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Social entrepreneur Jim Johnson creates a SAFE path to economic prosperity

One in three Americans over age 65 experiences a fall each year, most often in their own homes. Of those who fall, 20-30 percent suffer moderate to severe injuries that hinder independent living and increase the chance of early death.

Fall-related injuries in the United States account for five times more hospitalizations for older adults than injuries from any other cause and cost more than $19 billion for families, caretakers, hospitals, insurance companies, government, and those who fall, especially uninsured and indigent people. A 2003 RAND Corp. study estimated that a fall prevention program could save $1.7 billion a year in Medicare costs alone.

“Since the most rapidly growing segment of our population over the next 20 years is seniors, the problem will worsen and costs will escalate if viable interventions are not developed,” says James H. Johnson, Jr., director of the Kenan Institute’s Urban Investment Strategies Center. Johnson, a social entrepreneur, and a team of MBA students at UNC Kenan-Flagler Business School have developed a sustainable solution to attack the problem head on and create an economic driver in the process.

“Secure Audits for Elderly (SAFE) is a major opportunity to enhance the likelihood of seniors remaining in their homes,” says Johnson, the William R. Kenan Jr. Distinguished Professor of Strategy and Entrepreneurship. “It will also help lower health care costs and will create jobs.”

- Educating and safeguarding seniors
  Johnson is seeking federal stimulus dollars through the state of North Carolina to launch the new not-for-profit venture, SAFE, to help prevent falls by the state’s elderly population.

SAFE will send audit teams to the homes of elderly people across the state to assess dangers, educate seniors, and implement exercise programs. Such tactics have been shown to result in a dramatic drop in the number of falls experienced by elderly people.

MBA students in Johnson’s social entrepreneurship class developed the business plan to create and sustain the nonprofit venture in partnership with UNC School of Medicine’s Center for Aging and Health.

This new line of business is in keeping with the Urban Investment Strategies Center’s mission to develop innovative solutions for revitalizing distressed communities. Johnson sees obvious connections with other center programs.

Union Independent School, for instance, a model urban school in northeast-central Durham, N.C., founded by Johnson and a local minister, plans to invite seniors from its surrounding neighborhood to exercise at the school. This will promote healthy living habits and reduce falls among elderly residents and create a vital community connection between the community and students.

- Engaging stakeholders, creating jobs
  SAFE proposes to engage key stakeholders in the university, government, and private sector in strategic alliances to attack the fall prevention problem.

These include:
  - UNC’s Institute on Aging, which will design a program to train and certify lay health professionals to conduct fall prevention campaigns and senior home audits.
  - The Employment Security Commission of North Carolina and other workforce development agencies, which will recruit unemployed North Carolinians for slots in the fall prevention program.
  - N.C.-based home construction professional associations, which will establish safe standards as well as recruit and certify companies to perform home adaptability renovations recommended by audit teams.

SAFE also will work with government agencies to leverage available tax credits for the senior home-renovation process.

Johnson estimates SAFE can generate 7,000 new jobs in the state with its audit teams, educators, and home renovators. Cost savings for hospital and insurance companies that result from lower spending on indigent care will increase the economic return.

- Expanding and sustaining the program
  SAFE’s sustainability plan includes seeking angel and equity investments from insurance companies, hospitals, home improvement and medical supply companies, and other businesses that stand to benefit economically from its prevention efforts.

“My vision is to make the SAFE program sustainable and eventually to franchise the program,” Johnson says. “Better health and a higher quality of life for the elderly, cost savings, and job creation,” says Johnson. “It’s an idea whose time has come and an investment it’s time to make.”
MBA students devise global logistics solutions at first China Connexion Challenge

Students from seven U.S. MBA schools grappled with the intricacies of China’s free trade zone regulations at UNC in April. The challenge: develop an optimal mix of cost and transportation logistics for global manufacturer United Technologies Corp. (UTC) to move its products worldwide.

China’s growing urban population, more than 600 million in 2009, provides fertile ground for UTC to grow its infrastructure-building business. The high-technology maker of aerospace and building products and services generates more than 60 percent of its $53 billion in annual revenues from outside of the United States, $2.6 billion from China alone.

The students’ immersion into UTC’s global logistics came during the inaugural China Connexion Challenge. The student-led competition created by the Kenan Institute with UNC Kenan-Flagler’s Global Supply Chain Management Club exposes MBA students to critical issues of competitiveness in one of the world’s most important markets.

“This competition is near and dear to the Kenan Institute’s heart and its core competencies,” says institute director John D. Kasarda. “Logistics and transportation, once seen only as costs to be minimized, are now understood to be value-added services to be optimized for competitive advantage.”

• Leveraging institute connections

The brainchild of Noel Greis, director of the Kenan Institute’s Center for Logistics and Digital Strategy, the competition draws on the institute and business school’s world-leading expertise in logistics and supply chain management as well as its unique partnership with China’s top technology university. Greis co-directs a joint research center, the UNC-Tsinghua Center for Logistics and Enterprise Development, with Tsinghua University in Beijing.

The UNC-Tsinghua Center works to enhance trade between the United States and China by conducting research into logistics and supply chain issues that affect their global competitiveness. It also develops tools and techniques to reduce costs and more effectively move goods around China and the countries with which it trades.

“China is a major focus for the institute,” says Greis. “We have had the opportunity to

put a footprint on the ground there with our partnership with Tsinghua University. This competition offers the opportunity to extend that work with partners in industry, such as UTC, our corporate sponsor for this event.”

UTC provides a living laboratory for students and researchers. Greis’ center, for instance, conducts research into issues of food safety and “cold chain” supply; that is, moving perishable items safely from farm to market to consumer using cold storage transportation and facilities. UTC, parent company of Carrier, maker of refrigeration equipment for trucks, hopes to grow its market share in China. Research collaborations on issues of food safety, storage, and logistics can expand the body of knowledge that companies, like UTC, need to make better strategic choices.

“One of the goals of the UNC-Tsinghua Center is to add industry partners through

our logistics and supply chain work,” says Greis. “We hope the China Connexion Challenge furthers that effort by offering unique partnership opportunities with companies like United Technologies.”

UTC executives say the format provides immediate benefit as well as opportunities for future collaboration.

“There are a lot of synergies between our institutions and this is a wonderful opportunity to partner with UNC,” says UTC global logistics manager Jacqueline DeMatos, who served as a competition judge.

• Real-world challenge makes competition unique

The China Connexion Challenge offers a unique, two-part experience for students: a real-world challenge and the opportunity for the winning team to travel to China after the competition to present its plan to company executives, conduct further research, and consult with UTC’s logistics team.

The opportunity to continue the project after the competition ends is extremely valuable, says Juan Mantilla, a member of the winning 2010 team from Purdue University’s Krannert School of Business.

“This competition focused on real deliverables. It is not a blackboard competition,” Mantilla says. “We are very excited to go to China and focus on results.”

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New businesses create more than one third of all U.S. jobs. Their growth is often determined by whether they can raise capital.

Research by Ted Zoller, director of the Center for Entrepreneurial Studies, reveals a way that communities can identify the sources of venture capital most likely to drive entrepreneurial growth and a path for unleashing its economic potential.

The Kenan Institute speaks one-on-one with Zoller about his research.

Kenan Institute: What drives you to work with entrepreneurs?

Zoller: I honestly think I have the best job at UNC because I have the opportunity to work with hundreds of entrepreneurs. The common denominator is that they see something that’s not there and they build it. They don’t ask why not. They ask what could be.

I think that the potential of working with entrepreneurs will serve as a force to invigorate our economy. If we could unleash the potential of what I see in the entrepreneurs that I work with throughout our economy, we’re going to be in a great position in the United States.

I was an entrepreneur and I’ve spent my time at Kenan-Flagler helping entrepreneurs build their vision for what their enterprises can be, to realize the potential they bring to the market. The potential they bring to the economy, and how they can transform the economy through their work.

It’s always bothered me that entrepreneurs, who have such amazing visions, have such a significant challenge in raising the money to realize their dreams. So I’ve contemplated this idea of identifying a way to help entrepreneurs acquire the funding the need to realize their capabilities. This concept is called the “Dealmakers Algorithm.”

I’ve identified a process to use transaction data to infer the preferences of investors. I’m going to use that data to help entrepreneurs identify those who can fund their ventures.

Kenan Institute: How does your Dealmakers Algorithm work?

Zoller: Under the old model, venture capital was geographically concentrated, mostly in California and Silicon Valley. Yet the innovation potential is distributed geographically, all over the country.

My hunch is that social networking will allow us to better correlate our capital sources and our innovation sources so we’ll start to see investment and innovation coming together, not in geographic pockets but where innovation occurs.

What we’ve found is that regions that have a very cohesive social capital network tend to give birth to new entrepreneurial enterprises. The serial entrepreneurs and serial investors who tend to know one another build a rugged economy, an economy that creates new firms.

In Silicon Valley, for instance, 98.6 percent of serial entrepreneurs and investors know one another. In any other hotspot in the United States, including the Research Triangle Park, the ratio is roughly 60 percent. That’s a big distinction.

My hope is that by using this algorithm we might be able to create a more cohesive social capital network and bring our entrepreneurial leaders together, particularly serial entrepreneurs and serial investors. I’d surmise that those people who do it repeatedly are the most facile, the most successful, and the most transformative in their impact on the economy.

Kenan Institute: What can we do with this knowledge?

Zoller: First, we can bring dealmakers together, serial entrepreneurs and investors, to help inform public policy. These are individuals who know how to build entrepreneurial ventures. They know precisely what the barriers are to building new enterprises. They can help inform new public policies and can communicate it back to the people that build new ventures.

Second, we can help regional economies identify investors. I find that bringing entrepreneurs together is a body contact sport but it’s not very precise. We often don’t know who’s interested in doing what. The Dealmakers Algorithm can help identify those who would be most inclined to invest in entrepreneurial ventures.

Third, we can identify the senior people in the economy, the dealmakers, who can bring up the next generation. Young entrepreneurs need mentors, need leaders, need teachers. My sense is that the dealmakers, those who have serially developed new ventures, can serve as those mentors.

By creating an ecosystem, bringing our serial investors together with our garage entrepreneurs, we’re going to create rugged, high-growth, high-velocity entrepreneurial opportunities.

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