Synopsis: The Homestake Underground Science and Engineering Laboratory, the state’s 2010 research centers, and new doctoral programs are expanding South Dakota’s research and development capacity. To fully benefit from these research and education investments, South Dakota must develop and attract technology entrepreneurs and technology-based companies to commercialize the innovations generated.

Becoming a Leader in Research and Entrepreneurship
Gov. Rounds’ 2010 Initiative set goals for South Dakota to become a research leader in focused areas with commercial potential, while growing the gross state product through entrepreneurship and business start-ups. The four 2010 research centers funded by the 2004 Legislature have been very successful in generating external research funding ($14 million) and inventions (16 disclosures) in the first 16 months of activity. These centers have been so successful that Gov. Rounds is requesting an additional $1 million in the FY07 budget to establish one or two more.

Several communities—Aberdeen, Brookings, Madison, Rapid City, Sioux Falls, and Vermillion—have built business incubator facilities to provide space for entrepreneurs and attract start-up firms from other states. To fill these incubators with high-growth potential businesses it is critical that the state, universities, private-sector partners, and local communities work together to create an entrepreneurial environment in South Dakota. The Creating Entrepreneurial Opportunities (CEO) program would provide $280,000 in state matching funds to economic development organizations that partner with universities to create programs supporting entrepreneurs and developing future entrepreneurs throughout the state.

What is CEO?
This matching program leverages community and university resources to make available at least $840,000 for CEO. It will become a key component of state-supported research and development and technology-based economic development efforts.

Each CEO center will be led by an economic development partner and involve multiple communities and universities. They will develop an industry focused, regional or statewide approach to fostering technology-based and high-impact entrepreneurial activities, as well as recruitment of businesses and entrepreneurs in target industries. The CEO centers will not only strive to meet the unique needs of technology and high-impact start-up businesses, but also implement programs to develop entrepreneurial communities and programs. This will create the next generation of entrepreneurs that becomes the critical base of South Dakota’s economy in the 21st century.
The Department of Tourism and State Development will seek proposals from economic development organizations that wish to partner with communities and universities to develop CEO centers. Program funds will support three to four CEO coordinators serving as liaison between the state agency, universities, and community partners providing support for the CEO program activities.

CEO funding may be used for training volunteers to implement community entrepreneurship programs in partner communities, university-based technology entrepreneurship support programs, and incubator programs supporting technology and high-impact start-up businesses. Funding cannot be used for building construction, equipment, revolving loans, or equity investments. Applicants will be encouraged to model their plans on successful technology-based incubator and entrepreneurship programs. Examples of successful programs that might serve as models for the South Dakota CEO programs include:

- **E-City Program**: Case Western University and Cleveland communities and schools cooperated to develop a successful program to expose high school students to entrepreneurship as a career option and the importance of science and math education for success.
- **CEO Hinman Program**: University of Maryland has a premier student entrepreneur program where students form teams mentored by successful entrepreneurs, venture capitalists, researchers, and others to launch technology-based businesses. The teams live together, have office space in the incubator, and access to university laboratories.
- **High Performance Community Program**: The Center for the New West developed a program for communities wanting to succeed in the global economy, emphasizing growth from within.
- **Technology Business Incubator Program**: Leading incubator programs partner with private-sector partners to meet the needs of tenants such as legal, accounting, marketing, and financing. The incubators often receive equity in the start-up ventures in return for their services.
- **Entrepreneur and Start-Up Recruitment**: Entrepreneurial regions and successful technology-based incubators frequently have entrepreneurs and start-ups moving to the area to benefit from programs and a supportive environment. The Maryland Bio-Technology Business Incubator receives applications from throughout the world and accepts less than 10 percent of applicants.

**Black Hills Vision Regional CEO Program Model**

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