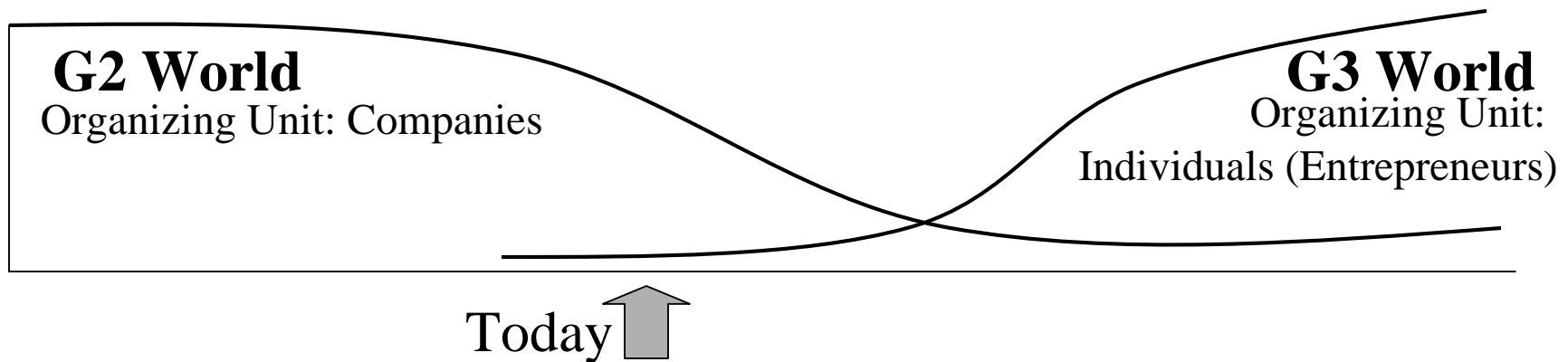


From **Business Incubator** to **Innovation Incubator** Capitalizing on Flat World Opportunities

Jim Salmons and Timlynn Babitsky,
Sohodojo, *etc.*

FEA Exec Board Meeting – 23 Feb 06

Phase transition: The ideas we present today are supplements, not replacements to what works.



- Don't stop doing what is working.
- Add **new ways of organizing** and growing local and global economic opportunities that **capitalize** on the **Flat World** (Network Society/Economy)

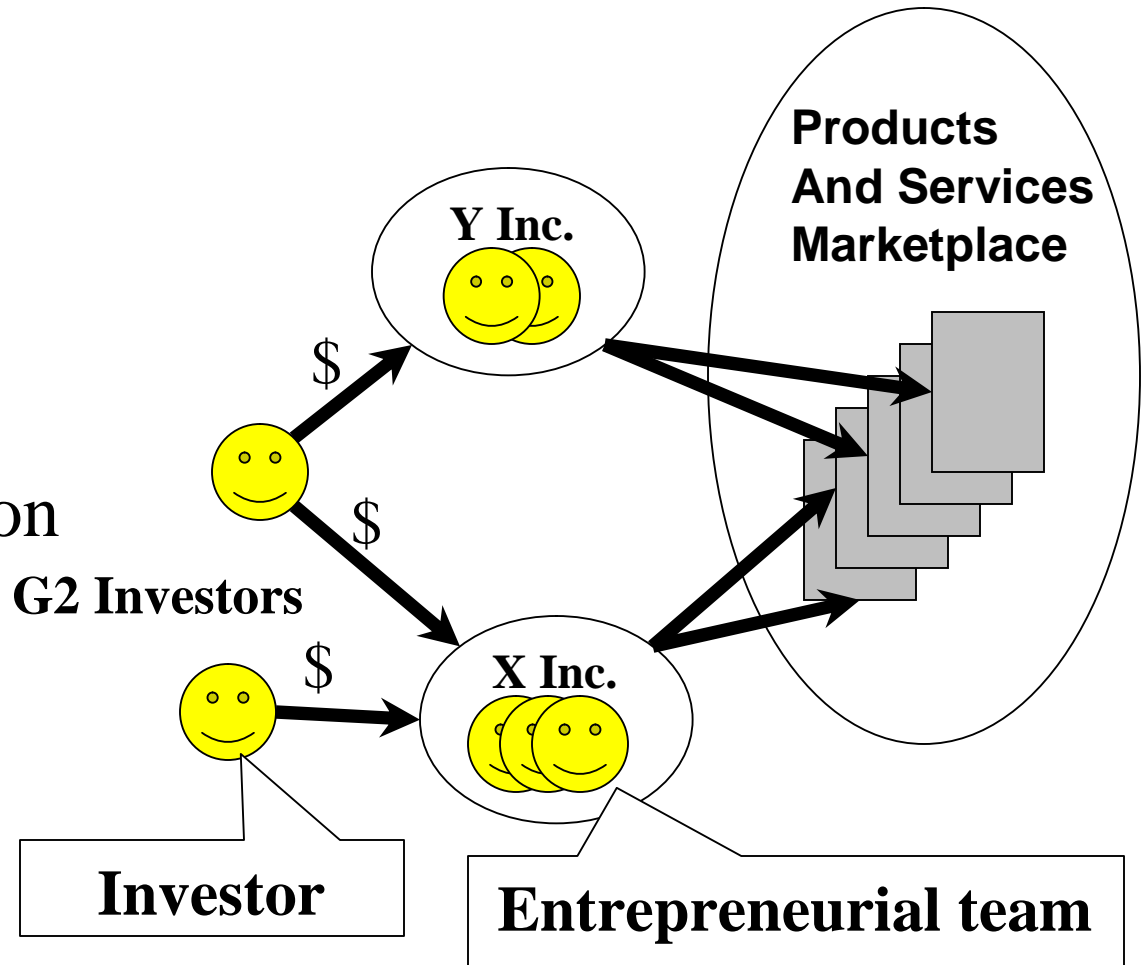


Flat World trends: **Digitization, Virtualization, Networkization** are changing Entrepreneurship

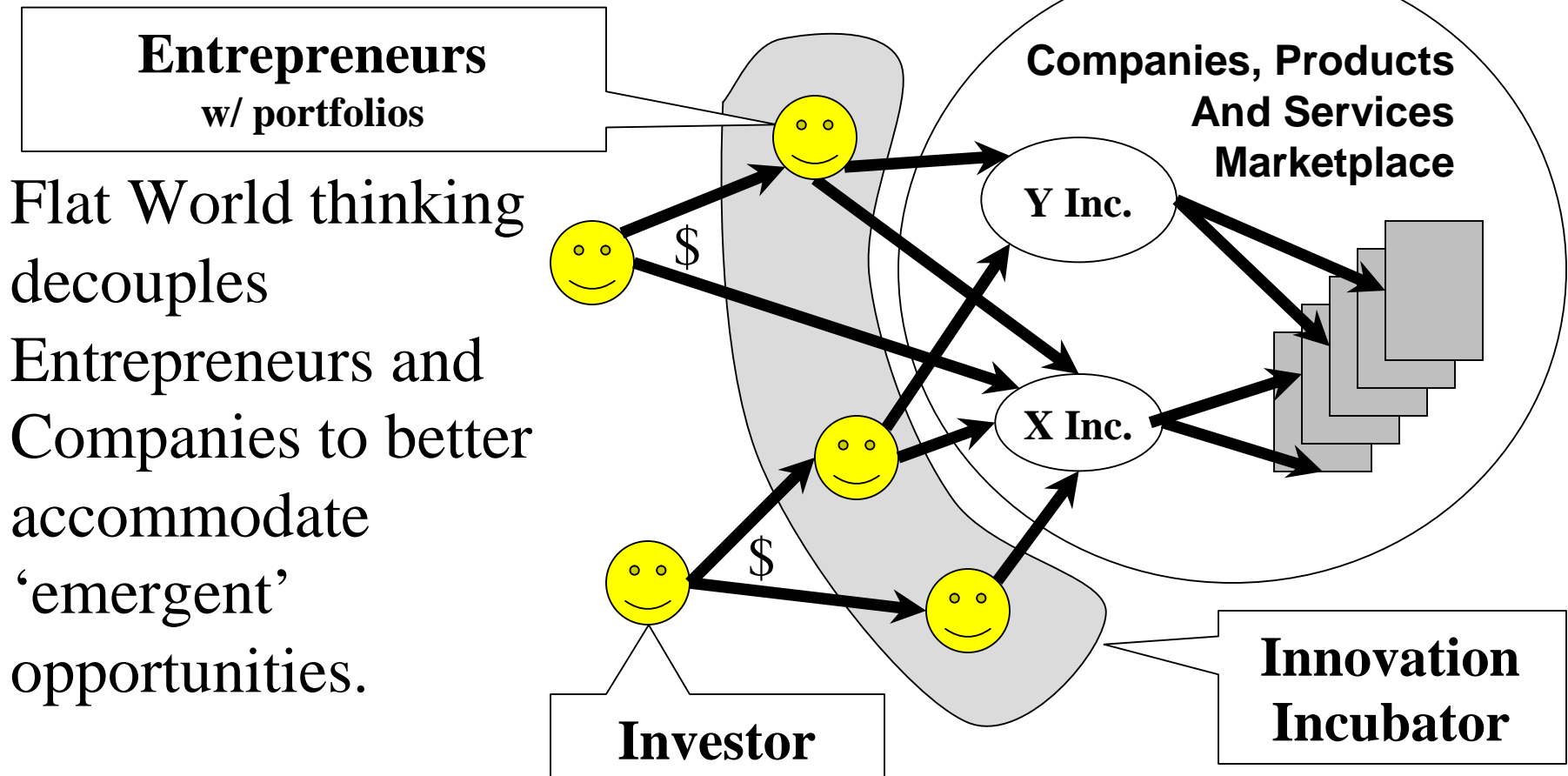
- Moving from **Globalization 2.0** to **3.0**:
 - From **Companies** to **Creative Individuals**
 - From **Companies** to **Networks**
 - From **Market-driven** to **Innovation-driven**
 - From **Command and Control** to **Influence and Collaboration**

G2 Investors participate in product and service markets through tight couplings between entrepreneurs and companies.

- Industrial Era thinking bundled Entrepreneurs and Companies when change was slower.
- Yet Investors ‘bet’ on the entrepreneurial team, not the corporate shell wrapping the team.



G3 investors work side-by-side with entrepreneurs in broader marketplaces of companies, products and services.





G3 opportunities require an **Innovation Incubator** not a **Business Incubator**.

	Business Incubator	Innovation Incubator
<i>Core process and Mission</i>	Creating and growing companies	Creating and capitalizing on innovation
<i>Value Prop. (Side effects)</i>	Financial ROI, Job creation	“Blended” value (economic and social ROI), Work opportunities
<i>Constituents</i>	Entrepreneurs building companies	Anyone, anywhere needing innovative solutions to problems/opportunities



An Innovation Incubator is a unique community resource.

	Business Incubator	Innovation Incubator
<i>Entrepreneur's role</i>	Captain of Industry, "renter"/independent	Solution designer, "owner"/resource
<i>Entrepreneur's lifecycle</i>	Serial involvements	Concurrent portfolio
<i>Sector focus</i>	Private	Any, often blended in network
<i>Investor exit and ROI strategies</i>	Generally limited to stock in companies	Flexible , creative including rollover into stock, royalties, service fees, social ROI, etc.



Innovation **success measures** are qualitatively different.

	Business Incubator	Innovation Incubator
<i>Typical</i>	Launch a sustainable company	Satisfied solution seekers, new companies, products, services, programs, etc.
<i>Acceptable</i>	Same as typical	Attract reusable talent, Retain best/brightest youth
<i>Big Win</i>	Fast growing “Gazelle” company	Breakthrough economic and/or social change



A quick example: Jim and Timlynn
– diverse portfolio, blended ROI

- **Squirrelefeeders.com:** Mentor/partner w/ Porters and Birdwatching.com
- **JeffCoCC Hybrid Event Marketplace:** blended ROI, local bus/eco plus salable product/service
- **SpiceIRM:** a commercial Open Source product line, leveraging CRM into IRM (Influence Relationship Mgt.)
- **Omidyar Network:** Active evolving a number of network ecosystems as social enterprises
- **Neo-SOHO:** Beijing start-up wanting to bring Sohodojo to China



ROI for Fairfield: Our first Big Win from living fully in the Flat World

- **Incubator Investors** get new source of personal wealth creation as well as SROI opportunities
- **Fairfield** develops a new niche of entrepreneurial leadership that attracts/retains talent
- **Entrepreneurs** institutionalize creativity
- **Community members** increase employability and work opportunities



Fast path to creating the **Globalization 3.0 Innovation Incubator...**

- **Incorporate G3I²** (perhaps as “qualified” small business for investor tax and rollover/reinvestment advantages)
- Develop **investor/board** to **capitalize venture**
- **Contract Jim and Timlynn** as start-up staff and initial “*Entrepreneurs in Residence*” to develop mission, stakeholders, business processes, and initial successes