

# New Jersey Innovation Fellows

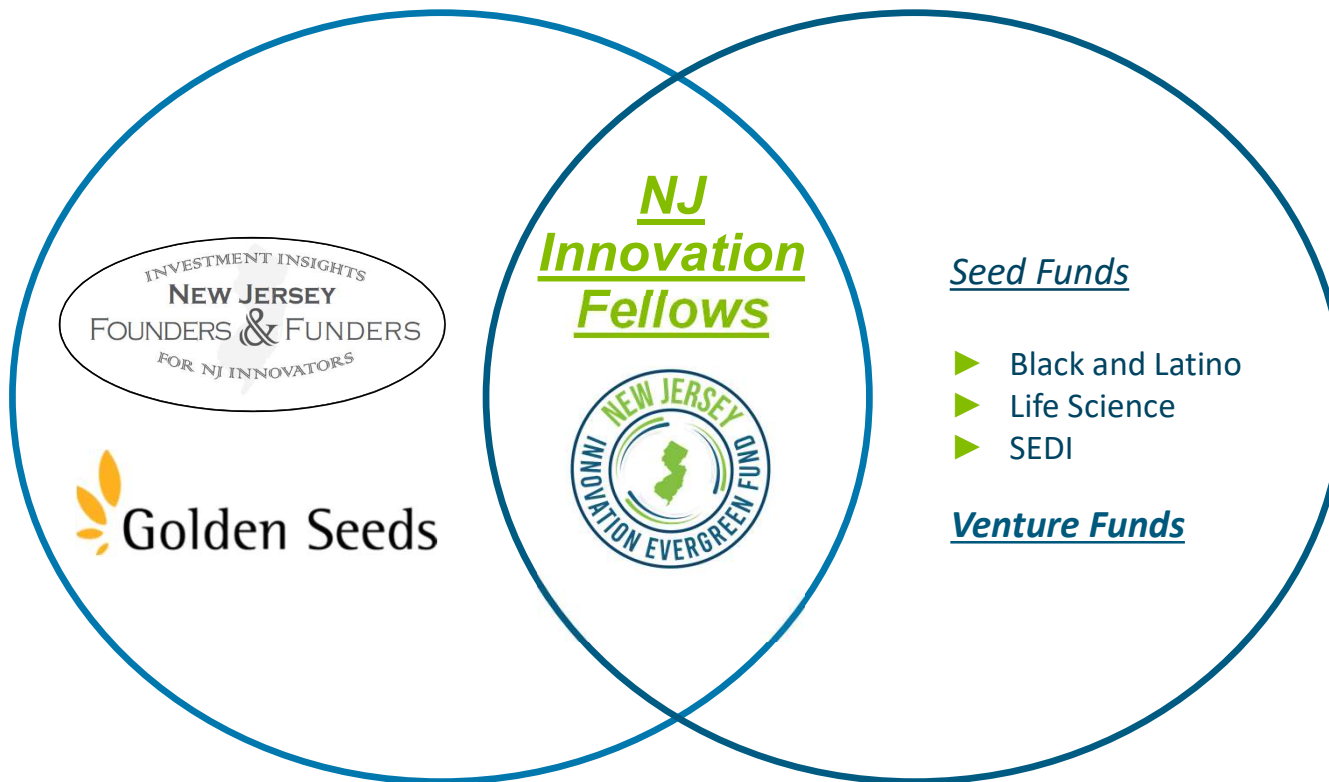
Investing in New Jersey's diverse, would-be first-time entrepreneurs  
Spring 2023 Cohort



# NJEDA Venture Programs

## Engagement

## Investment



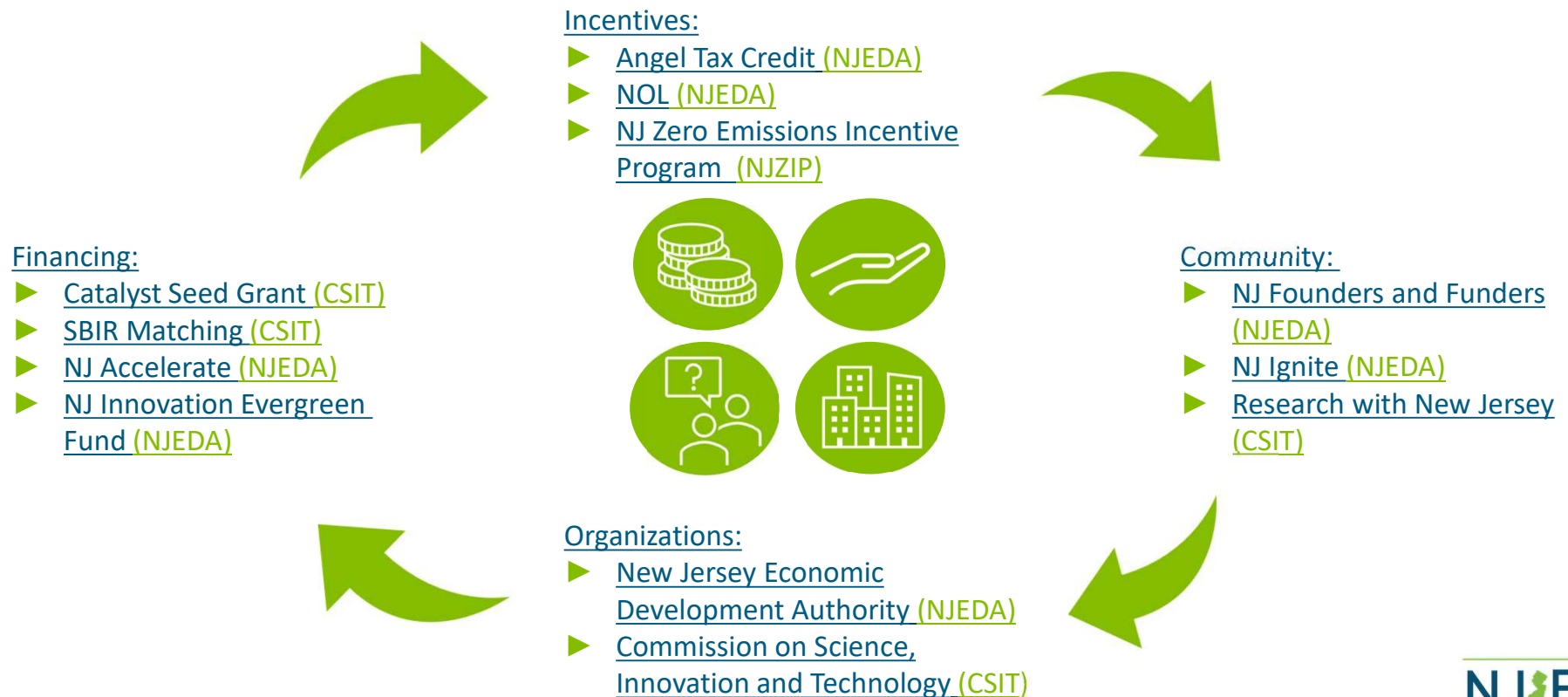
## Ecosystem of Support



See all EDA Financing and Incentive Programs!

# Lifecycle Support

The state of New Jersey **catalyzes investment** via a **continuum of support** throughout the lifecycle of startups. NJIF is one of many example programs available in the State.

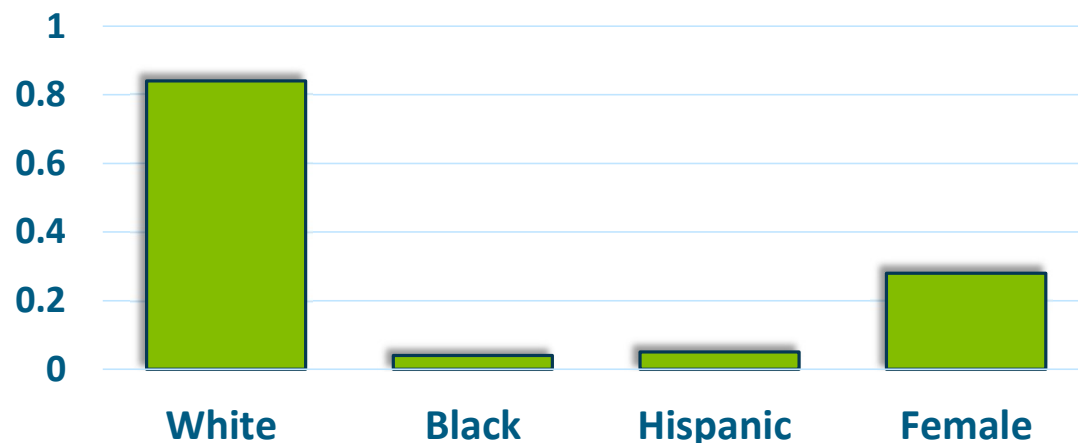


# Scenario

Would-be entrepreneurs with **access to capital** take greater **calculated business risks**, while less privileged demographics are often discouraged from entrepreneurship due to **financial constraints**.

The correlation between **socioeconomic background** and **entrepreneurship** demonstrates the **lack of diversity** in new venture founders.

Proportion of Startups' Founders by Demographic



80% of startups are **self-funded**



24% of startups raise supportive capital from **friends & family**

1. Legislation – Section 65 -70 New Jersey Economic Recovery Act of 2020, "P.L.2020, c.156 (C.34:1B-269 et al.), [www.njleg.state.nj.us/2020/Bills/A9999/5939\\_11.HTM](http://www.njleg.state.nj.us/2020/Bills/A9999/5939_11.HTM)

2. Weissmann, Jordan, "Entrepreneurship: The Ultimate White Privilege", The Atlantic Business, (2013), [Entrepreneurship: The Ultimate White Privilege? - The Atlantic](https://www.theatlantic.com/business/archive/2013/05/entrepreneurship-the-ultimate-white-privilege/276111/)

3. Luni Librd, Michael. "Why Some Startups Get Funded and Thousands of Others Don't." Unreasonable, ..., ..., <https://unreasonablegroup.com/articles/why-some-startups-get-funded-thousands-others-dont/>

# New Jersey Innovation Fellows

The NJ Innovation Fellows program will support, particularly, **diverse** entrepreneurs with “**income replacement**” grants and **mentorship**.

This resource creates an opportunity for would-be entrepreneurs to pursue a unique startup business venture, in one of the State’s Targeted Industries, with the **security** of initial income replacement funding in the initial **two-year ideation and formation period** of their business.

From a **\$10,000,000** State appropriation, approved teams will be qualified to receive **\$200,000** as a base award, and up to **\$200,000** in bonuses (resulting in a total \$400,000 award).



# Mentorship & Diversity Finance Advisory Board

**Technical training** will be provided through a general-operations curriculum, as well as access to **unique subject matter experts** that may offer mentorship to fellow teams. Topics will include:

- ▶ Managerial Finance, Accounting, & Financial Statements preparations
- ▶ Human Resources development & management
- ▶ Marketing & Customer Development
- ▶ Product design, development & management
- ▶ Vision Mapping
- ▶ Capital sourcing & raising
- ▶ Buyer Personas
- ▶ Business Model Design
- ▶ Contracts & Business structures (Legal studies)

*\*Mentorship organizations to be announced in Q2 2023 to support northern and southern New Jersey participants*

The **Diversity Finance Advisory Board (DFAB)** to be formed within NJEDA will serve as a critical element of Entrepreneur Team selection & mentorship and stand ready as an additional guiding body to the Authority for the future.

# Award

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- ▶ Approved teams will qualify to receive \$200,000 as a base award up to \$400,000. Bonuses include:
  - ▶ \$50,000 if any one Entrepreneur resides in an Opportunity Zone;
  - ▶ Up to three (3) \$50,000 bonuses for each Entrepreneur leader with a diversity self-certification;
  - ▶ Up to three (3) \$50,000 education bonus for each NJ University Graduate Grants will be disbursed equally over the course of eight (8) quarters following board approval
- ▶ Award disbursements are made quarterly with completion of compliance milestones
- ▶ The mentorship curriculum begins immediately for approved businesses
- ▶ 5-8 teams will be awarded per cohort, in two cohorts annually: ~40 teams through end 2024.

# Selected Eligibility Criteria

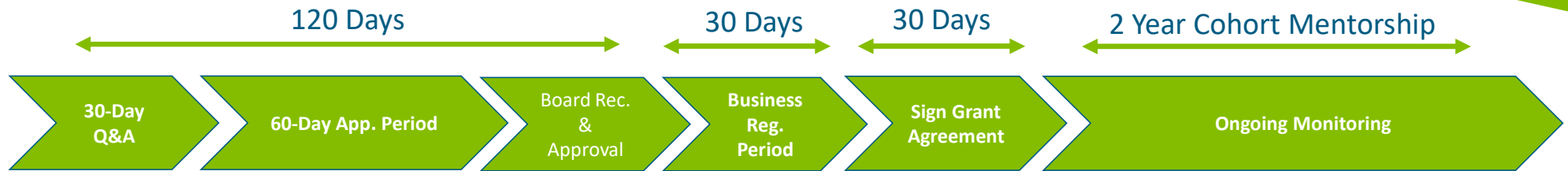
- ▶ Teams of entrepreneurs at-least **three (3), half of which must be first-time** entrepreneurs must submit a complete and well-written **business plan** for the proposed venture
- ▶ The venture is in NJ's "**Targeted Industries**", aligned with Economic Recovery Act approved by Governor Murphy in 2021
- ▶ The applicant's entrepreneur leaders must be **enrolled in one of the provided mentorship programs** over the 2-year duration of the program
- ▶ All entrepreneurs on the leadership team must have **paid gross-income tax** to New Jersey within 60 days prior to application
- ▶ The address of the business' base of operation (can be home-based) must be in an eligible **NJ municipality<sup>2</sup>**
- ▶ Additional eligibility criteria will apply to unlock bonus awards

2. Eligible NJ Municipalities includes "Cities of First Class"; Municipalities with a private research university; "Urban Aid" Municipalities; "Transitional Aid" Municipalities; SDA municipalities; Municipalities in which a major rail station is located. See Full List: [Fellow Regulations.xlsx](#)

\* Diverse businesses as defined by N.J.S.A. 52:32-19



# What to Expect



Program Application Period (120 Days)	Business Registration and Grant Agreement Period (60 Days)	2 Year Cohort Mentorship
30-day Q&A period preceding application open	Entrepreneurs have 30 days to register their business effective from the date of notice	Mentorship program begins
Application period open for 60 days	Grant agreement is executed, and first disbursement is issued	Ongoing Quarterly Monitoring
Review period commences with opportunity for Q&A. Target awardee selection within 30 days		Grant disbursements commence

\* Additional details on the application and cohort timeline will be published at the open of the 30-day Q&A period, along with the program FAQ.

# Application

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## Sample list of documents to have ready for application...

- ▶ Personal Address Documentation (Proof of Opportunity Zone Residency, if applicable)
- ▶ New Jersey University Degree, Certificate, or Equivalent (if applicable)
- ▶ Well-written Business Plan using the provided template (to be provided)
- ▶ Current or Planned Business Operating Address
- ▶ Organizational Chart
- ▶ Recent Pay Stubs or Most Recent Individual Tax Filings

Notice: Any incomplete applications will be declined. Applicants may re-apply for a future cohort.

# Ongoing Engagement

## **NJ Innovation Fellows Compliance Milestones include maintenance of...**

- ▶ A minimum of three entrepreneur leaders in receipt of income replacement funds
- ▶ A limit of entrepreneur leadership's hourly commitment to outside ventures of no more than 20hrs/week
- ▶ Entrepreneur leaders must certify they spend no less than 35hrs/week to the venture
- ▶ Continued participation in Mentorship program by all grant entrepreneur leaders
- ▶ Payment of New Jersey gross income tax by all entrepreneur leaders
- ▶ Primary operations in an eligible municipality
- ▶ Verification grant monies are used for the income-replacement
- ▶ Opportunity zone residency (if initially qualified for this bonus)

Compliance failure may result in grant agreement termination, nullifying committed future disbursements, and may trigger a claw-back of already-disbursed funds

# Program Attributes

## The Innovation Fellows Program...

Provides seed funding to serve as income-replacement for entrepreneurs.

Delivers mentorship.

Facilitates economic growth and job creation.

Invests in diverse talent critical to New Jersey's vibrant innovation ecosystem.

Targets diverse entrepreneurs.



### PERSPECTIVE:

“Entrepreneurs from underserved populations...lack funding from family and friends to support their living expenses while building a business without income.”<sup>1</sup>

1. Legislation – Section 65 -70 New Jersey Economic Recovery Act of 2020, “P.L.2020, c.156 (C.34:1B-269 et al.), [www.njleg.state.nj.us/2020/Bills/A9999/5939\\_I1.HTM](http://www.njleg.state.nj.us/2020/Bills/A9999/5939_I1.HTM)

# Q&A

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For inquiries, please contact:

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<https://www.njeda.com/new-jersey-innovation-fellows-program/>