



# FAIRFAX FOUNDERS FUND

Economic Initiatives Committee  
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# AGENDA

- Fairfax Founders Fund Background
- Overview of Proposed Program Components:
  - Applicant Eligibility
  - Eligible Use of Funds
  - Terms and Conditions
  - Intake Process and Review
  - Program Measures
- Discussion on Roles and Responsibilities

# FAIRFAX FOUNDERS FUND PROGRAM

## Overview:

- Response to lack of capital for innovative early-stage businesses
- Targeted fund to support promising companies
- Leverage technology & partnerships to support founders

## Goals:

- Create 2-year pilot program to determine viability and feasibility of county backed funding
- Grow innovative businesses and jobs in Fairfax County
- Further develop competitive technology clusters in the county
- Support ONE Fairfax and promote economic mobility

# FAIRFAX FOUNDERS FUND PROPOSED INVESTMENT

## Year 1 Pilot Plan

### Proposed Investment:

- \$500,000
- Figure does not include administrative or marketing costs – will be adjusted for enhanced outreach and engagement.

### Amount per approved award:

- Maximum of \$50,000

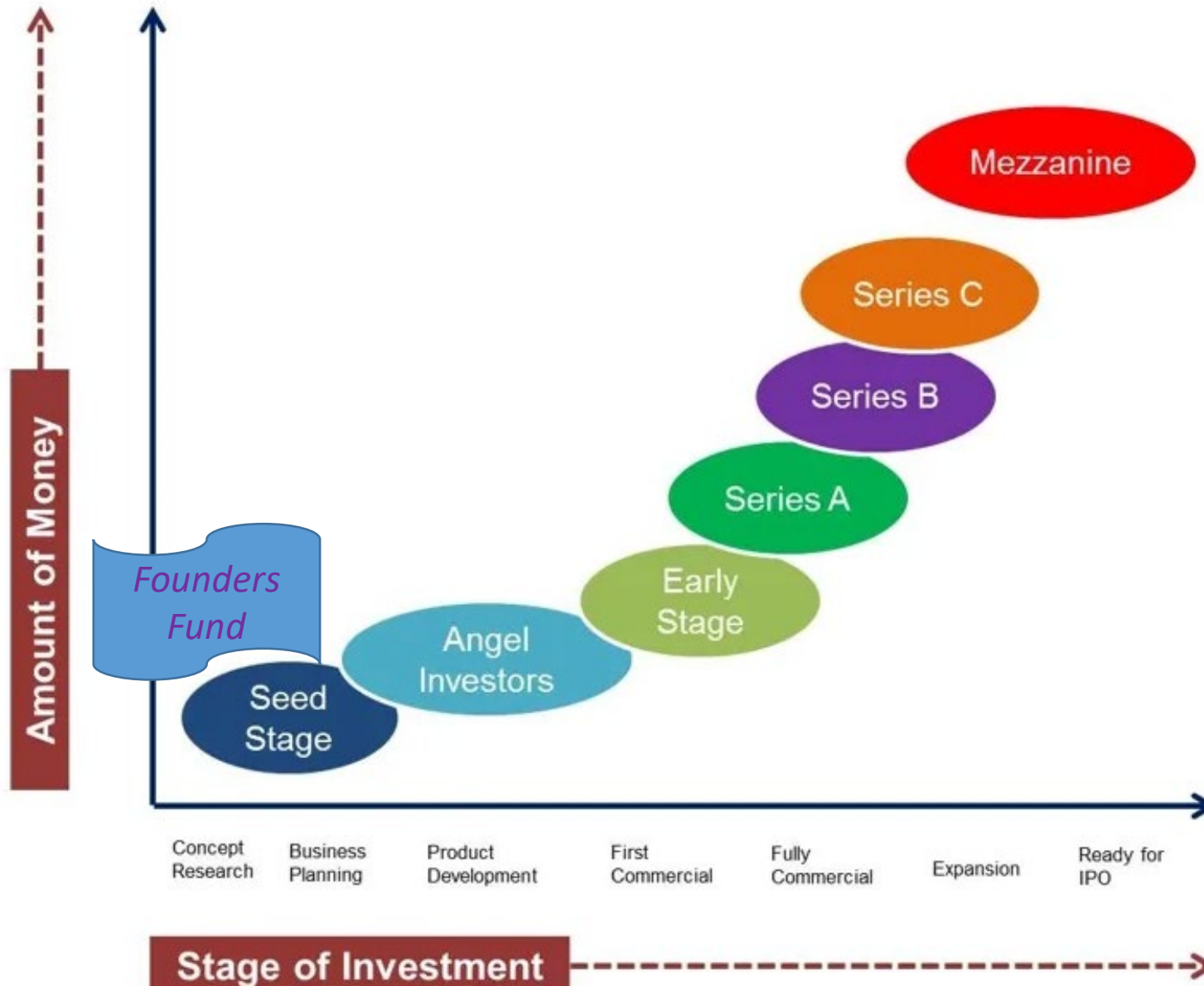
### Funding Source:

- Economic Opportunity Reserve
- **Reserve Award Use (EOR Principal 6):** Programming support for economic development activities, as identified in the Strategic Plan to Facilitate the Economic Success of Fairfax County.

# ENGAGEMENTS ON PLAN TO-DATE

- Economic Initiatives Committee (July 2021)
  - EAC Innovation Subcommittee (July & December 2021)
  - Virginia Innovation Partnership Corporation (VIPC) (formerly CIT)
    - CIT Gap Funds
    - Commonwealth Commercialization Fund
  - Virginia Innovation Commercialization Assistance Program (ICAP)
    - Osage Ventures
    - ABS Ventures
    - Smart City Works
    - Civstart
    - SBIR/STTR
    - Black Girl Ventures
    - Citrine Angels
    - Bladen Group
    - George Mason University
    - Prince William County
    - Arlington County
- Upcoming:**
- Halcyon
  - 1863 Ventures

# WHERE DOES FAIRFAX FOUNDERS FUND FIT IN?



- *Early-stage funding is often from family, friends, and personal savings.*
- *New black-owned businesses start with almost 3x less overall capital compared with new white-owned businesses. – Kauffman Foundation*

# INVESTING IN DIVERSITY = ROI

The Latinx and Black population are more than 80% underrepresented as start-up executives.

Diverse teams are more profitable.

COMPARING STARTUP EXECUTIVES TO U.S. WORKING AGE POPULATION

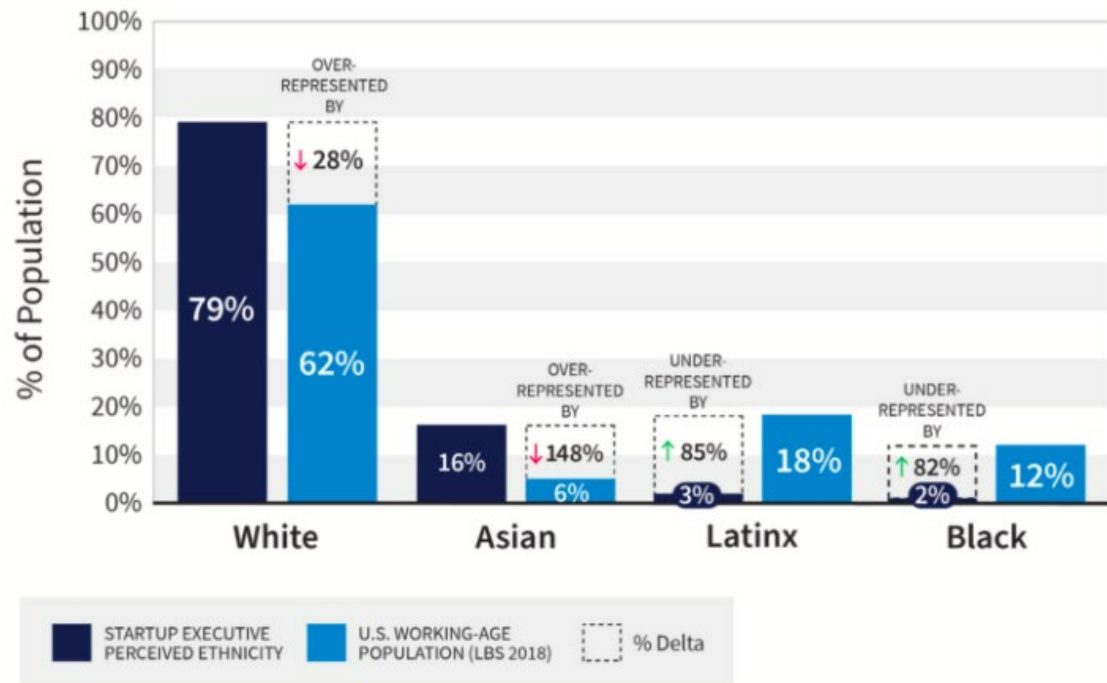


Figure 3. Comparing Kauffman Fellows Startup Executive Perceived Ethnicity to 2018 U.S. Bureau of Labor Report.

REALIZED RETURNS FROM POSITIVE EXITS

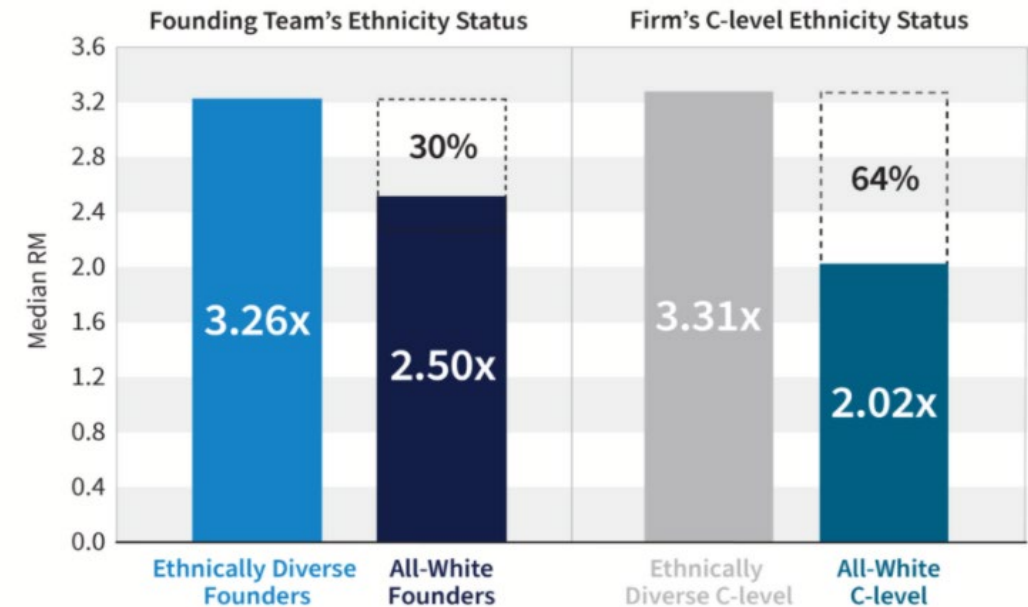


Figure 14. Realized Multiple by Perceived Ethnicity of Found Team and Executives. Diverse Executive Teams earn a 3.3x realized multiple, compared to a 2.0x realized multiple, for White Executive Teams (a 65% increase). Source: Kauffman Fellows Research Center.



# PROPOSED PROGRAM COMPONENTS

- Applicant Eligibility
- Eligible Use of Funds
- Terms and Conditions
- Intake Process and Review
- Program Measures



# APPLICANT ELIGIBILITY

- Be a for-profit company located or headquartered in Fairfax County
- Primary business address in Fairfax County and/or Founder is a Fairfax County resident
- Pre-Series A company, no more than \$250,000 gross revenue in last 12 months
- Company product is a scalable, disruptive technology or platform
- Company is on a trajectory to access institutional investment or awards
- Company provides a match, such as salary of founder or business expenses.
- Company / proposed project in high-growth tech and innovation sectors

# ELIGIBLE USE OF FUNDS

Funds may be used to support companies' commercialization and market entry goals. Applicant must designate specific project and technical assistance that the funds will be used for, accompanied by milestones for project completion.

Examples include:

- Product & Prototype Development
- Customer Acquisition
- Market Intelligence and Business Model Validation
- Pilots
- Intellectual Property Strategy And Acquisition

# TERMS AND CONDITIONS

**Applicant must be in good standing** with Fairfax County and the Commonwealth

- (re: indebtedness or breach of material obligation)

## **Intellectual Property & Equipment**

- The county will not take ownership of intellectual property that may result from the performance of the FFF award.
- Recipients retain the title of equipment purchased with FFF funds.

## **Project Reporting and Disbursement of Funds**

- A performance agreement must be signed before funds disbursed. Agreement will include reporting schedule, proposal, and budget.

## **Termination and Repayment**

- If recipient's FFF-related activity leaves Fairfax during or within 24 months following the FFF period of performance date, funds must be repaid.

# INTAKE PROCESS AND REVIEW

## Two step application process

- Step One:
  - Initial submission with project and company details
- Step Two:
  - Pitch or Interview with Advisory Committee

## Evaluation process

- Applications are reviewed by Advisory Committee, which will include VC representation and Subject Matter Experts
- If recommended by Advisory Committee, applicant will work with ICAP and other partners for due diligence
- The county will contract with an external entity for administration of the program

# PROGRAM MEASURES

## Company-Level Measures (tracked over time\*)

- Sales and/or revenue
- Full and part-time employees
- Follow on funding: Private investment/Grants/contracts
- Products and/or services to market or under development
- IP created by awardee
- Approvals (FDA, clinical trials, etc.)
- Facilities enhanced and/or expanded

## Program-Level Measures:

- Outreach, Businesses engaged and supported with diverse/underrepresented founders/management
- Company/entrepreneur referrals to prep services to nurture growth

**\*Risk and Results Profile:** *Impacts may not be in pilot period. Not all firms will reach anticipated measures. For example, more than two-thirds of start-ups never deliver a positive return to investors. (HBR)*

# NEXT STEPS TO LAUNCH

## Refine Program Details:

- Additional due diligence with Subject Matter Experts (SMEs)
- Define Roles and Responsibilities

## Determine Process & Administration:

- Consider and determine best grant administration and disbursement model
- Develop Communication & Marketing Plan – engage partners

## Establish Program Structures:

- Identify members of the Fund Advisory Committee
- Develop performance agreement language

## Execute: Spring 2022

- Board of Supervisors Action Item
- Launch Program

# QUESTIONS & DISCUSSION