

**Innovate ND Program Manual**  
2019 – 2021 Biennium  
Updated August 1, 2019

**Program Definitions**

The North Dakota Department of Commerce (Commerce)

Innovate ND Entrepreneur Centers (Center):

- CTB, Bismarck
- Jamestown Regional Entrepreneurial Center, Jamestown
- NDSU Research & Technology Park, Fargo
- UND Center for Innovation, Grand Forks

Coach: The Center will assign a coach to work directly with the participant and guide them through the program.

Participant: the entrepreneur(s) participating in the Innovate ND program

**Program Overview:**

Phase 1: A voucher reimbursement program where the participant is eligible for up to \$2,000 in reimbursable expenses through the Entrepreneur Center. The participant must submit a \$250 entry fee to Commerce. The participant has 3 months to complete all Phase 1 requirements.

Phase 2: A voucher reimbursement program where the participant is eligible for up to \$6,000 in reimbursable expenses through the Entrepreneur Center. The participant has 6 months to complete all Phase 2 requirements.

Phase 3: A voucher reimbursement program where the participant is eligible for up to \$12,000 in reimbursable expenses through the Entrepreneur Center. The participants must demonstrate they have met the match requirement equal to 25% of the award dollars reimbursed – a minimum of \$5,000. The participant has 6 months to complete all phase 3 requirements.

Phase 4: A grant program where the participant is eligible for up to \$20,000. The participant must meet all requirements of the agreement between Commerce and the Center then sign. Participant must demonstrate they have met the match requirement equal to a minimum of \$5,000 in investment. The participant must meet all requirements of [N.D.C.C 54-60.1](#).

<b>Phase</b>	<b>Entry Fee</b>	<b>Dollar Award</b>	<b>Match Requirement (cash or in-kind)</b>	<b>Phase Length</b>
1 - voucher	\$250	\$2,000	Equal to 25% of award dollars reimbursed. Minimum \$5,000 by the end of Phase 3.	3 Months
2 - voucher		\$6,000		6 Months
3 - voucher		\$12,000		6 Months
4 - grant		\$20,000	\$5,000	12 Months
<b>Total</b>	<b>\$250</b>	<b>\$40,000</b>	<b>\$10,000</b>	<b>27 Months</b>

**Program Goals:**

- Grow the entrepreneurial ecosystem in North Dakota to enhance economic development and economic diversity in the state
- Educate and assist participants on the business model canvas, value proposition, and customer identification
- Assist participants to validate their metrics through investment, sales or customer interviews

**Program Rules:**

- Funding is available on a first-come, first-served basis
- Entrance into the next phase is not guaranteed. The participant must demonstrate all requirements are met prior to acceptance into the next phase
- The participant must meet the requirements in the specified timeframe for that phase. In the event a major life event occurs that prevents the participant from meeting the specified timeframe of the phase, rare exceptions will be made to place the participant on *hold* until the life event passes. Please note, this will be rare and at the discretion of the Center and Commerce.
- Phases 1, 2 and 3 are voucher programs where the participant will be reimbursed for eligible expenses. Participant must complete and submit the Expense Form with accompanying receipt and invoices to the Center monthly.
- Phase 4 is a grant program. Participants must meet all requirements of [N.D.C.C 54-60.1](#).
- Participant agrees to provide the following to the Center:
  - Dollar value of sales
  - Dollar value of investment
  - Estimated out of state dollars invested in the business
  - Number of employees and the average compensation

### **Qualifications for acceptance into Phase 1:**

- The business is or will be registered in North Dakota
- The idea or concept is innovative
  - A new business idea or concept
  - An existing business model with a new innovative approach
- Must be a scalable business by bringing value back to North Dakota
- Must serve a market outside its initial community
- Must be accepted into Phase 1 on or after July 1, 2019

### **How to enroll in Phase 1:**

- The entrepreneur will complete the webform at <https://www.commerce.nd.gov/innovatend/> and select the Center of their choice.
- The assigned coach at the Center will hold an enrollment interview with the entrepreneur
- The Center and Commerce will determine if the entrepreneur is approved for Phase 1
- Commerce will send an approval or denial email to the entrepreneur and copy the Center
- If approved, the entrepreneur must mail a \$250 entry fee to Commerce

### **Phase 1 Requirements** – the participant must meet all requirements to be eligible for Phase 2:

- Complete a minimum of 20 customer interviews
- Meet with the coach at their Center every other week
  - We also recommend they meet with all local Small Business Administration (SBA) partners at least once
- Complete the Phase 1 Progress Report and review it with their Coach, the Center and Commerce
- Commerce will send an approval or denial email to the participant and copy the Center
- Complete all requirements of Phase 1 within 3 months. The participant's start date is the date on the acceptance email from Commerce
- Complete and submit the expense report for Phase 1 with accompanying documentation
- Completion of Phase 1 does not guarantee acceptance into Phase 2

### **Phase 2 Requirements** – the participant must meet all requirements to be eligible for Phase 3:

- Complete a minimum of 30 customer interviews
- Meet with the coach at their Center every other week
  - We also recommend continued engagement with local Small Business Administration (SBA) partners
- Complete the Phase 2 Progress Report and review it with their Coach, the Center and Commerce
- Complete all requirements of Phase 2 within 6 months. The participant's start date is the date on the acceptance email into Phase 2 from Commerce.

- Complete and submit the Expense Report for Phase 2 with accompanying documentation
- Completion of Phase 2 does not guarantee acceptance into Phase 3

**Phase 3 Requirements** – the participant must meet all requirements to be eligible for the Phase 4 grant

- Complete a minimum of 40 customer interviews
- Meet with the coach at their Center every other week
  - We also recommend continued engagement with local Small Business Administration (SBA) partners
- Complete the Phase 3 Progress Report and review it with their Coach, the Center and Commerce
- Complete and submit the expense report for Phase 3 with accompanying documentation
- Must have an investment match of a minimum of \$5,000. Equal to 25% of the reimbursed expenses. The match may be from eligible expenses or investment that occurred on or after the start date in Phase 1
- Complete all requirements of Phase 3 within 6 months. Participant's start date is the date on the acceptance email into Phase 3 from Commerce.

**Phase 4 Requirements** –

- Complete the Phase 4 grant application
- The participant must be invited by the Center and Commerce to pitch their business idea once they have demonstrated they've met all requirements of Phases 1 through 3 and completed the Phase 4 grant application. Completion of Phases 1 through 3 does not guarantee the participant entry into Phase 4.
- The participant must provide a 15-minute pitch of their business idea, value proposition and customer segment to the panel. The presentation and participant must clearly demonstrate and articulate:
  - The business plan
  - Financials
  - Customer segment
  - Executive staff
  - Market segment
- The participants will pitch in front of a panel of industry experts, the Centers and Commerce. The panel will determine if the participant is accepted into Phase 4.
- Commerce will send an approval or denial email to the participant and copy the Center
- The participant, the Center and Commerce will sign the Phase 4 Grant Agreement – the participant agrees to meet all requirements in the Grant Agreement.
- The participant has 12 months to complete Phase 4. The start date is written into the Phase 4 Grant Agreement.

- The participant will receive the first \$10,000 upfront and the remaining balance after all Phase 4 requirements are met and the participant has submitted the final report to the Center.

### **Eligible Expenses and the Match Requirement**

Reimbursable Expenses and the Match Requirement – An eligible expense may be submitted for reimbursement or as match, but the same expense may not be submitted for both – no double counting.

Participants must complete and submit the expense report with accompanying invoices and receipts to the Center monthly. The Center and Commerce have the discretion to accept or reject the expense report based on the rules and requirements of the program. Invoices and receipts:

- Must show the business name where the product or service was purchased
- Must prove payment occurred
- Must have itemized documentation showing what product or service was provided
- Must show the date of the purchase. Date of the invoice or receipt must be within the program timeframe
  - Phases 1, 2, and 3 voucher – the dates on the receipts and invoices must be on or after the date on the Commerce acceptance email for Phase 1.
  - Phase 4 grant – the dates on the receipts and invoices must be within the dates specified in the Phase 4 grant agreement.

Reimbursable expenses may include – at the discretion of the Center and Commerce:

- Professional services such as legal, accounting and marketing
- Prototype development or first small batch inventory
- Registration fees or association membership fees
- Travel for customer interviews, trade shows, or conferences
  - Airfare
  - Hotel
  - Mileage reimbursement at the state or federal rate
- Costs associated with establishing business processes, distribution services, web development, software development, social media and web domain
- Access to needed equipment

Non-reimbursable expenses include – at the discretion of the Center and Commerce:

- Office rental or working space
- Inventory
- Office equipment
- Meals
- Employee wages or compensation
- In-kind labor

Match Requirement may include – at the discretion of the Center and Commerce:

- Personal cash or assets invested in the business
- Outside capital – debt or equity
- Assets for business development
  - Office rental or working space
  - Inventory
  - Employee wage or compensation
  - Equipment – excludes office equipment
- In-kind labor
  - Phases 1, 2 and 3 only
  - Billed at \$20 per hour
  - May not exceed 200 hours (\$4,000)
  - Participant must document the date, length of time and the description of the work completed on the expense report
- Reimbursable expenses listed above – no double counting if the expense was submitted for reimbursement it is not eligible to be used as match.