battle: Hello, this is Phillip Battle from SSTI, and this is the first SSTI Podcast of 2011. If this is your first time listening to a Podcast, each episode we take a few minutes to speak with past winners of SSTI's Excellence in TBED Awards. Today we are very fortunate to have Ray Leach, CEO of JumpStart, a venture development organization supporting high-tech entrepreneurs in northeast Ohio. JumpStart was a 2010 winner of SSTI's Excellences in TBED Awards in the category: Building Entrepreneurial Capacity.

Hey Ray, thanks for being here.

Mr. Leach: Thanks for having me.

Mr. Battle: Most of our listeners are going to be at least passingly familiar with JumpStart. You've appeared on the Podcast before, but still for anybody that might not be familiar, can you give us just briefly some background on JumpStart?

Mr. Leach: JumpStart was a non-profit that was formed in 2004 that was the culmination, and the result of philanthropic and the business community in northeast Ohio coming together and asking themselves what could we do to dramatically stimulate the creation and the growth of very early stage technology businesses located in northeast Ohio. Our actual 501C3 is a result of a merger of three formerly separate non-profits and a partnership with an angel fund that originally existed in northeast Ohio that was a small fund – so those four along with this leadership from the community. These four organizations, and the people around came together to form the entity in the summer of 2004.

Mr. Battle: So today we want to talk specifically about what JumpStart is doing mostly in your advisory capacity for the entrepreneurs around the region. So what sort of programs do you have that provide advisors to entrepreneurs?

Mr. Leach: We have two fundamental programs that provide technical assistance in an advisory capacity. We're looking forward to actually expanding some of this work over the course of the next year. Traditionally, and today, we have a set of technical assistance that comes hand-in-hand with a significant investment from JumpStart. We have a group at JumpStart that we call JumpStart Venture. This is an entity that makes an investment – an average investment is about \$340,000 – that goes into these companies. Along with the investment we also bring entrepreneurs and resident experts that come along with the money. These companies are typically two or three people, and typically one to two years away from angel capital, or significant government funding. These are really, really early stage companies. We provide very intensive services to these entrepreneurs. We currently have about 47 firms that we are actively providing

this kind of support to. The average company will end up getting 800 to 1,000 hours of technical assistance, in addition to our money, on a pro bono basis. Out of those 47 that are in our portfolio, many of those have graduated. We have maybe 20 to 25 of those 47 that we are actively supporting on a regular basis.

Then we also have a whole additional set of technical assistance that we provide advisory assistance. We provide to companies that are either past JumpStart, but have in terms of the capital continuum, but have some significant challenges. A lot of times this involves talent. JumpStart has a whole set of programming that helps companies that are maybe at the series A or posting angel round of capital, but still are struggling to secure the kind of talent they need, particularly in their senior management ranks. We have a whole set of technical assistance and resources that provide for executive recruiting for those kinds of companies.

Then the majority of our staff and resources that go out outside this correlated with investment category are companies that are even earlier, and less appropriate, or not appropriate yet for JumpStart Ventures money. These would be entrepreneurs of existing companies, in some cases. But in most scenarios its new startup companies that are really, really young; maybe at the imagining or early incubating phase. We're helping those companies develop their business plans and their strategies, to enable them to raise maybe smaller amounts of capital.

One of the great outcomes of JumpStart's work in northeast Ohio over the last seven years, is we came in and started to do our work, it helped clarify the market for other investment opportunities. JumpStart provides technical assistance to hundreds of entrepreneurs a year in northeast Ohio on a pro bono basis, and helps a large percentage. Last year was about 65 of those companies helped them raise capital from other funds in northeast Ohio that are all even more risk friendly, or earlier stage investors even than JumpStart. We provide again, a range of technical assistance services to a wide swath and category of technology entrepreneurs in the region.

Mr. Battle: They are all technology entrepreneurs?

Mr. Leach: Yes, for the most part. I do want to add JumpStart also has a program that we've launched in conjunction with the state of Ohio, where we will also provide technical assistance to women and minority firms that are high growth, but not necessarily high-tech. We have a couple of folks in our organization that are focused on businesses. An example, a company that's in the food service business, it's gone from a couple million in revenue to now over \$10 million in revenue. JumpStart provides technical assistance to those kinds of businesses

that again are not necessarily high-tech, but are high-growth, and are located in northeast Ohio, that are women and African-American, Hispanic, and other federal designation of minority led.

Mr. Battle: Particularly with that type of advising, but with the others as well, I was wondering how you get the information out to entrepreneurs about what you're doing. Making them aware of your services; especially with the minority and women advising. Because traditionally, it's difficult for them to find out about these programs.

Mr. Leach: Right. We have a very significant set of activities, including social media, physical events. So in an average year JumpStart will have about 15,000 to 18,000 folks come to one of our events, or engage with us in some material way to learn about what we do, what we're up to. We have blogs that we write; we have an e-zine that goes out to over 15,000 people every two weeks. We have a very engaged, and I think from a comparative basis, a very robust communications and marketing effort that not just promote our activity, but it promotes the activity of our collaborators in the region.

One of the things that JumpStart has evolved over the last seven years, we're spending a lot of resources helping other organizations, both communicate and execute their efforts in technology based economic development, particularly as it relates to venture development kind of activities. We're out there beating the drum, not just for our programs, but for the programs of the collective. There are really about 11 non-profits that are highly engaged, and working collaboratively just in northeast Ohio focused on entrepreneurs, which includes incubators and other funds that are getting the support from the state of Ohio, and from other business and philanthropic entities in the region.

Mr. Battle: I do want to ask. These programs are centered on advising, the ones you mentioned before on advising, particularly entrepreneurs. JumpStart's mission is promoting a full entrepreneurial ecosystem around the region?

Mr. Leach: Correct.

Mr. Battle: So how do you do that? How do you both of those things?

Mr. Leach: It's hard. It's certainly hard. It helps when you have significant funders who share that vision, and really desire those kinds of outcomes. When JumpStart was formed in 2004 we were very, very narrowly focused on accomplishing our organizations goals and objectives. But as we've grown and matured, and as the ecosystem and they players have grown and expanded, both the state of Ohio,

our philanthropic and business community funders they want to see us play a collaborative role providing benefits to other initiatives in the region. Because we can do it more cost efficiently, more effectively, we can centralize certain features and functions. For instance the CRM and metric systems that these organizations depend on and our funders depend on the accountability for that. JumpStart provides those services on a pro bono basis to our partners in the region.

So in the next year, JumpStart will spend over \$1 million supporting other organizations in the ecosystem. These are dollars that we've raised and that we've been able to raise collectively from public, private and philanthropic entities that don't fund activities at JumpStart, but actually support the activities and the outcomes of our collaborators. That's not something that can happen overnight. This has evolved over time and I would say JumpStart has had an increasingly significant focus on the ecosystem itself over the last couple of years.

Mr. Battle: Back on the advisory programs. Are your entrepreneurs-in-residence full time?

Mr. Leach: Yes.

Mr. Battle: How do you recruit people to do that? Have you found them very willing to join up and help out other entrepreneurs?

Mr. Leach: Yes we have. I think we thought that might be a larger struggle for us than it's been. I think one of the reasons why it's evolved and has worked for us is that Ohio and northeast Ohio in particular has an increasingly positive reputation as an entrepreneurial region. We have for instance entrepreneur-in-residence in our investment activity. We call this a venture partner, but it's basically serving an EIR type role. This gentleman is coming from Silicon Valley, grew up here, and is relocating here to work for JumpStart. We're finding that it's not been all that difficult for us to find individuals with great national networks of investors and mentors, and strategic partners who are willing to come back to northeast Ohio to work for JumpStart. So it hasn't been as a significant of a challenge as we had initially envisioned it would be.

I think another benefit for those folks is that we don't have an expectation that they are going to be at JumpStart for years at a time. So if someone wants to come back to Ohio and wants to get into the deal flow of what's going on in the region, there's really no better place to do that than at JumpStart. Now not only because of what we're doing, but we're one of the hubs of the wheel, so to speak, that is enabling and empowering all these other activities in the region as

well. So if you are at JumpStart, you're going to have a much greater likelihood of getting insight and access to things that going on across the entire region, not just what JumpStart's working on.

Mr. Battle: At SSTI the TBED organizations tend to have an internal struggle with metrics with coming up with the right ones that are going to make the case for TBED type initiatives. What sort of information do you collect from the companies you work with?

Mr. Leach: We caught the whole wide range of information; you know half a dozen or more metrics on a quarterly basis. We have the benefit and the foundation of the state of Ohio really defining which of the most important metrics for our work. There are dollars that are following on in an investment capacity in the companies that we assist. The increase in revenues that these companies are able to generate as a result of the assistance they've gotten – the technical and financial assistance. Our principal metrics are follow-on dollar, follow-on funding dollars that are coming into the companies, and increased revenues. Of course, we also track jobs and we track patents, and we track grants that the companies are raising – federal or state grants. There is a core half dozen metrics that we collect on a regular basis. Again the state making that the priority has made it a little bit simpler for us as you infer from the question. There is lots of different directions you could go into in regards to metrics, and its helpful to have our most significant historic funder setting the foundation on what they believe are the most important.

Mr. Battle: You've found it easy enough to keep tabs on companies you are no longer working directly with?

Mr. Leach: Well it's not easy. It's an effort. We have a pretty significant investment in resources of people and activities to be able to continue to track those numbers. I think for any organization, even with the tools that we've built, it's not an automatic. It's not simple, but it's obviously critically important to remain focused on that because that's what enables you to tell your story to your funders.

Mr. Battle: JumpStart has had some pretty hope high profile news this year. Where is JumpStart going from here?

Mr. Leach: It's been a very interesting year and given the economy and the challenges of the economy, in some ways that make some of our aspirations easier. In other scenarios it makes it much more challenging. In our Ohio work we've been very encouraged by the new administration in state government, and in their

orientation and focus on supporting entrepreneurs in Ohio and northeast Ohio. I think this partnership that we've been able to form with the state of Ohio, through the Ohio Third Frontier is going to remain. We didn't necessarily know that would be the case even as little as eight months ago. So we are encouraged by that. I think out work here in Ohio is going to not only maintain, but I think actually increase its momentum.

On the national front, JumpStart has been very involved with the Startup America Initiative. We've launched, and have intentions, and have been working on trying to launch an initiative at JumpStart that would actually benefit a broader cross section of the country, called JumpStart America. I would describe JumpStart America at this point still in the incubation phase. Our ultimate goals are we are trying to find ways to leverage their resources and the lessons that we've learned along with our peer organizations across the country. There are certainly a handful of those that have learned a lot of these same lessons, and be able to figure out a way to organize public, private and philanthropic dollars on a national level to support the existing entities across the county that are already doing great work, but are being challenged by the financial environment in their regions or in their states, particularly around state government issues. But also to help regions who maybe do not have either the history or the level of resources to have an ongoing outcome driven initiative for them to actually be able to participate to create one.

JumpStart America, at this point, is really more of an idea of how to engage national, public, private and philanthropic entities to aggregate dollars which would then go to fund existing organizations across the country. Or perhaps provide planning for the creation of new organizations or new collaborations amongst organizations in different regions. At the end of the day there are 20 plus million jobs that need to be created. We know that small businesses can have a huge influence on that job creation. We also know that most regions are under resourced. The organizations that are there, and the activities that are there, are under resourced. We are trying to serve as a catalyst to try to help aggregate resources for other regions. Hopefully by the end of this calendar year this is a new idea that nobody has tried to do this before. So we are in the early stages, but hopefully by the end of calendar 2011, we'll have some positive news on partners, both in the philanthropic, public and private environment that believes in this vision, and believes in supporting initiatives like JumpStart across the country that are already in existence and new ones that could be created. That remains to be seen whether we can pull that off.

Mr. Battle: We always like to end these by asking about lessons learned. If there is anything that could be learned from JumpStart's experience that might be applicable for

sibling organizations across the country. If there is a lesson that you can pull out, specifically as it applies to increasing entrepreneurial capacity, anything?

Mr. Leach: Well I don't know whether I shared this, I may have shared this the last time you asked me this question. If I did I apologize. I think marketing and communications around the activities of individual organizations and/or the collative of the ecosystem are absolutely critical. If organizations don't have the resources and the intention, and the purpose to tell their own story, or to tell the collective story, no one else is going tell it for them. Raising resources from any source is difficult in this environment. So I think it's really important that organizations spend resources, whether that's time, money, on making sure that their story is clearly told, vetted, or speaks to outcomes; because that's really the foundation for these kinds of initiatives to continue to exist, let alone to grow.

I see a lot of technology based economic development entities that don't have enough resources for a marketing communication, and I understand why. They are trying to do the work, the actual in the trenches work of these activities. I get that and that's absolutely important, but there also has be resources for marketing, communications and certainly with social media, and the activities and platforms that are out there, it's easily able to be executed against, and it's in fluff expensive to do that work today than probably it's ever been. Having that intention is really important.

Mr. Battle: Ray, thank you very much for taking the time to speak with us. We really appreciate it.

Mr. Leach: Well thank you so much. Have a great day.

Mr. Battle: If our listeners would like more information about JumpStart they can visit the website at [www.jumpstartinc.org](http://www.jumpstartinc.org). For more information about the awards program please visit SSTI's website at [www.sstiawards.org](http://www.sstiawards.org). Thank you very much.