

2017

ECONOMIC IMPACT REPORT

BUILD
INSTITUTE

Five years ago, Build Institute embarked on a mission to empower Detroit communities by providing them with the best entrepreneurial education and assistance. Now, we are a powerful driver of change in Detroit, having impacted the lives of over 1000 entrepreneurs, their families and neighborhoods.

A better Detroit begins here.

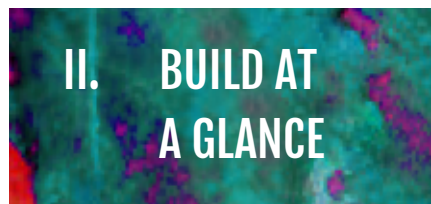
July 2017 | Lúcia Mees & Marc Albertsen

DukeEngage

Summary



History
Mission
Vision
Programs
Employees and Facilitators



Graduates and Operational Businesses
Jobs Generated
Sectors Affected
Growth in Enrollment



Human Capital Growth
Value of a Build Class
Redefining Equal Access
Build Graduate Profile



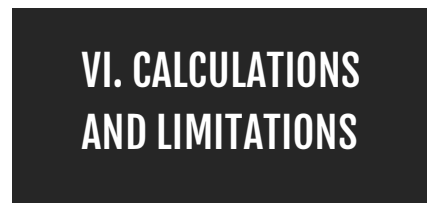
Employment Generator
Money Multiplier
Return on Investment for the Entrepreneur
Return on Investment for Build Institute
Industry Effects



The Detroit Startup Scene
Women in Entrepreneurship
Minorities in Entrepreneurship
Education Level
Other National Organizations



Improvements for Business Owners
Improvements for Other Graduates
Build's Impressive Usefulness



Purpose

The purpose of this report is:

- To demonstrate the direct impact of Build Institute on the greater Detroit economy and community;
- To investigate the immediate impact of Build Institute's services on the professional paths of its graduates;
- To give an overview of the Detroit entrepreneurial ecosystem and contextualize Build Institute's role within this business climate;
- To suggest future courses of action based on Build Institute graduates' needs;
- To recommend further methods of studying Build Institute's impact;



I. EXECUTIVE SUMMARY

Build Institute is a hub for entrepreneurs in Detroit that helps people turn their business ideas into sustainable enterprises by providing them with the necessary tools, resources, and support network in Detroit. To date, Build has **graduated over 1000** aspiring and seasoned **entrepreneurs** from its classes, near **400** of whom have gone on to **start successful businesses** in and around the city. In addition to its flagship classes, notably Build Basics, it offers networking events, open forums, mentorship opportunities, connection to resources and a nurturing community that allows ideas to develop and flourish over time.

Build graduates hail from a geographically diverse spectrum, coming from 144 zip codes in the greater Detroit and American Midwest area. Furthermore, a majority of its graduates are those who have historically been underrepresented, **82%** of whom are **female**, **64% minorities**, and **30.9% low-to-moderate income**.

As an essential idea activator in the Detroit community, Build Institute has facilitated **73 courses**, **35 Open City** panels (with approximately 3090 total participants), **10 Build Bazaar** pop up market places (with approximately 106 total vendors), and 50 company partnerships. By engaging both the members of the community and local small businesses, Build has been a key driver in revitalizing the Detroit economy through small business activity.

HISTORY

Build was started in January 2012 as a program of D:hive, a welcome center and resource hub located downtown. The classes, called Build Basics, are based on national standards for entrepreneurship education. The first class in Detroit was offered in the spring of 2012 and since then demand has grown tremendously. Classes are now offered every season and have expanded beyond the core curriculum to include Build Social, a class focused solely on social

entrepreneurship, as well as satellite classes offered in Hamtramck, Livernois, and Grandmont Rosedale.

MISSION

We aim to empower people to launch ideas and grow businesses by providing access to education, resources, and a supportive engaged community.

VISION

Be a nurturing organization that delivers programs to support Detroit as the global leader in equitable entrepreneurship.

PROGRAMS

Build Basics: the core 8-week business and project planning class designed for aspiring and established entrepreneurs. Classes are taught by local experts and cover all the basics of starting a business – from licensing to financial literacy, market research to cash flow and more. Through Build Basics, students leave the class with a completed business plan, a cohort of fellow entrepreneurs in Detroit, and the knowledge and confidence to take their idea to the next level.

Co-Starters: nine-week business development program that helps aspiring entrepreneurs put ideas into action, and turn a passion into a sustainable and thriving small business.

Grow Roundtables: series of 6 meetings for owners/CEOs of businesses looking to engage with fellow stage two entrepreneurs for meaningful and useful connections and interactions. At each Peer Roundtable, a moderator guides a small group of local CEO's from different industries in discussing their experiences and insights in a confidential setting.

Build Social: 9-week business training program for nonprofit and for-profit social enterprises seeking to address social issues through a commercial business model.

Build Bazaar: a rotating pop-up marketplace celebrating emerging entrepreneurs from Build's programs. From artisanal candles and soap, to fresh baked goods and handmade wares, every event will feature an exciting and diverse range of local vendors.

Build Next: strong alumni community offering professional development workshops, alumni happy hour events, and marketing opportunities such as online Build Graduate profiles.⁸

Open City: free monthly networking and panel event that facilitates dialogue about starting, operating and growing a small business in Detroit.

Etsy Craft Entrepreneurship: 5-week training program that provides business and e-commerce education to individuals with craft and artistic skills, helping them to start their own craft business online.

Pilot: retail pop-up project founded in partnership with Opportunity Detroit, supports new and established entrepreneurs eager to launch in a temporary space.

Kiva Detroit: social network under the Build Institute management, that offers a 0% interest, crowdfunded microloan focused on character rather than credit, that provides entrepreneurs access to capital to grow their business.

EMPLOYEES

April Boyle: Founder and Executive Director

Christianne Sims: Program Director

Yolanda Curry: Registration Director

Jessica Scherr: Digital Communications Coordinator

Dina Bankole: Market Manager/Office Administrator

Cassie Coravos: Capital Programs Manager

FACILITATORS

Delphia Simmons: founder of Thrive Detroit, publisher of Thrive Detroit Street Newspaper

Amanda Brewington: founder of Always Brewing Detroit

Marcus D. Harris: doctoral student in the Doctor of Business Administration (DBA) program in the College of Management at Lawrence Technological University

Erin Bonahoom: founding member of Canvas Legal, PLC

April Anderson: founder and owner of Good Cakes and Bakes

Jacquise Purifoy: non-profit law as well as a line of bowties

Nicole Mangis: founder of Launch Exchange and of the Detroit Brut

MAJOR SPONSORS

New Economy Initiative and Knight Foundation.

MAJOR PARTNERS

Downtown Detroit Partnership, Kiva Detroit, Detroit SOUP, Hatch Detroit, TechTown, Patronicity, Bizdom, Opportunity Detroit, Google, Twitter, WEDGE Marketing, Adcraft, Detroit Economic Growth Corporation, MSU Product Center, Fifth Third Bank, ProsperUS, DDF, Invest Detroit, and countless community professionals.

II. BUILD *at a glance*



1086
GRADUATES

who run in Detroit



after having
participated
in one of the

73 CLASSES
TAUGHT

82% women AND **55%** African American

with a **25%** annual
growth in
enrollment

FOR EACH \$1 THAT
BUILD INVESTS IN AN
ENTREPRENEUR,

\$23.65

ARE ADDED TO THE
ECONOMY THROUGH
WAGES

FOR EACH \$1
INVESTED IN A BUILD
CLASS,

\$39.33

IN PROFIT ARE
REPORTED BY BUILD
ENTREPRENEURS



FOOD | brick-and-mortar
and pop up



RETAIL | boutiques,
online



PROFESSIONAL SERVICES



**EDUCATION, CULTURE
AND ARTS**

973

jobs
generated
since 2012

\$30.8M

generated every year
through labor income

14K+

people impacted per
month in 2017 through
Build graduates' products and
services

ECONOMIC IMPACT 2017



III. SOCIAL IMPACT

Since its launch in 2012, Build Institute has been helping shape the entrepreneurial scene in Detroit by empowering communities and sharing the tools and knowledge necessary to start a business. The over 1000 aspiring and seasoned entrepreneurs that have gone through its programs have gone on to significantly impact the Detroit economy through new enterprises that have been redefining the realities of communities across the city. It is a virtuous circle that begins with each new Build class.

CONTRIBUTING TO DETROIT'S HUMAN CAPITAL GROWTH

Over the past five years, Detroit has been experiencing economic growth and development in an impressive recovery moved primarily by small business owners. During this time, Build has been a pivotal part of this recovery by enabling the creation of new businesses and the steady growth of seasoned ones. In Detroit, a new era of innovation is growing primarily through educational and financial efforts, and Build is a tangible part of it.

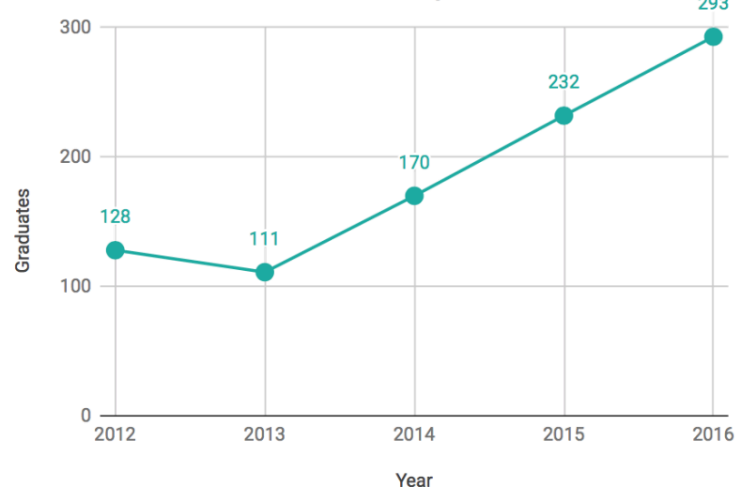
Since Build's inception, **1086** Detroiters have graduated from one of Build's programs, including the participants of its flagship entrepreneurship class Build Basics, centered around first-time business owners. Although historically over one third of these graduates goes on to maintain a successful business in Detroit after 2 years of graduation, the skills learned in any of the programs are highly useful to any professional setting. From a first SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) to a roundtable for seasoned entrepreneurs and more advanced finance courses, Build focuses on developing skills that aim to enable its graduates to make more well-informed decisions that might shape their workplaces.

The high transferability of the skills developed at Build and the high rates of success among its graduates translates into an increasing interest in the programs and services offered by the institution, as represented by growing enrollment rates, with the **number of graduates increasing** by approximately **25.6% per year**.

YEAR	GRADUATES
2012	128
2013	111
2014	170
2015	232
2016	293
until May 2017	152

TOTAL	1086
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Enrollment in Build classes across the years



Even if this growth in the number of graduates might not always translate in a growth in the number of successful enterprises that went through Build Institute, which is natural for any entrepreneurial environment, Build Institute is still a major force in producing qualified human capital in Detroit. According to a 2016 study from the compensation data and software company PayScale.com¹, **financial analysis, strategic planning, and business analysis** are at the top of the most valuable career and work skills, and are also the main areas of focus of Build's courses such as Build Basics and Co.Starters. By providing an education so related to the 21st Century needs and Detroit's crescent entrepreneurial culture, Build puts itself at the center of a well-rounded, application-based educational model that prepares the leaders needed for the city's revitalization.

value of a Build class

FINANCIAL ANALYSIS

CONSUMER ACQUISITION

LEGAL STRUCTURES

MARKET RESEARCH AND COMPETITION



start a new
venture

OR



more skilled
worker

1. "The 21 Most Valuable Career & Job Skills | Money." Time. Time, n.d. Web. 26 July 2017.

REDEFINING EQUAL ACCESS

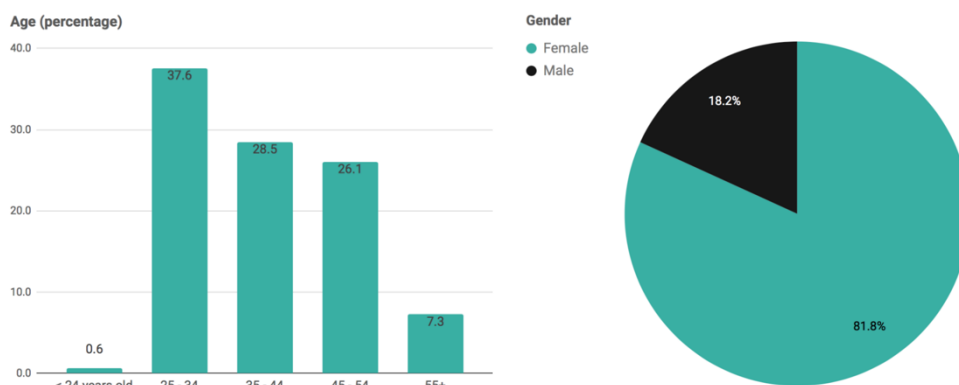
At Build, every class and every new program is designed to be accessible to the communities that could benefit the most out of it. At the center of this philosophy is Build's cost policy for its courses, in which prices are always defined on a sliding scale. By taking into account factors such as annual household income and family size, the organization defines an affordable cost between \$200 and \$500 for each of its graduates. Between 2015 and 2017, the cost per class, in a scale that goes from \$200 to \$500, **averaged at \$260.75**.

In order to achieve this goal, Build maintains partnerships with donors and supporters, and boasts a team that is committed to social change through its high-impact activity. By doing this, it ensures that price is not the main factor in defining whether or not someone will be taking a Build course, and allows a greater diversity in its classroom environments.

One remarkable outcome of this policy is the diversity of Build's students, who hail from all corners of the city of Detroit. Build's work is **focused on the neighborhoods**, instead of the rapidly-evolving Downtown area that is already being developed by other organizations and corporations. These areas are traditionally not properly reached by public and private efforts, and thus benefit the most from the entrepreneurial activity generated by the organization. It is a virtuous cycle: community members become part of the Build community, collaborate with others and start a new enterprise, which now serves as a new anchoring point for development efforts in the neighborhood, and which in turn also attracts more people to Build.

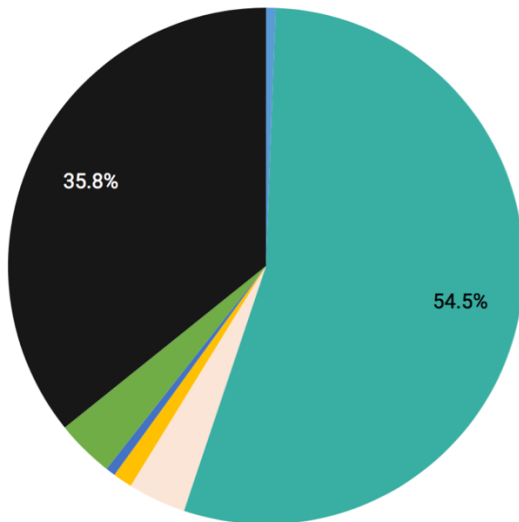
BUILD GRADUATE PROFILE

At the heart of Build Institute is the goal to provide support and genuinely impact the communities that have been historically underrepresented in the entrepreneurship community. In Detroit, specifically, it was necessary to have a class environment representative of the population, and to reach the neighborhoods that are not currently being properly developed by other public and private projects. The following sections seek to analyze Build's efforts in achieving this goal of promoting equitable entrepreneurship in terms of socio-economic status, education, race, and gender.

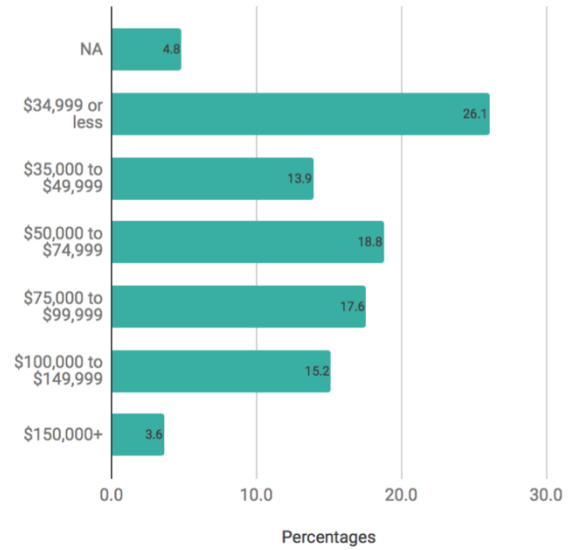


Ethnicity

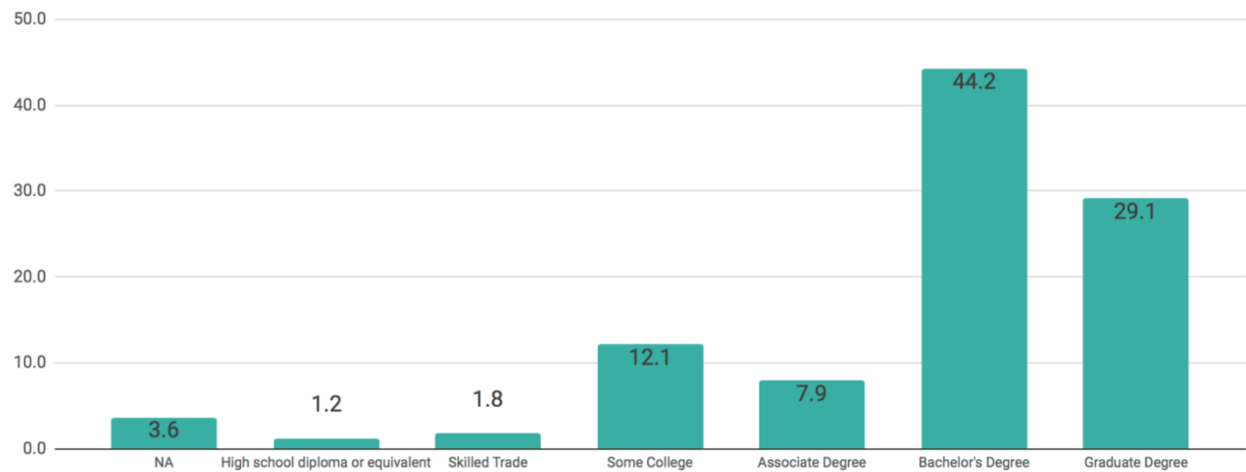
Asian Indian Black / African American Hispanic
Middle Eastern NA Other White / Caucasian



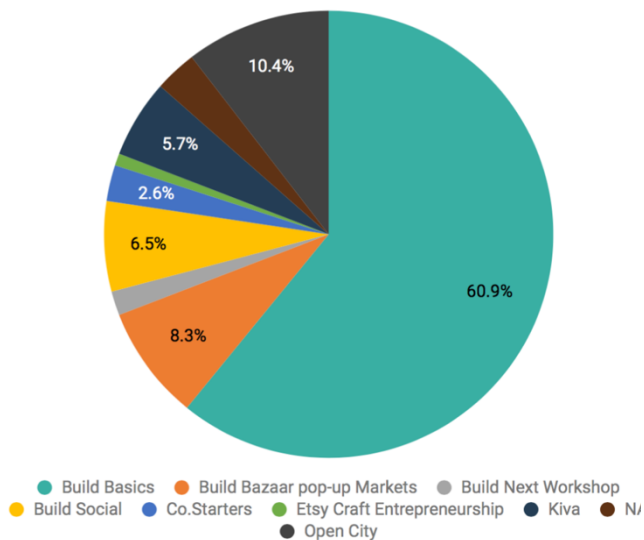
Annual Household Income



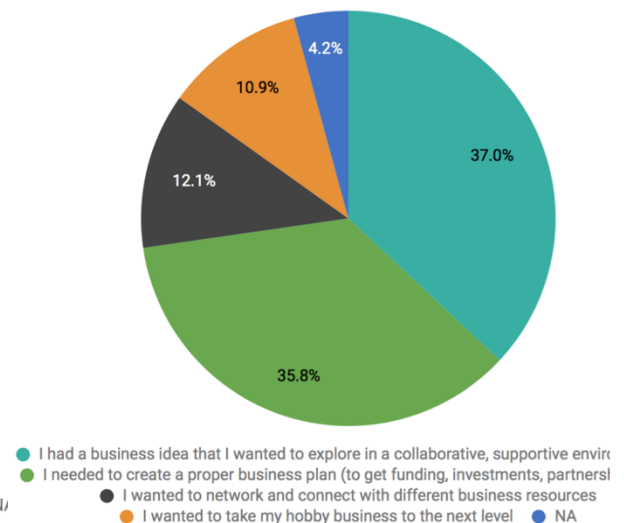
What is your highest level of education? (in %)



Build Program



Main goal in taking the course



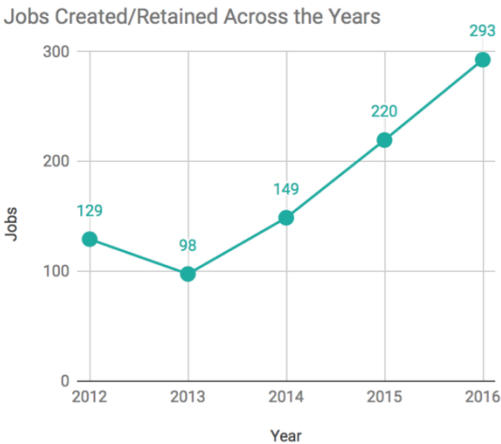


Since its inception, Build has been the tipping point in the creation of many Detroit-based enterprises. Beyond the direct impact its services have on its graduates, through continued education, empowerment and skill development, Build is a major player in promoting Detroit’s revitalization through entrepreneurship.

EMPLOYMENT GENERATOR

Between 2012 and 2017, each new Build graduate who created a new enterprise **generated an average of 2.44 jobs in their communities**. Over the span of five years, therefore, Build Institute has indirectly created **973 new jobs** in the Detroit community, at an increasing rate each year (following the growth in enrollment rates). Out of these new positions, 65% is classified as full-time, which effectively allows Build’s efforts to create new opportunities beyond its graduates.

YEAR	GRADUATES	OPERATIONAL BUSINESSES	JOBS CREATED
2012	128	53	129
2013	111	40	98
2014	170	61	149
2015	232	90	220
2016	293	120	293
until May 2017	152	35	85
Totals	1086	399	973



Additionally, The Kauffman Foundation¹, through its Kauffman Index¹, calculated and determined an Opportunity Share of New Entrepreneurs of 76.01% in the Detroit area for 2016, up from 72.69% in 2015 and 66.6% in 2014. This is the proxy indicator of the new entrepreneurs that are starting businesses because they saw new market opportunities, as of May 2017. From this number, it is possible to infer the percentage of new entrepreneurs that were not unemployed before starting their businesses, leaving an additional of **27.31% of new entrepreneurs who did not have a job before their enterprises.**

For Build Institute, this means that the 399 enterprises that were created after and presumably due to a Build class directly allowed the employment of 109 people who did not have a job before through business ownership. In this situation, Build is not only generating new jobs, but also specifically allowing the employment of people who otherwise might not have a job. As measured by the index, this particular group of entrepreneurs did not create an enterprise primarily as a result of identifying a market opportunity, but rather as a necessity to have a source of income. This information is also represented and complemented by the percentage of business owners who have their **businesses as their main source of income, 26.4%**, according to the 2017 Alumni Survey.

MONEY MULTIPLIERS

In addition, according to the 2017 Alumni Survey, the 399 active businesses maintained by Build graduates are estimated to pay an **average of \$15.64 per hour of work**, which is **75.6% greater than the minimum wage in Michigan**, with an average annual income of \$31,659. According to the 2015 US Census Bureau², the median income in Detroit is \$25,764, putting the average annual income of employees of Build graduates' businesses **22.8% above the state average**. In one year, therefore, taking into account the 399 active businesses owned by Build graduates, Build Institute **indirectly generates \$30,816,7088 in annual wage income**, which is mostly directly reinjected into the Detroit economy. Additionally, through multiplier effects applicable on the 973 employees' income, most of this money will be spent on Detroit's economy, becoming someone else's earning and increasing the indirect impact of Build's efforts.

973
jobs generated
since 2012

with annual
wages that are



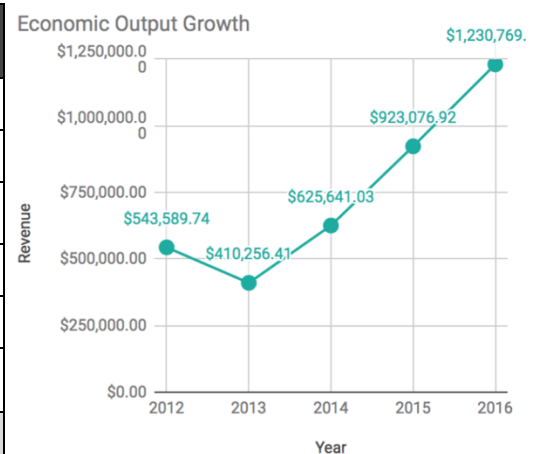
22.8%
greater than the average
wage in Michigan

AND MOST OF
THIS MONEY IS
REINVESTED
INTO
DETROIT'S
ECONOMY.

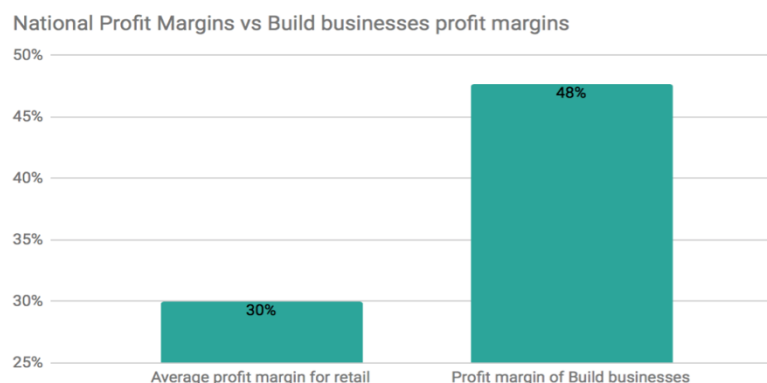
1. "Index." Entrepreneurship & Education at the Kauffman Foundation. N.p., n.d. Web. 26 July 2017. 2. "QuickFacts." U.S. Census Bureau QuickFacts Selected: Detroit City, Michigan. N.p., n.d. Web. 26 July 2017.

For the **2017** fiscal year, the businesses that went through Build Institute and that are still operational (399 businesses) reported an average of \$21,533 in expected revenue, and **\$10,256 in expected profit**. This business group has a large number of more recent entrepreneurs due to growing enrollment rates. It could thus be the case that the great majority of these businesses are still be acquiring customers. It can often take years of work for an entrepreneur to return a profit due to high startup fees and startup costs. The actual timeframe for startup profitability, according to Chron, “is entirely dependent upon how much startup capital is needed to create the products and services”, along with additional initial costs. The rule of thumb, however, is the lack of a profit in the first year of operation of a startup. For this reason, as these businesses become more well-known and established in Detroit, they are expected to generate even more revenue and profit.

YEAR	GRADUATES	OPERATIONAL BUSINESSES	MONEY INTO ECONOMY
2012	128	53	\$543,589.74
2013	111	40	\$410,256.41
2014	170	61	\$625,641.03
2015	232	90	\$923,076.92
2016	293	120	\$1,230,769.23
until May 2017	152	35	\$358,974.36
Totals	1086	399	\$4,092,307.69



One important aspect to note is that the majority of these businesses are part of either the food or retail sectors, that nationally have an average profit margin between 25% and 35% for the retail sector and 6% for the food sector (Chron, 2017)¹. The margins of Build businesses, in this sense, lies well above the national average, which is a great measure of success. Such large margins are an indicator that these enterprises manage well their expenses and general finances, representing stability and high efficiency. Despite Detroit’s supportive entrepreneurial ecosystem, it is impossible to deny the role of a solid background in business and entrepreneurship acquired through Build Institute.



1. "The Average Time to Reach Profitability in a Start Up Company." Chron.com. N.p., n.d. Web. 26 July 2017.

RETURN ON INVESTMENT FOR THE ENTREPRENEUR

Return on Investment is a performance measure used to evaluate the efficiency of an investment, being the most common profitability ratio. Interestingly, the significantly high profit margin is also a representative of the value of a Build class. Since its creation, Build has calculated the price of its classes in a sliding scale, in which the annual household income and family size are determinant factors in defining the cost of the program. Between 2015 and 2017, the cost per class, in a scale that goes from \$200 to \$500, **averaged at \$260.75**, which already includes the materials used in class.

For each \$1 that an entrepreneur invests on a Build class, an average of **\$39.33 of annual profit is reported** by graduates with operational businesses, which represents 36.7% of all Build graduates. This profitability corresponds to a **3933% return on investment**.

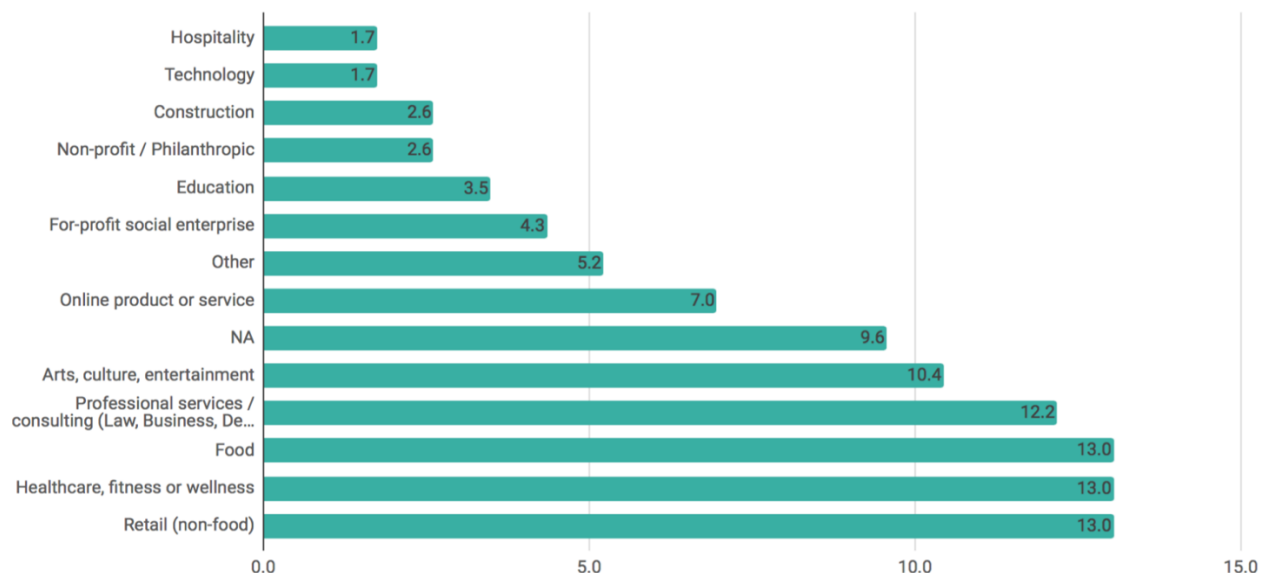
RETURN ON INVESTMENT FOR BUILD INSTITUTE

Although the entrepreneurs and students themselves only pay an average of \$260.75 for Build programs, this number is not representative of all the investment Build puts into an entrepreneur. In order to guarantee updated materials, relevant coursework, a productive environment and qualified class facilitators, Build relies on external investment and sponsorship. The average investment in an entrepreneur, therefore, was \$1200 between 2012 and 2017.

For each **\$1 that Build invests in an entrepreneur**, therefore, an additional **\$14.33 are added to Detroit's economy** through wage income, taking into consideration all the 1086 graduates, including those who currently do not have an operating business.

INDUSTRY EFFECTS

Build Graduates Industry Breakdown





V. IMPACT IN CONTEXT

The Kauffman Foundation¹ defined Detroit as the 32nd best city for entrepreneurship in the US, which puts it at the national spotlight for startup activity. Despite the city's economic headwinds, there is reason to believe in its development with its growing number of young entrepreneurs and small business owners. From the urban farming industry to bakeries and growing pop up shops, there are plenty of entrepreneurs working to revitalize the city.

THE DETROIT STARTUP SCENE

4.5%

of the adult
population owns a
business as their
main source of
income

Detroit startups
have grown
approximately

52%

5 years after funding
as a cohort in 2016

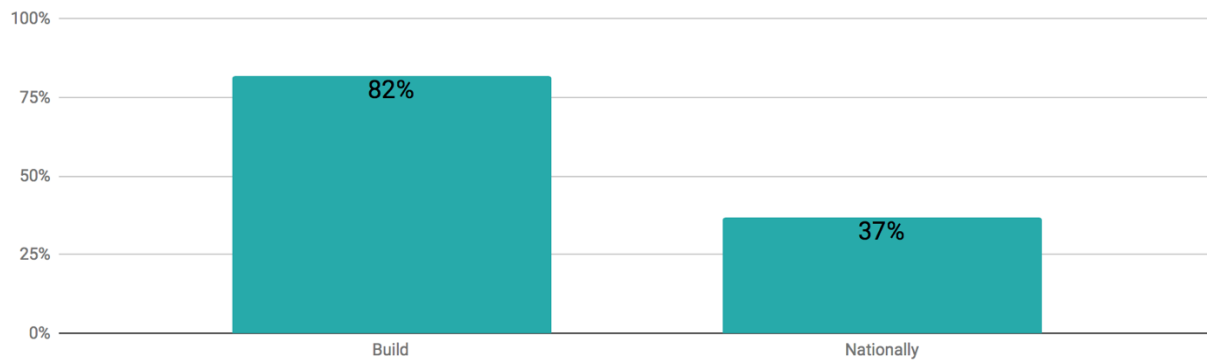
48.51%

of firms remain in operation 5
years after being founded.
Nationally, 90% of startups
fail within 5 years (Forbes
magazine)

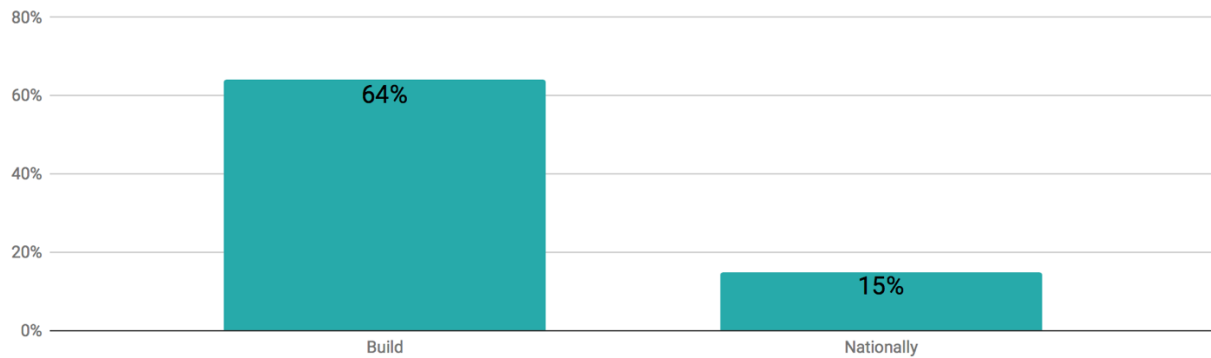
In this lively entrepreneurial scene, Build Institute appears as a major player that also manages to reach populations historically underrepresented in the startup scene. Notably, Build entrepreneurs better represent the Detroit population percentages and bring into the spotlight women and minorities in entrepreneurship, as shown in the following graphs.

1. "Index." Entrepreneurship & Education at the Kauffman Foundation. N.p., n.d. Web. 26 July 2017. 2. "QuickFacts." U.S. Census Bureau QuickFacts Selected: Detroit City, Michigan. N.p., n.d. Web. 26 July 2017.

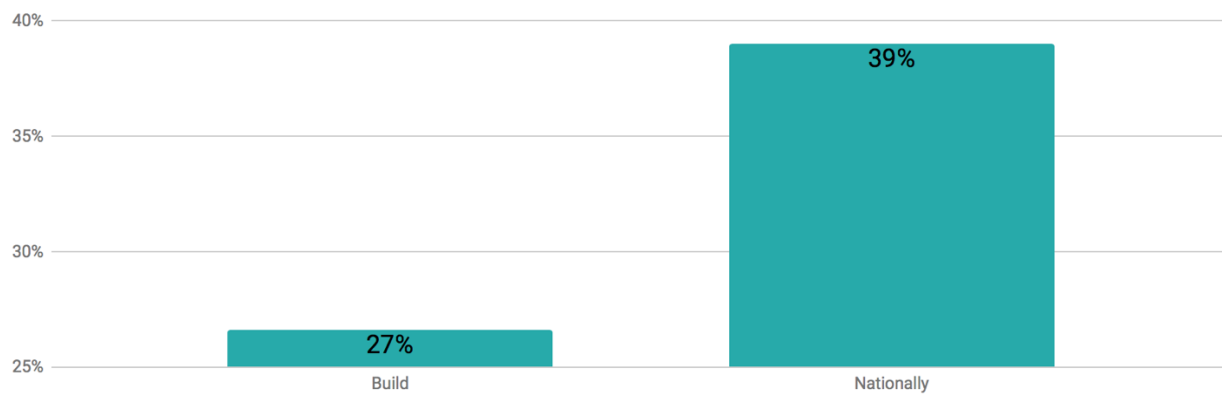
WOMEN IN ENTREPRENEURSHIP ¹



MINORITIES IN ENTREPRENEURSHIP



EDUCATION LEVEL OF ENTREPRENEURS



OTHER NATIONAL ORGANIZATIONS

Nationally, Build Institute is not alone in terms of community-focused entrepreneurship training. Although uncommon, the idea of providing business education for populations generally not

1. Saxena, Anoop. "The Rise of Women Entrepreneurship." Entrepreneur. N.p., 01 Mar. 2016. Web. 26 July 2017. **ECONOMIC IMPACT 2017**
2. Arora, Rohit, and CEO Of Biz2Credit. "The American Dream Is Alive and Well: Survey." CNBC. CNBC, 15 Apr. 2016. Web. 26 July 2017. 3. Forbes Magazine, n.d. Web. 26 July 2017.

reached by traditional public and private efforts has resulted in the six following organizations that offer services similar to Build.

NAME	LOCATION	SIZE	SERVICES	TARGET AUDIENCE	FUNDING
Interise	Boston, MA, with courses offered in over 80 locations nationwide	9 board members, 68 instructors, 23 "staff"	StreetWise MBA, a business course aimed a small business owners	low-income communities	The major sponsors are Citi, Kauffman Foundation, and Santander.
Entrenuity	Chicago, IL	12 team members	<i>Plan To Launch</i> course, a 8-week class to first-time entrepreneurs	first-time entrepreneurs, low-income people	<i>Information not released</i>
Centro Community Partners	Oakland, California	Approximately 10 full time employees	<i>Entrepreneur Readiness Program</i> , a 14-week course for aspiring entrepreneurs	low-income women, minorities, veterans and other underserved entrepreneurs	Sponsors (Google, Vodafone, JP Morgan, Wells Fargo, among others)
Community Venture Foundation	Fayetteville, AR	12 directors 887 graduates	9 different programs for entrepreneurs at different stages	Teenagers, first-time entrepreneurs	Major sponsors are AT&T and the University of Arkansas.
NDC	Minnesota	19 in the board of directors	Business Training, customized service, Lending, Incubators (space)	low-income entrepreneurs and community partners	Mainly through donations. The program fees are determined on a sliding scale (\$150 - \$650).
Bethel New Life	Chicago, Illinois	13 board directors	Entrepreneurship Training Program	for-profit enterprises and entrepreneurs who want to start a new business, and seasoned entrepreneurs	501c3 non-profit. Funded by individual donors, corporations, and church congregations



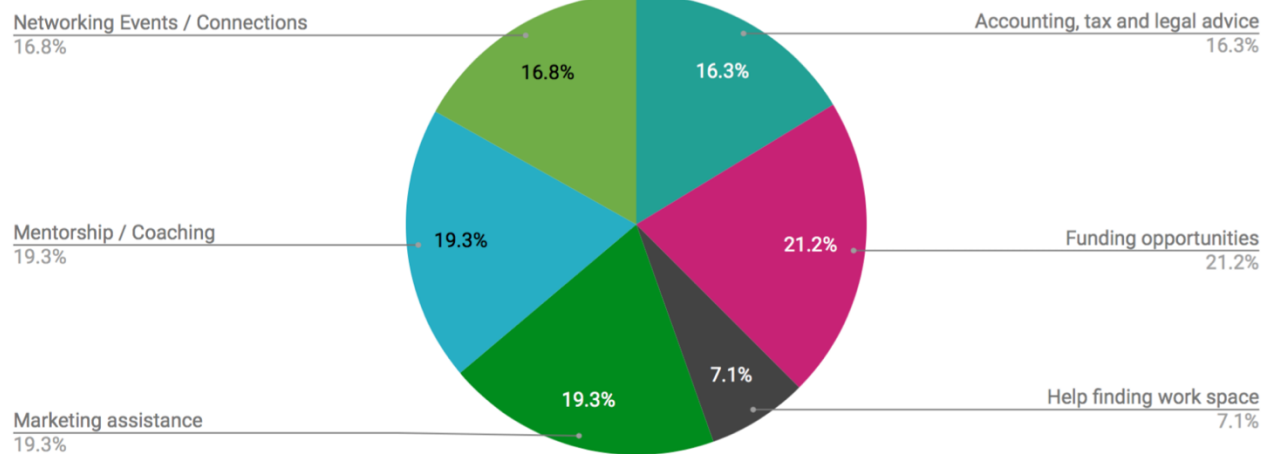
VI. OUR RECOMMENDATIONS

After analyzing a large amount of data from the annual graduate survey, we have found several recommendations Build Institute could implement to further improve its programs and services.

FOR CURRENT BUILD GRADUATES THAT ARE BUSINESS OWNERS

In this section, we focus on recommendations for Build graduates that currently own a business or are working on a project.

What kind of continued business support(s) would you like to see from Build Institute?



As illustrated in the graph, the top three areas where graduates would like to see continued support from Build are: **funding opportunities, marketing assistance and mentorship / coaching.**

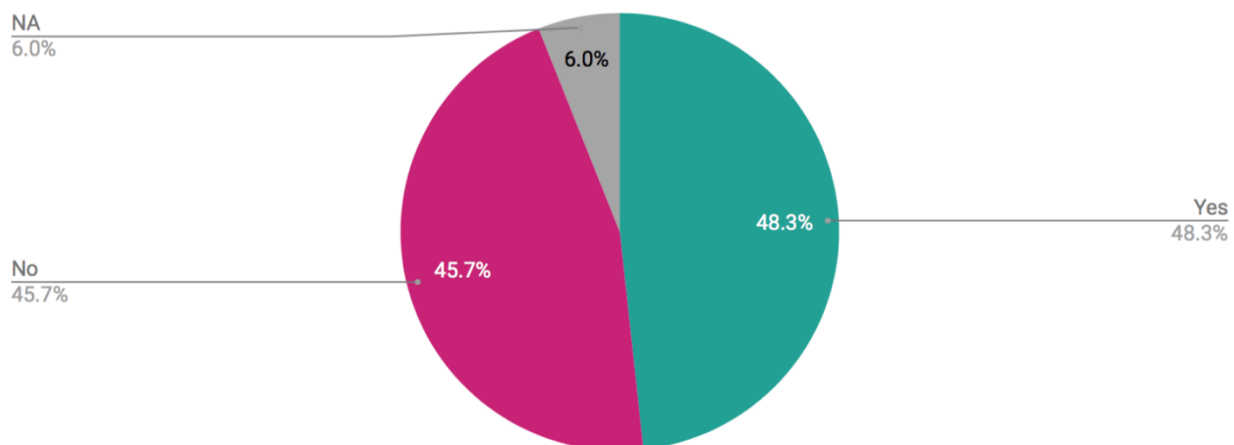
In terms of **funding opportunities**, we recommend that Build continues to promote and explain Kiva, the 0% interest, crowdfunded microloan that allows motivated entrepreneurs to get financial resources.

In terms of **marketing assistance**, we have created a marketing analysis document where we discuss different options Build could take to help their graduates with marketing skills. Without going into much detail, one option would be for Build to partner up with an online website that offers marketing classes. Another option would be for Build to create a marketing master class taught in person. Alternatively, Build could also create its own marketing class but have it only available online. For more recommendations on marketing, we recommend that you read our “marketing analysis and proposal”.

Finally, for **mentorship and coaching** we encourage Build to connect older, more experienced entrepreneurs to younger business owners so that they can exchange ideas and help each other.

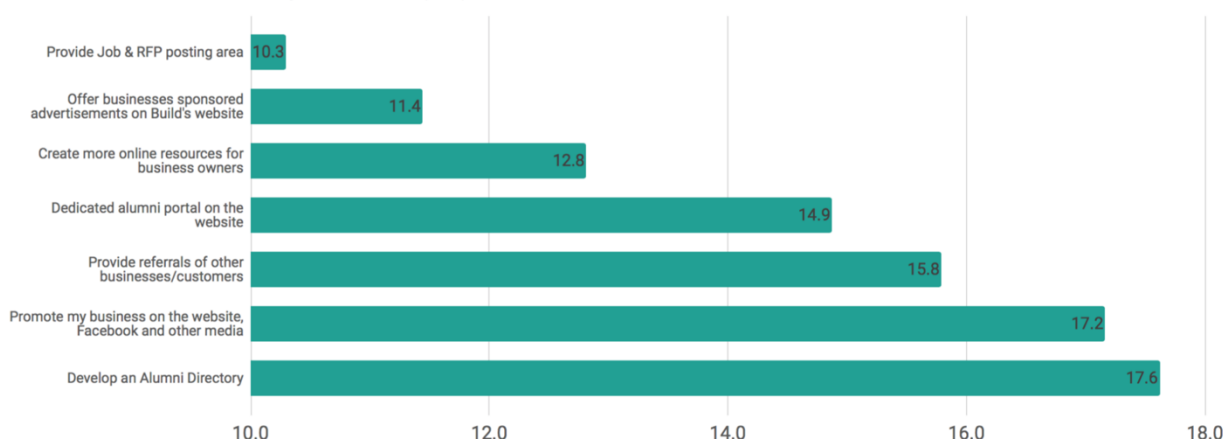
When asked if the Build graduates have **collaborated with other graduates**, 48% of them say yes. We believe that continuing efforts to improving this number could lead to positive consequences for all Build graduates. Interestingly, some of the businesses listed on the alumni database were founded as a joint effort between two or more Build graduates, and remain active and operational after years of graduation. Within the past few years, Detroit became known as the Wild West and the land of opportunity for business founders, mainly due to the sense of camaraderie cultivated among business owners and aspiring entrepreneurs in the city. For Build, increasing this level of collaboration could only further contribute to this culture. Specifically, we measures like publishing an alumni directory, even if online, along with more collaborative activities in class, and workshops are some of the ideas to achieve this goal.

Have you collaborated with other Build graduates in the past?



Through the data analysis, we have also pinpointed which projects Build could work on to add value the Build graduates' businesses.

What can Build do to add value to your business? (in %)

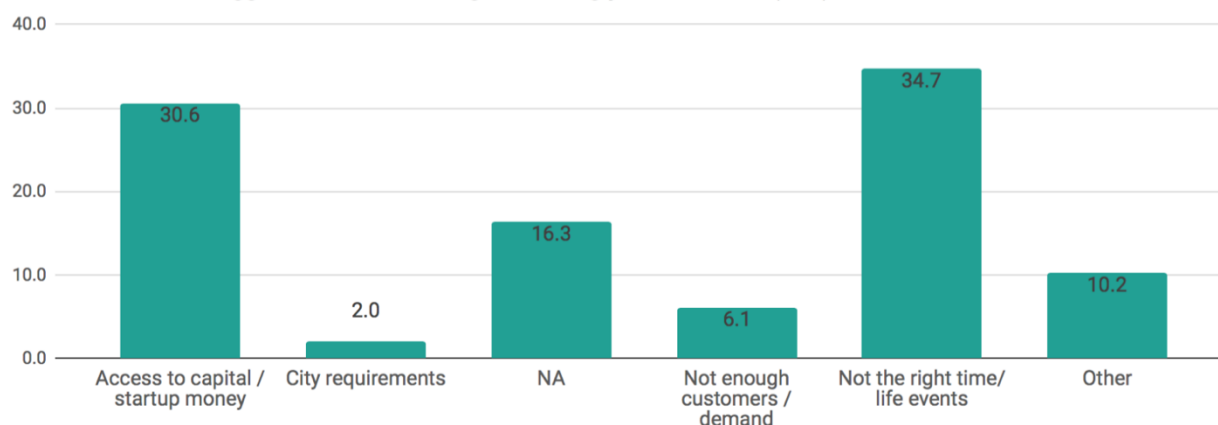


FOR BUILD GRADUATES THAT ARE NO LONGER BUSINESS OWNERS

In this section, we focus on analyzing why certain graduates do not own a business and how they can be more involved with Build.

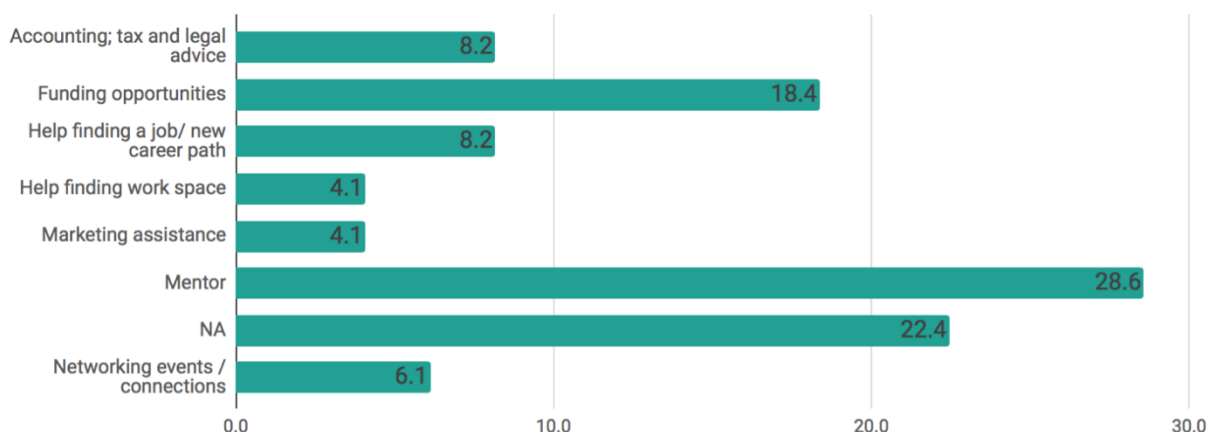
When we asked “what has been the **biggest barrier to starting/continuing your business?**”, the main reason (34.7%) is **not the right time / life event**. This shows that for a lot of graduates, an external factor explains why they do not own a business.

What has been the biggest barrier to starting/continuing your business? (in %)



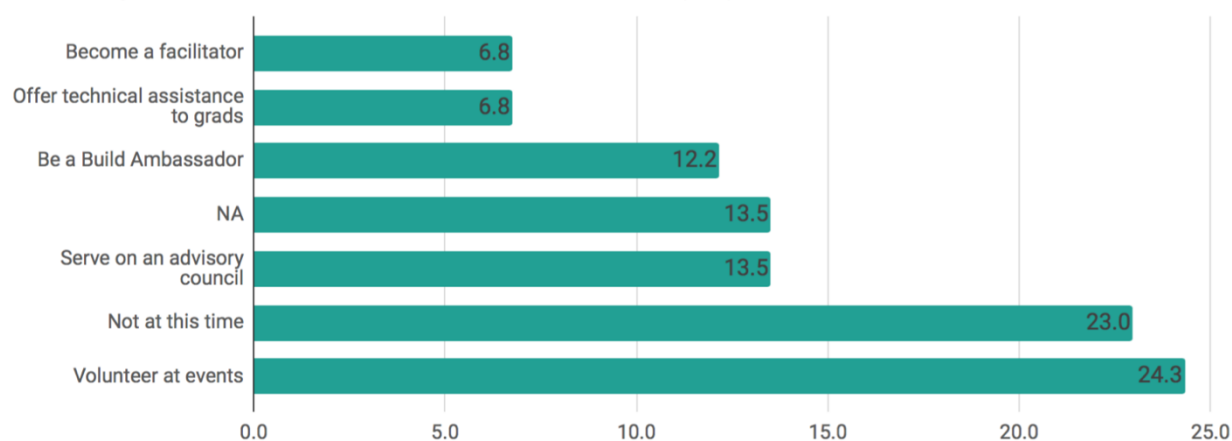
We also asked “what kind of support would you like to see from Build Institute?” to the graduates that do not currently run a business. The answers are similar to current business owners.

What kind of support would you like to see from Build Institute? (in %)



Finally, we asked how can build graduates, who do not currently own a business, can become **more involved** with Build. **24.3%** answered that they could **volunteer** at Build events.

How would you like to become more involved with Build Institute? (in %)

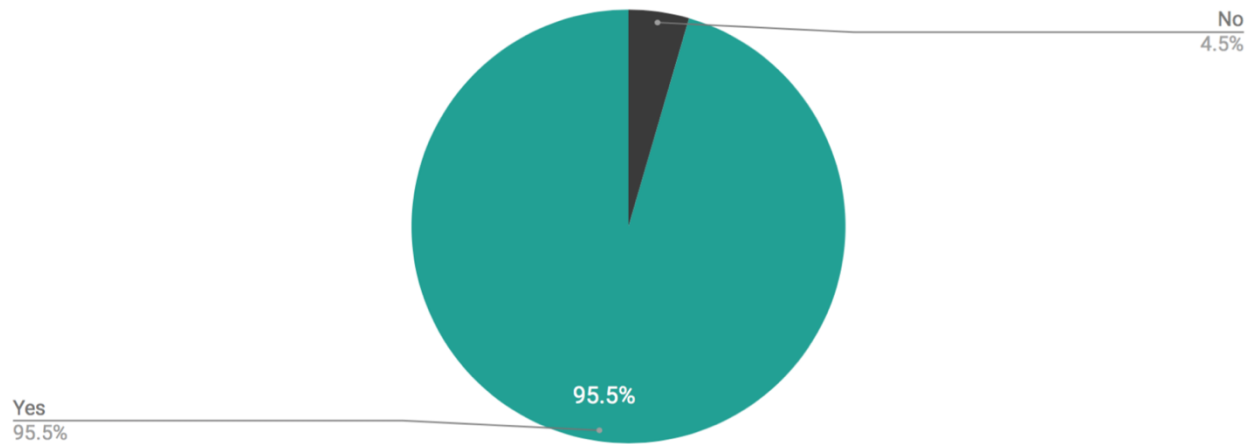


BUILD'S IMPRESSIVE USEFULNESS

We believe that it is also important to look at how useful and positive Build has been, according to its own graduates.

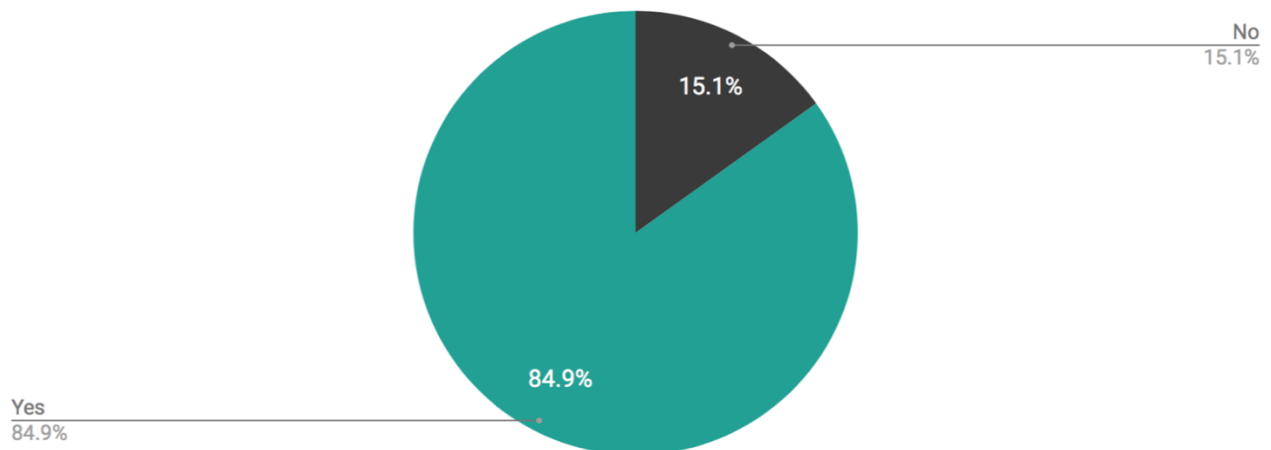
According to our survey analysis, **95%** of Build graduates feel **more confident** about their **business knowledge** after Build's help.

Do you feel more confident about your knowledge of business development after Build?



In addition, **85%** say that Build has **helped them get connected with resources** that have benefited their business.

Did Build help you get connected with other resources that helped your business?



VI. Calculations and Limitations

EXECUTIVE SUMMARY

Number of graduates: counted from the graduates list

Number of successful businesses:

Data gathered through the graduates list and online research. The sources of information to define whether or not a business was open were, in order of importance: the business website, the business Facebook, other business social media, the graduate's LinkedIn, and recent mentions in other websites and blogs. For a business to be considered open, if it had a Facebook account, it would have to have been updated within a year; if not, then at least two other sources would have to indicate business activity. The methodology is more thoroughly explained on the *Build Graduates (Summer 2017)* spreadsheet.

Number of zip codes and zip code density (not on this report): gathered from the graduates list

Percentage of minorities:

Calculated from the 2017 Alumni Survey results. We defined minorities as being people auto-denominated African American, Hispanic, Asian or Native American. To standardize the data as much as possible across this report, we did not use the graduates list, but rather the alumni survey as source of information for this index.

Percentage of low-to-moderate income:

Calculated from the 2017 Alumni Survey, following the U.S. Department of Housing and Urban Development guidelines. Here, moderate income is "generally defined" as cash-income of 140% of the area median income, knowing that the median annual income is \$20,479.48 in the Detroit area.

Program metrics/number of events and attendees: Build's internal information

SOCIAL IMPACT

Enrollment rate: numbers obtained from the graduates list

Enrollment growth year-to-year = (current number/previous year number) * 100

Average cost per class (for the entrepreneur): arithmetic average of the individual costs from Build's database

ECONOMIC IMPACT

Job Multiplier:

Calculation from 2017 Alumni Survey, 135 respondents (91 to this question)

FTE: Full time employee; PTE: Part time employee; CW: Contracted worker
FTEs (including themselves): 139 jobs
PTEs : 13 jobs
CWs: 70 jobs

Total jobs = $139 + 13 + 70 = 222$
Job multiplier = $222 \text{ jobs} / 91 \text{ respondents} = 2.44 \text{ jobs/business}$

Number of jobs generated:

Number of Active Businesses x Job Multiplier = $399 \times 2.44 = 973 \text{ jobs generated}$

Business as main source of income: obtained directly from 2017 Alumni Survey

Average wages:

Calculation from 2017 Alumni Survey, 135 respondents (61 to this question). We did not include Contracted Workers in this calculation as we only had one answer that provided us with their hourly wage.

FTEs: 44 workers
Total wages paid to FTEs per hour: \$710.60
Average hourly wage = \$16.15
Total FTE annual wage (40 hours/week, 52 weeks/year): \$1,478,048.00

PTEs: 4 workers
Total wages paid to PTEs per hour: \$40.00
Average hourly wage = \$10.00
Total PTE annual wage (20 hours/week, 52 weeks/year): \$41,600.00

Total wages paid to these 48 workers = \$1,519,648.00
Average annual wage = $\$1,519,648.00 / 48 = \$31,659.33$

Generated Income/Economic Output:

Number of jobs generated x average wage = \$30,816,708.00

Average profit: arithmetic average from operational businesses from the 2017 Alumni Survey

For each of the profit ranges, we assumed an average profit as being the average of the range boundaries, and then multiplied that by the number of respondents that reported this profit. For the \$50,000+ range, we assumed an average profit of \$60,000.00.

Average revenue: arithmetic average from operational businesses from the 2017 Alumni Survey

For each of the revenue ranges, we assumed an average profit as being the average of the range boundaries, and then multiplied that by the number of respondents that reported this profit. For the \$50,000+ range, we assumed an average revenue of \$60,000.00.

Average profit margin: calculated from the average profit and revenue: $(\text{profit} / \text{revenue}) \times 100$

Return on Investment for the Entrepreneur:

The Business Dictionary defines Return on Investment as the "earning power of assets measured as the ratio of the net income (profit less depreciation) to the average capital employed (or equity capital) in a company or project".

$$\text{ROI (entrepreneur)} = \text{average annual profit} / \text{average class cost} = \$39.33$$

Return on Investment for Build Institute:

To calculate the average investment Build does per entrepreneur, we simply divided the portion of the annual operating budget directed at the programs and services by the number of graduates of the year, then calculated the arithmetic average.

$$\text{ROI (Build)} = \text{annual economic output} / \text{number of graduates} / \text{average investment} = \$23.65$$

LIMITATION OF OUR SURVEY DATA

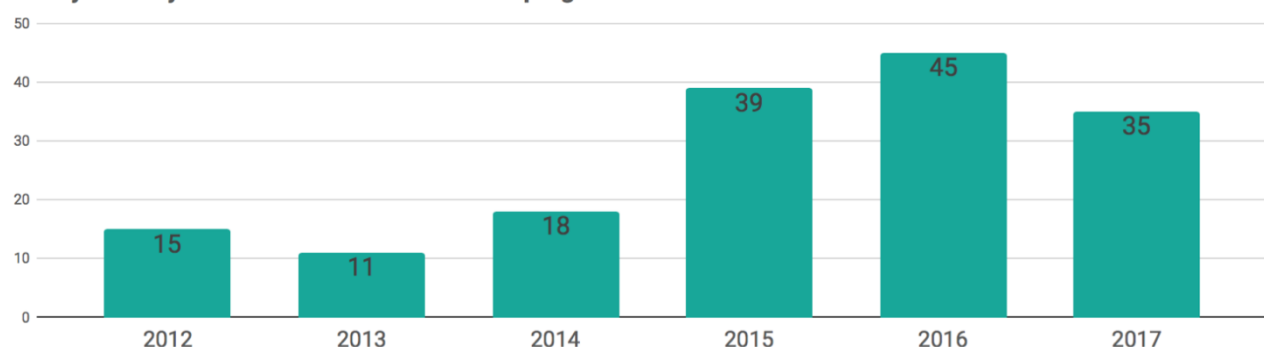
Even though we sent many emails and Facebook messages to all the Build graduates and directly called dozens of them, it was a challenge to get enough data to get a representative sample of the total population (total Build graduates since 2012).

As of July 2017, there are a total of **1086** Build Institute graduates since the foundation of the business incubator in 2012. The sample we got from our survey has a total of **165** Build graduates. According to SurveyMonkey's Margin of Error Calculator¹, at a **confidence level of 95%**, there is a **margin of error of 7%**. This means that for any statistics, the true percentage can be between 7% more or 7% less than what we have reported. For example, when we ask the ethnicity of the Build graduate and we report that there are 54% of Build Graduates that are Blacks / African Americans, the true value could be between 47% and 61%.

Moreover, for a few of the answers, not all graduates in the sample replied. This means that some results could not be totally precise. However, we still think all of the results are helpful and a good estimation of Build's impact.

The graph below illustrates the answers we got from the 2017 annual alumni survey. For example, 45 graduates that took Build programs in 2016 answered our survey.

What year did you take one or more of Build's programs?



¹"Margin of Error (Confidence Interval) Calculator." SurveyMonkey. N.p., n.d. Web. 26 July 2017.

