



INSPIRED

The Burton D. Morgan Foundation | 2013 Annual Report

The Burton D. Morgan Foundation

Committed to the Free Enterprise System®

The Foundation's Mission

To strengthen the free enterprise system by investing in organizations and institutions that foster the entrepreneurial spirit.

The Intent of the Donor

The purpose of the Foundation is "the preservation of the free enterprise system...to help preserve what we have in this country." – Burton D. Morgan, 1994

"The Foundation's...aim is to preserve the private enterprise system, which is America's number one advantage over the rest of the world."

– Burton D. Morgan, 2003


Burton D. Morgan (1916-2003)

Anyone who has observed entrepreneurs knows that the successful ones tend to be lifelong learners. They seek out lessons wherever they can be found – from teachers, from family members and friends, or from a book or video.

But some of the best answers often come from other successful entrepreneurs, people who have experienced similar kinds of struggles, risks, and challenges. The need to find a mentor is one of the primal instincts of any entrepreneur, and research shows that mentors are an essential ingredient of success.

Like nearly all successful entrepreneurs, our founder Burt Morgan had mentors. In his memoir, he recounts how the well-known investor John Templeton once publicly challenged him at a Young Presidents' Organization seminar to launch a company, despite having little capital to do so at the time. Burt took up that challenge and established Morgan Adhesives, and the men became lifelong friends.

It is in that spirit of catalytic mentorship that we produce this report, as we simultaneously observe a decade since the passing of Burt. He probably wouldn't have thought of what he did for most of his career as anything so grand as "mentoring." Instead, he paid back his debt to Mr. Templeton and others by reflexively keeping his door open and his ears attuned for anyone who sought him out for business advice. In the process, he helped launch countless new ventures, guiding other entrepreneurs and their ideas through the challenging startup process. Like any good mentor, he threw pebbles in the pond, setting off ripples that would fan out even beyond his lifetime.



Burton D. Morgan, Purdue University, c.1938

Dear Foundation Friends and Colleagues,

The Burton D. Morgan Foundation celebrates 2013 as the year of the mentor! The practice of mentorship across the region has become the critical link that connects experienced talent with entrepreneurially minded people of all ages who seek guidance and networks. Our 2013 annual report focuses on the dynamic relationships that have flourished between mentors and their mentees across Northeast Ohio. We hope their stories will be an inspiration to our readers as we recognize the contributions of mentors and advisors who are devoting their time and energy to help entrepreneurs achieve their dreams and simultaneously make our region a better place for all of us.

Mentorship resonates with our Foundation because of the example set by our founder Burton D. Morgan, whose 10-year passing we marked in 2013. Burt Morgan believed unreservedly in the power of mentoring. Through his open-door policy, he counseled hundreds of entrepreneurs as they navigated the shoals of their startup journeys. His generous spirit has inspired the Foundation to support all shapes and sizes of mentorship as a sustainable model for growing great ideas. The featured stories of 2013 include those of mentors engaged in JumpStart's Burton D. Morgan Mentoring Program, venture coaches connecting with college students in the Blackstone LaunchPad programs, and parents and teachers working with grade schoolers who are learning business fundamentals through Lemonade Day experiences. The stories are rich and instructive, painting a vibrant picture of the elements that make our regional entrepreneurial ecosystem so robust.

To all the mentors and coaches who generously share their expertise with our region's aspiring entrepreneurs, we thank you. Please enjoy these energizing mentorship stories and celebrate this new chapter in our Northeast Ohio saga of transformation.

Deborah D. Hoover
President & CEO



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BURTON D. MORGAN MENTORING PROGRAM JUMPSTART



*Bounce ideas
off mentors!
- schedule meeting*



When you work among businesspeople and observe the mentorship phenomenon up close, one stark reality comes into sharp focus: most mentors are either repaying a debt, in a kind of quiet homage to their own mentors or, in some cases, providing the help and encouragement they wish they had access to early in their own careers.

In Mike Burke's case, it is clearly the latter. A successful serial entrepreneur who sold his company in 2006, he now mentors emerging entrepreneurs through JumpStart's Burton D. Morgan Mentoring Program. Created in partnership with Massachusetts Institute of Technology's world-class Venture Mentoring Service, the program serving Northeast Ohio entrepreneurs is supported substantially by a three-year, \$1 million grant from the Foundation, along with Ohio Third Frontier funding. The Mentoring Program is an integral element of JumpStart's venture support services, gradually replacing its entrepreneur-in-residence structure with a mentoring model that can serve area entrepreneurs more deeply and widely.

Program director Anthony Hughes notes that the Mentoring Program now has more than three dozen veteran entrepreneurs (with more than 1,000 years of collective experience) volunteering as mentors, and occasionally calls on others, as needed. "These are really impressive individuals who don't have anything more to prove," he notes. They are generous with their time and talents.

For the last two years, Mike has been serving as the lead mentor for Darkside Scientific. He's part of a savvy veteran trio of mentors that includes a co-founder of OfficeMax. Their mentee, Shawn Mastrian, is CEO of Darkside Scientific, which developed an electro-luminescent paint that glows when an electric current passes through it. Shawn appreciates the lessons learned from his previous business mistakes and values the perspectives of his experienced mentor team and all they have learned from their own entrepreneurship journeys.

"That's one thing the Mentoring Program helps me do: they have a very mature set of advisors who help me make the right decision when I get into a situation where I have a strategic challenge." Shawn adds, "Of course, we have the day-to-day challenges in front of us that we have to deal with. But the strategic challenges – that's where the Mentoring Program really comes in handy. 'How do I address this challenge that is somewhat new to me?' We've gone through our innovation stage, and now we're getting our first job, with profitability on the horizon. Having this team that walks us through all these challenges has been an absolute blessing for us. It really strengthened us as an organization."

Burke says, "We spend a lot of time in each meeting talking about milestones, both those ahead, and milestones that we've already discussed, to see where progress on those issues stands."

Darkside was begun in a garage in Medina, Ohio, by a technically gifted founder who didn't want to lead the business side of the venture. Mastrian provides the leadership and notes that, like most startups, the company needed to mature.

"We need to operate more as a business and less as a science project or toy chest. There's a tendency for small companies to fall into that trap. We have had to increase our maturity as an organization."

The well-known serial entrepreneur and Priceline co-founder Jeff Hoffman, who also works closely with several entrepreneurs in The Burton D. Morgan Mentoring Program and the Northeast Ohio Blackstone LaunchPad program among others, counsels that this is a familiar conundrum for technology startups generally.

"What I try to help them see is that the difference between a cool technology and a business is a pretty big gap. When you show somebody a cool piece of technology, everybody loves it. But that doesn't make it a business. So we start talking about, 'Well, who's going to actually pay you for anything?'"

Hoffman and his fellow mentors know their questions can be even more valuable than their answers.



INSPIRED

Shawn Mastrian, Anthony Hughes & Mike Burke



JUDGES TURNED MENTORS

Bob Sopko

Entrepreneurship is hotter than ever before at the collegiate level. Just 15 years ago, only a handful of schools offered courses in entrepreneurship.

Today, more than 1,500 colleges and universities offer some form of entrepreneurship training, and as many as 200 in the U.S. offer majors in entrepreneurship. With support from the Foundation and others, Northeast Ohio now has a significant concentration of public and private institutions offering entrepreneurship learning inside and outside the classroom.

But the reality is generally not so glamorous. There can be less fun and much more work than the uninitiated might have imagined. Long hours are a given, and good mentors understand that, perhaps because they put in similarly punishing schedules. "A lot of entrepreneurs are up late," biomedical engineer John Lewandowski says. And that includes one of his primary business mentors, Bob Sopko, whom he says has been "a real driving force for me."

"He'll send me an email at 4 a.m., and I'll send him one back at 4:05. In that sense, he's just as dedicated and committed to the project as I am," John says.

John's "project" is more than a little ambitious: developing an affordable field test for malaria, still a scourge in much of the Third World. The technology came out of research conducted at the Case Western Reserve University (CWRU) School of Medicine by Dr. Brian Grimberg, an assistant professor of international health. The university's engineering department later referred the research to John for further analysis and possible commercial development of a reliable, affordable device that could test for malaria so victims could benefit from early treatment. This project was recommended as "one that would have legs, and that it really needed a student who could handle both the engineering and the business side," John says.

That led to the establishment of Disease Diagnostic Group, LLC. Prototypes were eventually built in the university's think[box] fabrication lab, and are now being tested in South America.

John first got to know Bob when the latter served as a judge for the LaunchTown™ competition, where John pitched his proof-of-concept model and research. Bob used his deep knowledge of these business plan competitions to help John refine his pitch.

“One of the great things about business plan competitions is the feedback you get. My pitch was awful back in December and January, but after LaunchTown™, it was to the point, precise, and sharp. [Bob is] really helpful, because he’s seen so many pitches sitting on these various review boards, and he knows what would be competitive. Now, I get complimented all the time on both my one-minute pitch and actual presentation.”

The coaching came in handy when John traveled the country in the winter and spring of 2013, pitching to various business plan competitions, and came away with about \$200,000 of non-equity support for his venture. “I knew that [Bob] was the premier go-to person for entrepreneurship on the campus.” He provided a constant flow of ideas about possible sources of support – everything from publicity to helping connect him with a designer at the Cleveland Institute of Art to develop a new company logo.

As a mentor to aspiring student and adult entrepreneurs, Sopko is, indeed, the embodiment of the cross-fertilization of people and ideas that comprise a vibrant entrepreneurial ecosystem. With a background steeped in both marketing and information technology, he has affiliations that traverse all boundaries. In addition to serving as a judge for several tech-based idea competitions, he directs CWRU’s Blackstone LaunchPad program and serves as an advisor for several venture support organizations in the area, including JumpStart, BioEnterprise, and the Youngstown Business Incubator.

Sopko, who formerly served in management at the much-admired Revco pharmacy chain and as manager of Strategic Technology Partnerships in CWRU’s Information Technology Services department, has long since checked his ego at the door. “After a while, you just get embedded into the entrepreneurial ecosystem,” says Bob, in his signature unassuming fashion.

But for Lewandowski, Sopko is an essential ingredient to any success his company might achieve.

“He sees value in bringing Disease Diagnostic Group out of Case as part of his network, and so we’re on the same team, working together. So it’s Case, all of his networks, and him personally, putting time and effort into this. I’d be disappointed if we couldn’t make this into a large success. That drives me and inspires me to the next level of success.”

For his part, nationally recognized entrepreneur and mentor Jeff Hoffman understands what drives people like Bob Sopko to help aspiring entrepreneurs like John Lewandowski.

“I tell people I spent my life launching companies, and now I launch entrepreneurs. My focus is on people, not spreadsheets. I take a look and say, ‘This kid is going to change the world in some way, and I want to help him.’ And it may not be the business he’s launching right now, but this human being is going to make an impact on the world around him, and so I want to help that person.”

Spoken like a true mentor.



Dr. Brian Grimberg, Bob Sopko & John Lewandowski



LEMONADE DAY NORTHEAST OHIO

Nadine Otterman

Can we
fix it with
duct tape?



Michael Otterman & Silas Edwards

“Some people will think that mentoring is like telling someone what to do and how to do it,” muses Silas Edwards, a sixth grader at Orchard Middle School in Solon. “But it’s not like that. You give them tips and give them part of the answer, but still let them do the work.” In other words, he agrees, like a coach who also takes a special interest in you as a person.

He’s talking about his friend Michael’s mom, Nadine Otterman, who has worked with and mentored him for five years, initially as a coach for First Lego League and more recently for Lemonade Day. Michael, meanwhile, was happy that his mom treated him as just another member of the group. “She basically acted as if she wasn’t my mom,” he says.

Nadine, an MIT-trained engineer, finds it rewarding to mentor youth through the organization she helped found called the Young Innovators’ Society (YIS). At first, the group was focused exclusively on STEM (science, technology, engineering, and math) activities, coaching kids in Lego and robotics competitions as a way to stoke their curiosity about science and technology.

But as the work proceeded, she recognized a need to add the missing entrepreneurship piece. Says Nadine: “I’ve been working with them on innovation for a long time, and the more they got into solving problems and coming up with inventions, the question would come up: ‘What’s the next step?’ [The concept of] entrepreneurship kept popping up in our work

with these kids because they kept coming up with innovations that they wanted to implement.” But that would require some lessons in basic business and a rudimentary understanding of commercialization.

That’s when Nadine discovered Lemonade Day, a highly regarded national entrepreneurship program for kids, which the Foundation piloted in Northeast Ohio in 2011. With the help of a mentor or teacher, kids can use the free program materials to plan their businesses and then experience the fun of running a lemonade stand. For the past three years, kids across the region have proudly secured small loans, opened stands, and sold gallons of lemonade, with support for the initiative from the Foundation, University School’s Entrepreneur Institute, and other funding partners.

So Nadine decided that elementary school students in YIS would join 1,700 other Northeast Ohio kids participating in 2013 Lemonade Day Northeast Ohio. But their Lemonade Day effort would have a crucial twist. Since YIS has engineering and innovation at its core, it would not be enough for them to come up with a unique recipe or creative marketing strategy. The fifth and sixth graders of YIS would help sell lemonade, but first they would design and build their lemonade stands.

Nadine coached them through the process. First, they had to figure out what features would be important to a lemonade stand owner, and then come up with the design

criteria (the stands had to be waterproof and collapsible). They took these parameters and a cardboard and foam prototype to a fabrication lab at Case Western Reserve University. There, the YIS kids formally presented their design concept to the staff and students, who then helped them produce a prototype using laser cutters and a 3-D printer.

On Lemonade Day, they encountered inevitable surprises, such as glue that didn’t dry fast enough. Like the most resourceful entrepreneurs, the kids improvised – with duct tape. “Whenever we got stuck, she kind of gave us hints about moving along,” Silas says. “She just helped, but didn’t give us the answers. She made us do the work.” He seems to prefer this method of help. “It’s better than somebody just telling you, ‘Do your math problems!’” he says.

Silas says working with his mentor now feels like second nature. “It’s natural after five years,” he says. Nadine, ever the coach, reflects upon his response: “And you’re only 11, so it’s half your life.”





COMMUNITY VOLUNTEER MENTORS

Fred Farinacci

*Performance
vs. Plan?*



It is often said that there are no human bonds as strong as those forged between comrades who have fought side by side in war and lived to tell the tale. But the same might be said of the friendships that can develop from helping a CEO through a challenging period.

After ten years in the IT business, Todd Lewis was facing a crisis of confidence a few years ago. For the first time ever, his Akron-based company, Summit IT Solutions, was facing a squeeze on growth, a situation caused in large part by a historic economic downturn. “We started losing confidence,” Todd recalls. “At that point, I didn’t even know if my heart was still in it.”

So he reached out to Akron SCORE, a Foundation grantee, which leverages grassroots resources by providing free business counseling and assistance from veteran businesspeople.

Todd had no time to waste. “We just laid everything out. And they helped us to re-evaluate everything we had. They helped us prioritize our recovery plan.” SCORE, whose motto is “We teach new dogs old tricks,” supplied a handful of experts, with backgrounds in the various disciplines for which Summit needed help. The lead consultant was Fred Farinacci, a retired IT executive who has since become Todd’s mentor and close personal friend.

“I think that’s why Fred and I hit it off, because of his technical background. His history is with much larger businesses, but he understood out of the gate our dilemma, where we’re at in our business and our client base. It was just a relief to work with a retired executive that understands the industry and was able to give very good, sound, appropriate advice, right away.”

Like many who own and run their own small businesses, Todd says he was too focused on the day-to-day operations to deal with the effects of the economic downturn on his business.

Fred – who notes that he had considerable entrepreneurial experience himself, having overseen the opening of several new offices for a large employer – helped Todd focus on all the positives. “You know, they’d had a measure of success, and there’s no reason it couldn’t carry on,” he says. “They were starting to question themselves, and I kept pointing out ‘you’ve done it before, why can’t you do it again?’ They had a lot to work with: a good customer base and some highly qualified people.” What they really needed, he suggests, was the perspective of a trusted and objective outsider.

Today, Todd says proudly, “We’re no longer making decisions off of gut feeling and instincts. Instead, we’re making them off reports and forecasts. We’re at this transitional state where we’ve gone from being a tiny company to a small company. But it just feels like we’re more of a real company now.”

Akron SCORE is among the many free community resources available to business owners like Todd and aspiring entrepreneurs in Northeast Ohio who seek assistance with everything from marketing campaigns to business loans to strategic challenges. SCORE volunteers are known for their willingness to provide one-time assistance or to invest in a lasting client relationship.

After working with SCORE, Todd says, “We now have a five-year plan, and are wrapping up year one of that plan. We’re looking for 21% annual growth to achieve our plan, and in year one, we’ve exceeded that.”

He continues, “So working with SCORE, we’ve realized that we cannot be a reactive company; we have to be proactive. With their help, I’ve implemented processes and procedures, and it’s all been discussed throughout the company.”

For his part, Fred notes how different their conversations are now. “The meetings we have today are totally different than the meetings we had three years ago. They’re focused on growth, they’re focused on expansion, they’re focused on bringing in different types of people to help grow the organization.”

Today, Todd says, “I consider Fred a friend. We get together for lunch and talk about personal issues. He’s just a good, caring guy. It was so important to have that support. I think at the point when we first started working with [SCORE], they had more confidence in me than I did in myself. They’re just great people – Fred especially.”

In fact, he pays his mentor the highest possible compliment, by considering paying it forward and becoming a mentor himself. “You know, I can see giving back myself. I recently went on a business trip and met a gentleman from Texas who is trying to break into what we did two or three years ago. And I thought, ‘Hey, maybe I could help mentor him, and pay back what’s been given to us.’”





INSPIRING TEACHERS

Greg Perry

Danny Sheridan

Rent Warehouse??

Danny Sheridan's first impression of his teacher and mentor Greg Perry was how well-connected he is to a wide variety of people.

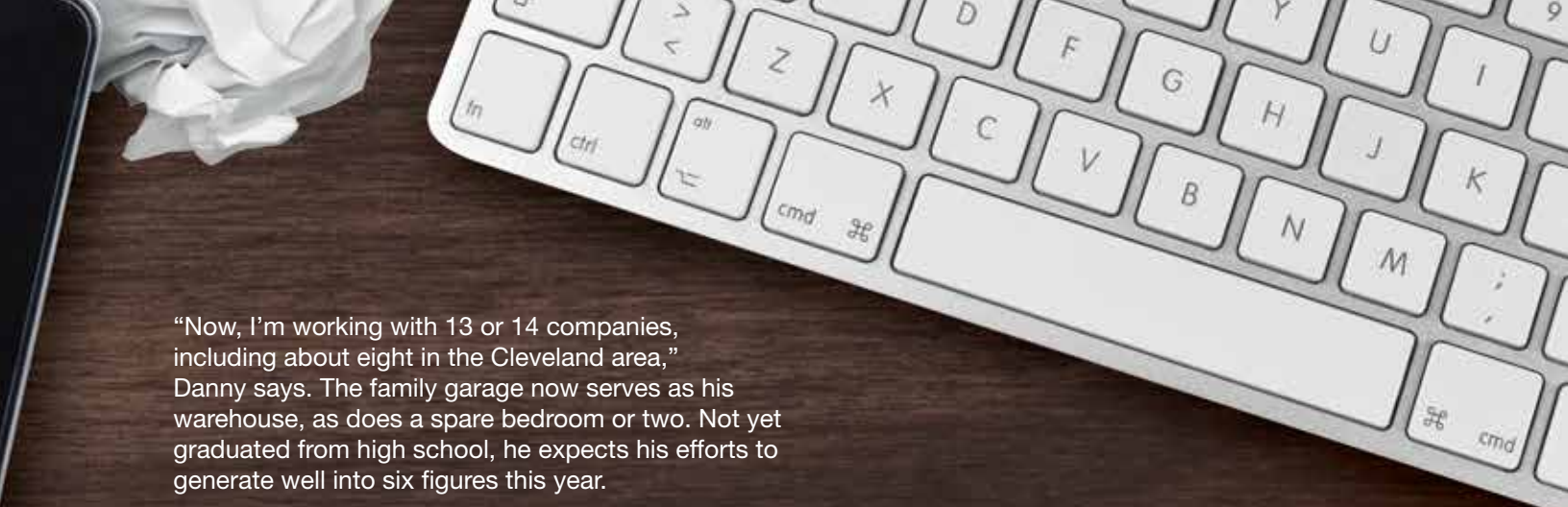
"One of the first memories I have, as a freshman, of Mr. Perry is how many people he knows," says the Beachwood High School senior. "You see him walking around the high school and at Entrovation [a student-run, annual business expo that Greg supervises], and he just knows everyone."

Over four years of working together, Danny would benefit from some of those connections, even as he inspired his teacher while learning about various dimensions of an online business together.

Like most entrepreneurs, Danny exhibited early curiosity about business and the profit motive. In his early teens, as an Xbox video games fanatic, he read an article about Xbox Live gift cards, permitting gamers to play with each other online. "So I bought 150 of these cards and later sold them on eBay for about a 10 percent profit," he recalls. "That was my first entry into business, and I thought, 'I like how this works!'" He soon began experimenting as an online distributor of LED lighting and, with guidance from his teacher, has been growing that business ever since.

The two proved to be a great match – Danny with his experimental bent and knowledge of virtual platforms, and Greg with his people skills, encouraging nature, and expansive business network.

"I see Mr. Perry as socially awesome, and he's really good at connecting people," says Danny. He used some of those connections to help Danny get started in the lighting niche, introducing him to a local lighting company that was interested in having its products distributed on the Internet.



“Now, I’m working with 13 or 14 companies, including about eight in the Cleveland area,” Danny says. The family garage now serves as his warehouse, as does a spare bedroom or two. Not yet graduated from high school, he expects his efforts to generate well into six figures this year.

At its best, mentorship is an exchange of knowledge in both directions. That’s certainly true in this case. “He teaches me so much about online purchasing and distributing, about fulfillment centers, social media, and online tracking,” Greg says. “He’s giving me experience on those things that I can then bring back to the classroom and to Entrovation to share with other students. So this mentoring relationship is definitely two-way.”

Greg’s skill as a mentor comes from his unusual background. He graduated from The Ohio State University with joint degrees in marketing and education, initially considering teaching as a “fallback” career option. Instead, he has taught full time for many years, while also operating Re-Design, his own interior design company.

Among his teaching and mentoring highlights in the past eight years is helping a cohort of about two dozen students to create and run one of the area’s premier business expo events, Green Dream and, more recently, Entrovation, through Junior Achievement’s *JA Company* program. Students from Beachwood High School, along with three other schools on suburban Cleveland’s east side, apply for a coveted slot in Perry’s *JA Company* class to plan and carry out the annual community event. The spring expo, which the Foundation supports, regularly draws more than 150 companies eager to promote their innovative products and services and thousands of visitors from the area. The program’s achievements have been recognized regionally and nationally. But Greg’s students remain his biggest fans.

“I was one of the hardest people to reach as far as a business sense went,” says Max Gottfried, who recalls initially coming to Perry’s *JA Company* class in comfortable sweat clothes, ignoring the extra credit he could earn for dressing professionally. “But by the end of the year, he got me to dress up and enjoy it.” Student Hannah Richardson says Perry’s encouragement and support helped her become one of the youngest store managers in the retail company at which she works part-time after school.

“Mr. Perry is a fabulous teacher who always puts his students first,” adds Dean Granot. “He gives us a real-life experience of how business works in the real world. This class has helped me get a head start on entrepreneurship.”





VENTURE COACHES BLACKSTONE LAUNCHPAD

Toby and Melanie Maloney

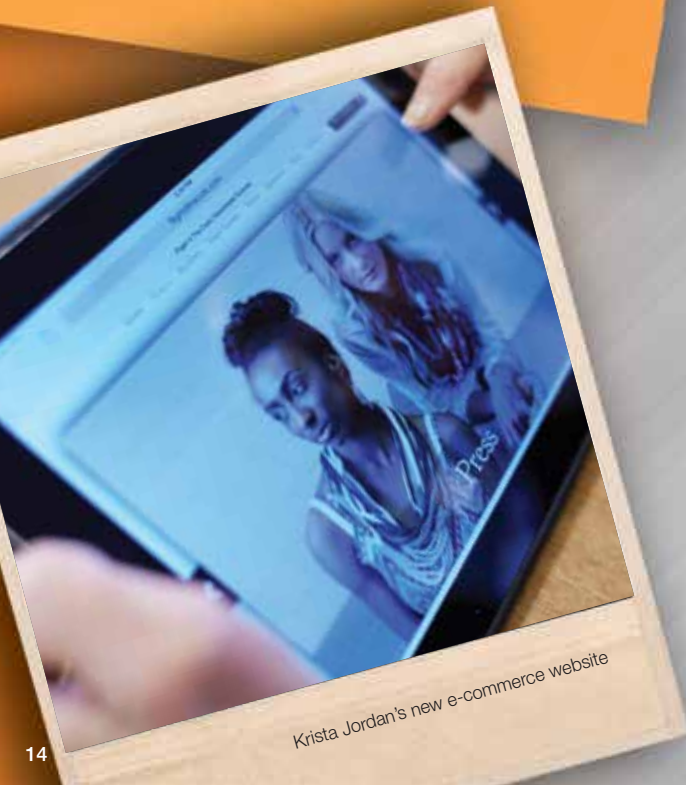
Need help now!!
Where? Who?

When Krista Jordan and Miles Tucker – both students at Kent State University – each arrived at college, they hoped that doors might open for them upon graduation. What they did not expect was such wide-open doors with opportunities flowing in so soon after arrival on campus. With the help of mentors from the Blackstone LaunchPad (BLP), a unique program located in the heart of their campus, they did not have to wait long at all.

BLP is a campus-based program that provides aspiring entrepreneurs with tools, mentorship, and other support to transform ideas into companies. The focus is as much on the development of the student as the development of the idea. Through a three-year partnership with The Blackstone Charitable Foundation, The Burton D. Morgan Foundation is supporting the BLP program at Kent State and three other Northeast Ohio institutions – Baldwin Wallace University, Case Western Reserve University, and Lorain County Community College.

Krista, a KSU freshman, used to knit and crochet scarves with her grandmother, who passed away a few years ago. Krista inherited all her yarn, and friends started asking her to make scarves. But Krista was interested in having her business go beyond just fashion. That helped plant the idea to donate a portion of the proceeds to cancer research, through her organization, Flight 4 the Cure, to honor her father, who died of leukemia when she was a baby.

Kent State's Blackstone LaunchPad helped match her with a pair of experienced mentors, Toby and Melanie Maloney. The married couple is well known for turning the quirky magazine *Mental Floss* into a nationally recognized success story.



Krista Jordan's new e-commerce website



“They know a lot about what I know nothing about – like bookkeeping and redoing the website,” Krista says. She admits that she had been thinking only short term, but after a three-hour mentoring session with the couple at their home, she now has a three- to five-year plan for her venture.

“There’s something about running a business that’s really valuable for young people, regardless of what path they choose later in life,” says Melanie. “Having to make all the decisions, having to think broadly and think about the bottom line – we think those are invaluable experiences to have early.” Her husband Toby adds that such pursuits should not be confused with “media hype that they’re going to be the next online billionaire. What we like is the notion of a liberal arts kid who has an idea that they might want to test further.”

While Krista arrived at Kent State with a venture underway, Miles Tucker enrolled intent on continuing his track and field career. Instead, he quickly turned his attention to entrepreneurship, leveraging his skills in graphic design, gleaned from instructional tutorials on YouTube. But what really inspired him to launch a company was hands-on coaching from a mentor – Kate Harmon, program manager for the school’s Blackstone LaunchPad program.

The program’s offices are in a highly visible and heavily trafficked area of the student center. Miles explains, “I used to stop in every day, and say, ‘Hey, Kate, look what I did today!’ We would sit down and have meetings several times a week, and she would give me tasks to do,” steps that would put him on a path to starting his own company. “I’d do it all so fast that I’d be back in there the next day or the day after, and she’d be looking at me like, ‘Wow, that was supposed to take you a good week.’”



For Miles, the result has been Boy Culture Clothing, an edgy clothing line for skateboarders that he designed and launched in 2013. Along with his mom, who sends him daily inspirational texts, he points to Kate as helping to drive his early success. “Everyone needs to be inspired. Motivation is key to everything you do,” he says.

With guidance from Blackstone LaunchPad mentors and staff, college students across the region are developing more than just their business ideas.



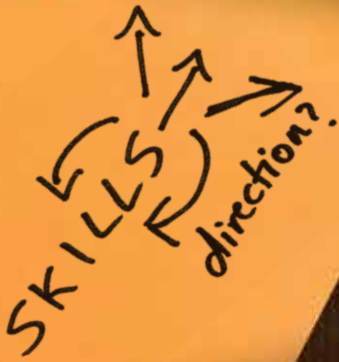
Miles Tucker & Dr. Lester Lefton





THE INTERN-MENTOR

Christine Flick



SKILLS
direction?



When Constantine Antonas was an undergraduate student in biomedical engineering at The University of Akron, he spent a year interning at the Austen BioInnovation Institute in Akron (ABIA), supported by a Foundation program grant. ABIA helps hospital systems and other research institutions in Northeast Ohio commercialize promising technologies. In the course of that work, he became close with Christine Flick, a senior engineer at the institute.

He was a standout, she recalls, and quickly developed into just another member of the small professional staff. In fact, he was so highly valued by the team that when he started graduate school at Case Western Reserve University, he was asked to stay on for a second year.

Constantine's dual engineering and business background is especially prized at ABIA. "It's kind of rare for engineers to know about the business side. They're usually more into the mechanics and physics," says Christine. That means Constantine can both help assess the business potential of various research projects and begin the process for securing intellectual property.

The Institute is a startup itself, and helps its member institutions spin off successful startups, often by commercializing research from doctors. As with any startup, the work flow can change quickly, forcing team members to constantly adapt and react, putting the onus on every team member to be flexible.

Perhaps Constantine took to that environment so naturally because his dad, a Greek immigrant, ran his own manufacturing company in Cuyahoga Falls, where Constantine began hanging out at an early age. What he learned there, he says with a grin, was “how important it is to own the company.”

He graduates later this year from CWRU with his master’s in engineering and management, a degree that he says helps him bridge the gap between the two crucial ingredients of business success. And even with his unruly schedule at work and school, he has achieved that goal of business ownership. He’s begun an investment business, one he hopes to focus on full time after graduation.

“I’ve learned a lot [here]. They’ve even helped me with [my] business.” He says that understanding how research leads to innovative companies is a good thing to understand when you’re in the investment business.

Master entrepreneur Jeff Hoffman notes that cases such as this, where a student is using one skill set to explore another seemingly entirely different area of business, are refreshing. It serves as a reminder that it’s the person and his or her inner drive that really counts more than the idea or the particular path the person chooses to follow.

Hoffman tells a story about how Nolan Bushnell, who co-founded Atari, early on hired two young guys who he thought had potential to work successfully in a startup situation. Those two were Steve Jobs and Steve Wozniak, who later went on to found Apple. Bushnell’s new book, *Finding the Next Steve Jobs*, discusses how to find, hire, and keep the next generation of entrepreneurial talent. Hoffman explains, “Nolan and I have had a lot of talks about it. And it’s not about learning to read a business plan, but learning to read the traits in a young person that are going to make them successful, and then nurturing those traits. That’s what’s important.”





PEER-TO-PEER MENTORING

John Knific

Isaac Yoder still marvels over how a guy as accomplished as John Knific treated him as an equal and took him and his ideas seriously.

“I basically came to him with just an idea and a passion – not much more – and not much of an idea of how to execute that in the real world,” says Isaac, a recent Oberlin graduate. “He was able to show me the steps I needed to make that work, and get me over the big brick wall of going from an idea to something real. And then he connected me with the people I needed to get in touch with to actually make it happen. Without that, I definitely wouldn’t be where I am right now” – co-founder of a promising financial planning software startup called Smooth.

But it was the way John offered this help that has really stayed with Isaac, and inspired him in a lasting way. “John is really easygoing. He’s not an intimidating guy. He’s someone I felt comfortable with. Even though he knew so much more about how this sort of thing operates, he would take me seriously, and be willing to have a peer-to-peer conversation about opportunities and markets and disruptive technologies.”

On the surface, at least, the notion of peer mentorship may seem a little unusual. The picture that often comes to mind first is that of an older person mentoring someone younger, perhaps much younger.

But then, John Knific is an exception to just about every rule. While still in college (he graduated from Case Western Reserve only in 2009), he co-founded a company, CitizenGroove. The team won a LaunchTown™ competition, and its members were recognized by *Bloomberg Businessweek* magazine as among America's best young entrepreneurs. They eventually pivoted to a larger opportunity: enrollment- and application-management tools for universities. The new company, DecisionDesk, has grown into a promising player in its space and recently opened an office in New York City. And yet, John says, "It's ever the roller coaster, as most startups are."

John first met Isaac in his role as Oberlin's first Entrepreneur-in-Residence, which he finds time for in addition to his 70-hour weeks at DecisionDesk. After several months of working with Isaac, he introduced him to his mentor (and an early investor in DecisionDesk), serial software entrepreneur Charlie Stack. Stack accepted Isaac into his 12-week summer software accelerator, FlashStarts, which is modeled on the popular Silicon Valley seed accelerator Y Combinator.

With that experience under his belt, now, Isaac says, "The core concept is the same as I began with, but it's more grounded in the reality of where the market is. It's now at a leading position in the market, where it wasn't before."

Rather than returning to his native San Francisco, a global mecca for technology startups, Isaac has decided to keep his business in Northeast Ohio post-graduation. "My plan is to keep it here, because with John and Charles Stack, we have a pretty good network of people we know, who are

helping us and looking out for us. People we can get advice from. If we moved, we'd have to build all that up new."

Isaac adds, "One of the main things I've learned from this experience is you can never do it yourself. Your support network is so much of what you're able to do, and how fast you're able to move, and how well you're able to make decisions."

Says John: "I learned the hard way that if you work on your startup in a vacuum, your learning curve is a lot slower than if you work with mentors and other experienced people who beat you up in the right way."

Knific says that if Isaac continues to progress through these "rings of fire" as he expects that he will, he would be happy to introduce him to some of his own investors. "For an entrepreneur, sharing your investors [with another entrepreneur] is like the ultimate tip of the hat, because you protect those relationships."



Isaac Yoder & John Knific

GRANT SUMMARY

Youth Entrepreneurship

Akron City School District Entrepreneurial Learning Block and Entrepreneur Learning Lab	\$50,000
Austen BioInnovation Institute in Akron BEST Medicine Engineering Fair	\$6,000
Beachwood City Schools Entrovation Expo	\$6,500
Consortium for Entrepreneurship Education Annual conference, including scholarships for Northeast Ohio teachers	\$37,500
Emmanuel Christian Academy Summer entrepreneurship camp	\$16,295
Entrepreneurial Engagement Ohio Entrepreneurship programs, including the new "Introduction to the Innovation Economy of Northeast Ohio" online course	\$55,000
Foundation for Teaching Economics Economics for Leaders summer program in Northeast Ohio	\$15,000
Gilmour Academy Entrepreneurship programming	\$5,000
Great Trail Council Boy Scouts of America Entrepreneurship merit badge program	\$7,000
Hawken School Entrepreneurial Studies course	\$5,000
Invent Now Camp Invention programs in Akron and Wooster	\$96,800
Junior Achievement of East Central Ohio Entrepreneurship programming	\$27,000
Junior Achievement of Greater Cleveland Entrepreneurship programming	\$50,000
Junior Achievement of Mahoning Valley Entrepreneurship programming	\$25,000
Junior Achievement of North Central Ohio Entrepreneurship programming	\$75,000
Learning About Business Summer entrepreneurship program	\$10,000
Montessori High School Entrepreneurship programming	\$7,500
Prepared 4 Life Lemonade Day Northeast Ohio	\$10,000
Shaker Heights Development Corporation Business plan competition for high school students	\$9,900
Solon Engineers' Club Equipment for the Young Innovators' Society	\$4,778
St. Edward High School Resources for entrepreneurship courses	\$10,000
University School Regional coordination of Lemonade Day	\$20,000
University School Entrepreneurship programs and outreach to other schools and teachers	\$56,500
Western Reserve Historical Society Entrepreneurship lessons and experiences for students in Cleveland Metropolitan School District	\$123,000
Wooster City Schools Entrepreneurship summer academy	\$5,000
YMCA of Akron Entrepreneurship program for high school students	\$16,000
Youth Opportunities Unlimited E CITY classroom-based entrepreneurship program	\$30,000

Total for Youth Entrepreneurship Grants \$779,773

Collegiate Entrepreneurship

Ashland University Entrepreneurship programs and faculty development	\$36,000
Austen BioInnovation Institute in Akron Entrepreneurship internships and the Technology Development Fund	\$100,000
Blackstone LaunchPad Initiative Programs at Baldwin Wallace University, Case Western Reserve University, Kent State University, and Lorain County Community College, and technical support	\$434,947
Case Western Reserve University Development of a MOOC about entrepreneurship	\$69,000
Entrepreneurship Education Consortium Entrepreneurship Immersion Week and ideaLabs competition	\$85,000
Hiram College The Center for Integrated Entrepreneurship and faculty professional development	\$30,530
Kent State University Foundation Burton D. Morgan Technology Endowment	\$3,720
Northeast Ohio Council on Higher Education Entrepreneurial internship program	\$50,000
Oberlin College Entrepreneurship programs	\$40,000
The Entrepreneurs EDGE EDGE Fellows summer intern program	\$50,000

Total for Collegiate Entrepreneurship Grants \$899,197

Adult Entrepreneurship

Akron Area Arts Alliance Artist as Entrepreneur Institute in Summit County	\$5,000
Akron Urban League Partnership for the Minority Business Accelerator V	\$20,000
Akron SCORE Operating expenses	\$25,000
Bad Girl Ventures Operating expenses for Cleveland	\$10,000
BioEnterprise Business development and entrepreneurial assistance, and graduate internship program	\$150,000
Canton Regional SCORE Workshops and marketing expenses	\$5,000
Fund for Our Economic Future Phase 4 support (3 years)	\$500,000
Hudson Library & Historical Society Prize money for Pitch Night and entrepreneurship books (2 grants)	\$5,500
ideastream Nightly Business Report sponsorship	\$40,000
JumpStart Burton D. Morgan Mentoring Program (3 years)	\$1,000,000
JumpStart Gazelles Strategy initiative	\$20,000
NorTech Regional Resource Mapping program (2 years) and cluster acceleration activities	\$175,000
The Presidents' Council Foundation Entrepreneurship program for African-American business owners	\$10,000

Total for Adult Entrepreneurship Grants \$1,965,500

Hudson and Community

Akron Marathon Fund "Going the Distance" sustainability campaign	\$5,000
Akron-Canton Regional Foodbank Equipment and operating support	\$8,000
All Star Training Club REACH program	\$7,500
Alzheimer's Association, Greater East Ohio Area Community Resource, Training & Conference Room	\$8,500
American Red Cross of Summit & Portage Counties Local disaster relief	\$10,000
Child Guidance & Family Solutions Therapy equipment	\$5,000
City of Hudson Production of "Good Day in Hudson" on Hudson Cable TV	\$1,200
Downtown Akron Partnership Akron Art Prize	\$5,000
Elves & More of Northeast Ohio Children's bicycles for the annual Christmastime event	\$2,500
First Congregational Church of Hudson Operating support for 2013 and 2014 (2 grants)	\$30,000
Hattie Larlham Community Living Equipment for Hattie's Akron Urban Garden	\$5,500
Hudson Bandstand Hudson Summer Music Festival	\$2,000
Hudson Community First Career Panel and Intern for a Day program	\$10,000
Hudson Community Foundation Destination Hudson audio-packs, July 2013 fireworks display, Summer 2013 outdoor movie series, and HeART of Hudson Art Walk (4 grants)	\$20,100
Hudson Community Service Association Assistance for Hudson residents in need and 2013 holiday lights	\$8,400
Hudson Rotary Foundation Hudson High School Scholarship Fund	\$1,000
Humane Society of Greater Akron Dog runs and fences	\$5,500
International Soap Box Derby Gravity Racing Challenge STEM program	\$10,000

Kent State University Foundation Margaret Clark Morgan Endowed Scholarship Fund, in memory of Margaret Clark Morgan	\$100,000
Methodist Theological School in Ohio Flo Gault Memorial Scholarship Fund	\$25,000
Music from the Western Reserve Operating support	\$7,500
Philanthropy Ohio Conference support and operating support (2 grants)	\$17,575
Project LEARN of Summit County Two GED Institutes for staff training	\$7,000
Seton Catholic School Burton D. Morgan Concession Stand and Ticket Office in the new Family Center	\$25,000
Seton Catholic School Youth philanthropy program with Laurel Lake Retirement Community	\$2,500
Summit Education Initiative Summit County education data system dashboard	\$9,000
The Foundation Center Operating and program support	\$7,500
Tuesday Musical Association Leadership transition	\$5,000
Weathervane Community Playhouse Building renovations	\$9,000
Women's Endowment Fund Endowment campaign	\$5,000
Other Community Grants	\$26,250

Total for Hudson and Community Grants **\$391,525**

SUBTOTAL FOR ENTREPRENEURSHIP-RELATED GRANTS (Youth, Collegiate, and Adult) **\$3,644,470**

SUBTOTAL FOR HUDSON AND COMMUNITY GRANTS **\$391,525**

SUBTOTAL FOR DISCRETIONARY GRANTS **\$758,200**

GRAND TOTAL **\$4,794,195**

Note: Listed grants reflect grants awarded, but not necessarily paid, in 2013. Multi-year unconditional grants awarded in a previous year are not included, even if partial payment was made in 2013. All conditional and challenge grants that were satisfied in 2013 are included, regardless of the year approved. Amounts might vary from Financial Summary due to grant modifications. Grants paid in 2013 totaled \$4,301,499.

FINANCIAL SUMMARY

Statement of Position

Year Ending December 31, 2013

Assets

Cash or Equivalents	\$8,005,200
Other Current Assets	346,100
	<u>8,351,300</u>

Investments at Market

Equities	67,723,500
Mutual Funds	2,902,100
Exchange Traded Funds	59,668,000
Private Equities	10,630,700
Real Estate	2,960,300
Equipment and Furnishings	135,500

Total Assets **\$152,371,400**

Liabilities and Net Assets

Liabilities

Current Liabilities	\$1,290,600
Long Term Liabilities	484,000
	<u>1,774,600</u>

Net Assets

Unrestricted Net Assets	150,596,800
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Total Liabilities and Net Assets **\$152,371,400**

Financial Notes: The Foundation is incorporated in Ohio as a private foundation defined under the 1969 Tax Reform Act and is subject to Federal Excise Tax on net investment income, including realized gains. Under provisions of the act as amended in 1981, the Foundation is required to make distributions generally equal to 5% of the Foundation's net investment assets. These statements are presented predominantly on the accrual basis, in accordance with generally accepted accounting principles. The figures have been rounded to the nearest hundred.

These statements are based on the information available at the time of publication and are subject to change.

Statement of Activities

Year Ending December 31, 2013

Income

Dividends, Interest and Other Income	\$2,809,100
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Total income **\$2,809,100**

Expenses

Program

Grants Awarded	\$4,752,000
Direct Charitable Activities	39,000
Program Support	799,500

Investment

Investment Management Fees	319,400
Investment Consultant Fees	137,500
Bank Custodial Fees	59,100
Excise Tax	215,000

Other

Management and General	335,200
Communications	46,500
Events	35,200
Insurance Premiums	23,300
Consulting	3,600
Professional Services	29,700
Miscellaneous Expenses	14,100
Depreciation	147,800

Total Expenses **6,956,900**

Expenses in Excess of Revenue	4,147,800
Realized Gains on Investments	5,232,800
Unrealized Gains on Investments	<u>24,152,300</u>

Change in Net Assets **\$25,237,300**





MODEL COLLABORATIVES: FUNDERS WORKING WITH FUNDERS

The Burton D. Morgan Foundation has established a tradition of developing vigorous partnerships that convey us into uncharted waters, facilitate the piloting of innovative ideas, and promote the wider dissemination of results. The leveraging of resources from multiple funders strengthens and energizes the work of all by drawing upon diverse talents and perspectives. We have discovered that collaboration breeds collaboration – the more we collaborate, the more we seek partners to solve vexing problems. Indeed, collaboration has become part of our DNA!

The Impact of Multiple Funders

The Fund for Our Economic Future: The Foundation increased its financial commitment to our decade-long collaboration, working intensively with more than 50 funders across the region to advance the economic competitiveness of Northeast Ohio.

Entrepreneurship Affinity Group: The Foundation hosted meetings throughout the year convening Northeast Ohio funders interested in exploring the frontiers of entrepreneurship support and identifying opportunities for co-funding new initiatives.

PRISM PRI: Northeast Ohio has given birth to a consortium of funders, including The Burton D. Morgan Foundation, contributing to a Program Related Investment designed to provide support for MAGNET's PRISM manufacturing services program.

Lemonade Day NEO: We worked collaboratively with the Entrepreneur Institute at University School, the Veale Foundation, and the John S. & James L. Knight Foundation to expand the reach of the Lemonade Day program, engaging students, teachers, parents, and community in dialogue around the potential of youth entrepreneurship.

The Power of Partner-to-Partner Collaboration

Young Entrepreneur Market: The Foundation worked with the Veale Foundation to support startup of the Young Entrepreneur Market, offering year-round farmers markets as venues for eager student entrepreneurs to promote and sell their products.

Consortium for Entrepreneurship Education: With our colleagues at the Chicago-based Coleman Foundation, we helped to fund and facilitate the 2013 Consortium for Entrepreneurship Education Forum held in Cleveland in November, a national meeting place for entrepreneurship educators.

Northeast Ohio Collegiate Entrepreneurship Program (NEOCEP): In 2013, we concluded our formal five-year partnership with the Ewing Marion Kauffman Foundation that successfully launched entrepreneurship programs on five liberal arts campuses across Northeast Ohio.

Blackstone LaunchPad: As of the end of 2013, our strategic partnership with The Blackstone Charitable Foundation on four Northeast Ohio campuses has generated close to 700 student ventures and thriving programs already woven into the fabric of the region's ecosystem.

Akron Art Prize: Together with our sister foundation, the Margaret Clark Morgan Foundation, we funded the annual Akron Art Prize, an exciting two-month, multi-venue competition organized by the Downtown Akron Partnership.

We salute and thank all of our partners and take pride in the remarkable results we achieve by working together.

TRUSTEES, OFFICERS & STAFF



Trustees

Keith A. Brown
 J. Martin Erbaugh
 Patrick T. Finley
 Stanley C. Gault
 J. Michael Hochschwender
 Mark D. Robeson
 Richard N. Seaman

Richard A. Chenoweth,
Emeritus
 John V. Frank,
Emeritus



Keith A. Brown



J. Martin Erbaugh



Patrick T. Finley



Stanley C. Gault

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 Richard N. Seaman

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Sharon K. Lingo
Office Manager

Diane V. Rafferty
Executive Assistant



MARGARET CLARK MORGAN

1918-2013

Margaret Clark Morgan (known as Peg) married Burton D. Morgan in 1941, marking the beginning of 62 years of marriage. Together Burt and Peg shared a dedication to family, church, and community and created two private foundations to carry out their philanthropic vision. Burt established the Margaret Clark Morgan Foundation in 2001 to honor his wife, and she subsequently defined its mission to reflect her keen interests in mental health, arts, and education. Peg likewise supported her husband's enthusiasm for the entrepreneurship mission of The Burton D. Morgan Foundation, established in 1967.

Today the two foundations, both based in Hudson, Ohio, continue to identify ways to work together. An important shared grant recipient is the renowned Fashion School at Kent State University, a passion for Peg, and the recipient of a memorial gift in 2013 from this foundation to the Margaret Clark Morgan Endowed Scholarship Fund. We will cherish our memories of Peg and celebrate all the ways she continues to inspire us through her generosity of spirit.



The
Burton D. Morgan
Foundation

Committed to the Free Enterprise System®

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