# Lessons Learned and Voices from an Entrepreneurship Program for Underrepresented Founders

**Launch NY Founders Go Big Program**

*Identify, Educate, Inspire, Engage*

The Launch NY Founders Go Big Program is made possible through the generous support of JPMorgan Chase and other funders.



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Printed in the United States of America

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# Preface

This report was created through the support of JPMorgan Chase to document and model the lessons learned from the Founders Go Big program, a diversity, equity, inclusion, and accessibility entrepreneurship initiative which was created through JPMorgan Chase's generous support starting in 2020.

Launch NY piloted the Founders Go Big program, designed to enhance the engagement and progress of underrepresented, disadvantaged founders in creating high-growth potential businesses. This report is both a case study and a guide for investors, Community Development Financial Institutions (CDFIs, venture development organizations (VDOs, and other entrepreneurial support organizations—those which are committed to inspiring and empowering underserved founders to build successful, scalable businesses. Multiple voices are represented throughout the report as a reflection of the diversity of engagement in this effort.

Founders Go Big and endeavors like it require a long-term commitment to building a truly inclusive entrepreneurial ecosystem. We hope that the progress we have made will motivate others to join us on this challenging, yet rewarding journey, whether directly providing resources and programming to founders or supporting those who do.

# Thanks & Acknowledgements

Launch NY is deeply grateful to JPMorgan Chase for catalyzing the creation of the Founders Go Big initiative through its generous support. Its demonstrated commitment to helping build a more equitable and accessible entrepreneurial environment for underserved and minority founders of potential high-growth businesses should serve as an inspiration for others to join this effort. Thank you to Jeanique Druses, our lead at JPMorgan Chase for setting the stage for Founders Go Big to establish a new model for building an inclusive economy through high-growth entrepreneurship.

It is with gratitude that we acknowledge the Launch NY board of directors, our staff—including our Entrepreneurs-in-Residence (EIRs and the Founders Go Big Advisory Board, our program mentors and managers—and, most of all, the courageous entrepreneurs who started this journey with us. We are all learning and progressing together, in ways that we hope will expedite others on the same pathway to create inclusive economic prosperity in communities across this country.

# Executive Summary

## Overview

This report is both a case study and a guide for investors, Community Development Financial Institutions (CDFIs), venture development organizations (VDOs), and other entrepreneurial support organizations that are committed to inspiring and empowering underserved founders to build successful, scalable businesses. It is based on the experiences, insights, discoveries, and lessons learned by Launch NY, the first and only nonprofit venture development organization to provide pro bono mentoring and seed capital access to early-stage startups in the 27 westernmost counties of New York State, since establishing its Founders Go Big (FGB) program for underserved founders in 2020.

## Background

In the United States, entrepreneurship is the major driver of job creation and an important economic health and wealth builder. In particular, venture-backed startup companies have been shown to be the greatest generator of new jobs in the country, as documented by the Kauffman Foundation starting in 2009 [1]. More recent analyses show that from 1990 to 2020, venture-backed businesses in the United States created eight times more jobs than those without venture capital [2].

However, in the entrepreneurial world, as in many other parts of our society, some founders have greater access to the resources they need to be successful than others, particularly when it comes to venture capital backed businesses. The statistics bear out that women, BIPOC, and other marginalized populations with limited or no connection to capital and resource networks are left behind or left out entirely.

Key factors holding back underrepresented founders include the inverse and disparate correlation between those deploying venture capital and those receiving it. Only a tiny percentage of venture capital goes to underrepresented and underserved entrepreneurs. In addition, underrepresented founders generally lack access to early investments from friends and family that are necessary to start developing their big ideas to attract venture capital.

Other barriers that derive from socio-cultural disparities range from mistrust and/or misunderstanding of the equity investment model to lack of representative role models. Moreover, longstanding entrepreneurial support in most communities has steered founders from BIPOC and other underserved populations towards the Main Street or small business model versus the scalable, high-growth model.

## First Steps Forward

Launch NY—which was established to support and grow a startup ecosystem along with overall job creation and economic development in a region of declining industrial and manufacturing sectors, lower median income levels, and high unemployment—envisioned itself as part of the solution to the barriers faced by underrepresented founders who want to build a scalable business.

[1] https://www.kauffman.org/wp-content/uploads/2019/12/firm_formation_importance_of_startups.pdf
[2] https://nvca.org/wp-content/uploads/2022/02/Employment-Dynamics-at-Venture-Backed-Companies_FINAL.pdf

Possibly because it was co-founded and is led by a woman, and also because the need is so great, Launch NY has attracted a high percentage of underrepresented founders seeking mentorship, investment, and other related services. 42 percent of Launch NY's client companies are BIPOC- and/or women-led. As a U.S. Treasury Designated Community Development Financial Institution (CDFI) dedicated to financing in underserved, economically distressed communities, Launch NY has consistently funded a portfolio comprising more than 70% located in low income neighborhoods.

In 2020, appreciating its unique positioning in the entrepreneurial ecosystem, Launch NY established Founders Go Big to expand and enhance its engagement of underrepresented, underserved founders. Founders Go Big was envisioned as a program that would overlay Launch NY's traditional model of mentorship, financing infrastructure, and programming—but with additional culturally-relevant resources, attention, and intention. It would provide increased engagement, servicing, and financing for the target founder audience, supporting and inspiring traditionally underserved and disadvantaged people and populations, and support their efforts to transform big ideas into high-growth businesses. Launch NY defines a high-growth potential business as having annual revenue forecasts of $10 million or greater within five to seven years.

## Key Support

Launch NY sponsor JPMorgan Chase, which is committed to inclusive economic prosperity, recognized that there are entrepreneurs with much promise but limited access to resources they need to grow their businesses. That's why they invested $300,000 in Launch NY to develop methods to connect underrepresented, under resourced entrepreneurs to programming and equity investments that position them to successfully compete for the follow-on investments needed to take their businesses to scale.

## Lessons Learned (and Learning!)

Like the entrepreneurs it serves, Launch NY pivoted its plans to introduce Founders Go Big in response to the COVID-19 pandemic by moving its outreach and mentorship online in Spring 2020. While successful in reaching founders who were familiar with Launch NY, connecting with new recruits required Launch NY to move beyond its usual marketing strategy and tactics. Launch NY brought in BIPOC talent who were already embedded within the target audiences, which facilitated finding and engaging prospective founders where they are.

Additionally, Launch NY found that timelines for everything from recruitment and engagement to product development and fundraising are different for some underrepresented founders than for others. This was particularly exacerbated by the pandemic that especially impacted underrepresented founders. Launch NY found that more information and education are needed every step of the way, then it is critical to assess the founders' mindset, capabilities, and goals to determine next steps. Most entrepreneurship programs have a prescriptive curriculum that may be overly constraining.

As is true of many learning environments, founders responded much better to seeing than simply hearing. The most effective approach we found is partnering successful BIPOC and women founders, mentors, experts, and staff members, and enabling them to share first-hand their experience and expertise. More diverse, tailored resources are needed to illustrate to underrepresented founders that their big ideas have real potential, to encourage them to overcome systemic and cultural pressures to pursue traditional careers, to support them in building a scalable business rather than pursuing a small Main Street business model, and to demonstrate the value and method of attracting equity investment.

Among some underrepresented founders, there has been considerable resistance to the concept of equity investment in particular. Without context, underrepresented founders are often afraid of giving up control of their big ideas, their businesses, and their future wealth. While expressing interest in “going big,” they often lagged their highly represented counterparts Launch NY serves in being ready to accept equity capital necessary to accelerate their business. While Launch NY typically invests in companies that have already raised a “friends and family” round to build a minimum viable product or prototype, its Founders Go Big program has designated funding for smaller, earlier pre-seed investments for underrepresented founders who lack access to networks of family and friends’ capital, with follow-on investment also available.

Above all, it has been imperative to understand, acknowledge, and affirm each founder’s personal journey, and to be able to discuss their uniquely personal experiences with racism, sexism, or other bias that has negatively impacted them. Only then can trust be won, transparency achieved, candid feedback and constructive criticism given and received. Having relatable case manager-style outreach as part of the programming proved invaluable in meeting founders where they are and addressing the full array of concerns.

## Defining Success

To achieve true diversity, equity, and inclusion in the entrepreneurial ecosystem—and in the overall economy—intentional, long term effort is necessary to change the approach. When lessons such as those learned from Founders Go Big are built into entrepreneurial support and financing, a “virtuous cycle,” will replace the “vicious cycle.” In order to drive this flywheel in the future, the metrics for defining success need to change today, starting with incremental steps, such as building a minimum viable product or prototype as the first step, leading to the next round of funding and growth of the company and revenues, then the next …and the next. With newly created generational wealth and experience, they begin to invest in those coming up behind them, whether it’s their own family member or through funds and organizations that represent this intentional inclusion.

## More Time and Resources Needed

Founders Go Big and endeavors like it require a long term commitment to drive individual successes that build momentum and the ultimate goal of an inclusive entrepreneurial ecosystem. Although challenging to fully quantify, our experience shows that we spend 5 to 10 more resources on our Founders Go Big program than our core curriculum, but the early results tell us that the effort is more than worthwhile. We hope that the progress we have made will motivate others to join us on this challenging, yet important and rewarding journey, whether directly providing resources and programming to founders or supporting those who do.

Thank you for your interest in this report. We have purposefully presented the information in a way that reflects the diverse voices of our team and founders we serve, so readers can experience the program, while gleaning the lessons learned. For more information, contact Marnie LaVigne, PhD, co-founder, president, CEO and fund manager, Launch NY at mlavigne@launchny.org.

# I. Introduction to High-Growth Entrepreneurship and Launch NY

## A. Why is entrepreneurship important?

Entrepreneurship has received significant attention in recent years because of its impact both on our overall economy and on financial sustainability and quality of life in our communities. In particular, venture-backed businesses with high-growth potential to create a scalable enterprise have been shown to be the greatest generator of new jobs in the country, as documented by the internationally regarded Kauffman Foundation starting in 2009 [3]. More recent analyses reinforce this finding, showing that from 1990 to 2020, venture-backed, scalable businesses in the United States created eight times more jobs than those without venture capital [4] and startups less than 5 years old account for roughly two-thirds of new job creation [5].

Traditionally, communities nationwide have had small business resources, such as those supported by the Small Business Administration, including small business development centers, and the U.S. Department of Treasury, including Community Development Financial Institutions (CDFIs). These and many other programs are focused on assisting entrepreneurs develop their business plan, identify funding sources, and apply for that funding—usually in the form of a loan.

However, startups represent a unique type of business; they seek to solve large problems in the market, and to create a large opportunity to grow product revenues. Startups vary in the time it may take to be ready to bring their solution to the market and generate revenue; for example those offering consumer products or software solutions may be ready in a shorter time frame, as compared to biomedical and energy product startups. Yet, they share a common need for significant capital to build and grow their business as quickly as possible.

To accelerate the growth process, startups typically need a boost—namely a large infusion of capital from investors willing to take a risk. Financing for scalable businesses is much more appropriate for venture funding versus traditional debt financing because of the significant risk involved. By definition, virtually all startups lack an established track record and financial stability.

Educating entrepreneurs and potential investors about the differences between scalable, high-growth potential businesses and the small business model as highlighted in Figure 1 is a critical part of supporting founders who are considering the high-growth pathway.

[3] https://www.kauffman.org/wp-content/uploads/2019/12/firm_formation_importance_of_startups.pdf
[4]https://nvca.org/wp-content/uploads/2022/02/Employment-Dynamics-at-Venture-Backed-Companies_FINAL.pdf
[5] https://www.kauffman.org/entrepreneurship/reports/firm-formation-and-growth-series/where-will-the-jobs-come-from/


Figure 1

Recognizing the critical role of entrepreneurship in a healthy economy, both public and private entities have marshaled funding to establish numerous entrepreneurship initiatives for startups nationally and globally—particularly over the past 10 years. These have emerged as business plan competitions, incubators, accelerators, and seminars at the community level, often combined with national and international programs such as Rise of the Rest, Startup Weekend, and TechStars.

Fueled by economic crises since 2008, and more recently as a result of the COVID-19 pandemic, entrepreneurship as a viable and even necessary career pathway has been popularized. Starting in 2009, Americans were also exposed to the ABC TV series “Shark Tank” introducing the public to the depiction of diverse entrepreneurs across the country pitching investors for venture capital. However, the reality stands in stark contrast. Rather than being diverse demographically and geographically, the vast majority of venture funding goes to white men in major metropolitan areas in three states: California, Massachusetts, and New York. This leaves the majority of the country in the position of being “have nots” when it comes to fertile grounds for building new scalable businesses.

The picture is especially bleak for underrepresented entrepreneurs. For example, women and Black entrepreneurs combined receive barely 3% of venture capital invested annually in the U.S. [6]. During the pandemic, women-led startups actually dropped from an all-time high of 2.8% in 2019 to 2.3% in 2020 [7]. An August 2021 Forbes magazine article, “Tech Can Still Do More To Support Underrepresented Founders,” cited findings that while funding to Black entrepreneurs went up over the first half of 2021, it was still a miniscule percentage (1.2%) of total venture dollars invested in the country. This report is designed to highlight the experience and lessons learned in implementing an initiative intentionally designed to support underrepresented entrepreneurs.

[6] https://www.kauffman.org/wp-content/uploads/2021/10/kauffman_capital_report_2021_update.pdf
[7] https://news.crunchbase.com/venture/global-vc-funding-to-female-founders/

## B. Launch NY Founded to Fuel Startups

Launch NY's founding in 2012 was inspired most notably after we learned how peer communities addressed the need and opportunity to support high-growth potential businesses—especially in communities outside the traditional U.S. venture capital hubs. The founders of Launch NY were particularly motivated to embrace and pursue the venture development organization (VDO) model by the impact seen in peer Rust Belt communities after the above-mentioned studies from the Kauffman Foundation showed that high-growth potential, venture-backable businesses less than five years old are a primary driver of net new job creation in the country.

Despite having half the research and development activity that would yield new innovations and startups, Upstate New York versus New York City was receiving only 3% of the venture capital invested in the state annually in 2009 [8] with very gradual improvement since then. The good news is that the region is making headway in attracting venture capital; as of the fourth quarter of 2021, based on the rate of increase in venture funding, Buffalo ranked as the fifth best city for startups in the country [9]. However, simply bringing venture capital to a region does not ensure equal access for all entrepreneurs. Additionally, regional studies revealed that the solution to building scalable businesses needed to address not only capital access but also the scarcity of entrepreneurial talent and role models at the local level [10].

In 2021, even in the midst of the pandemic, the fruit of these efforts to support scalable businesses yielded ACV Auctions. After only seven years in business, the Buffalo-based startup became Buffalo's first "unicorn," and then participated in an initial public offering (IPO). A unicorn company is defined as one that is privately held and valued at more than $1 billion. ACV, a technology company that has created over 2,000 jobs while modernizing the wholesale automobile industry, may be the bellwether for what's possible when a community supports its visionary entrepreneurs with big ideas.

ACV's "new economy jobs" are contributing to an increase in the median household income and driving new wealth creation. This has already created numerous new accredited investors among the company's employees, who are now investing in other local startups. This is the exact cycle that this region requires to create a self-sustaining entrepreneurial ecosystem, such as ones that have had decades to grow in places like Silicon Valley.

ACV is a success story for the region, no doubt. But it is not a solution for all since it does not include underrepresented founders. It is crucial to continue to ask how a community can ensure an inclusive ecosystem for all entrepreneurs.

***As a proven intervention, well-established venture development organizations that provide pro bono mentoring and seed capital, like Jumpstart Inc. and Innovation Works, have created over 10,000 jobs in both Cleveland, OH and Pittsburgh, PA over a two to three decade period.***

[8] Entrepreneurship in New York: the Mismatch between Venture Capital and Academic R&D
[9] https://york.ie/blog/americas-fastest-growing-startup-cities/
[10] https://endeavorindonesia.org/new-research-from-endeavor-insight-reveals-potential-for-ecosystem-of-high-growth-companies-in-western-new-york/

## *Why Isn't Venture Investment Capital More Inclusive?*

One reason is the predominance of white males in the business and finance realm, especially in venture capital with a natural tendency to invest in people that are like them. Only 4% of investors are Black (compared to 14% of the population), only 5% of investors are women, and Latinx venture representation dropped from 5% to 4% during the pandemic. Then there are the disparities at the senior or partner level within funding organizations; only 5.6% of venture funds are led by women [11] and as cited in the aforementioned Forbes article, "of all venture funds that employ women, only 12% employ them in a decision-making capacity."

Second, the startups most likely to attract venture capital have usually achieved traction in the form of a prototype, known as a minimum viable product (MVP). They may even have some revenue from product sales—but it takes funding to get to the point of having an MVP and any sales.

Much of that early funding for traditional entrepreneurs, comes from friends and family; underrepresented founders, particularly those in low-income neighborhoods, are less likely to have access to the mentorship and capital they need through those avenues. That lack of access can create insurmountable barriers for founders with big ideas. The result is one of two negative outcomes: many great ideas die on the vine or the founders leave the area, going to other regions to pursue their dream.

The pandemic heightened national awareness of social inequities; one result is the evolution of more programming aimed at engaging underrepresented founders than ever. Nationally, there are over 130 new venture funds to serve these entrepreneurs [12]. However, most of them are struggling to connect with their target founders. The challenge then is to create a pipeline of promising, underrepresented founders who are on the path to a scalable business, especially to counter the default tendency to refer them to traditional small business resources, which focuses on debt financing and Main Street scale as previously noted and shown in Figure 1.

While capital access is key, having entrepreneurial talent and experience is equally important for building a scalable company from the ground up. This is a chicken-and-egg problem in that underrepresented founders are defined as being in the minority, so the role models are scarce. In regions like the one served by Launch NY that has been shown to have 20% less management talent than peer communities [13], serving underrepresented founders also means having to find ways to aggregate relevant entrepreneurial human resources. Aside from the previously mentioned three U.S. regions which have accounted for the largest volume of venture-backed businesses for decades, the majority of the country has limited experience building businesses with this type of risk capital among any demographic groups, and this is problem is even more severe among underrepresented entrepreneurs.

Changing long-standing patterns in building and growing new businesses—and helping founders pursue their dream or big idea—is daunting. Like any systemic change, the solution requires an intentional, long-term approach addressing the many factors that have created today's status quo. This report will introduce you to Launch NY's approach to creating a more inclusive entrepreneurial ecosystem—both the successes we have had and the challenges we have faced.

[11] https://assets.ctfassets.net/jh572x5wd4r0/7qRourAWPj0U9R7MN5nWgy/711a6d8344bcd4fbe0f1a6dcf766a3c0/WVC_Report_-_The_Untapped_Potential_of_Women-Led_Funds.pdf
[12] https://www.forbes.com/sites/nikmilanovic/2021/08/30/tech-can-still-do-more-to-support-underrepresented-founders/?sh=beb44676c23c
[13] https://www.brookings.edu/on-the-record/delivering-the-next-economy-in-the-buffalo-niagara-region/

## C. How Launch NY Was Established to Meet the Inclusivity Challenge

Launch NY was established as the only VDO serving the 27 westernmost counties of NY within a region shown in Figure 2 that has a population of over four million as of 2022. Fourteen of the 27 counties are urban and 13 are rural. The region's core urban areas, including Buffalo where it is headquartered, have a population of 700,000 with a minority population base ranging from 32% to 59%. The total population across all core urban areas in the region comprises an average of 27% African American and 11% Hispanic or Latino.

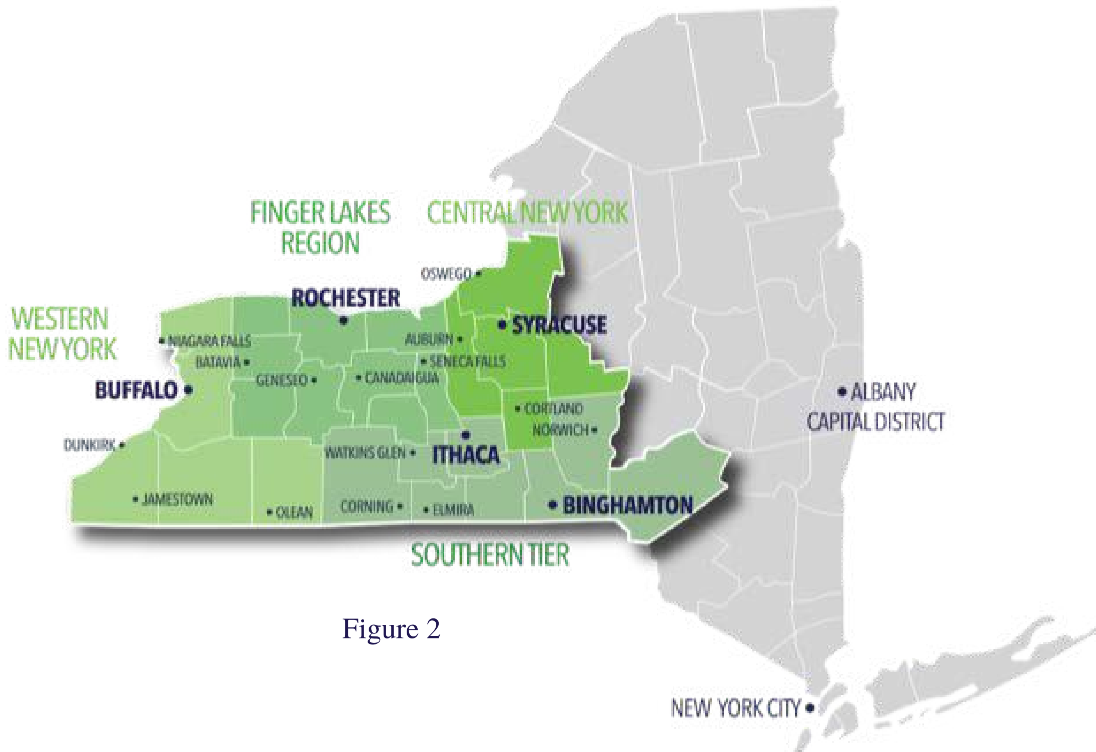


Figure 2

Launch NY actively partners with regional community stakeholders, including co-locating its headquarters and business support services at urban sites across the target market: University at Buffalo, Syracuse Tech Garden, NextCorps in Rochester, and RevIthaca, while utilizing co-working spaces at rural partner sites. We augment all of these physical locations with online programming and a virtual office platform.

Even with momentum, the region is still challenged with significant economic distress. For the past 30 years the region shown in Figure 2 has had substantially lower median income levels vs. national statistics, $57,018 and $68,703 [14]. This is even more pronounced in the core urban areas, with ranges from $38,893 (Syracuse) to as low as $35,730 (Binghamton) [15]. The pandemic led to a significant increase in unemployment (7.4% in 2020 and 4.5% currently), which still exceeds 2019 pre-pandemic lows of 3.9%. Although the current unemployment rate compares favorably to the current national average, reports present a compelling case that the figure is artificially low due to thousands of people dropping out of the workforce.

Launch NY implemented its VDO model as a 501(c)(3) nonprofit organization. It started with mentorship in

[14] https://www.census.gov/
[15] https://fred.stlouisfed.org/

2012, then, in 2016, added its first seed funding program. Given the lack of risk capital in the target market, the organization quickly became the most active seed funding source in New York State by volume of transactions, a position it continues to hold at the time of this report, according to Crunchbase [16]. In 2021, Launch NY was ranked among the top 5 nonprofit seed funders in the country by SeedRound [17].

Launch NY earned its designation as a Community Development Financial Institution (CDFI) in 2017 from the U.S. Department of Treasury. As the only venture funding CDFI directly financing businesses in New York State, predominantly in low-income neighborhoods, it has annually been awarded annual CDFI Fund capital to support its work every year since earning its designation. Launch NY is among fewer than 20 CDFIs nationwide who provide equity financing with a focus on economically distressed geographies and the only equity capital provider dedicated to supporting underserved, high-growth potential entrepreneurs across the western half of New York State.

After receiving its CDFI designation, Launch NY co-founded a unique consortium, joining forces with other local and regional CDFIs (some who provide debt financing) to offer entrepreneurs a "one-stop-shop." The consortium, accessible via CapitalConnectNY.org, is based around a client intake portal operated by the collaborative group. The portal welcomes founders with a short intake form, then funnels them to the first step in finding the most suitable financial and business resources for their goals and needs. This consortium provides a natural outreach and education network to support Launch NY's recruitment of underrepresented founders. Our dedication to inclusivity finds Launch NY consistently maintaining 40–45% women and/or minority founders in its portfolio.

Launch NY defines high-growth potential businesses as those having annual revenue forecasts of $10 million or greater within five to seven years. While some businesses may be based on technologies and intellectual property, many others may not, so Launch NY serves startups in all industry sectors that have the opportunity to reach scale that creates significant positive economic impact. The largest proportion of the companies served by Launch NY are in the tech sector, health and wellness, and consumer products with the remainder ranging from clean energy and manufacturing to business products. Since starting its company mentorship in 2012, Launch NY has provided development services to over 1,400 companies in the 27 counties, including 410 (29%) minority-led and 404 (28%) women-led. Initially implemented in 2016, Launch NY's first #InvestLocal Financing Program, its nonprofit seed fund, has funded 86 companies to date which employ 498 people and are 30% minority-led (4% represent African American and Latino founders) and 30% women-led, which far surpasses the national statistics previously cited.

As of December 1, 2022 Launch NY's portfolio companies have generated over $60 million in annual revenues and attracted $157M in private capital. Based on an approach of providing "small but mighty" capital to help companies achieve milestones that attract other investors, Launch NY's typical investment of $25,000 to $100,000 has helped its portfolio companies attract an additional $28 for each $1 from Launch NY.

## D. Launch NY's Core Service Model and #InvestLocal Funding Programs

With its high-volume client engagement and operations model shown in Figure 3, Launch NY fuels an ongoing pipeline of new startup companies through outreach programming; during the pandemic,

[16] https://www.crunchbase.com/
[17] https://seedround.info/43-best-investors-for-seed-stage-non-profit-startups/

programming was delivered 100% virtually, with a transition to digital platforms. We are now supporting both in-person and online interactions as dictated by the environment and participant needs.

**Launch NY Startup Engagement and Operations Model**

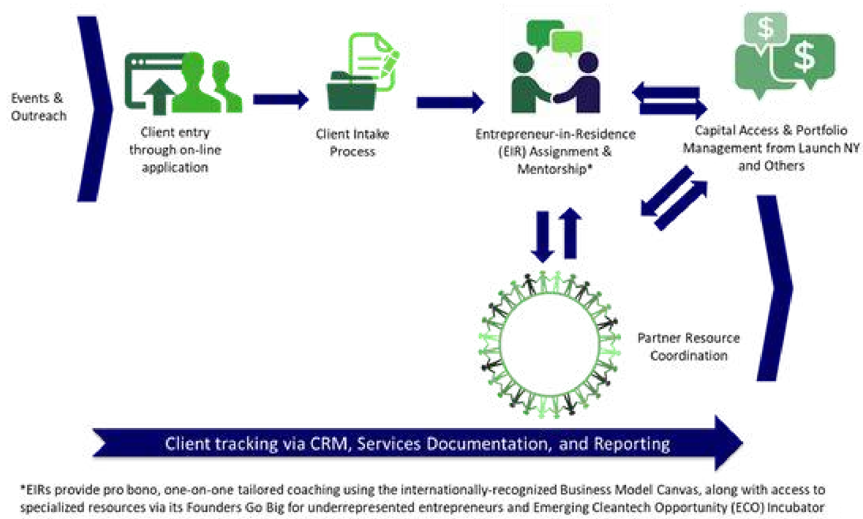


Figure 3

## i. Launch NY Starting Point: Client Intake

The client intake process starts with a brief online form that populates Launch NY's digital Customer Management Relationship (CRM) system, which is followed with an initial client consultation telephone call with the Launch NY team. Companies meeting Launch NY's criteria—(1) coachability, (2) high-growth potential ($10 million in annual sales forecasted in 5–7 years), and (3) company location within Launch NY's service area—are assigned to one of more than 30 Entrepreneurs-in-Residence (EIRs) for development services. This process has yielded more than 300 active clients annually. Client companies may apply to Launch NY's funding programs through their EIR after a minimum of three months receiving the pro bono mentorship services from EIRs.

## ii. The EIR Experience

Launch NY EIRs each have between 10 to 30 years of experience in relevant industry, business, and technical domains. In addition, they are trained by Launch NY through initial and semi-annual daylong sessions, as well as monthly webinars. EIRs deliver pro bono technical assistance and coaching modeled on the globally recognized tool for startups known as the Business Model Canvas, which was developed by Alexander Osterwalder [18]. In a typical client engagement Launch NY EIRs will provide one-on-one coaching 1–4 hours per month for as long as the company is progressing through the seed stage of development, which may be months or years. During times when a company is fundraising, EIR mentorship may increase to up to 10 hours per month, and this support continues until a company has a strong management team and/or governing board, which generally occurs when they successfully raise seven figures in venture capital. In addition to referrals to partner programs to support client needs, Launch NY's coaching also includes mentoring through its National Mentor Network of 2,000 domain experts. Network members augment the local EIR mentorship

[18] https://www.alexosterwalder.com/

and can be accessed as needed with up to 15 hours of free, specialized expertise in areas such as regulations, product development, and sales and marketing.

Launch NY has introduced more intensive mentorship through multiple mentors, additional time, group formats, and other programming for a subset of the 300–350 companies it serves each year who are in either of its specialty programs, including Founders Go Big program for underrepresented founders and Emerging Cleantech Opportunity (ECO) Incubator for companies introducing clean energy and climate technology. Additionally, all companies who are funded by Launch NY receive stepped-up engagement through Launch NY's portfolio management processes described below.

## iii. Next Step: Applying for Launch NY Funding

With the endorsement of the assigned EIR, Launch NY companies apply to Launch NY's #InvestLocal Financing Programs (FP) on a rolling basis. To prepare for the application, companies undergo a due diligence process conducted by Launch NY team members to yield an Investment Memo and packet that is provided to Launch NY's Investment Committee (IC). Based on the due diligence information, the IC hears a pitch via webinar weekly, augmented by email communications as needed, which yields either: a) a decision to proceed with an investment from Launch NY's InvestLocal Financing Programs shown in Figure 4 (typically a 24-month convertible debt note), or b) guidance to the applicant on additional steps before further consideration of funding. In essence, Launch NY never says "no" but rather "not now," while offering pro bono assistance to address outstanding questions and milestones.

## iv. You're Funded. Now What?

For companies approved for investment, Launch NY sets the terms for providing the capital, then we "lead the deal," making it convenient and simple for other investors to fund the company using the same terms. Launch NY regularly connects its client companies with potential investors in both informal introductions and more formal meetings and pitch showcases, including in-person and online events that range from one-on-one to large scale formats with over 200 participants.

Client companies receiving investment from Launch NY, also known as portfolio companies, follow a post-financing protocol for monthly reporting and mentorship through Launch NY personnel and EIRs. The protocol is also augmented by new Fast Forward services, developed in part with funding from the U.S. Economic Development Administration. Fast Forward provides portfolio companies with advanced subject matter expert assessment of company needs and board-style mentorship; this facilitates the business's ability to reach the necessary milestones to attract capital in the next round of funding—both from Launch NY and from other investors.


Figure 4

Launch NY's role as the "go to" resource for seed stage startup companies has caught the attention of investors who want to support local entrepreneurs but prefer to work with the infrastructure provided by Launch NY than invest on their own. As a result, Launch NY's #InvestLocal Financing Programs expanded to include a for profit Limited Partner Fund, including over 70 limited partners, in 2019 that co-invests with its Nonprofit Seed Fund. In 2020, financing options were expanded further with the addition of an Investor Network that has grown to over 250 accredited investors who can choose to fund individual companies on a deal-by-deal basis. Many of these investors also are providing invaluable mentorship to assist companies' growth.

# II. The Next Step in Serving Underrepresented Founders

## A. Identifying the Need for Further Focus

Even before the pandemic, Launch NY recognized its unique position in supporting underrepresented founders to consider building a truly scalable business. With the encouragement of the JPMorgan Chase, Launch NY intensified its commitment to supporting underserved, under-resourced entrepreneurs by introducing the Founders Go Big initiative as the centerpiece of its diversity, equity, inclusion, and access efforts. Launch NY stepped-up to meet the demand among founders—especially women and people of color—to offer more support, including more identifiable and inclusive role models.

Fortunately, Launch NY had internal as well as peer models to follow in developing this specialty program, leveraging its core mentorship and financing programs, alongside its experience introducing the Emerging Cleantech Opportunity (ECO) Incubator program started in 2018. Elements such as an advisory board, sector-specific programming, and company "case management" were naturally considered for FGB. The challenge of the early days of the pandemic required a shift, so Launch NY transitioned from its existing hybrid virtual and in person delivery model to provide fully remote engagement to ensure effective outreach and accessibility.

Launch NY is the only organization serving all high-growth entrepreneurs in the region with 100% unrestricted service access to entrepreneurs lacking resources. Its open access policy, which requires no referral to receive mentorship services, drives Launch NY's greater minority and women-led company representation when compared to local and national peer organizations. And this is anticipated to grow through Founders Go Big.

It has already been noted that organically, the largest percentage of Launch NY portfolio businesses are located in underserved, low-income neighborhoods; those which stand to gain the most when it comes to growing scalable businesses. That is what inspired Launch NY co-founder, president, CEO, and fund manager Marnie LaVigne to come up with the FGB program: specifically to encourage, engage, and fund those founders. In February of 2020, Launch NY announced that it would receive $300,000 from JPMorgan Chase to support the initiative.

## B. A Message from Marnie LaVigne, Ph.D.

When Launch NY was founded in 2012, it was after a solid decade of trying to invigorate the engine of an innovation-driven new economy in Upstate NY. Despite numerous assets—that by all measures should have been fueling new ventures and jobs across Upstate NY—we were still plagued by the perception of job loss, "brain drain," and a pervasive Rust Belt reputation. There were glimpses of positive trends, but the impact was not being widely felt. We were fortunate to learn from peer communities' venture development organizations how we could create truly inclusive economic prosperity; it is achievable when the gaps in supporting a robust startup environment are filled—with accessibility for all.

The innovative ideas and the inventions were here, but the capital—and just as importantly, the entrepreneurial experience—was missing, especially among underrepresented founders and our underserved neighborhoods. Launch NY built the structure and processes to serve a high volume of entrepreneurs across all sectors; that was followed by institutional and individual support to build what became the most active seed fund in New York State and one of the most active in the country.

Launch NY became the go-to for many first-time entrepreneurs; we specialized in working with companies that had a big idea, but little or no revenue. And, as we grew to serving over 300 companies each year, we noticed that our companies reflected a more diverse founder pool than those supported by other investors and programs, with the majority that we funded located in low-income neighborhoods.

By 2019, we realized that there were many more would-be founders who could be on this pathway. But, instead of exposure to the opportunity to build a business as big as they could imagine, they were still being shuttled into programs designed for more typical Main Street businesses. Thanks to our funders, Launch NY was in a position to do something about that, and so Founders Go Big (FGB) was born.

At the outset, my JPMorgan Chase contact predicted we would learn a lot. And that has been borne out; in just a few short years, the program has evolved with our lessons learned. We were incredibly gratified to receive the 2021 Building Inclusive Economies Award from Local Initiatives Support Economy (LISC.org). And we continue to identify the ways to improve.

First and foremost, while we can leverage our infrastructure and processes, we have to consider how best to engage underrepresented founders. How are their challenges similar to other entrepreneurs...and how do they differ? How do we re-engineer our methods to respond to their needs? The lessons we've learned (and are still learning) and the progress of our FGB companies have only more deeply convinced us that we are on the right path.

Our experience has also reinforced that systemic change is truly necessary, that which can only come from a long-term, intentional commitment to supporting underrepresented founders. And that brings us to the next question: How do we continue to support our efforts to deliver what I estimate to be 5–10 times more resources required to ensure robust, consistent programming that delivers on the promise of diversity, equity, inclusion, and accessibility?

Finding these answers will be challenging, but I can say that our efforts on FGB have yielded some of the most rewarding experiences of my career working with entrepreneurs for more than two decades.

*Marnie LaVigne, Ph.D.*

*Co-founder, President & CEO,*
*Fund Manager*

LaunchNY

## C. A Message from Crystal Wallace, FGB Program Manager

Growing up, I witnessed enterprising efforts of all types: the Friday dinner sale, the local beautician or barber with full appointment books, a thriving clothing boutique, or an esthetician launching a new product line based on the successful results of her clients. While the goals might have been differently scaled—some for survival, additional income, or hopes of market traction, I have seen that entrepreneurial spirit within my community, and I believe that spirit is universal.

Many of these efforts were self-financed or boot-strapped, as access to more traditional forms of capital were heavily gatekept, restricted, or only accessible based on "who you know." Labels such as "underserved" and "underrepresented" exist because of these systemic issues that historically excluded or limited the access of whole groups of people from traditional wealth-maximizing opportunities. I believe these conditions made it challenging for some entrepreneurs to consider "thinking big"; there are invisible barriers to how far one could potentially go.

Founders Go Big intentionally works to break these barriers. We believe it's our responsibility to create a more equitable space; to lessen the divide between those who have accessible avenues to capital and those who don't; and to identify, educate, inspire and engage existing and upcoming entrepreneurs in pursuing high-growth scalable businesses.

The Founders Go Big program fosters the diversity needed in today's marketplace. Our clients are already solving real-world problems within their communities or working on a market-disrupting product or service that could change the landscape. Along with JPMorganChase and future investors, we are committed to both providing the tools to vet their ideas, while also helping them to pursue their big bold ideas in the short and long term.

When they do, and when we come together to change the environment around creating sustainable wealth, we can look at contextual ideas that allow us all to focus on what we love, enjoy or are passionate about, instead of some populations having to focus so much energy on simply surviving.

Western New York can be a place to increase representation of and service to people and populations in this arena. Creating an equitable environment for sustainable, generational wealth for all is both an economic issue and a social one. We want initiatives like Founders Go Big to continue building bridges to capital access until the divide no longer exists.

*"As a Black woman founder, I am passionate. I've done this work both in Western New York, with Launch NY, and in larger cities. No other group so far is willing to get involved at this level, the way that JPMorgan Chase has. I've heard other large financial institutions talk about increasing diversity and inclusion, but for them, coming "upstream" might mean involvement at Series B. Women and minorities are not going to make it to Series B without involvement at earlier levels. JPMorgan Chase is showing the courage it takes to get (and stay) involved at this level; this is when and where underrepresented founders need the help the most."*

***—Crystal Callahan,***
***Founders Go Big Co-Lead and Entrepreneur-in-Residence, Co-Founder of Makeur, a Startup Studio for Underrepresented Founders***

Crystal Wallace

*Founders Go Big Program Manager*

LaunchNY

# III. Founders Go Big Program

## A. Overview

Founders Go Big (FGB) is determined to address the “elephant in the room." Considering the steeper curve for potential founders in our region—Black, brown, female, those with disabilities, or who are excluded for other historical differences—we thought we had mindfully designed a program to provide access to opportunity. We quickly discovered contextual elements we hadn’t considered, including the huge education push needed for our region. We also realized that this applied to many regions, not just our own.

Upstate New York, and in particular Western New York (WNY), historically lags when adapting to new market trends, societal and cultural shifts and large technological advances. So when establishing the FGB program, and setting the goal of effecting true cultural change, we realized that the gap we have to bridge is wider than anticipated.

Some of what is happening in WNY is universally applicable, as in other U.S. regions that are also emerging from a blue-collar era, where generations accepted a plant job as their foregone conclusion. As a result, in addition to systematic lack of access to inclusive support, we are combatting the mindset that one’s future is determined by that past history.

*“We work with women and underrepresented founders across the globe. What we've found in non-major metro areas—which we would consider Western New York—is that they're simply not exposed to the idea of high-growth business, or the notion that venture capital is the golden egg. It's just foreign. They're surrounded by business owners who have not traditionally taken investment dollars, or if they have, it might be from a private group of investors. They've been mostly surrounded by people who have bootstrapped or gotten grants or business loans or that type of thing.”*

- ***Kate Brodock, Launch NY and Founders Go Big Entrepreneur-in-Residence, Founding Partner of W Fund, a VC investing in Underrepresented Founder-Led Tech Startups***

## B. Program Description and Pilot Goals

**FGB Mission**
Forging a path for underrepresented entrepreneurs to build high-impact businesses.

**Program Description**
The Founders Go Big initiative is designed to enhance the engagement of underrepresented, disadvantaged founders in creating high-growth potential businesses. Launch NY defines those as having annual revenue forecasts of $10 million or greater within 5–7 years after their initial contact with Launch NY. The FGB program overlays Launch NY’s mentorship and financing infrastructure and programming to provide increased engagement, servicing, and financing of the target founder audience. Tailored outreach and resources include:

- Identify and inspire first-time and underrepresented entrepreneurs who are pursuing high-growth potential businesses, particularly businesses in low-income neighborhoods, through marketing communications aimed at increasing awareness and highlighting successful role models.
- Engage demographically and culturally relevant diverse mentors to provide mentorship for founder applicants.
- Provide a Starter Funding pool through a Launch NY seed investment of up to $25,000 in a convertible debt note. The goal of this financing structure and relatively small size—appealing to both the business owner and follow-on investors—is that the company successfully completes a business milestone using equity capital, typically for the first time, to position them to compete successfully for larger amounts of investment from Launch NY and other funders. This funding is designed to fill the gap for founders without access to family and friends capital to build a minimum viable product or prototype.

**Short and Long-term Goals**

The short-term goals (initial 24-month project period) encompassed capacity-building and positively impacting target founders by:

- Establishing an effective method for attracting and educating first-time and underrepresented, historically disadvantaged founders about the ability to pursue a high-growth potential business.
- Developing a pool of demographically and culturally relevant and diverse mentors and related resource providers to support the target audience.
- Servicing 20–25 founders with Launch NY mentorship, and funding 7–10 of these companies from the Starter Funding to achieve key milestones.

The long-term goal (3–5+ years) was to create a consistent stream of applicants, ongoing availability of relative resources, and business growth with associated economic impact.

***Founders Go Big Lesson Learned:*** *You will need pilot programs, time to learn and apply your lessons, plus committed funders for a long-term effort that creates systemic change and generational impact.*

## C. Phase I: Soft Launch (2020)

Given Launch NY's already-diverse client base, the first cohort of Founders Go Big clients was selected from this group of companies. Existing Launch NY clients were invited to become a part of an inclusive experience that promised additional support beyond the one-on-one EIR mentorship program. Priority was given to client companies that had not yet received Launch NY investment and that needed additional support in refining a minimum viable product (MVP). Additional selection criteria included businesses:

- With one or more founders that self-identified as being BIPOC or women-led
- Who had yet to fundraise equity capital or had raised less than $250,000
- Who were turned down for Launch NY's standard Nonprofit Seed Fund, which requires an MVP

Using these parameters, roughly 30 clients opted into the program. These founders' businesses ranged from fashion and merchandising, SaaS companies, consumer product goods, office productivity aides, sports enhancement tools, clean-tech, and agriculture-tech companies.

The first programming experience was intended to support clients in development of their MVP. The program began with Customer Discovery, a de-risking process designed to aid entrepreneurs in establishing product-market fit through primary market research. Using face-to-face interviews, the Customer Discovery process empirically tests needs among potential customers related to a given product or service. The goal is for founders to learn what the pain points are among potential customers and what, if any, attributes of their offering will lead to a likelihood of purchase. This information yields initial market validation, which is critical for entrepreneurs to have before they start spending resources building a product. More detailed information regarding the Launch NY Customer Discovery Workshop and lessons learned follows in a later section.

Launch NY engaged three diverse Entrepreneurs-in-Residence (EIRs) as leaders in this effort among its group of more than 30 EIRs:

- Anthony Jones is a founder and executive chairman of Flextime Nurses and an accomplished attorney, serial entrepreneur and community activist. Anthony brings startup experience in entertainment, media, sports, e-sports, technology, healthcare, fashion, fintech and commodities.
- Crystal Callahan is a former Launch NY client company founder, and current mentor for entrepreneurs. She is Co-Founder of Makeur, a Startup Studio for underrepresented founders. Crystal became recognized as one of the first women to own her own mobile app company—and the first woman of color to do so. She founded the Worldwide App, Inc., a mobile app platform that helped rising filmmakers get discovered.
- Don DeLaria, founder of Deephaven Financial Group and a serial entrepreneur, has a breadth of experience in business development, investor relations, and LEAN startup method. He has mentored at the AdvancedTechnology Development Center in Atlanta, the oldest incubator in the U.S.

Virtual sessions began in July 2020. We discovered that while all clients were seed or early stage, some were more advanced than others. Two cohorts were established, and clients were segmented based on business stage. Thus began Launch NY's first long-form, group setting programming.

An early realization for clients was the need to "erase what they thought was necessary." And we discovered that all of the participants, regardless of cohort, were candidates for educational programming. They also had a strong need to be heard; meaning that more dedicated time was required—an estimated 5–10 times the lift of usual Launch NY operations for additional outreach to discuss their reactions to programming, questions, concerns, and next steps.

That initial content development, relationship-building, as well as early outreach and promotion efforts including events resulted in:

- High interest from the community. (See Appendix A for press releases and feature articles.)
- Finding that nearly all new companies needed basic customer discovery and financial literacy mentorship.
- Learning that we need to handle client expectations and reactions proactively versus reactively.

*In the fall of 2021, Launch NY made its inaugural Founders Go Big investment of $25K into Anaghe Atelier, a Black male founder-led Buffalo based luxury garment producer. Owner Anthony Boyd had participated in Launch NY mentorship and virtual customer discovery. As Anaghe's first outside source of capital, this infusion catalyzed company production efforts and increased advertising and promotion campaigns. The funding also catapulted Boyd's ability to present his proposal, and though the mentorship process, Boyd honed his pitch and expanded his vision for his company.*


## D. Phase II: Full Implementation

The full implementation phase of Founders Go Big was highly informed by our findings from Phase I.

### *Adjusting Our Strategy Post-Phase I :*

- *Onboard a more representative project management lead to augment current Founders Go Big project staff and contractors and accelerate program evolution*
- *Introduce Advisory Board to guide next phase given adaptation to pandemic-environment and Phase I lessons learned*
- *Source and support more minority- and women-owned businesses with Founders Go Big and other Launch NY programs*
- *Continue next phase of pilot with rolling recruitment of new company participants*
- *Test further programming formats with continued Customer Discovery cohorts*
- *Examine opportunities to extend group support through additional programming and dedicated staffing*
- *Further outreach and media communications through in-market vendors*
- *Continue efforts to recruit more diverse mentors*
- *Redouble efforts to support FGB companies applying for Starter Funding given the lack of companies naturally coming forward*

In early 2021 we hired Founders Go Big Program Manager Crystal Wallace, who has both education programming and business support service experience in relevant populations. One of her first missions was to further the program's development and outreach efforts. By early spring, eight passionate industry experts were selected to comprise the Founders Go Big Advisory Board, with several meetings held between March and August of 2021. Board advisement contributed to the Founders Go Big Marketing and Outreach Plan, selection of FGB branding assets, and the introduction of the virtual FGB Resource Center.

Responding to our board, we provided requested sustainability metrics and key performance indicators (KPIs) beyond participation measures to gauge success and effectiveness. With a diverse set of expertise and networks, Founders Go Big Advisory Board members have interfaced directly with companies and provided invaluable feedback and introductions augmenting the support of Launch NY EIRs. Full Advisory Board member biographical information is provided in Appendix B.

*In recognition of the progress of the program, Founders Go Big received the 2021 Building Inclusive Economy Award from Local Initiatives Support Corporation (LISC) Western New York.*

## E. The Four Pillars of Founders Go Big Creates a Virtuous Cycle

Lessons learned yielded an overall map, a virtuous cycle, or flywheel. It is iterative. Our hope is that by sharing our experience in this format and from various viewpoints, others will gain a deeper understanding of the journey and support or implement a similar model engaging underrepresented founders.

To help guide the Founders Go Big approach, we began to use the language of "four pillars," and have named them: Identify, Educate, Inspire, Engage. The cycle of these four pillars will take time to become self-fulfilling. In these early years, we have been gratified by the response and progress among our underrepresented founders, and we are ever more deeply certain that this is a positive path. Like our FGB model itself, these pillars are designed to be responsive, nimble, sensitive, and progressive.

### i. Pillar 1: Identify

We first needed to identify our audience and determine an approach to our target population. We considered beginning with a social media campaign, but then adjusted our approach to include more targeted outreach supported by broader social media messaging as we recognized the need for brand identity and acknowledgement with BIPOC and women founders. This included reaching out to Main Street business support organizations since they have less experience recognizing and serving a scalable startup. The message we decided to emphasize was "offering opportunities" to access resources, including funding, to "go big."

Marketing support and representation: To both leverage the existing network and strengthen the grassroots approach to reaching our target audience, we hired an outreach/community coordinator. With representation—i.e, a Black, female outreach person, someone with whom the target audience is more likely to identify—we can more authentically connect with potential clients, as we increase individual and community awareness about Founders Go Big program benefits. Similarly, a marketing firm representing and engaging with the BIPOC community on regular basis was retained to implement direct messaging and other effective techniques to recruit new companies. Founders Go Big Advisory Board members also play an increasingly greater role in promoting FGB brand awareness and recruitment.

Group mentoring: Rather than encouraging participants to follow a "one size-fits-most" avatar based on assumptions of who the ideal Founders Go Big client is, we created opportunities for founders to share their experiences and perspectives. Creating a sense of community and acceptance of diverse founders and startups, the FGB team also found ways to better facilitate group learning by clustering entrepreneurs with others who were at similar stages of business development.

In person and virtual: Because the Founders Go Big program was activated during the initial outbreak of the pandemic, we selected the Phase I approach of working with existing Launch NY client companies. All interactions were virtual, which was facilitated by Launch NY's typical use of remote communication due to the large geography it serves. A full virtual office platform, Launch Station, was introduced to support the evolution of hybrid services. When in-person events and meetings reemerged post-pandemic, Launch NY is committed to continuing both digital and face-to-face engagement to ensure 100% access to FGB services to overcome logistical barriers that underrepresented founders face. Pandemic or not, we found that we need to accommodate our many program participants facing challenges in tending their businesses, Founders Go Big participation, as well as significant family obligations.

Throughout 2021, Founders Go Big outreach focused on creating brand/mission awareness and entrepreneur engagement. This included:

- 15 press releases covering FGB efforts.
- A Twitter Chat focusing on perspectives from eight Black Launch NY founders.
- Return to in-person outreach and events as the pandemic environment allowed, combined in a hybrid fashion with digital programming and Launch NY digital incubator platform, known as Launch Station, including the virtual FGB Resource Center.
- Co-hosting six webinar events with Capital Connect NY, a nonprofit consortium of funders.

In the fall of 2021, Launch NY Founders Go Big contracted a DEI-focused community engagement firm to support a 10-part virtual "Ask The Expert" series (see Appendix C for example), connecting underrepresented founders with both small and medium-sized enterprises and successful founders who have "gone big." The first eight events of that series attracted 388 total participants. In addition to identifying and onboarding five new FGB clients, they led to individual consultation with dozens of entrepreneurs.

*"I heard about Founders Go Big through Facebook; I also have a big entrepreneur network in WNY, so others were sharing emails about it too. I was invited to an informational Launch NY workshop for minorities in business. I attended and listened to them talk about the program; afterwards, I let it sit and considered how it might benefit me. Around the same time, my business started growing, and I wasn't sure what direction to go. That's when I reached back out to Launch NY; I needed some mentorship. At the beginning, I had a lot of questions. Then I went through their intake process and began working with them. I thought the mentorship and guidance were great. They are doing a good job at sharing what they are doing so that minority community knows they exist; minority communities just don't know the benefits and resources that are out there. We have options rather than doing it on our own."*

***— Mayra Luz Colón, Founder of Healthy Rican at Nutrition Dork LLC, Founders Go Big Client Company***

*"As Founders Go Big early efforts and this report reveals, there is still a lot to figure out. The Launch NY and Founders Go Big promise is mentorship first, funding second. A diverse ecosystem can't be built without this groundwork. We expected that more entrepreneurs would be ready for small, early-stage, highly accessible funding, but we've found very few are! Many need more direct, hands-on work. So in some ways, Founders Go Big is a PR and marketing campaign, sending the signal to society's traditional underdogs—women, people of color, immigrants, those with disabilities—that they can do it. Change will take a lot of those signals, over a long time. When we speak about this, you can sometimes see people's wheels starting to turn, thinking that they could possibly do this."*

***— Crystal Callahan, Founders Go Big Co-Lead and Entrepreneur-in-Residence, Co-Founder of Makeur, a Startup Studio for Underrepresented Founders***

## ii. Pillar 2: Educate

In the initial phases, we discovered that it was necessary to familiarize our target audience with the differences between funding models, including grants, debt, and equity. In the process, we became aware of cultural stigmas to accepting financing at all, which is discussed in more detail later in this report. We also learned that certain attitudes among our target audiences include aversion to dilution and “sharing control” of business; another side of that is the “hustle culture” and “I can do it all” mindset.

We also began with assumptions about where Founders Go Big founders would be within the definition of “seed and early stage” that were derived largely from Launch NY’s existing pool of companies served since 2012. We quickly learned that our pilot pool of companies did not fit these assumptions very well. FGB founders tended to come in at one of three stages shown in Figure 5:

- **Pre-Seed/Customer Discovery:** Also referred to as the “ideation” stage; founders have an idea and not much else. They need support on every aspect of starting a business, including mentorship. While Launch NY traditionally has not accepted founders at this stage, but rather has referred out to other programs, Founders Go Big is designed to do so; our outreach attracted many companies at this stage.
- **Seed I/Post–Customer Discovery:** At the second stage, founders are a little better prepared and more experienced; they have perhaps raised some capital and/or have a Minimum Viable Product (MVP).
- **Seed II/Post–Minimum Viable Product (MVP):** And at the third, most advanced stage, founders have advanced their concept to an MVP and beyond, possibly with revenues and customers, seeking additional evidence of product-market fit and scale-up.

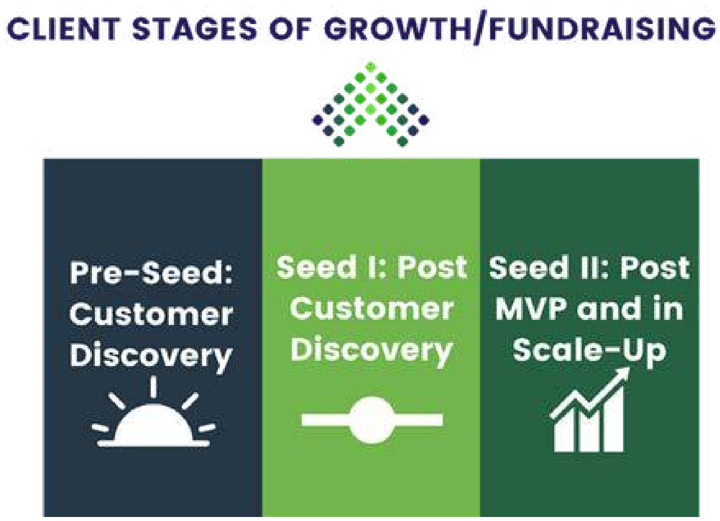


Figure 5

Further familiarity/comfort with equity investment: We realized a demand for continuing education and messaging around the characteristics and benefits of equity investment. Some of the target audience related to the proposed “going big” business strategy, while some resonated more with the idea of having “something of my own.” Level-setting was necessary concerning the term “scalable” business as one that is a fit for equity investment, also known as venture capital. At the same time, Founders Go Big has to focus on helping underrepresented entrepreneurs discern whether they want to take this route or pursue a Main Street business pathway. We developed a brief video to drive home the differences and benefits of building a business using equity capital versus debt financing.

Why proof of concept/customer discovery? In introducing our recommended customer discovery process, which is a central element of the Business Model Canvas approach, we again encountered the gamut of attitudes and responses to the idea that market demand drives product or service uptake. All entrepreneurs believe that their idea is a good one—they also tend to think they are ready to go full speed ahead based on input from a small sample of people who say they like the idea too or just by mere fact that they have an MVP with or without any customer input. Asking founders to take a step back and work for true market validation, especially if the founder is committed to the idea of building a business through "hustle," can be a real turnoff. Reaching out to prospective customers
who may give negative feedback is also tough for many entrepreneurs. Flexibility to respond to market feedback is key to startup success. Yet, some founders are determined to overlay their vision onto the market, and try to make it fit, which leads us to the next challenge.

Be coachable: A tenet of Launch NY and Founders Go Big is that participants must be "coachable," accepting of and responsive to mentorship, feedback, and a wide range of input. We learned that there can be different fits, and especially with underrepresented and underserved founders, there may be a learning curve as well as communication issues. Entrepreneurship is defined by adversity—it's a natural part of the journey. If it were easy, many more people would be founders. Yet, we quickly learned that if challenging feedback comes from a person who does not match the demographics of the founder, it may increase the chances that an entrepreneur will take it personally rather than as an objective business critique. We found that proactively having a more relatable Founders Go Big team member touch base with the founder was effective in identifying and addressing concerns of this kind. Having an array of mentor resources also provides alternatives if the chemistry between individuals necessitates a change. The lesson is that we must meet underserved founders where they are, with adequate, appropriate resources.

**Be Coachable**

*"To be successful in this program, which I do encourage others to try, among other things you must have the ability to be mentored. They are going to connect you with people who can be resources—to help cultivate and develop and bring out the entrepreneurial itch. Entrepreneurs must remain flexible and teachable. No matter how much success, or how many degrees I have, there is always more to learn."*

***-Toby Butler, Co-Founder & CEO of DipIt by 812 Inventions LLC, Founders Go Big Client Company***

## iii. Pillar 3: Inspire

To truly increase participation rates of underrepresented founders in building scalable business, it is a requirement that we constantly seek opportunities to raise awareness of the possibility for every potential founder. One way is with public messaging, which is bolstered by the current trend in the media to portray more diverse demographics in general. Another is organically, over time, to highlight the participation and success among diverse founders being served with programming that previously was inaccessible to them. Founders Go Big Advisory Board: Key to the development of both FGB founders and the program as a whole was the establishment of the Launch NY's Founders Go Big Advisory Board. The culturally, ethnically, and gender-diverse advisor team of ecosystem partners, investors, entrepreneurs, and industry experts provides guidance, outreach strategy, and implementation plan execution. Each of the board members has a personal desire to see inclusive access to capital and support for underrepresented founders, which is evident in the passion they bring to Founders Go Big. Many also engage with our founders in 1-on-1 sessions to assist in business development beyond their consultation on program development.

*"The biggest thing we can do with Founders Go Big is to spend the time that we need to spend to coach up this generation of founders, so that when they become successful they can influence the next generation. It's not going to happen overnight; it may not even happen in five years. We know it could take 10–15 years, but we need to spend that extended period of time. It requires that catalyst energy to keep feeding the fire."*

***-Don DeLaria, Founders Go Big Co-Lead and Entrepreneur-in-Residence, Serial Entrepreneur***

## iv. Pillar 4: Engage

Engagement in entrepreneurship through Founders Go Big is our goal. Yet, it can and does come in waves—as with all entrepreneurs who are aiming to fulfill a vision, a mission, or a passion: life is still going on, and it needs attention. For some underrepresented and underserved founders, life challenges may be even more stark. Some do not have the same financial support of their privileged counterparts; for example, some families can offer founders early cash infusions, or a financial cushion that can afford the leap into full-time entrepreneurship. Especially given the impact of the pandemic on FGB founders and their families, we had to acknowledge and accommodate the heightened effect of life challenges. The net effect has been to extend the forecasted time it may take an FGB founder to be investment-ready and fully engaged beyond the typical three-month minimum that Launch NY has traditionally targeted.

For every pillar, meeting entrepreneurs where they are became the centerpiece of our engagement model when it came to developing programming content, formats, access, timelines, or any other aspect of FGB. We found that a particular challenge and commitment for programs like FGB is to constantly seek to increase our pool of diverse mentors with relevant background: those who are relatable to our FGB entrepreneurs, have shared experience, and can offer both relationship contacts plus skills mentorship to our target audience.

*The Identify, Educate, Inspire, Engage cycle includes everything described here: Our own and our target audience onboarding lessons, continuing to offer a range of programming, helping our clients conduct accurate and effective customer discovery, enhancing their financial literacy, individual and group formats, starter funding options, and increasing the range of advisors to expand exposure while providing support from relatable role models.*

# IV. Outreach to Founders/Potential Clients

## A. Adjusting Processes to Support Engagement and Inclusivity

As referred to earlier in this report, initial plans to create educational content and social media campaigns to promote Founders Go Big were reprioritized; we pivoted to organizing events, including “Ask the Expert,” bringing potential applicants together with role models and subject matter experts. Held virtually because of the pandemic, these events were effective in bringing awareness of FGB to underrepresented communities.

Through Q&A style events with experts, we set multiple goals:

- Educate various target audiences, including current small business owners and entrepreneurs, on the FGB approach to scalable business and equity investment
- Provide practical support to entrepreneurs who chose not to “go big” in the form of referrals to appropriate resources within the entrepreneurial ecosystem

Serving nearly 400 entrepreneurs, the outreach efforts began to create a pipeline of potential candidates for the program. These activities resulted in an increase client intake by nearly 1.5 times the volume in 2021 compared to 2020.

In addition, we updated the online application to provide more inclusive response options for applicants. We also added another layer of pre-screening to route applicants to the most appropriate level and style of support in the current ecosystem—whether Launch NY Founders Go Big or other local and regional partners. Launch NY has and continues to build strong collaborative partnerships, including CDFIs and dozens of other organizations, so that client hand-offs are seamless.

## B. Capital Connect and Other Partners

CapitalConnectNY.org, with support from JPMorgan Chase, is a consortium of Community Development Financial Institutions (CDFIs). The organization represents alternative types of funding and business modeling for clients, and includes Launch NY (equity financing) alongside three regional debt financing providers. As a group, CapitalConnectNY.org partners offer webinars, a collaborative intake portal (www.capitalconnectny.org), and events that effectively attract women and persons of color to programming to learn about the various organizations’ models. The consortium gives Launch NY Founders Go Big the opportunity to iterate our commitment to assisting underserved, underrepresented people in considering a scalable startup pathway. Also within the consortium’s design, those who wish to pursue a more traditional Main Street business model are supported by the debt financing CDFIs.

Additionally, Launch NY Founders Go Big engages a robust network of partners throughout the entrepreneurship ecosystem, including the Microenterprise Collaborative with nearly 30 participating organizations. This network acts as referrals for new clients and provides additional support to help clients overcome obstacles in their business. Other key partners that join in supporting underrepresented founders include the Institute for Entrepreneurial Leadership (IFEL.org) and LISC (LISC.org), which recognized Launch NY with the 2021 Building Inclusive Economy Award. Through its collaboration with dozens of partners on entrepreneurship programming, Launch NY has grown its ability to identify, engage, and educate over 2,400 entrepreneurs and over 150 resource providers and investors annually. This partner network provides ongoing support in areas such as financial literacy pre- and post-financing to ensure clients receive the resources and support they need to continue to grow their companies, bring products to market, build out teams, and access both debt and equity capital.

## C. A (Virtual) Place to Call Home

In response to the COVID-19 pandemic requiring 100% remote services, Launch NY introduced a virtual office platform, Launch Station, for company co-location, education sessions, virtual office hours, and other resources. Launch Station enables all entrepreneurs to have full access without common limitations and challenges, including transportation, health or logistics.

*"I came into the Founders Go Big program as a Launch NY portfolio company with a fully commercialized product and client traction. I grew up around entrepreneurs; I learned that your business is never going to go anywhere if you "put the cart before the horse." And you must have market fit and familiarity, or it's hard to break in; I am very familiar with my market, and I understand how to go big. As a woman in a male-dominated industry, I still have to assert myself strongly in order for people to drop their assumption about how I got to where I am. A lot of underrepresented and marginalized people don't have the tables to sit at to learn from entrepreneurs. So I took for granted, and knew that part of my job was to be that voice within Founders Go Big. The cohort mentorship gave me a chance to share my strengths and experience with those who might not have been there."*

***-Carley Hill, CEO and founder of CAHill TECH, Inc., Founders Go Big Client Company and Launch NY Portfolio Company***

## D. Initial Lessons + Recommendations

Iteration and expansion of some of the general lessons and critical topics to anticipate and address:

- Underserved and underrepresented founders' reticence around accepting financing and understanding the benefits of equity investment: Some reasons included religious; some are rooted in "imposter syndrome"; some are connected to higher levels of risk aversion, and to distrust connected to lending/financial institutions based on historic systemic exploitative economic systems.
- The "hustle culture/"I can do it all" mindset is also strong. Similar to accepting financial investment, BIPOC founders often lack positive real-life models for partnership, asking for help, delegating, etc.
- Reluctance to bring on partners and co-founders: Aversion to dilution and "sharing control" of business. Some individuals related to the Launch NY business strategy; some held on more tightly to the idea of having "something of my own."

- What does “scalable” mean? The “Main Street” mindset is strong. If your frame of reference is a family-owned small business, like a daycare, beauty supply store, restaurant, dry cleaner, or nail shop, scalable might mean opening another location. Clarifying the expectations for much greater scale than this when it comes to taking equity capital from investors (vs. a loan from a bank) is a vital topic to get everyone on the same page.

# V. Programming + Funding

## A. Programming

As previously described and shown in Figure 5, we adjusted our assumptions around the stages of development that our Founders Go Big companies reflected. This pivot on the part of the program allowed us to implement programming tailored by company stage.

*Programming Needs by FGB Company Stage*

**Pre-Seed/Customer Discovery:** Educating applicants and clients on equity investment, many paths to high-growth; they are new to high-growth, though not all are new to business necessarily; augment curriculum for those who are first time in business; need more time, and more frequent, flexible touchpoints with mentors and staff, coaching through the customer discovery process.

**Seed I/Post Customer Discovery:** Clients have increased funding readiness and MVP progress; can engage in touchpoints with EIRs to yield a pitch; ready for industry introductions, pitch prep, and practice establishing advisory boards and identifying co-founders.

**Seed II/Post MVP and in Scale-Up:** Ready for FGB scale-up programming requirements and next phase of fundraising; additional strategic planning and support shifting from 1:1 to multiple mentor engagement.

### i. Customer Discovery

Founders Go Big advisors and EIRs conduct a customer discovery (CD) orientation to acclimate clients to the need to prove their product or service via the recommended process of neutral discovery—one that confirms that customers have a problem that needs solving. This contrasts with the common but flawed approach of founders with a solution in search of a problem.

The orientation sets expectations on both sides, with cultural sensitivity. Elements that we found underrepresented or underserved founders needed level-setting on during these orientations included:

- Our intention is to create a safe space where learning could thrive, utilizing direct and open communication.
- Further drilling down to address the tone that might be used during the sessions: we iterated to founders that FGB staff feedback is always intended to be constructive, but time limitations may impact tone, i.e., feedback could come across as brusque, terse, gruff, etc.

- Founders were reminded to focus on CD during dedicated CD sessions and save unrelated topics for other mentoring options.

Expectations for the founders included scheduling and attending individual check-ins and attending group sessions. The process provides a template and is then followed by weeks, and months if necessary, during which the founders conduct interviews, striving to meet weekly interview goals. They then report back to the group on their findings. Founders are given examples of good quality reporting, along with templates and guidelines for conducting interviews, asking the right questions, finding people to interview, and other process details.

*"In the business world, as a minority—as a woman with more of a creative mindset—I knew what I needed help with, and it is somewhat scary. Founders Go Big offered me support and has given me a sense of security. When you are on the road of customer discovery, they make sure you are doing all the steps right; I needed a lot of hand-holding, and a lot of work. I feel like I'm on the right track now, knowing that Launch NY backs the program with their experience. The Entrepreneurs-In-Residence are right there with assistance. The process was challenging, and forced me out of my comfort level. But once I got into it, I saw how important it was. And charting out all the different answers gave me a lot more knowledge about my product. It was hard, but ultimately fun to make those discoveries and fine-tune my product as a result."*

***-Tee Forton-Barnes, Founder of Tee's Organics, Founders Go Big Client Company***

The structure of the Customer Discovery (CD) orientation includes:

- Intro to CD
- Refine your hypotheses
- Individual sessions
- Monthly networking
- Templates for tracking interviews

Founders Go Big co-leads and Entrepreneurs-in-Residence (EIRs) Crystal Callahan and Anthony Jones, along with FGB Advisory Board member Kate Brodock, developed and facilitated an internal culture and communications training for Launch NY staff and EIRs, in order to support the implementation of FGB as a core Launch NY offering.

## *Findings Beyond Customer Discovery:*

- *Founders Go Big clients required an estimated 5-10x more Entrepreneur-In-Residence support and engagement than traditional Launch NY clients*
- *For clients newer to 1:1 mentorship, augmenting the Entrepreneur-In-Residence with contact from FGB co-leads, who are more relatable demographically to the founders, helped address founder questions, concerns, and anxiety; co-leads' presence and intervention also helped bridge communication gaps so clients felt heard and could develop better connections with the assigned Entrepreneurs-In-Residence*
- *We also recognized the need to engage a program coordinator to assist with overall program continuity, program management, outreach, and programmatic expansion*
- *Outreach efforts to increase diversity in our mentorship pool given the lack of local role models continues to be a challenge*

### a. Adjusting Customer Discovery Assumptions and Expectations

We understandably jumped in eager to engage and connect, and—similar to the larger consequence of many well-intentioned DEIA efforts—we quickly learned about the need to listen or tease out what the target audience truly needs versus what we intend to provide and offer. Some founders needed assistance with setting up an email address or learning how to schedule a meeting using an online calendar app. In summary: we need to make cultural sensitivity a priority.

We began with customer discovery, and quickly found that clients needed vastly different levels of support. Cohorts were segmented based on their product or service life cycle and growth development; one size did not fit all. To increase the likelihood of success, we created varying approaches to our recommended customer discovery process. For example, the first funded Founders Go Big founder left the group workshop to work directly with his EIR to complete the customer discovery process and apply for funding, rather than the anticipated path of workshop participants moving directly to applying for funding.

Another cultural adjustment for some Founders Go Big founders is hearing or learning that their concept doesn't fit the market. Founders typically don't like to hear that they have a bad idea, but a basic tenet in the startup world is "fail fast." In other words, accept that one idea might not work, and move quickly to the next one. Founders hearing a message like, "Your [idea/product] doesn't have a market, back to the drawing board," was in some cases difficult. There was hesitance for some FGB founders in accepting customer discovery methods as the means to understanding what the market might bear for their product or service.

Founders Go Big founders needed frequent reminders that the goal of customer discovery is not to sell their solution, but to save themselves time and money by validating both the problem and the solution for which people would be willing to pay – before money is spent on building the product or service.

*"We found ourselves having hard conversations about racism and sexism; it is exhausting and challenging. We were figuring out the best ways to get there; I worked to find fits for Entrepreneurs-In-Residence and clients, jumped in on conversations, did outreach to mitigate anxiety or miscommunication, and asked for input. During customer discovery, sometimes feedback from Entrepreneurs-In-Residence to clients was not taken as intended. It was hard to tell if it was because of racial or gender disparities, or just personality. It is both terrifying and great to work with both clients, other Entrepreneurs-In-Residence, and myself to challenge their thought processes."*

***-Crystal Callahan, Founders Go Big Co-Lead and Entrepreneur-in-Residence, Co-Founder of Makeur, a Startup Studio for Underrepresented Founders***

## ii. One-on-one Mentoring/Case Manager

As mentioned in the Launch NY section above, Launch NY provides individualized coaching through more than two dozen Entrepreneurs-in-Residence at no cost to its client companies. We are committed to using the internationally recognized Business Model Canvas approach. The goal is to help startups become investment ready. Our local Entrepreneurs-In-Residence are augmented by a National Mentor Network of more than 2,000 business and technical experts who support companies across all industry sectors.

## iii. Preparing for the Pitch

By design, Launch NY's mentorship and support is geared towards readying clients to pitch for investment. Relying on tools such as the Business Model Canvas and related programming such as Customer Discovery, Launch NY also prioritizes pitch preparation and pitch practice supported by the EIR. The Founders Go Big Advisory Board also provides companies with opportunities for pitch practice in a group setting with time set aside for a question-and-answer session.

*"The customer discovery process has fundamentally changed me (for the better!) as a business owner. Initially I thought, "I'm a busy entrepreneur, I don't have time to interview dozens of people. I need to get my product on the market." Within no time, though, I saw the value of pausing and investing some considerable time to reaching out to my contacts and networking to meet new clients to really listen and see what was on their minds. This provided me a wealth of information that helped me develop and shape our company's product. An additional bonus of the customer discovery process is gleaming insight from Don DeLaria and Crystal Callahan and their wise guidance."*

***-Kathy O'Connell, Founder of Radiant Abilities LLS, Founders Go Big Client Company***

*"The Launch NY curriculum was designed for entrepreneurs who bring a level of business acumen commonly seen in white male-dominated groups. Both through partnership with Crystal Callahan, and working with our Founders Go Big clients, I have learned to adapt; to say things differently so that the FGB audience understands what we are talking about. We needed to start at a different point to help them understand what's important, and to prepare them. I believe that no one intends or considers racially motivated questions, but there is implicit bias from the investor side. That can be overwhelming for underserved founders; we work to get them ready for that scrutiny. We practice with them, telling their story, impressively answering questions being zinged at them. That meant we broke down our curriculum to basic building blocks; when we get to the right level of granularity, our underserved and underrepresented founders pick it up quickly. That's one takeaway: when working with underserved founders, we have to tune the program content and presentation."*

***-Don DeLaria, Founders Go Big Co-Lead and Entrepreneur-in-Residence, Serial Entrepreneur***

*Anthony Boyd, founder of Anaghe Atelier, the first funded Founders Go Big company, came to Launch NY — in that organic group of underrepresented founders — with some experience garnered through his own entrepreneurial activities, and having worked with a Toronto-based fashion incubator. He joined the inaugural Founders Go Big cohort after his Launch NY advisor suggested that the new program might help him get a better understanding of who his customer base is.*

*While he was coming in with some sales and entrepreneurial experience, he was still able to find valuable takeaways from the program. He worked alongside mentors and advisors within the program to develop his investor pitch. "The process of building the pitch was educating. The more I dove into it, the more insight I gained—it allowed me to add another layer to the business, and think about what direction to take the business in," he said. It took a while for him and his main advisor, Don DeLaria, to sync their communication, but after a bit of "head-bumping," he gained insight and inspiration from his participation.*

## B. Funding

### i. Financing Education and Preparation

Founders Go Big was built upon the same thesis as Launch NY's core programming, which is to support companies in developing their business to a point that they are investment ready. Launch NY deems a company investment-ready when they have a minimum viable product (MVP). In contrast, and because underrepresented founders often lack access to the resources to achieve this milestone, Founders Go Big offers Starter Funding to which companies can apply without meeting that MVP criteria. The Starter Funding supports investments of up to $25,000. Those initial funds are intended to help FGB companies progress to having an MVP, and become qualified for the next level of funding, which is typically $25,000 to $100,000, from Launch NY and other investors.

Founders Go Big introduces the concept of multiple rounds of fundraising as a natural part of building a scalable business—with Launch NY's funding being at the earliest part of the process. That's because, as mentioned earlier, if the founder is familiar with financing a new business, it is most likely within the traditional small business pathway, where the founder creates a business plan and approaches a bank or other lender for a loan.

### ii. Where We Fit in the Fundraising Journey

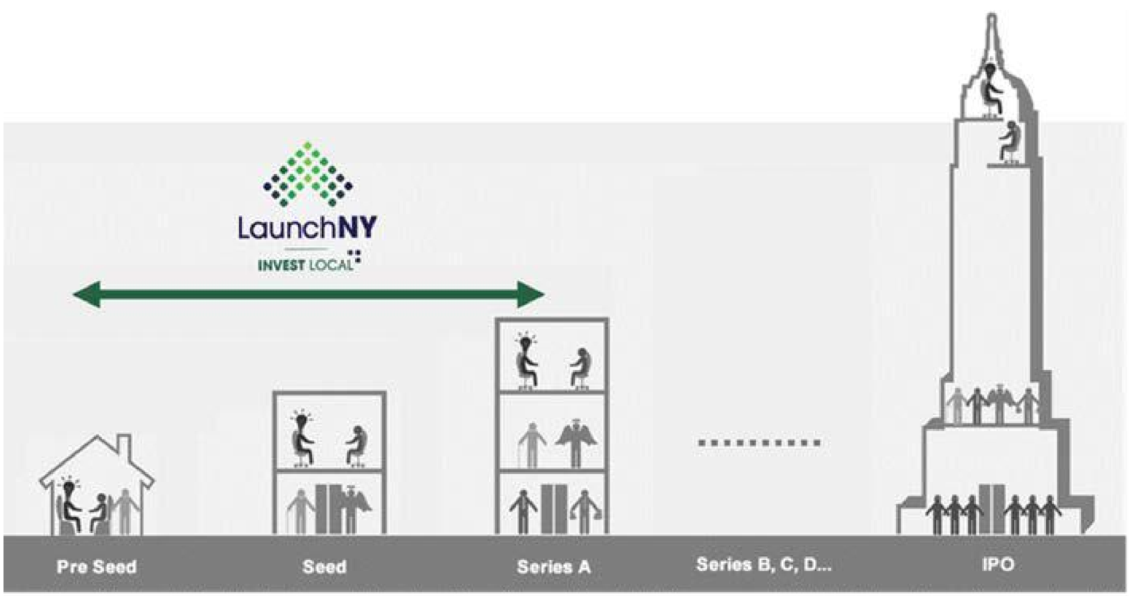


Figure 6

In orienting Founders Go Big participants to the venture capital world, Launch NY highlights that lengthy business plan documents are rarely used. Instead, investors generally seek a brief way to assess whether a company is a fit for their investment capital. Launch NY programming requires—and coaches the founder in the preparation of—that initial set of materials, including what is commonly known as a pitch deck, usually in a PowerPoint slide presentation format.

Once the initial set of materials is reviewed and approved, Launch NY's investment team assesses the leadership of the company's management, its structure and strength. To analyze both the business opportunity and the ability of the management team to use investment capital to grow the business, at this point the team also requests a round of more extensive materials usually required by venture capital investors, including financials and organizational documents. Unlike traditional debt financing, venture capital does not base approval for financing on the entrepreneur's credit score.

Launch NY and the EIR coach the founder(s) in preparing the required materials. After evaluation of a company's pitch deck, financials, and other due diligence information (see Appendix D), Launch NY schedules the entrepreneur to present at its weekly webinar session. During the session, the founder pitches to Launch NY's Investment Committee, using the company PowerPoint presentation format.

The founders practice their investor pitch with their EIR and others in order to be sure the key elements, such as those highlighted in Launch NY's online toolkit (launchny.org/entrepreneurs/tool-kit/) are covered within the allotted 20 minutes. The EIRs also help the founders prepare for Q&A that will follow the formal presentation. The Investment Committee is interested both in the answers and in founders' ability to think on their feet since most companies will need to be responsive in making changes to their companies as they grow.

Pitching Launch NY for funding virtually: Because online meetings are the most practical way to assemble a group that can range from six to 15 people, we were conducting pitches via webinar even pre-pandemic. Underrepresented founders may or may not have experience with this format, so pitch practice also familiarizes them with the technology interface and interaction style inherent in this online experience.

Following a pitch, the company is informed whether they are approved for investment or they are advised to work with their EIR to complete additional steps before further consideration for funding by either the Starter Funding and/or Launch NY's Nonprofit Seed Fund.

Since Founders Go Big started, 17 FGB founders have pitched for funding in this fashion, and eight have been approved for funding.

Once approved, a company engages with Launch NY's investment team to formalize the transaction with legal documentation for a convertible debt note for the first-time investment in FGB companies. Launch NY develops the legal documents and executes them with the company. As mentioned above, financing through equity capital investment differs from a traditional loan in key ways. A loan is intended to be repaid under terms agreed upon by the lender and the borrower. An equity investment is provided in exchange for ownership or the opportunity for ownership in a company.

Said in another way: *A founder who funds their company with a loan retains ownership of the company, whereas the entrepreneur who accepts equity investment capital will, by definition, share ownership with the investors.*

Following the process described above, five Founders Go Big companies have received a total of $125,000 in investment from Launch NY from the Starter Fund program. Combining this with another $460K from Launch NY’s Nonprofit Seed Fund and $ 212.5K from Launch NY's Limited Partner fund, 8 FGB companies received a total of $797,500 in Launch NY investment as of December 1, 2022. These companies are now part of Launch NY’s portfolio, which involves continuing to work with Launch NY and FGB EIRs and providing monthly financials and updates to Launch NY’s investment team.

The goal is for the company to use the investment funds to achieve milestones such as evaluating potential customers, developing their MVP, growing product revenues, and other mutually agreed upon targets. As the company progresses toward these milestones, the founder will be eligible to pitch Launch NY and other investors for follow-on rounds of funding on the pathway to becoming a scalable business. The ultimate goal for a venture capital–backed business is to have what is known as a “liquidity event.” This is when investors “exit,” i.e., receive their initial investment back, ideally with a capital gain. These exits can happen through an acquisition, merger, initial public offering (IPO), or other action that allows founders and early investors in a company to cash out some or all of their ownership shares.

## iii. Funded Founders Go Big Companies

### Anaghe Atelier -
Luxury designer sportswear

**Website:** anagheatelier.com
**Founder:** Anthony Boyd
**Stage of Company:** Scaling Up
**Revenues:** $150,000
**Amount of Funding:** $25,000 from FGB Starter Funding Pool
**Use of Funds:** Hired new workers and revamped production facility
**Next Milestone:** $100,000 in revenue in 12 months

ANAGHE ATELIER


### Arbol -
Crowdfunding platform to support low income college students

**Website:** growarbol.com
**Founders:** David Gonzalez, Favio Osorio
**Stage of Company:** Gaining Traction
**Revenues**: $50,000
**Amount of Funding:** $25,000 from FGB Starter Funding Pool; $35,00 from LNY Nonprofit Fund
**Use of Funds:** Product development, technical and student support staff
**Next Milestone:** $50,000 in monthly donations, $6,000/month from 4 partner colleges

ARBOL

### CAHill TECH -
Training software app for the next generation of construction workers

**Website:** cahilltech.com
**Founder:** Carley Hill
**Stage of Company:** Gaining Traction
**Revenues:** $318,000
**Amount of Funding:** $50,000 from LNY Nonprofit Fund before FGB, $50,000 from LNY Nonprofit Fund and Investor Network after FGB
**Use of Funds**: App development;
**Next Milestone:** $500,000 in revenue in 12 months

CAHill

### Feedback Solutions -
Developed a proven and patented technology that produces highly accurate real-time occupant data for ventilation systems

**Website:** feedbacksolutions.io
**Founder:** David Whalley
**Stage of Company:** Growing
**Revenues:** $560,000
**Amount of Funding**: $50,000 from LNY Nonprofit Fund, $110,000 in from LNY LP Fund and Investor Network after FGB
**Use of Funds:** Sales Development
**Next Milestone:** Market expansion

FEEDBACK SOLUTIONS

## Radiant Abilities -
Healthy relationship training SaaS platform for students and persons with disabilities

**Website:** radiantabilities.com
**Founder:** Kathy O'Connell
**Stage of Company:** Testing A Solution
**Revenues**: $105,000
**Amount of Funding:** $25,000 from FGB Starter Funding Pool
**Use of Funds:** Contracted services
**Next Milestone:** Complete customer discovery, market validation, and pilot testing

Radiant abilities Living Fully with a Disability

## Re-Nuble -
Transforms food waste into plant-based technologies for both soil based and hydroponic cultivation

**Website:** re-nuble.com
**Founders:** Tinia Pina
**Stage of Company:** Gaining Traction
**Revenues**: $25,000
**Amount of Funding:** $100,000 from LNY Nonprofit Fund and $25,000 from LNY LP Fund
**Use of Funds:** product development, demonstration site expansion
**Next Milestone:** New product pilot testing

Re-Nuble

## Sign-Speak -
An automated American Sign Language (ASL) recognition and production application for deaf or hard of hearing individuals

**Website:** sign-speak.com
**Founder:** Yamillet Payano
**Stage of Company:** Launching
**Revenues:** Pre-revenue
**Amount of Funding:** $100,000 from LNY Nonprofit Fund, $50,000 from LNY LP Fund
**Use of Funds**: prototype testing, market launch, channel partnerships
**Next Milestone:** Pilot Testing

Sign-Speak

## 812 Inventions -
Dipit Condiment Caddy, the ultimate finger food carton

**Website:** dipitbrand.com
**Founders:** Toby Butler and Dorian Cromwell
**Stage of Company:** Launching
**Revenues**: Pre-revenue
**Amount of Funding:** $25,000 from FGB Starter Funding Pool
**Use of Funds:** Prospect potential client relationships at major trade events
**Next Milestone:** Secure demonstration sites for MVP testing and potential enterprise customer relationships

Dipit Dipit Brand Condiment Caddy

## C. Funding and Programming Lessons + Recommendations

We found that many of the general lessons that we experienced and addressed around funding and programming reflect other realizations experienced throughout the pilot. These iterative lessons include:

- An adequate Starter Funding source is crucial to help underrepresented founders take the first steps to shape and validate their idea. Also critical to creating opportunities for success via programming is having a team to work closely with the founder to ensure that the funds are used toward key milestones.
- Underrepresented founders are typically not familiar with the venture capital or investment community, so new relationships and trust must be established.
- For founders not familiar with equity capital–backed businesses, the idea of giving up a "piece of the pie" can be an immediate turn off. Particularly among underrepresented founders, we see this as a first hurdle to address since many of them are committed to independence and self-reliance. This is important to address on an ongoing basis. If they choose to accept this model, as these companies grow, they will need to share more of the pie. It is the nature of growing a scalable venture. The original founder may even need to move into a different role within the company as the business matures and different skill sets are required.
- Even if the founder is comfortable taking on capital of any kind from others—and many are not—both knowledge of the financing details and comfort with the investor are vital. Ongoing programming and education around the various investment models are essential. Taking on investors is sometimes compared to a marriage; it's important that there is a good relationship for the duration of the investor's stake in the company, which can be years—well beyond a typical loan payback period.
- Despite both parties' feeling like there was a great marriage in the making, disagreement on terms can derail an investment. A particularly challenging issue is the assignment of value to the business. Often founders believe their business is worth more than investors do. For many reasons, it's likely that neither one is exactly right. A blend of methods is used for determining a valuation for startup companies with little or no revenue. Being realistic and reasonably flexible around the terms is perhaps one of the most important lessons for founders, who typically need to talk with and agree on terms with many investors to raise all the capital they will need. It is somewhat similar to seeking a traditional loan, in which different lenders offer varying terms.
- People facing a challenge or new experience often like to see others who have been in the same position. Given the lean history of underrepresented founders receiving venture capital, it's often necessary to go outside the region to recruit representative role models.
- Aggregating a robust group of experienced, diverse founders and mentors as a program resource requires intensive and intentional effort; growing a national role model pool relieves putting excessive time burden on a handful of local individuals.
- Popular media depictions of entrepreneurs pitching investors for money, such as in "Shark Tank," seem to be the ideal way to encourage more founders. But, programmatically, FGB participants require much more time and preparation than Launch NY's standard minimum three months of mentorship before they are ready to pitch. Planning for more time and resources to support underrepresented entrepreneurs is vital to address each company's unique obstacles. These can range from a gap in skills to prepare the required documents to a lack of self-confidence in presenting the business.

*"In this third year of Founders Go Big we've shifted to provide more support early on; customer discovery has been revamped to be even more responsive and supportive of clients during the product-market validation process. We've increased our engagement with the community; connecting with our ecosystem partners to provide programming and events that level-set.*

*We continue to educate about equity investment-what it is, and that it's an option for funding. It often takes multiple touchpoints, education, and lots of time at this stage to help Founders Go Big clients prepare for fundraising- or to pivot to an alternative method."*

***—Crystal Wallace, Founders Go Big Project and Program Manager***

*"I'd say with Black entrepreneurs, the thing with equity is a cultural, sort of a visceral, reaction. We can explain it to them, but there is still a reluctance. A couple of entrepreneurs that I talked with about scaling and the concept of equity—I said, 'Well, it's not really like a loan. They need a piece of your business, because it's riskier than a loan; they may not get their money back.' He was against any level of equity, because he had toiled and toiled; it was more important to him to retain control. I said, 'Well, you may have control of something that's worth zero, instead of having 80% of something that's worth a lot of money.' And he got it...but I think it was still cultural; those types of things are not rational. Exposure to demographically matched entrepreneurs who have accepted equity might help, rather than trying to 'explain' it. Then they could talk through the process, understanding that they're starting from similar places. That place of fear. Hearing other representative entrepreneurs say, 'Well, here's how I got myself over it. Here are the steps that I took in order to be okay with it.'"*

***—Quincy Allen, Founders Go Big Advisory Board Member, Launch NY Board Director, Former Corporate Executive and Current Board Member of ABM Industries, Lumen Technologies, and Office Depot***

# *VI. Outcome Expectations and Metrics*

## A. The Need to Measure

Peter Drucker is credited with this important quote in business management, “If you can’t measure it, you can’t improve it.” How do we measure success? Organizations such as Launch NY, which are designed to support scalable businesses, use a blend of metrics to properly assess the impact of programming on the target audience and community. Launch NY considers both activities and outcomes when evaluating its mentorship and funding services.

Best practices in measurement come from peer organizations reflecting economic development, venture capital, and entrepreneurship education. With its focus on underrepresented founders, Founders Go Big also requires consideration of DEIA metrics, which are reflected among the comprehensive measures shown in Figures 7-9.

In order to track and evaluate the results of Founders Go Big, Launch NY leverages its Customer Relationship Management (CRM) system, digital data collection tools, and financial management systems. In addition to information collected from company surveys and interviews conducted at least quarterly, the CRM reflects data collected by the Launch NY team, as well as EIRs. The EIRs’ input on client mentoring time and company progress metrics are required to generate their monthly invoice to Launch NY, which motivates them to provide client data on a consistent basis DEI programs should endeavor to determine the optimal metrics, methods, and tools for measuring their program with flexibility to adapt as needed over time.

| Sample Metrics | |
|---|---|
| **Process and Descriptive Measures** | **Outcome Measures** |
| • # of participants in outreach programming<br>• # of new client intakes and company demographics, industry, etc.<br>• # of companies participating in FGB program components<br>• Company demographics<br>• Company industry sectors<br>• Stage of company development and milestones achieved (e.g., customer discovery interviews, Minimum Viable Product)<br>• Amount of funding sought by companies<br>• # of clients presented to Investment Committee<br>• Use of non-LNY resources/programs<br>• Client satisfaction | • # of companies who raised funds<br>• Amount of funds raised by source<br>• Amount of product/service revenues<br>• # of employees hired and retained<br>• Other changes in organizational status (acquisition, closure, etc.)<br>• Returns on Launch NY investment<br>• Qualitative: other regional impacts (e.g., use of regional suppliers) |

Figure 7

## Founders Go Big Company Snapshot

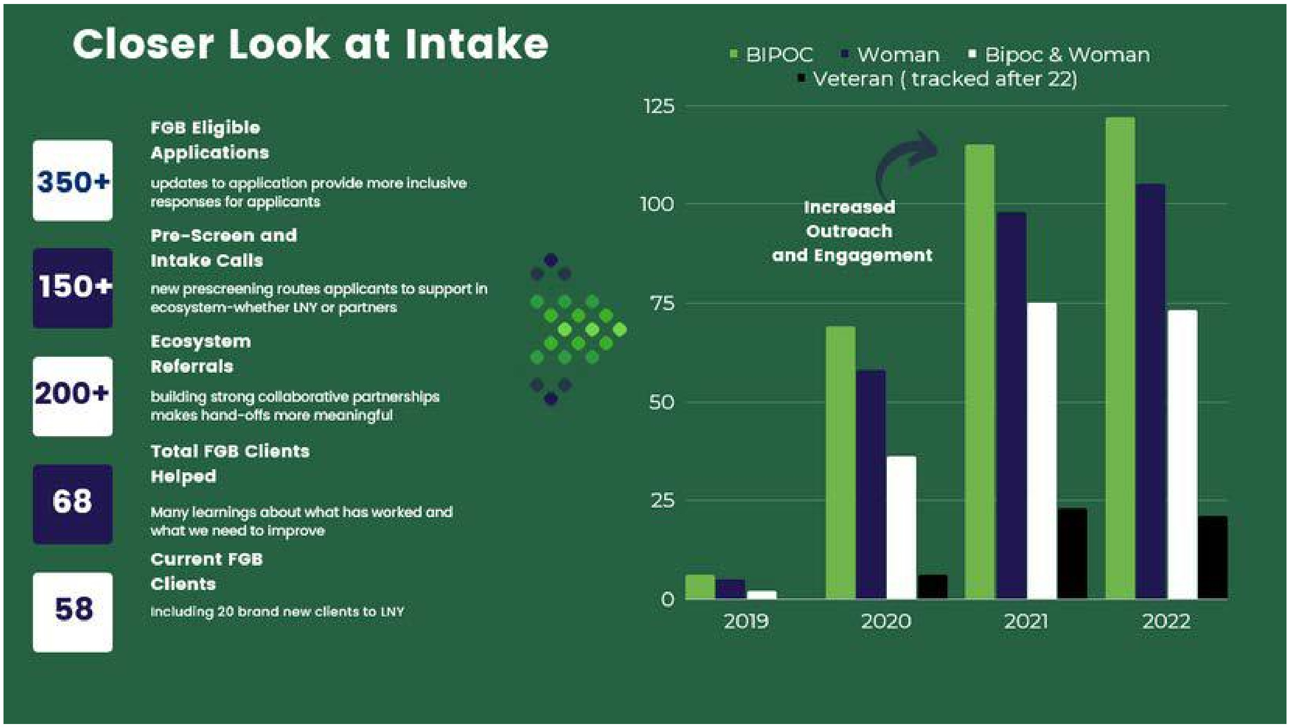


Figure 8

## Founders Go Big Company Performance Metrics

| | Start (11/2019) | Active Clients as of 11/30/2022) | Total (Clients Served as of 11/30/22) |
|---|---|---|---|
| Active Clients | 20 | 51 | 68 |
| Enrolled in Customer Discovery | 17 | 19 | 54 |
| Total Revenues | $.056MM | $4.84MM | $5.07MM |
| % of Companies with Revenues | 40% | 47.1% | 45.6% |
| MVP Built | 8 | 27 | 34 |
| Total Hours Mentored | - | 972.10 | 1246.5 |
| # of Employees | 21 | 64 | 83 |
| % with Employees | - | 60.8% | 64.7% |
| Funds Raised | | $4.7MM | $6.3MM |

Figure 9

## B. Wrap-up Lessons & Recommendations

Founders Go Big seeks to address the lack of underrepresented founders driving successful scalable businesses by adapting its measurement rubric, and considering its many lessons learned from the pilot experience. It is critical the funders and administrators of DEIA programming consider the factors unique to the target population when setting expectations about outcomes. The lessons and recommendations from FGB regarding program evaluation and outcomes include:

- By definition, underrepresented founders have less experience and fewer role models in building scalable businesses than their more highly represented counterparts. Therefore, from the start, a DEIA-focused program needs to shift its focus from the traditional KPIs, such as return on investment or job creation, as the only driving considerations. Instead of or in addition to those more traditional measures, funders and program administrators need to gauge progress with process measures. For example, a company completing a MVP even without generating any revenue reflects meaningful progress in the journey toward a scalable business.
- Metrics should be tailored to the stage of the business to establish incremental, achievable milestones. The Pre-Seed, Seed I, and Seed II stages provide a way to both design programming and support resources, and also the data collection process and content. For example, a Pre-Seed company would not be required to provide detailed monthly financial statements, but would be expected to report on its customer discovery interviews. Similarly, a Pre-Seed company would not be expected to have product revenues, but a Seed I or II company would have product sales targets.
- Funders and organizers for programs such as FGB need to be prepared for much longer time frames, greater mentorship support resources, and more risk-tolerant financing programs to achieve the same level of progress as might be achieved with more savvy, better resourced founder-led startup businesses.
- FGB has demonstrated that programs serving underrepresented founders require more working capital to provide coaching and technical support, and that there will be a slower rate of capital deployment than is typically seen among more experienced, better resourced counterparts.
- In order to see the long-term impact, program design needs to consider continued pairing of smaller investments—possibly even in the form of grants, especially into first-time founders—that support the entrepreneur through multiple rounds of fundraising. This type of progress will likely take place over years, versus conventional accelerator or incubator models that involve only weeks or months of engagement.

*"I grew up in the Buffalo area; my dad was a labor worker at GM. I see higher education as the new bridge, or gateway, for myself and others like me, but that bridge is broken. Being a part of Arbol, and working to take it to the scalable level has the potential to be the intersection of my goals: I can take everything I've learned in business and serve millions of people. First, I always wanted to build a company from scratch to achieve scale, with venture-backing. It's like climbing a mountain, a challenge for myself. Then, there's the passion that [co-founder/co-CEO] Favio and I have for wanting to help people. That shared experience as first-generation college students. The system is failing over eight million students, and with Arbol, we have the opportunity to help both the students, with social mobility, and investors, with a viable business that creates value. That's the intersection of the two: social impact, and having a successful startup."*

***-David Gonzalez, CEO and Co-Founder of Arbol, Founders Go Big Client Company and Launch NY Portfolio Company***

*"This work is so important, especially for underserved minorities, essentially because they are underserved and minoritized. They have less access to things like resources and financial capital—the key elements that many who grow successful businesses do have access to. Learning about this work goes beyond saying 'We believe in you.' We need to hear people's ideas, while also providing mentorship, support and a pathway to that high-growth model. A lot of our white counterparts have the resources to fail once or twice. And if their business doesn't work, they can join their father's business or take other lucrative, viable opportunities. So one of the learnings is to empower minoritized individuals with the confidence to fail; to let them know that failing is part of the process. Another element of this work is the funding; minoritized individuals tend to 'get enough funding to fail.' And I mean, if you don't have enough resources, it's very difficult to get where you need to be. So we really need to provide more comprehensive support for minoritized entrepreneurs: mentorship, actual financial resources, helping with marketing plans, understanding back office and all of those pieces, including the importance of bringing people on, what it takes to run a business and the sacrifice needed."*

***—Melodie Baker, Founders Go Big Advisory Board Member, Launch NY Board Director, National Policy Director of Just Equations***

# Appendix

*Appendix A: Press Releases and Feature Articles*

*Appendix B: Founders Go Big Advisory Board Biographies*

*Appendix C: Ask The Expert Series Flyer Example*

*Appendix D: Due Diligence Checklist*

## Appendix A: Press Releases and Feature Articles

**Press Releases:**

- 2/4/2020 - ***Launch NY Receives $300,000 Investment From JPMorgan Chase for Inclusive Entrepreneurship*** (https://launchny.org/news/launch-ny-receives-300000-investment-from-jpmorgan-chase-for-inclusive-entrepreneurship/)
- 2/16/2021 – ***Launch NY Prepares Black Entrepreneurs Building Scalable Businesses Across All High-growth Industries*** (https://launchny.org/news/launch-ny-prepares-black-entrepreneurs-building-scalable-businesses-across-all-high-growth-industries/ )
- 4/14/2021 - ***Launch NY's Seed Funds Fuel Six Companies with $420,000 in Q1*** (https://launchny.org/news/press-release/launch-nys-seed-funds-fuel-six-companies-with-420000-in-q1/)
- 4/21/2021 - ***Launch NY Honored for its Inclusive Economy Building Efforts*** (https://launchny.org/news/press-release/launch-ny-honored-for-its-inclusive-economy-building-efforts/)
- 5/18/2021 - ***Making Entrepreneurship Pandemic-Proof*** (https://launchny.org/news/press-release/making-entrepreneurship-pandemic-proof/ )
- 6/1/2021 - ***Launch NY Awards First Founders Go Big Investment*** (https://launchny.org/news/press-release/launch-ny-awards-first-founders-go-big-investment/ )
- 6/10/2021 - ***Launch NY Announces Advisory Board for its Founders Go Big Program*** (https://launchny.org/news/press-release/launch-ny-announces-advisory-board-for-its-founders-go-big-program/)
- 1/31/2022 - ***Q&A with Crystal Wallace on 2021 Ask the Expert Series*** (https://launchny.org/news/blog/qa-with-crystal-wallace-on-2021-ask-the-expert-series/)
- 8/29/2022 - ***LAUNCH NY'S INVESTOR NETWORK ADDS NEW INVESTMENT OPPORTUNITY IN DIVERSE-FOUNDED STARTUP*** (https://launchny.org/news/press-release/launch-nys-investor-network-adds-new-investment-opportunity-in-diverse-founded-startup/)
- 11/20/2022 - ***Launch NY Introduces New Resource Navigator Providing Up-to-Date Information on Funding and other Opportunities for Local Startup*** (https://launchny.org/news/press-release/launch-ny-introduces-new-resource-navigator-providing-up-to-date-information-on-funding-and-other-opportunities-for-local-startup/)
- 12/5/2022 - ***Launch NY Receives $100,000 Investment from JPMorgan Chase To Advance "Founders Go Big" Program for Underserved Entrepreneurs*** (https://launchny.org/news/launch-ny-receives-100000-investment-from-jpmorgan-chase-to-advance-founders-go-big-program-for-underserved-entrepreneurs/)

## Appendix A: Press Releases and Feature Articles (Continued)

**Featured Articles:**

- 9/23/2020 - ***UpstartNY: Launch NY Initiative Helps Women and Minority Founders Scale Up and Aim High*** (https://www.upstartny.org/features/LaunchNY-initiative-helps-women-minority-founders-scale-up-aim-high.aspx)

- 12/16/2021 – ***UB News Center: UB spinoff Atrevida Science aims to modernize the wind turbine*** (https://www.buffalo.edu/news/releases/2021/12/014.html)

- 2/15/2021 – ***Buffalo Business Journal: Future is bright at Anaghe Atelier, founder Anthony Boyd says*** (https://www.bizjournals.com/buffalo/inno/stories/news/2022/02/15/future-bright-at-anaghe-atelier-founder-says.html?utm_source=st&utm_medium=en&utm_campaign=me&utm_content=bu&ana=e_bu_me&j=26714967&senddate=2022-02-15)

- 2/25/2022 – ***Buffalo Business Journal: With $125,000 investment from Launch NY, AireXpert ready for global opportunities*** (https://www.bizjournals.com/buffalo/inno/stories/fundings/2022/02/25/andy-hakes-airexpert-takes-on-global-opportunity.html?utm_source=st&utm_medium=en&utm_campaign=ae&utm_content=bu&ana=e_bu_ae&j=26836554&senddate=2022-02-25)

- 6/8/2022 – ***Buffalo Business Journal: Three minority-led startups – Arbol, Cahill Tech, AirExpert – raising money through Launch NY*** (https://www.bizjournals.com/buffalo/inno/stories/fundings/2022/06/07/minority-founders-launch-ny-buffalo.html)

- 6/19/2022 – ***Buffalo News: Launch NY highlighting diverse founders with investment opportunity*** (https://buffalonews.com/buffalo-next-launch-ny-highlighting-diverse-founders-with-investment-opportunity/article_6c3ecf62-e752-11ec-8212-1fc9a5a585d9.html)

- 8/2/2022 – ***Buffalo Business Journal: High-growth, high-risk tech startups lack diverse leaders.*** Addressing that requires systemic change (https://www.bizjournals.com/buffalo/inno/stories/inno-insights/2022/08/01/buffalo-technology-startups-diversity-issues.html)

- 10/11/2022 – ***Buffalo Business Journal: 43North contest finalist CaHill Tech closes $1M funding round, plans to hire*** (https://www.bizjournals.com/buffalo/inno/stories/news/2022/10/09/43north-competition-hiring-on-deck-for-cahill-tech.html)

- 10/21/2022 – ***Buffalo News: 43North names five $1 million startup contest winners*** (https://buffalonews.com/business/local/43north-names-five-1-million-startup-contest-winners/article_c60dcbc6-4f1f-11ed-8c26-f33c5b6b27fc.html)

- 11/7/2022 – ***Buffalo Business Journal: East Side co-founders create platform to connect studios and artists*** (https://www.bizjournals.com/buffalo/inno/stories/news/2022/11/04/stooty-technologies-creates-platform-to-connect.html)

## Appendix B: Biographies for Founders Go Big Advisory Board

**Quincy Allen** - ***Board of Directors, Office Depot*** Quincy Allen has over 35 years of leadership experience in the technology services industry, most recently serving as IBM's Go-To-Market Leader of Cognitive Process Services and Chief Marketing Officer for IBM Cloud from 2015 to 2018. Prior to joining IBM, Allen served as Chief Marketing and Strategy Officer at Unisys Corporation, a global information technology company, and Chief Executive Officer at Vertis Communications, a direct marketing and advertising company. Prior to Vertis, Allen held several leadership positions with Xerox Corporation, including serving as President of the Global Business and Strategic Marketing Group and President of Production Systems Group, as well as Vice President of Xerox Corporation. Allen currently serves on the board of Office Depot and is an advisor for the Ain Center for Entrepreneurship at the University of Rochester. He has previously served on the boards of Gateway Computers and NCR Corp.

**Melodie Baker** - ***National Policy Director, Just Equations*** Melodie Baker is the National Policy Director for Just Equations based in Berkeley, CA, a Public Health Fellow for the Rockefeller Institute of Government, a Public Research Fellow for the Partnership for Public Good, and owns Q&A STATS LLC, a research and evaluation company in Clarence NY. She is a nationally recognized education leader and advocate. As a community leader, charter school founder, and program director, she has devoted her career to advancing health and education policies for underserved communities. Baker has chaired various national, state, and local coalitions, including Raising New York, facilitated by The Education Trust-NY, The National Coalition for Community Schools, and the Erie/Niagara Birth to 8 Coalition. She directs the research and evaluation effort for the Rockefeller Institute of Government's First 1000 Days on Medicaid Initiative, headed by the New York State Department of Health, and was recently tapped to serve on Governor Andrew Cuomo's Reimagining Education Advisory Council to devise strategies for re-opening schools amid the COVID-19 pandemic. Ms. Baker earned a Bachelor's degree in Public Relations from Buffalo State College, a Master's degree in Executive Leadership and Change from Daemen College, an Advanced Graduate Certificate in Applied Statistical Analysis from SUNY-Buffalo, and is currently working on her PhD in Educational Psychology and Quantitative Methods at SUNY Buffalo.

**Kate Brodock** - ***CEO, Women 2.0*** Kate Brodock is CEO of Women 2.0, a media and tech company focused on gender equality, diversity, and inclusion in the tech industry. Serving over 300,000 around the world, Women 2.0 provides content, products, and services around parity, and has catalyzed over $90M in funding for female founded companies. Under Kate's leadership, Women 2.0 has engaged with companies, such as Medium, Adobe, and Airbnb, to educate internal teams about diversity and inclusion. Kate also led the team in several recent product launches, including its Lane recruitment platform and a "Men as Allies" committee, which aims to engage men in diversity and inclusion conversations. Outside of Women 2.0, Kate has played an active leadership role in the tech ecosystem for more than a decade. She led a global nonprofit focused on women in technology and entrepreneurship as its President. Most recently, she was CMO of untapt, an AI-driven tech talent marketplace based in NYC. She held the role of Adjunct Professor in PR and Marketing at Syracuse University. Kate is a regular speaker, appearing on stages around the world at SXSW, 15 Seconds Festival, Collision Conference, Fast Company's Innovation Uncensored, and TechStars. She has been featured in the Washington Post, TechCrunch, Al Jazeera, MSNBC, and she's a contributor for Forbes.com. She has a BA from the University of Rochester, an MBA from Goizueta Business School at Emory University, and an MA in International Relations from the Fletcher School at Tufts University.

## Appendix B: Biographies for Founders Go Big Advisory Board (Continued)

**Michelle Fisher** - ***Senior VP of Operations, Circuit Clinical*** Michelle Fisher is a Buffalo native who received her MBA at Canisius College with a focus in accounting and finance. After obtaining her CPA, she worked in financial services within various roles before being recruited by the University of Buffalo. There she took on the position of Chief Financial Officer of UB Associates, Inc., the management organization for UBMD Physicians Group and the largest physician group in WNY. In 2017, Michelle joined Circuit Clinical, a small but successful startup focused on improving the way people find and participate in clinical research. She was promoted to SVP of Operations and is responsible for building the operational team and processes as Circuit Clinical expands across the US. The innovation and collaboration that comes with being part of a growing organization energize her; she especially enjoys the mentorship and coaching aspects of her current role. Michelle recently joined the Board of Directors of the Hispanic Women's League, where she is passionate about creating opportunities for women and supporting minorities in education and business.

**Christian Johnson** - ***CEO, Beautiful Brains*** Born and raised in Buffalo, New York, Christian Johnson grew up on the eastside of the city and attended the University at Buffalo. She is a woman who has many titles: mother, entrepreneur, advocate, activist, teacher, and mentor. Christian has always been motivated to impact change and have a voice in improving her city of Buffalo, and specifically the inner city. In 2006 she co-produced a documentary film "The Forgotten City" highlighting some of the challenges Buffalo was facing and why the inner city community was seeing record crime rates. Giving back is a priority for Christian. Through the Buffalo Urban League, she mentors children from her community and actively organizes and participates in events focused on voter education/registration and entrepreneurship. Christian also mentors at the Boys and Girls Club of NY, as well as The Girls Scouts of WNY. She sits on the board of the UB initiative Girls Get It - a STEAM focused program targeting middle school and high school girls. Christian has been part of the startup ecosystem that has been blossoming in Buffalo since its inception. She is the Founder of Driver Watchdog, a NY technology startup focused on making driving safer. In May of 2015 First Niagara Bank and the Buffalo Urban League awarded Christian with the Minority Women Entrepreneur grant, awarded to 2 startups per year, for innovative companies that have a social impact on the community. For her startup efforts on DWD, Christian was invited to the White House in 2016 by President Obama to represent up-and-coming entrepreneurs. That year, Johnson was recognized by NYS Sen. Kennedy's office for women who are striving to make a difference in their communities through entrepreneurial leadership and was awarded the Women Touching the World Award. In 2017, she was selected as the Buffalo Urban League Young Professionals Entrepreneur of the Year. Also, In 2017 she was awarded the National Grid Technology Startup Grant - awarded to 2 entrepreneurs each year who use innovation and technology to improve the quality of life for people. In 2018 she appeared as a TV personality on A&Es new hit investment show "Rooster and Butch". Christian is the President of Beautiful Brains, a NYS certified MWBE consulting firm specializing in providing professional and IT services to the public and private sector. Learning and surviving being a black woman in the technology space, Beautiful Brains has created a class entitled "Get Your Pitch Together" to help other minority and women-owned companies avoid some of the pitfalls and obstacles she experienced, as well as position their companies for venture capital investment and customer acquisition. In 2018, Christian accepted a position with the University at Buffalo Blackstone Launchpad to facilitate a class once a week, focusing on minority entrepreneurship

## Appendix B: Biographies for Founders Go Big Advisory Board (Continued)

**Tyra Johnson Hux** - ***Deputy Director, LISC WNY*** Tyra joined LISC in November 2019 where she began as LISC WNY’s lead staff for Developer Education programs, creating trainings for commercial real estate and affordable housing developers. In her new role as Deputy Director, Tyra will lead efforts to cultivate, design, and implement inclusive economic development programs for the LISC WNY office. Her past experience includes construction management for the largest commercial construction firm in Western New York, where she established a track record for completing multimillion-dollar projects by developing strong crosssectoral partnerships while maintaining costs. Immediately prior to joining LISC, Tyra owned an independent business, complete with a retail shop and a consulting firm, called Blue Sky Design Supply. Tyra worked on a variety of environmentally and socially sustainable development projects. While working for organizations that affect lives, she honed her passion for supporting individuals and communities that have systemically received less investment than others. Tyra looks forward to building relationships with neighborhoods to accurately identify inclusive economic recovery strategies that work with partner organizations, putting them front and center of the work. She also looks forward to developing programs that increase the pipeline for individuals and small businesses of color to increase wealth.

**Anthony Jones, JD** - ***CEO, Flextime Nurses*** Anthony J.M. Jones is the Founder and Executive Chairman of Flextime Nurses and the CEO of TasselDreamers, Inc. He is an accomplished attorney, serial-entrepreneur, and community activist. Mr. Jones brings industry experience in entertainment, media, sports, e-sports, technology, healthcare, fashion, fintech, and commodities. As an attorney, Mr. Jones focuses his practice on the transactional aspects of entertainment and media law, film production law, sports law, fashion law, and advising midstage companies and start-up ventures. Mr. Jones' clients have sold a combined 100 million units worldwide, have won Grammys, have been nominated for Academy Awards, won Olympic Gold Medals, NBA, NFL, and MLB championships. As an advisor, Mr. Jones has worked with entrepreneurs and startups of all types, including film production and distribution companies, e-sports developers, software developers, magazine and newspaper publishers, recording artists, professional athletes, oil and gas exploration companies, and merchandising and retail industries. He has been instrumental in leading capital raising campaigns by drafting and negotiating Private Placement Memorandums for start-ups, drafting convertible debt note arrangements, restructured operation agreements, corporate buyouts, capital contribution agreements and catalog acquisitions. As a former high school and college basketballstarin WNY, Mr. Jones' interestin entertainment and sports peaked as a student-athlete helping his former teammates navigate through the international professional sports landscape as well as helping music acts through a management company he founded. While still a student in WNY, he was successful in launching an independent record label and procuring an international distribution deal with Sony. Mr. Jonesis graduate of Daemen College andUniversity at Buffalo Law School. He hasserved as an Adjunct law professor at UB and, although he resides primarily in Georgia, continues to support Upstate entrepreneurs.

**Yahaira Zapata** - ***Business Development Officer, PathStone Enterprise Center*** Yahaira Zapata is a Brooklyn-born but Buffalo-grown, passionate, curious, and multicultural marketing creative with over 10 years of experience, a Business Development Officer at PathStone Enterprise Center, and the founder of As1 Studio. As1 Studio works with underrepresented communities and uses tailored design to expose audiences to different perspectives, create conversations, and expand mindsets. As1 Studio is a catalyst to generate social impact by helping conscious organizations spread their message, so more people are actively part of the change they want to see in the world, providing full-service branding and web development that is sophisticated, research-backed, and customer-focused to help businesses grow.

## Appendix C: Ask The Expert Series Flyer Example

# Appendix D: Seed Fund Investment Request - Due Diligence Request List

Launch New York, Inc.

**Launch NY**
**Seed Fund Investment Request**
***Due Diligence Request List***
***Client:*** ______________________
***EIR:*** ______________________

| | |
|---|---|
| **1.0 Company Records** | |
| 1.1 | Copy of articles of organization and other charter documents of the Company and all amendments |
| 1.2 | Copy of operating agreement or bylaws of the Company and all amendments |
| 1.3 | Copy of minute book, including minutes and consents of the members and managers, and including copies of all written notices or waivers |
| 1.4 | List of all officers, members, managers, advisors, and employees (name, title, salary, and ownership for each) |
| 1.5 | Copy of organizational chart including name and title for employees and city and state for locations |
| 1.6 | List of all states (and countries, if applicable) where the Company is qualified to do business and copies of evidence of qualification |
| 1.7 | Copies of all applicable good standing certificates and tax status reports for the Company |
| **2.0 Membership** | |
| 2.1 | Capitalization table including fully-diluted ownership |
| 2.2 | Copies of all written agreements to issue or grant options, warrants or any form of equity in the Company |
| 2.3 | Copies of all other agreements relating to the purchase or sale of membership interests |
| 2.4 | Copies of all agreements and other documentation relating to all transactions involving membership interests |
| **3.0 Financing** | |
| 3.1 | List of all financing received with ownership percentage and terms included (interest rate, maturity, conversion, etc.) |
| 3.2 | Copies of all documents generated in connection with all equity and convertible debt financings |
| 3.3 | Copies of all payoff letters and authorizations for termination of financing statements |
| 3.4 | Schedule of notes payable and copies of all documents and agreements evidencing borrowings |
| 3.5 | Copies of all bank letters and agreements confirming lines of credit, including any amendments, renewals, or notices |
| 3.6 | Copies of all documents and agreements relating to guarantees |
| 3.7 | Copies of all documents and agreements evidencing other financing arrangements (leases, equipment, etc.) |
| 3.8 | Copies of all correspondence with lenders or security holders, including all compliance reports submitted |
| **4.0 Financial Information** | |
| 4.0 | State and federal tax returns filed during the last three years |
| 4.1 | Monthly financial statements for the past three years |
| 4.2 | Monthly year-to-date financial statements with comparison to prior year and budget |
| 4.3 | Copies of audited or reviewed financial statements for the past three years |
| 4.4 | Copies of prior 12 month bank statements |
| 4.5 | Forecast of financial performance and capital expenditures for current year and next 3-5 years with assumptions listed |
| 4.6 | Current sales backlog reports or revenue projections |
| 4.7 | Detailed listing of fixed assets, owned and leased, and related accumulated depreciation by major category and location |
| 4.8 | Current accounts receivable and payable aging reports |
| 4.9 | Listing of debt obligations including terms |
| **5.0 Operational** | |
| 5.0 | Description of all systems (hardware and software) used |
| 5.1 | Listing of employee benefits |
| 5.2 | Listing of all current vendor contracts with vendor name, description and terms |
| 5.3 | Listing of all current customer contracts with customer name, description and terms |
| 5.4 | Provide insurance information including general, product, auto, professional and any other relevant insurance |
| 5.5 | Listing of significant litigation or regulatory actions including both pending and current |
| 5.6 | Schedule and copies of all patents, patent applications, trademarks, or any other intellectual asset |