

## JobsOhio boss means business

Mark Kvamme sees momentum building behind state's economic development efforts



Mark Kvamme, who is leading the state's JobsOhio initiative Photo credit: MARC GOLUB

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By JAY MILLER

He's only been in Ohio seven months setting up Gov. John Kasich's JobsOhio, the nonprofit vehicle for the governor's job creation push, but Mark Kvamme already is working on JobsOhio 2.0.

The Silicon Valley entrepreneur said at a meet-and-greet swing through Northeast Ohio last Thursday, July 28, that he expects legislation to be introduced in the state Legislature in the next few weeks that will fill in the details of how the new nonprofit will work with the state Department of Development.

While by giving the bill the "2.0" suffix he's implying a new and improved version, Mr. Kvamme said businesses and the economic development community won't see big changes in the way the state packages its incentives to businesses.

"Pretty much it's going to stay the same for next biennium," he said during an interview at LineStream Technologies, a startup developing energy-saving manufacturing controls technology. "But things will

change after that.”

Mr. Kvamme is a venture capitalist wooed to Ohio by Gov. Kasich, who he met a decade ago. He will be the \$1-a-year head of JobsOhio.

The nonprofit is Gov. Kasich's idea, a way to accelerate job creation by moving economic development out of the state's sometimes slow-moving bureaucracy into the more flexible, more nimble private sector.

Mr. Kvamme said most of the existing package of incentive programs will remain in place.

“We cannot upset the apple cart right now,” he said. “We have some things that are working, and we can't drop the ball.”

But he believes the state must dramatically change the business climate in Ohio so it eventually can attract businesses even without financial incentives.

“Name a company that's been a huge success that was started (in Ohio) in the last 10 years, 15 years,” he said. “We don't have that here.”

Then he rattled off the names of some of the home-run businesses of recent years that cropped up elsewhere, including online successes Facebook, LinkedIn and Groupon, an online coupon service. “Chicago has Groupon, that's 7,000 new employees,” he said.

He nonetheless offered some words of encouragement for his new colleagues in Columbus who are trying to figure out where they stand in this new regime. “I've met some very accomplished people (in state government) who have their hearts in the right places,” Mr. Kvamme said.

### **Take-action kind of guy**

His visit to LineStream was in many ways a demonstration of the way Mr. Kvamme envisions Jobs-Ohio helping new businesses.

After listening to president David Neundorfer, marketing vice president Matt Zilli and Jonathan Murray, managing partner of Early Stage Partners, a LineStream investor, Mr. Kvamme started asking questions about the technology and potential clients. He then started suggesting people he knows in the venture capital community to whom Mr. Neundorfer and Mr. Zilli should be talking.

“When did you have your (first) pilot (running)? ... When did you sign the agreement? ... Six months after the demonstrable pilot is unbelievable,” Mr. Kvamme kept poking and probing. “You should contact Chris at ... I'll do a shameless plug for you.”

While he wasn't ready to unveil JobsOhio 2.0, he has settled on the broad mission of the nonprofit.

“I really want to focus on companies that are going to move the needle and hire tons of people,” he said.

Mr. Kvamme said he wants the organization to have specialists who think like venture capitalists, who offer knowledge and insight beyond whatever dollars they might bring. They will know the key industries in the state and can connect young companies to the right financial and technology partners.

“All a VC does is three things, and this is what we want to do at Jobs-Ohio,” he said. “First, helping them find people. (Second), connecting them with people in the state with different capabilities and then, three, for lack of a better term, figuring out how we can give them an advantage in the state of Ohio that they couldn't get anywhere else.”

He said JobsOhio will evaluate itself and the deals it makes on three metrics: net new jobs, net new capital investment and net return on investment for the state.

It's that last measurement — return on investment — that Mr. Kvamme described as calculating the potential growth in taxes a business might generate if it reaches its potential and then subtracting the cost of the tax credit or other incentive.

“No. 1 is jobs. But the more jobs there are the more taxes” are generated, he said.

He said his goal, which he believes he can demonstrate can happen soon, will be to attract companies to Ohio without financial incentives and solely because of the business climate in the state.

### **Making it work**

As for existing programs, Mr. Kvamme won't be changing much right away.

“Many of the programs are working,” he said, citing the Third Frontier and other programs that have been investing in research and development. “Those seeds were planted in the late 1990s, early 2000s, and we're starting to see many of those companies really prosper.

“The only frustration is that sometimes decisions are made for political reasons and not because it's the right decision,” he said. “We saw a company today that's been here 10 years and they're starting to hit escape velocity. That's exciting.”

Mr. Kvamme also answered some big questions on the minds of economic development professionals, such as, how will they bring their deals to the state, and who do they call to get answers?

Mr. Kvamme said the Columbus office of JobsOhio will be small, no more than 50 people. As a result, most of those questions will be answered by the network of regional offices that the state is currently building. In Northeast Ohio, that regional office will be housed with Team NEO, the regional nonprofit that works to attract new businesses.

Those offices, he said, likely will be able to give companies and local mayors and economic development officials the green light on deals up to an as-yet undetermined threshold. In many cases, a state board may still need to give final approval.

“There will be issues and potholes along the way, absolutely, but we'll work through it,” he said.

And he offered LineStream's Mr. Neundorfer and Mr. Zilli a last bit of advice: “You're hitting the long ball. Don't sell the company until it's worth a billion dollars.