OPEN SESSION

FOR INFORMATION ONLY
(No formal action is requested at this time)

1. Introduction and Chair’s Remarks
   Julia Grumbles, UNC Board of Trustees

2. Launch Chapel Hill and 1789 Venture Lab
   Ted Zoller, T.W. Lewis Clinical Associate Professor of Strategy and Entrepreneurship & Director of the Center for Entrepreneurial Studies, KFBS
   Dina Rousset, Associate Director, Center for Entrepreneurial Studies, KFBS

3. Review and Next Steps
   Judith Cone, Vice Chancellor for Commercialization & Economic Development

*Some of the business to be conducted is authorized by the N.C. Open Meetings Law to be conducted in closed session.
Launch Chapel Hill, 1789 Venture Lab and Growth Space

Presented by:
Dean Doug Shackelford, Kenan-Flagler Business School
Ted Zoller, Director, Center for Entrepreneurial Studies
Dina Rousset, Associate Director, Center for Entrepreneurial Studies

Presentation to the Commercialization and Economic Development Committee
UNC-CH Board of Trustees
July 20, 2016
STATEWIDE ECONOMIC IMPACT ANALYSIS
THE UNIVERSITY OF NORTH CAROLINA SYSTEM
CREATED
$27.9 BILLION IN ADDED STATE INCOME IN FY 2012-13
EQUIVALENT TO 426,052 JOBS
EQUAL TO 6.4% OF THE TOTAL GROSS STATE PRODUCT

221,070
STUDENTS IN THE UNC SYSTEM

$400,760,102
GROSS SALES GENERATED BY OUT-OF-STATE VISITORS
OVER 80% SPENT OFF-CAMPUS

MORE THAN
850,000
ALUMNI LIVE IN NC
CREATING $17.9 BILLION IN ADDED STATE INCOME

FOR EVERY $1 SPENT ON EDUCATION AT UNC
CUMULATIVE VALUE IN BENEFITS FOR:

STUDENTS $31.0
Gained in lifetime income for students.

TAXPAYERS $3.90
Gained in added taxes and public sector savings for taxpayers.

SOCIETY $8.90
Gained in added state income and social savings for society.

RESEARCH
$1.5 BILLION = 22,034 JOBS

CLINICAL OPERATIONS
$2.3 BILLION = 27,759 JOBS

BUSINESS START-UPS
$1.4 BILLION = 7,712 JOBS

UNC-CH Innovation Ecosystem
Center for Entrepreneurial Studies

Co-Working Space

Launch Chapel Hill

Adams Apprenticeship

1789 Venture Lab

Start Up U

Carolina Challenge
Stakeholders

Financial Partners

**UNC-CH**

**Town of Chapel Hill**

**Orange County**

**Becker Family**

**The Downtown Partnership (in kind)**

**Resource Partners** Legal – Smith Anderson and Hutch Law, Accounting – Blackman and Sloop, PR - Largemouth, Marketing – 3 Birds, and Departments across UNC-CH and Duke

**Community** Triangle Office Equipment, SCORE, Friends of the Downtown, Local Serial Entrepreneurs, Angels, Investors
Goals

◆ Promote economic development in Chapel Hill, Orange County & the Triangle
◆ Create outlet for graduates of UNC-CH entrepreneurship programs
◆ Build/retain an accessible network of experienced entrepreneurs to engage in UNC-CH entrepreneurship curriculum
◆ Extend UNC-CH’s commitment to innovation to the broader community
◆ Help raise region’s profile as a leading start-up hub
◆ Attract talent
## Success in progress: U Connection

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Success in progress: Academic Benchmarking

- **Current Members**
- **Target**

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* YTD through June
2016
Current and Prospective Members

[Map showing various universities across the United States, with some universities labeled as members and others as prospective members.]

Member
Prospective
Our Ventures (55 and counting)
Thank you... Questions and Discussion of What’s Next?
TEN LESSONS ON CATALYZING ENTREPRENEURSHIP AND INNOVATION
How Planners Can Support Business Development in the New Economy

BEN HITCHINGS, AICP, CZO
Ben is the Director of Planning and Development Services for the Town of Chapel Hill, NC, and the Past President of North Carolina Chapter of the American Planning Association (APA). He has more than twenty years of experience working on planning issues and has developed award-winning plans at the local and regional levels. He currently serves as the Vice Chair of the APA’s Chapter Presidents Council.

As communities re-tool their economic development strategies in the wake of the Great Recession, catalyzing innovation is all the rage, but promoting entrepreneurship may be more impactful. From business incubators to maker spaces to innovation districts, local governments are discovering new opportunities to support business development in the New Economy. Professional planners have an important role to play in helping communities understand the benefits of these activities and which ones hold the greatest economic development potential for their jurisdictions.

Entrepreneurship is the act of building a new business, while innovation is the creation, transfer, and commercialization of new and improved technologies. Entrepreneurship can be a potent force in growing the local economy, as evidenced by the fact that nearly two-thirds of new private-sector jobs in the U.S. are created by small businesses according to the Small Business Administration. At the same time, in a fast-paced, global economy, innovation is often touted as a key to staying ahead of the competition. Local governments sometimes respond by helping fuel start-ups and the Past President of North Carolina Chapter of the American Planning Association (APA). He has more than twenty years of experience working on planning issues and has developed award-winning plans at the local and regional levels. He currently serves as the Vice Chair of the APA’s Chapter Presidents Council.

Yet, different kinds of government involvement are possible at different community scales. And not all communities may be able to create a full-fledged innovation “ecosystem” with the components and size needed to make investing in high-growth and often highly speculative start-ups a productive enterprise. This article describes ten things that planners can do to support entrepreneurship and innovation in a customized way, and in so doing, position their community for greater success in the New Economy.

What Planners Can Do

Planners can start by learning what entrepreneurs need to launch and grow a business, and how these needs intersect with common planning practice. Four key areas of intersection include space, infrastructure, networking, and talent. The ability for start-ups to access these needs in an efficient and affordable way can fundamentally impact their survival.

Space: One of the first questions an entrepreneur asks is “Where am I going to work?” Finding an affordable and productive work space is an essential consideration in getting a business off the ground. Options exist along a continuum ranging from a home office located in a single residence, to an innovation district that stretches across many city blocks. Businesses need different kinds of space at different stages in their development, so the key is to ensure a range of affordable space options to help keep them in the community as they grow.

Streamline home occupancy regulations: More than fifty percent of small businesses are home-based. Limiting requirements such as outside speakers and social events; access to those that truly manage significant impacts on neighbors can help businesses tap this low-cost work environment in a community-compatible way.

1. Encourage co-working: Many entrepreneurs prefer to leave their residence and work off-site. One option that is increasingly available is co-working space that provides the energy and feel of an office at a lower cost with more flexible rental terms. The number of co-working spaces worldwide has grown about thirty-six percent in the last year, with more than half a million workers across the globe now using this kind of facility. Co-working spaces often provide a variety of work environments, including unreserved open desk space, similar to tables in a library; reserved desk space, where workers can leave personal items and always access the same work spot; and small offices for businesses that have small teams of employees. Phone rooms, shared conference rooms, common lunch areas, and massage therapists. Limiting requirements such as outside employees who can work there, and control things such as business signage and the extent to which outside clients can visit the home. Technology start-ups tend to have less client traffic than other kinds of home-based businesses, such as hair stylists and massage therapists. Limiting requirements to those that truly manage significant impacts on neighbors can help businesses tap this low-cost work environment in a community-compatible way.

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to mentors, who can offer business coaching; and access to potential investors, some of whom may choose to rent space in the same facility in order to be close to prospective client companies.

Access to co-working and incubator space benefits entrepreneurs, as highlighted by the experience in downtown Durham, North Carolina. Before the advent of co-working spaces in downtown, entrepreneurs could only rent a relatively big office with a minimum seven-year lease that often cost more than they could afford. Now, space can be rented in these new facilities on a month-to-month basis at rates as much as forty-five percent below the market rate for conventional office space. If the private sector is not providing sufficient co-working space or business incubators, planners and economic developers can potentially collaborate with universities or other institutional partners to support them, such as UNC Charlotte with its new PORTAL business hub, or even subsidize such spaces themselves, like the City of Durham did with office space downtown during the Recession.

Understand innovation districts: Another strategy that is gaining popularity is the creation of innovation districts. In contrast to traditional science parks, innovation districts cluster firms together with catalytic institutions as “a synergistic relationship between people, firms, and other local destinations. Strong regional collaboration and other local destinations. Strong regional collaboration and extensive cross-jurisdictional collaboration to maximize the benefits of available funding, but brings the benefit of providing better service to existing constituents as well as supporting new businesses. A great example of how to link this work to business development is Asheville's River Arts District Transportation Improvement Project (RADTIP) that is improving multi-modal access in the River Arts District along the French Broad River.

Build agreement on locating new telecommunications facilities: In past decades, newly proposed cell towers were magnets for community controversy. But now, smartphones are ubiquitous, and telecommunications are an essential component of the local infrastructure. Communities can balance better access to these facilities with mitigation of their visual impacts by maximizing co-location of antennas on existing towers and identifying existing locations for siting new antenna arrays, such as on water towers and existing high-tension power lines. New towers in industrial areas or on commercial and institutional buildings may be acceptable to the community, as may “stealth” facilities located in residential areas. Morrisville, North Carolina, for example, drafted a Telecommunications Facilities Master Plan and Ordinance in 2014 and 2015 that made siting easier in lower-impact locations, clearing the way for more rapid facility deployment in a manner accepted by the community.

Support installation of broadband service: Start-ups often want fast internet service, and residents and customers expect ready access to wifi. If private providers don’t step forward, then local governments may be able to help fill the gap. The City of Wilson, North Carolina did this by developing its Greenlight community broadband service that includes 1 gigabit per second internet service, as did the rural North Carolina counties of Yancey and Mitchell by securing federal funding to assist Country Cablevision in installing local broadband service.

Networking: At the same time that community infrastructure is important for small business development, so too are networking and technical
assistance. An old adage states that “you can’t start a business by yourself.”14 Planners have an important role to play in facilitating these connections.

7  Faster creative collaborations: Innovation thrives on creativity and a cross-fertilization of ideas. As a result, specialty partners such as arts councils, maker spaces, and art schools can add a creative element to communities that don’t have the resources to establish full-scale innovation districts. Every county in North Carolina, for example, has an arts council, often with a downtown storefront that features the work of local artisans. Maker spaces such as The Forge in downtown Greensboro, North Carolina provide low-cost shared workshop space for craftspersons. In some cases, larger institutions have participated in these collaborations as well. The South Lake Union innovation district in Seattle, Washington has established dynamic collaborations with the Cornish College of the Arts to promote creative industrial design and foster new ways of approaching problem-solving. Planners can help these kinds of institutions connect with existing and prospective entrepreneurs in dynamic ways to grow the local innovation economy.

8  Link entrepreneurs with technical assistance: Planners can also help link entrepreneurs with technical assistance resources to develop their ideas, bring them to market, and scale their businesses. Longstanding assistance providers include the Small Business Administration and Small Business Centers like the ones housed in each community college in North Carolina. Emerging providers include non-profit organizations like CO.LAB in Chattanooga that offer enrollment in incubators and accelerators to help companies take their businesses to the next level. While incubators assist start-ups, accelerators help next stage companies scale up. Both may require an application process, and in turn provide successful applicants with seed money, coaching, mentors, and a chance to compete for additional investment. The goal is typically to accomplish several years of business development in several months. One North Carolina example of an accelerator is UNC Chapel Hill’s LAUNCH Chapel Hill initiative.

9  Create great places: While providing alternative travel options is essential, creating vibrant, walkable communities rates particularly high with millennials. This includes engaging in thoughtful placemaking to create interesting streetscapes and dynamic public spaces. Attractions such as farmers markets, parks and greenways, and cultural and entertainment facilities can help draw people to activity centers and downtowns. Frequent event programming can also help to enliven these places. Planners can work with parks and recreation professionals, economic developers, downtown development associations, chambers of commerce, and private and non-profit partners to develop these improvements. For example, Asheboro, North Carolina revitalized its downtown in part by building a park and stage, establishing a farmers market, supporting the redevelopment of a historic mill into affordable housing, and rehabilitating a historic theater to re-establish the area around Sunset Avenue as a vibrant center of the community. The great places that result from this kind of work not only serve the existing community and attract skilled workers, but also create a dynamic landscape for business investment.15

Talent: Most businesses cite access to skilled workers, or “talent,” as their top need. Millennials now make up the largest percentage of the workforce in the United States, and are highly mobile. The challenge is how to attract and retain them in order to build a strong labor force. A 2014 national survey conducted by the American Planning Association identified a new economics of place in which quality of life factors and transportation choices are increasingly driving millennial locational decisions.16 Key needs and desires of millennials can include access, amenities, and affordability.

Figure 3: Asheboro, North Carolina has invested in a variety of projects including the Renaissance Park & Stage, the national Sunset Theatre, the Asheboro Farmers Market, and the Asheboro Mill Lofts affordable housing project to create a dynamic and engaging downtown. Photo Credit Ben Hitchings.
10 Work to ensure affordable housing: Millennials and other New Economy workers won’t come to a place if they can’t afford to live there. That means being able to find a job and access affordable housing. Planners can use a variety of tools including ensuring preservation of existing affordable units and subsidizing affordable housing production through regulatory incentives and public funding. The Boston Redevelopment Authority is requiring “innovation housing” in its South Boston Waterfront Innovation District. This includes micro units that provide live/work space in 300 to 450 square feet.13 ThinkHouse in Raleigh, North Carolina is providing affordable housing specifically for entrepreneurs in a manner that also helps them build their business through living in a shared house.14

Conclusion

From ensuring affordable work space to building essential infrastructure to facilitating networking to creating great places, planners can help their communities catalyze entrepreneurship and innovation. As communities try to position themselves as corporate downsizing into “entrepreneurial events” that will drive a local economy, or focus their investments on start-ups with high growth potential that can make a functioning innovation “ecosystem.” If this approach is to engage a sufficient number and diversity of companies, their success will depend both on their level of engagement and in reviewing drafts of this article.

Endnotes

5. Interview with Adam Klein, Chief Strategist for American Underground, by Ben Hitchings, 12/21/15.
9. Remarks by Christopher Gergen, 10/15; Interview with Adam Klein, 12/21/15.
10. Interview with Dr. Nichola Lowe, Associate Professor, Department of City and Regional Planning, University of North Carolina at Chapel Hill, 12/21/15.

11. Interview with Christopher Gergen, 10/15; Interview with Adam Klein, 12/21/15.
12. Interview with Dr. Nichola Lowe, Associate Professor, Department of City and Regional Planning, University of North Carolina at Chapel Hill, 12/21/15.

16. Interview with Adam Klein, 12/21/15.
18. Remarks by Christopher Gergen, 10/15/15.
19. Interview with Christopher Gergen, 10/15; Interview with Adam Klein, 12/21/15.
20. Interview with Dr. Nichola Lowe, Associate Professor, Department of City and Regional Planning, University of North Carolina at Chapel Hill, 12/21/15.

Works Cited

City of Boston Neighborhood Innovation District Committee. Report & Recommendations: As Submitted to Mayor Martin J. Walsh. (City of Boston: September 2010).
Corinaldi, James and David Gamble, “Ideas it’s how innovation districts measure output,” Planning (February 2013).


Klein, Adam, Chief Strategist for American Underground, Interview by Ben Hitchings, 12/21/15.


Lowe Nichols, Associate Professor, Department of City and Regional Planning, University of North Carolina at Chapel Hill, 12/21/15.


Wagner, Julie, NewRezoned Senior Fellow, Brookings Institution, Metropolitan Policy Program, Interview by Ben Hitchings, 12/21/15.
Strategic Priorities
Moving from the Innovation Roadmap 1.0 to 2.0
VISION

With a special focus on urgent challenges, innovations and innovators launched at Carolina consistently apply important ideas for a better world.

MISSION

Be a place where innovators thrive.

To be the place where innovators thrive and achieve the vision for how a great public research university responds to the worlds most pressing issues Carolina must build its capacity within SIX CRITICAL AREAS.
Build the Foundational Elements

Support and integrate the areas of Applied Physical Sciences (APS), Biomedical Engineering (BME), Data studies, Computer Science/app development, and the new maker space (known as BeAM) to strengthen the foundation of innovation at Carolina.
Teach the Skills

Elevate UNC-CH as a model for formal and informal teaching of the skills and mindset necessary in the 21st century innovation economy.
Translate Ideas to Market

Facilitate effective cross-campus collaboration to maximize UNC-CH’s commercialization potential and create economic and social benefit.
Fund High-Potential Ideas & the Ecosystem

Identify the types and level of funding that UNC-CH needs to make available for faculty, students and staff working in I&E and at what stage in the innovation process.
Provide Appropriate Spaces

Expand existing and create new spaces on or adjacent to UNC-CH’s campus that support the full innovation process.
CRITICAL AREAS

Communicate the Impact

Integrate I&E into the overall UNC-CH communication strategies to more effectively convey its importance and continue to share the collective story of I&E impact both on and off campus.