



New Del. group seeks to foster innovative small businesses

By MAUREEN MILFORD, The News Journal
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A group of Delaware business leaders will announce Monday a new organization to foster innovative small businesses in a state long-dominated by a big business mentality.

First State Innovation, which will have its first board meeting on Thursday, will nurture technology-focused ventures that would support an economy based on innovation and entrepreneurial activity. So-called innovation-based economies have fast growing companies with high-paying jobs.

The nonprofit will concentrate on biotechnology, advanced materials, nanotechnology and information technology.

First State Innovation plans to hire a chief executive within the next several months at a salary of more than \$200,000. It expects to operate with contributions from the private sector, government grants and help from foundations. It has an initial grant of \$50,000 from New Castle County.

At the outset, the organization will work on attracting venture capital and investment money. Second, it intends to create an "angel fund" that will provide seed money for early-stage business. Next, it will work on forming a closer link with academia. It will launch a campaign to buff up Delaware's image as a "cool place to be," among young people, said Ernest Dianastasis, chairman of the Delaware Business Roundtable and chairman of First State Innovation.

Also in the early stages is the idea of creating an enterprise zone for entrepreneurial ventures on the Christina River waterfront or near a university.

The organization has tapped former Gov. Pierre S. du Pont IV and Gov. Ruth Ann Minner to serve as honorary chairs of the organization. Besides Charles O. Holliday Jr., chief executive of the Dupont Co., board members include Craig A. Rogerson, chief executive of Hercules Inc., Matthew B. Swanson, chief executive of FineStationery.com, Allen L. Sessoms, president of Delaware State University and Elizabeth A. Browning, chief executive of LLuminari Inc.

Delaware has been a poor performer in fostering entrepreneurial activity. A Kauffman Foundation study released in May found that the state ranked last in the nation in 2005.

"Our economy is at-risk," said Dianastasis, who is managing director of CAI Inc. in Wilmington. "We can't count on the tradition of big business."

The organization, whose 20-member board includes corporate chief executives, entrepreneurs and academics, grew out of an effort launched in 2003 by the Council on Competitiveness, the Delaware State Chamber of Commerce, the City of Wilmington and the Delaware Economic Development Office.

Holliday is chairman of the Council on Competitiveness, a national organization made up of 130 chief executives, university presidents and labor leaders. That group attempts to improve the country's competitiveness in the global economy.

The 2003 program, designed to promote innovation in the Wilmington region, included a survey that found that Wilmington doesn't have a high tolerance in its business culture for failure. More than a quarter of the companies surveyed found that the culture does not understand failure as part of the learning and innovation process.

Nearly 40 percent of the companies said the region doesn't celebrate the growth of small- and medium-sized companies as much as it does larger companies.

What's more, business leaders don't treat entrepreneurs and start-ups as full partners according to 40 percent of those surveyed.

The survey found that the business environment around Wilmington lacks understanding about the opportunities for small- and medium-sized businesses to collaborate with the state's universities.

First State Innovation hopes to turn that around.

Deborah Wince-Smith, president of the Council on Competitiveness and a former assistant secretary for technology policy at the U.S. Department of Commerce, will attend the first meeting.

"Organizations like this are critical to developing the environment necessary to support regional innovation and entrepreneurship," Wince-Smith said in a statement.

Michael Meneer, vice president for communications with the council, said over the last several years states and regions have been forming these organizations, but there has not been a groundswell of such ventures.

"Certainly, this group in Delaware is on the leading edge," Meneer said.

First State Innovation will measure its progress based on the flow of "angel fund" money coming into Delaware; the number of start-up firms; the number of firms that generate more than \$10 million in revenue; and the number of firms that increase revenue from \$10 million to \$50 million.

"I think it's an awesome idea," said James A. Wolfe, president of Delaware State Chamber of Commerce. "We want to turn this into a state friendly to business start-ups."

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