

Inventure-Equity

As we explored investment options in Arkansas, Michigan and Indiana, it becomes obvious that **the greatest barrier to headquarters and primary job creation** was the lack of long-term equity investment funds versus seed & venture capital funds. **Crowdfunding** is one element of a strategy to create many and varied INVENTURE-EQUITY FUNDS with a focus on long-term income rather than short-term capital gains.

However, this may also require a changes in the federal and state tax laws over time. Inventure-Equity will need parody for annual income, for example, dividends or royalties that should be taxed at the same rate as capital gains if we want to offset the “flipping” craze.

Inventure-Equity versus Venture Capital

	Inventure Equity	Venture Capital
Market Size	Under \$100,000,000 annual sales	\$250,000,000+ annual sales is typical
Growth Rate	8% to 12% controlled growth	30+% annual growth rate
Investments to Grow	Primarily from profits or debt	Additional venture capital (equity)
Patents & Trade Secrets	Patents & Trade Secrets & System	Patented Technology
Quality of Technology	Low and Medium Technology	High Technology
Product Life-Cycle	7-10+ years	3-5+ years
Length of Investment	Long-Term 10-20 years	7-10 years
Exit Strategy	Sell a division...never the HDQ	Sell HDQ to a Corporation/Take Public
Management	Professional Management	Entrepreneur
Ownership	Management 20% or less	Initial Control by Entrepreneur (51%)
Success Rate	50% to 70%	10% to 20%
Goal	Job & HDQ Creation	Wealth Creation
Strategy	Grow a Great Company (HDQ)	Flip the Company
	New Enterprise Formation	Entrepreneurship

- If one strategy for **primary job creation** is to encourage local communities to find ways to expand or create headquarters (HDQ) as well as attract companies, then inventreure-equity rooted in the local community will be one necessity. 4 minute video by **Roy Williams and Primary Jobs**: <https://youtu.be/MsbgbCJyZYY>

Recommendation: Challenge the following entities to create appropriate infrastructure for inventreure-equity, e.g.,

- Taxing Districts: State legislation that allows local communities to aggregate taxes for inventreure equity investments rooted in the community.
- Private Inventure-Equity Funds: Individuals could aggregate \$20,000 unit investments in a local inventreure-equity fund for long term investments tied to incentives.
- Endowments as a source of equity:
 - Community Foundations & School Foundations
 - College and University Endowments
 - Corporate or state employee retirement funds



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