



1520 East 18th Street
Kansas City, Missouri 64108
www.uepkauffman.org

PRESS

New Economy Initiative Announces \$9.25 Million Investment to Assist Automobile Suppliers and Advance Entrepreneurship

Partnership with Kauffman Foundation will Refocus Talents of Unemployed and Underemployed into New Areas

DETROIT (18 May 2009) – New Economy Initiative (NEI) announced today an aggressive three-year economic recovery program that will help minority automotive suppliers transition to new industries and rapidly grow entrepreneurship in the region. NEI has partnered with the Ewing Marion Kauffman Foundation to provide entrepreneurship counsel and proven programs to help spur entrepreneurial activity. In addition to the NEI's direct cash investment of \$9.25 million, the Kauffman Foundation will bring programming development, staffing, materials and expertise to the initiative.

"With the region's tremendous assets – from a talented workforce to intellectual capital in research and technology to an unparalleled work ethic, and beyond – we have some amazing tools for developing the ideas and companies that will be the foundation of our future economy," said NEI interim director David Egner. "These efforts will help activate those assets and accelerate the increases in new businesses and jobs that the region needs."

The core pieces of the initiative are the proven Kauffman programs FastTrac® and Urban Entrepreneurship Partnership (UEP). As part of the package, Kauffman will deploy staff to Detroit, implement the programs, and analyze their operations.

"As Michigan knows from its rich history, entrepreneurs are the base of our nation's economic recovery during down times," said Lesa Mitchell, Kauffman Foundation vice president for Advancing Innovation. "The Kauffman Foundation is dedicated to providing the expertise and tools that help people advance their talents and ideas towards building businesses and creating new jobs. With the nation's highest unemployment rate, perhaps nowhere is this work more critical than here."

FastTrac® is a premiere business development program that has been operating for 15 years. More than 300,000 participants throughout the United States have been through the program. FastTrac® is comprised of quick, intensive 3-to-10 week training initiatives for unemployed or underemployed individuals seriously considering entrepreneurship instead of finding another job. Two versions, FastTrac® NewVenture™ and FirstStep® FastTrac®, will initially be coming to Detroit. Similar in approach, FastTrac® NewVenture™ is specifically designed for individuals who have been displaced from their job, while FirstStep® FastTrac® focuses on people with low-to-moderate incomes who are starting or expanding a small business. Each helps aspiring entrepreneurs define and evaluate business concepts and provides a blueprint for next steps. Included is a feasibility study that covers everything from marketing to product and service details to price and profitability assessments. It is estimated that 800 individuals will enter the Detroit FastTrac® program annually, creating 400 new start-ups per year over three years.

With the auto industry in dramatic transition, many suppliers have been forced to close or rethink their business.

The Urban Entrepreneur Partnership (UEP) – a non-profit program created by the Kauffman Foundation – will target minority automotive suppliers, offering one-on-one, hands-on support to retool their businesses into other industries. Four initial industries will be targeted: aerospace, alternative energy, medical devices, and military and homeland security.

Approximately 150 minority suppliers will be trained, coached and mentored over three years. Of the \$9.25 million NEI investment, about \$3 million will be applied to the UEP efforts.

In addition to the core entrepreneurial programs, the initiative will invest in and leverage other resources and partnerships, providing a well-rounded approach that increases the potential for success. All initial programs, for example, will take place at Tech Town, located in Detroit's Midtown/New Center area. Tech Town was established in 2000 to stimulate job growth and small-business creation by developing companies in emerging high-technology industries. Beyond the obvious philosophical synergy with the NEI/Kauffman initiative, Tech Town provides key assets such as a technology park with facilities and staff to support training, and partner relationships with Wayne State University and others. By initially locating the entrepreneurial programs in Detroit's Tech Town, local experience and expertise can be leveraged for cost efficiency, and to help amplify this and related efforts. As part of the initiative NEI will invest about \$5 million with Tech Town.

Another key partnership of the initiative has been established between the NEI and Shorebank Enterprises Detroit (SEB). The NEI will provide \$1.25 million to SEB to establish and manage the Detroit Business Innovation Development Fund. The fund will finance and support Detroit-based growth companies and start-up ventures, focusing on businesses that create or retain jobs for Detroit residents. An employee recruitment and support services program will link neighborhood residents with new job opportunities generated by SED-supported businesses and anchor institutions.

Implementation of the programs will begin immediately. FastTrac® will be launched in June, at which point individuals will be able to apply. UEP will be launched in July.

About New Economy Initiative for Southeast Michigan

The New Economy Initiative is one of the nation's most expansive philanthropic partnerships dedicated to economic transformation in the region hardest hit by manufacturing job loss and the global economic crisis. NEI includes \$100 million in funding commitments from the Community Foundation for Southeast Michigan (Detroit), the Max M. and Marjorie S. Fisher Foundation (Southfield, Mich.), the Ford Foundation (New York), the Hudson-Webber Foundation (Detroit), the W.K. Kellogg Foundation (Battle Creek, Mich.), the John S. and James L. Knight Foundation (Miami), The Kresge Foundation (Troy, Mich.), the McGregor Fund (Detroit), the Charles Stewart Mott Foundation (Flint, Mich.), and the Skillman Foundation (Detroit). The 10 participating foundations are leading the implementation and governance of the Initiative. The Community Foundation for Southeast Michigan, which initiated the collaborative, is serving as its administrative home.

About the Kauffman Foundation

The Ewing Marion Kauffman Foundation is a private nonpartisan foundation that works to harness the power of entrepreneurship and innovation to grow economies and improve human welfare. Through its research and other initiatives, the Kauffman Foundation aims to