



Inaugural survey of Fargo-Moorhead startups sheds light on emerging businesses

Fargo - April 27, 2015 - CoCo completed the first-ever survey of startups in the Fargo Moorhead area, with the goal of quantifying the depth and breadth of the area's startups.

In total, 45 startups participated in the survey, each volunteering extensive information about their businesses. Highlights of survey results:

- **A focus beyond the region** - 79.5% of respondents identified their target markets as the Upper Midwest, U.S., North America or global.
- **A desire for long-term sustainability** - 75% of respondents describing their goal as running a profitable, ongoing business versus only 20% of respondents looking to be acquired.
- **Not just solopreneurs** - Only 15.9% of respondents had no employees. The remainder had one or more employees, with the majority (61.4%) having 3 or more employees.
- **Fully engaged** - Nearly 60% of respondents are working full time on their startups.
- **Paying themselves last** - The largest percentage of respondents (34.1%) are unable to pay themselves from their startup, while 18.2% pay themselves occasionally. Nearly 30% of respondents pay themselves a below-market salary.
- **Anticipating growth** - More than half of the respondents (56.8%) anticipate growth in excess of 100% in 2015, with nearly one third (29.5%) predicting growth of 200% or more.
- **Challenges to growth** - Nearly half of respondents identified "sales" as their greatest challenge, while 31.8% cited "funding" and 27.3% cited "business development." Only 20.5% of respondents see "recruiting talent" as their greatest need.
- **A smorgasbord of funding** - Friends and family funding is the most common (20.5%) source of funding for respondents. Other sources, include Seed financing (18.2%), crowdfunding (9.1%) and traditional bank lending (9.1%).

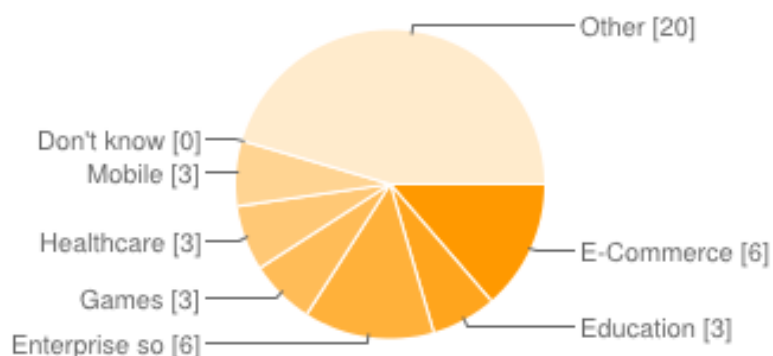
"We really appreciate the participation by our local startups in this inaugural survey," said John Machacek, Senior Vice President, Finance & Entrepreneurial Development at the Greater Fargo Moorhead Economic Development Corporation. "The results allow us to visualize what's going on with the startups not only in the reported industries but also can help us connect individually to learn more and see how we can help as a community," he said.

"I think these results are encouraging. We see diverse array of startups that are optimistic, thinking long-term, and looking to create sustaining businesses that will create jobs," said CoCo cofounder Don Ball.

The survey was conducted in partnership with [Emerging Prairie](#) and the [Greater Fargo Moorhead Economic Development Corporation](#).

About your business

What is the general domain of your startup?

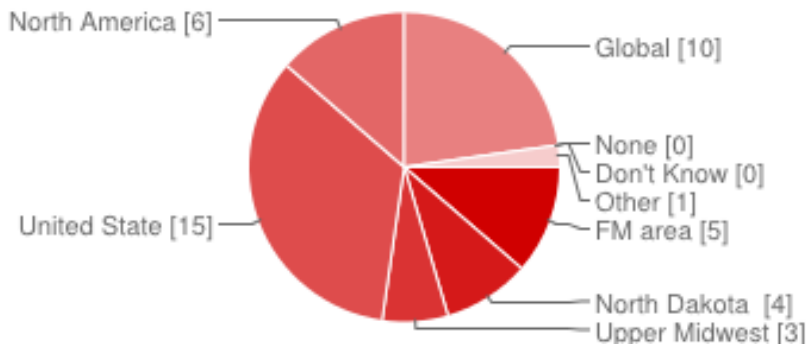


| Category | Responses | Percentage of respondents |
|---------------------|-----------|---------------------------|
| E-Commerce | 6 | 13.6% |
| Education | 3 | 6.8% |
| Enterprise software | 6 | 13.6% |
| Games | 3 | 6.8% |
| Healthcare | 3 | 6.8% |
| Mobile | 3 | 6.8% |
| Don't know | 0 | 0% |
| Other | 20 | 45.5% |

Other categories included:

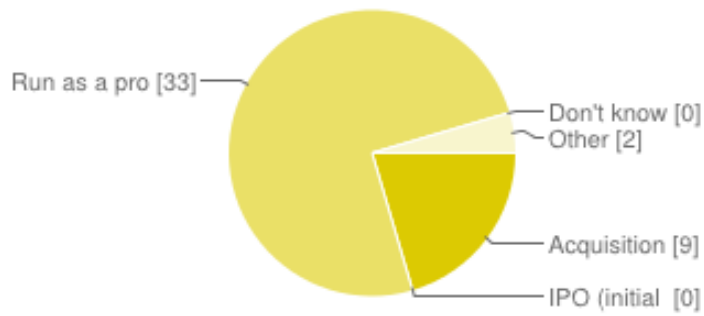
- Marketing/Social
- Advertising
- Mobile office furniture, government, wearables, robotics, small business
- Holdings company that bridges several industries
- Gemstones and Jewelry
- Creative Software
- SaaS software development
- Manufacturing
- Decorated Apparel
- Service
- Mobile and Web
- Green Energy
- Social Media Enchantment Platform
- Manufacturing
- Medical Health devices & Engineering Product Development
- Cloud Based Sales & Marketing
- Fundraising
- General Software
- Communication

What geographic market is your startup focused on?



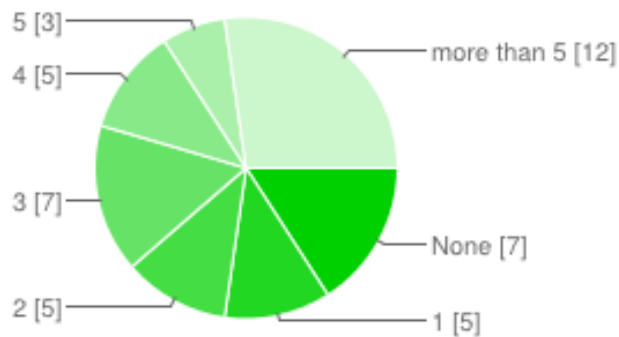
| Market | Responses | Percentage of respondents |
|-------------------------------|-----------|---------------------------|
| FM Area | 5 | 11.4% |
| North Dakota and/or Minnesota | 5 | 9.1% |
| Upper Midwest region | 3 | 6.8% |
| United States | 15 | 34.1% |
| North America | 6 | 13.6% |
| Global | 10 | 22.7% |
| Other | 1 | 2.3% |

What is your primary goal in this startup?



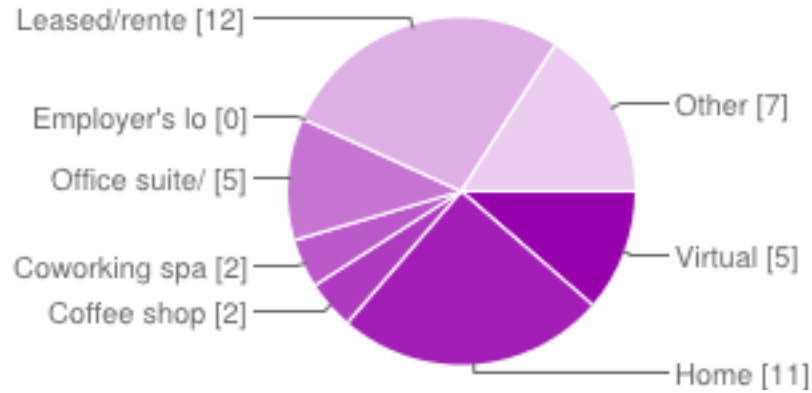
| Goal | Responses | Percentage of respondents |
|---------------------------------------|-----------|---------------------------|
| Acquisition | 9 | 20.5% |
| IPO (initial public offering) | 0 | 0% |
| Run as a profitable, ongoing business | 33 | 75% |
| Don't know | 0 | 0% |
| Other | 2 | 4.5% |

Does your startup have any employees?



| Number of employees | Responses | Percentage of respondents |
|---------------------|-----------|---------------------------|
| None | 7 | 15.9% |
| 1 | 5 | 11.4% |
| 2 | 5 | 11.4% |
| 3 | 7 | 15.9% |
| 4 | 5 | 11.4% |
| 5 | 3 | 6.8% |
| more than 5 | 12 | 27.3% |

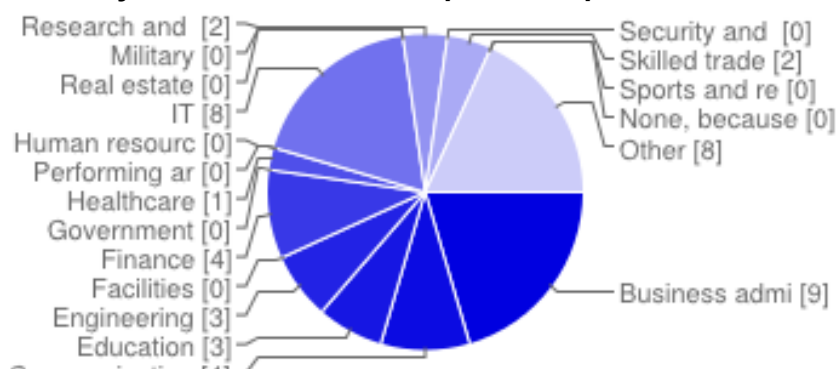
Where is your startup's regular place of business?



| Location | Respondents | Percentage of respondents |
|------------------------------|-------------|---------------------------|
| Virtual | 5 | 11.4% |
| Home | 11 | 25% |
| Coffee shop | 2 | 4.5% |
| Coworking space | 2 | 4.5% |
| Office suite/business center | 5 | 11.4% |
| Employer's location | 0 | 0% |
| Leased/rented office space | 12 | 27.3% |
| Other | 7 | 15.9% |

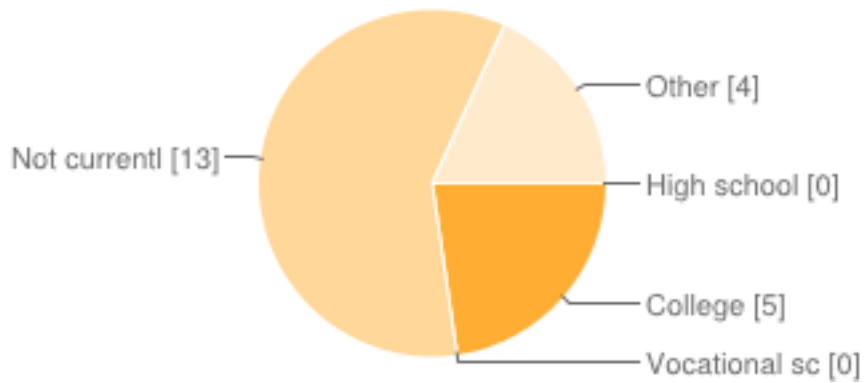
About you

What is your own domain of expertise/experience?



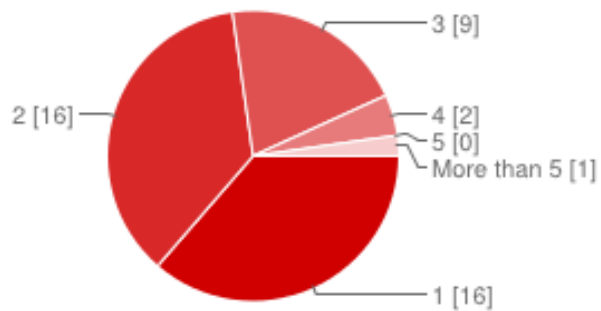
| Domain | Responses | Percentage of respondents |
|---|-----------|---------------------------|
| Business administration | 9 | 20.5% |
| Communications | 4 | 9.1% |
| Education | 3 | 6.8% |
| Engineering | 3 | 6.8% |
| Facilities | 0 | 0% |
| Finance | 4 | 9.1% |
| Government | 0 | 0% |
| Healthcare | 1 | 2.3% |
| Human resources | 0 | 0% |
| Performing arts | 0 | 0% |
| IT | 8 | 18.2% |
| Military | 0 | 0% |
| Real estate | 0 | 0% |
| Research and laboratory | 2 | 4.5% |
| Security and public safety | 0 | 0% |
| Skilled trades | 2 | 4.5% |
| Sports and recreation | 0 | 0% |
| None, because I haven't entered the workforce yet | 0 | 0% |
| Other | 8 | 18.2% |

[If none] Are you a student?



| Enrollment level | Responses | Percentage of respondents |
|------------------------|-----------|---------------------------|
| High school | 0 | 0% |
| College | 5 | 11.4% |
| Vocational school | 0 | 0% |
| Not currently enrolled | 13 | 29.5% |
| Other | 4 | 9.1% |

Including you, how many founders does your startup have?



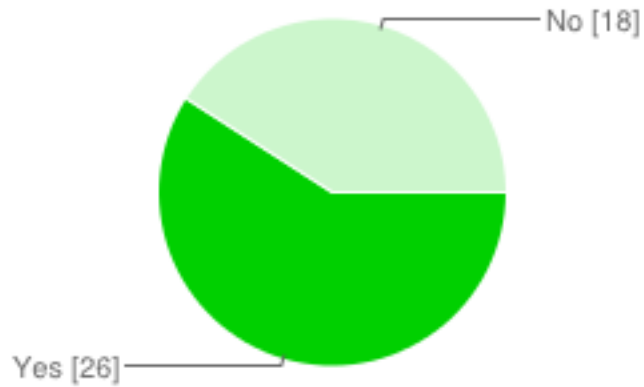
| Number of founders | Responses | Percentage of respondents |
|--------------------|-----------|---------------------------|
| 1 | 16 | 36.4% |
| 2 | 16 | 36.4% |
| 3 | 9 | 20.5% |
| 4 | 2 | 4.5% |
| 5 | 0 | 0% |
| More than 5 | 1 | 2.3% |

What role do you serve within your startup?



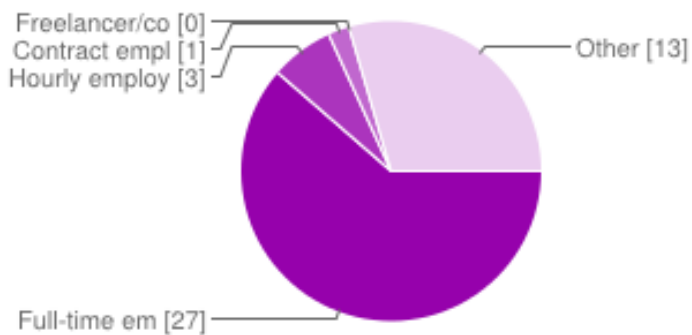
| Role | Responses | Percentage of respondents |
|----------------------|-----------|---------------------------|
| All roles | 14 | 31.8% |
| CEO | 22 | 50% |
| CFO | 3 | 6.8% |
| CTO | 6 | 13.6% |
| Programming | 3 | 6.8% |
| Marketing | 5 | 11.4% |
| Business Development | 13 | 29.5% |
| Product Design | 6 | 13.6% |
| Product Management | 6 | 13.6% |
| Other | 3 | 6.8% |

Are you working on your startup full time?



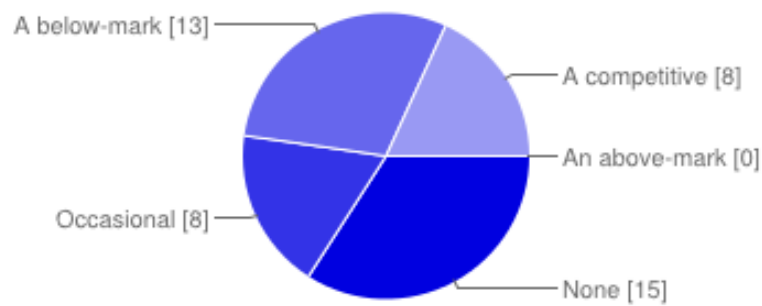
| Answer | Responses | Percentage of respondents |
|--------|-----------|---------------------------|
| Yes | 26 | 59.1% |
| No | 18 | 40.9% |

[If no] What is your employment status?



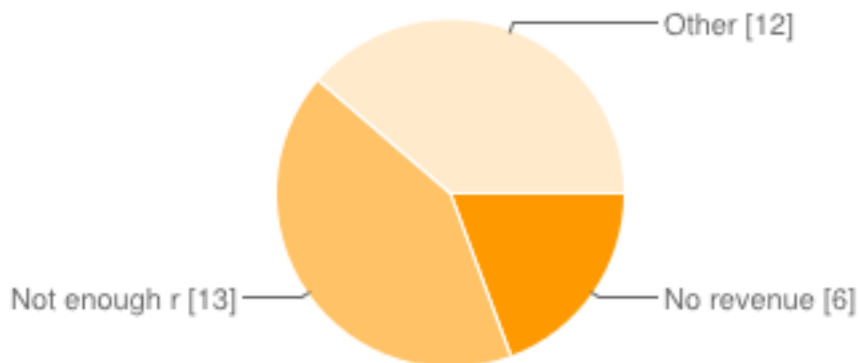
| Employment status | Responses | Percentage of respondents |
|-----------------------|-----------|---------------------------|
| Full-time employee | 27 | 61.4% |
| Hourly employee | 3 | 6.8% |
| Contract employee | 1 | 2.3% |
| Freelancer/consultant | 0 | 0% |
| Other | 13 | 29.5% |

As a founder, how would you describe the compensation you receive from your startup?



| Compensation | Responses | Percentage of respondents |
|------------------------|-----------|---------------------------|
| None | 15 | 34.1% |
| Occasional | 8 | 18.2% |
| A below-market salary | 13 | 29.5% |
| A competitive salary | 8 | 18.2% |
| An above-market salary | 0 | 0% |

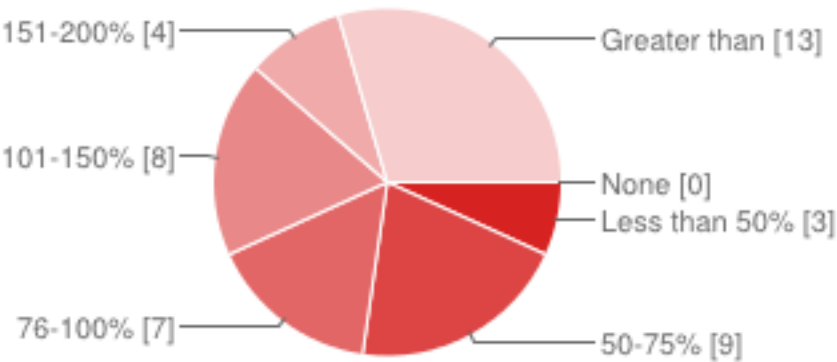
If you answered None, Occasional or Below-Market, can you explain why?



| Reason | Responses | Percentage of respondents |
|--------------------|-----------|---------------------------|
| No revenue | 6 | 13.6% |
| Not enough revenue | 13 | 29.5% |
| Other | 12 | 27.3% |

Growth & Challenges

What kind of growth do you anticipate in the coming year?

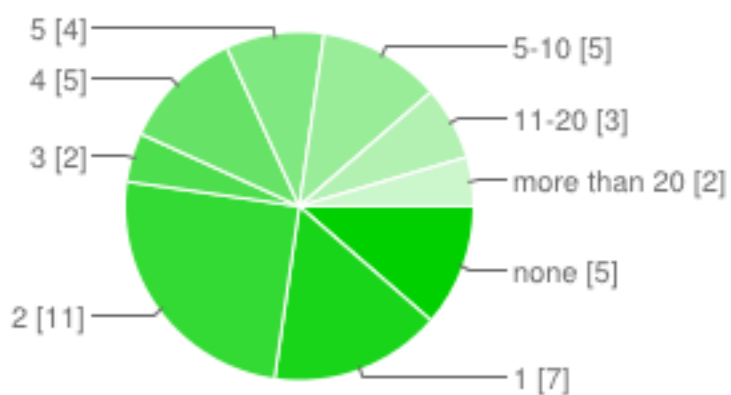


| Anticipated growth | Responses | Percentage of respondents |
|--------------------|-----------|---------------------------|
| None | 0 | 0% |
| Less than 50% | 3 | 6.8% |
| 50-75% | 9 | 20.5% |
| 76-100% | 7 | 15.9% |
| 101-150% | 8 | 18.2% |
| 151-200% | 4 | 9.1% |
| Greater than 200% | 13 | 29.5% |

What is most critical to your success in the coming year?

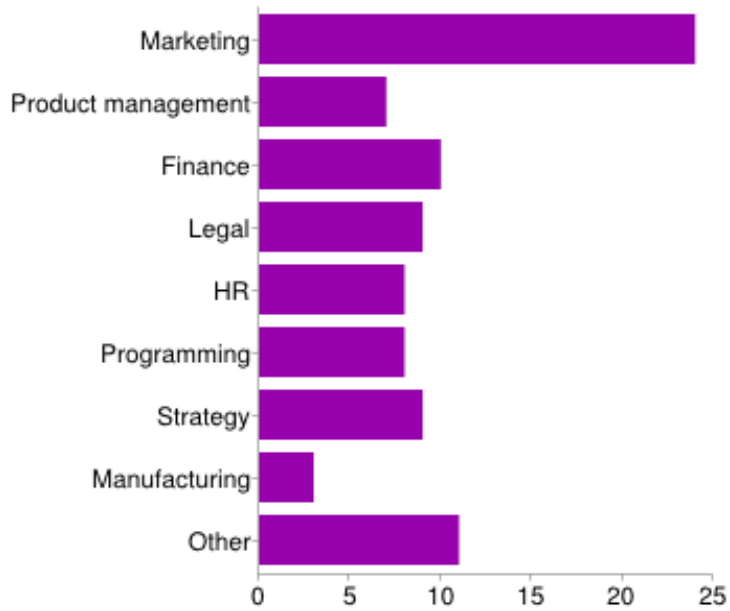
| Answer | Responses | Percentage of respondents |
|--|-----------|---------------------------|
| Funding | 14 | 31.8% |
| Recruiting talent | 9 | 20.5% |
| Product development | 8 | 18.2% |
| Business model development | 3 | 6.8% |
| Business development (partnerships, strategic relationships, etc.) | 12 | 27.3% |
| Sales | 21 | 47.7% |
| Relocation | 7 | 15.9% |

How many employees do you anticipate hiring in 2015?



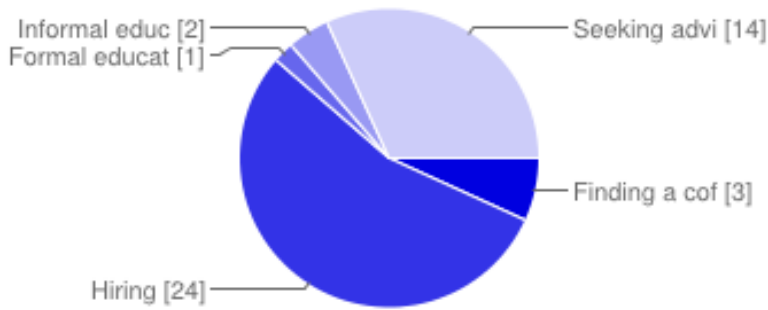
| Anticipated hires in 2015 | Responses | Percentage of respondents |
|---------------------------|-----------|---------------------------|
| none | 5 | 11.4% |
| 1 | 7 | 15.9% |
| 2 | 11 | 25% |
| 3 | 2 | 4.5% |
| 4 | 5 | 11.4% |
| 5 | 4 | 9.1% |
| 5-10 | 5 | 11.4% |
| 11-20 | 3 | 6.8% |
| more than 20 | 2 | 4.5% |

What types of expertise do you feel your startup is lacking?



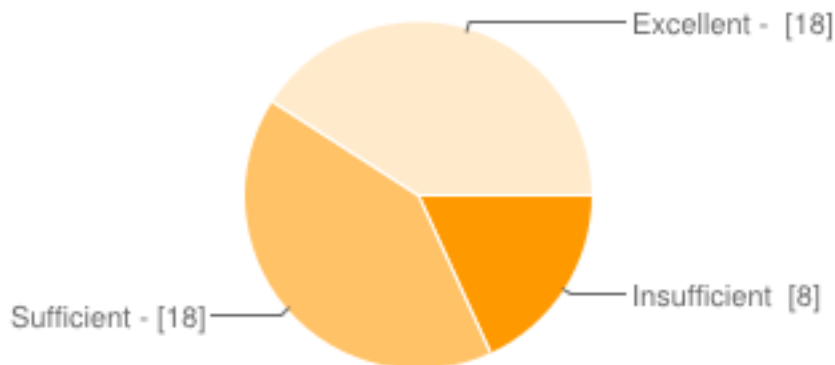
| Answer | Responses | Percentage of respondents |
|--------------------|-----------|---------------------------|
| Marketing | 24 | 54.5% |
| Product management | 7 | 15.9% |
| Finance | 10 | 22.7% |
| Legal | 9 | 20.5% |
| HR | 8 | 18.2% |
| Programming | 8 | 18.2% |
| Strategy | 9 | 20.5% |
| Manufacturing | 3 | 6.8% |
| Other | 11 | 25% |

How do you plan on securing this expertise?



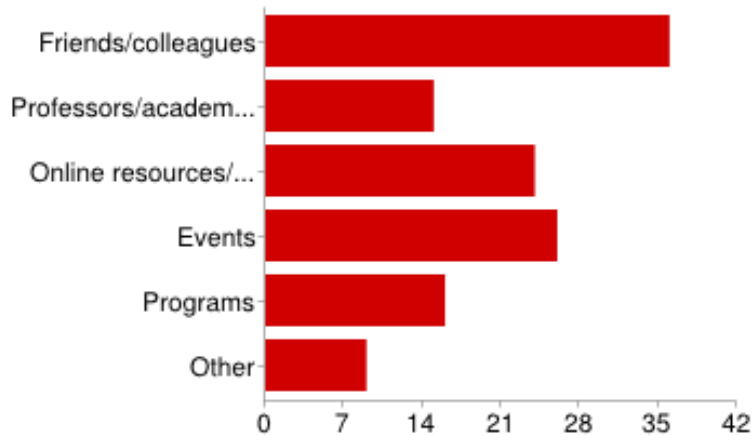
| Answer | Responses | Percentage of respondents |
|---|-----------|---------------------------|
| Finding a cofounder | 3 | 6.8% |
| Hiring | 24 | 54.5% |
| Formal education (college classes, degree programs) | 1 | 2.3% |
| Informal education (classes, workshops, conferences, MOOKs, etc.) | 2 | 4.5% |
| Seeking advice from friends, contacts, etc. | 14 | 31.8% |

How would you describe the quality of your network for accomplishing your goals?



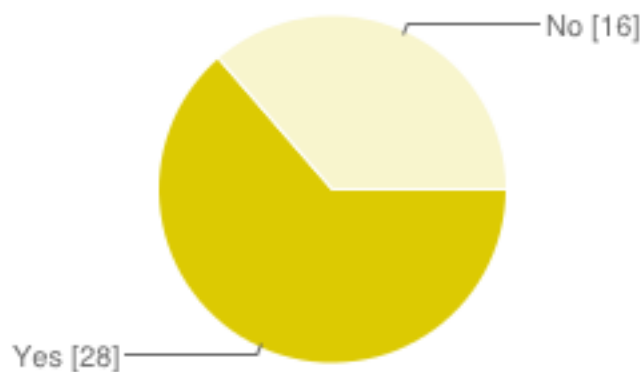
| Answer | Responses | Percentage of respondents |
|---|-----------|---------------------------|
| Insufficient - I need a deeper/broader network | 8 | 18.2% |
| Sufficient - I'll make do (but it could always be better) | 18 | 40.9% |
| Excellent - My network provides me with more than enough resources, expertise, etc. | 18 | 40.9% |

What resources do you depend on for your startup?



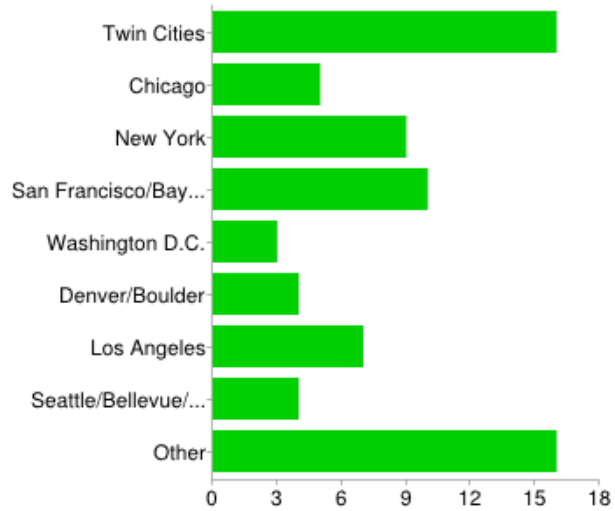
| Answer | Responses | Percentage of respondents |
|------------------------------|-----------|---------------------------|
| Friends/colleagues | 36 | 81.8% |
| Professors/academic contacts | 15 | 34.1% |
| Online resources/websites | 24 | 54.5% |
| Events | 26 | 59.1% |
| Programs | 16 | 36.4% |
| Other | 9 | 20.5% |

Have you had to or do you anticipate traveling in order to secure funding, partners, resources, education, etc. ?



| Answer | Responses | Percentage of respondents |
|--------|-----------|---------------------------|
| Yes | 28 | 63.6% |
| No | 16 | 36.4% |

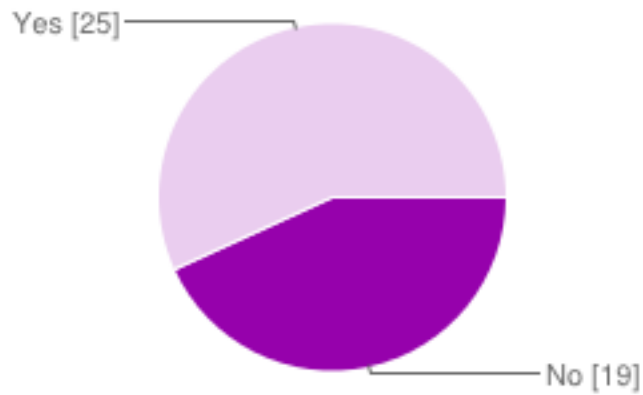
If yes, which cities?



| Answer | Responses | Percentage of respondents |
|--------------------------|-----------|---------------------------|
| Twin Cities | 16 | 36.4% |
| Chicago | 5 | 11.4% |
| New York | 9 | 20.5% |
| San Francisco/Bay Area | 10 | 22.7% |
| Washington D.C. | 3 | 6.8% |
| Denver/Boulder | 4 | 9.1% |
| Los Angeles | 7 | 15.9% |
| Seattle/Bellevue/Redmond | 4 | 9.1% |
| Other | 16 | 36.4% |

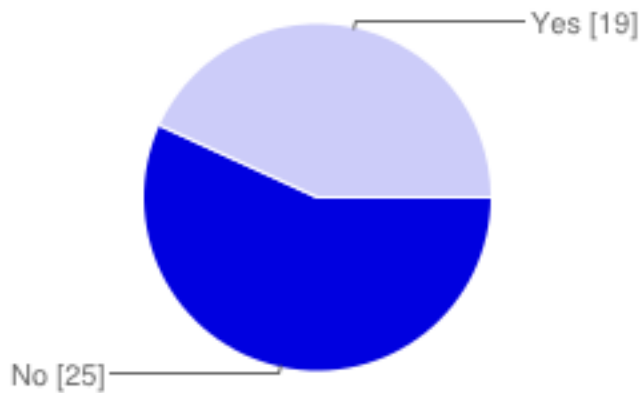
Funding

Have you discussed your startup with an investor?



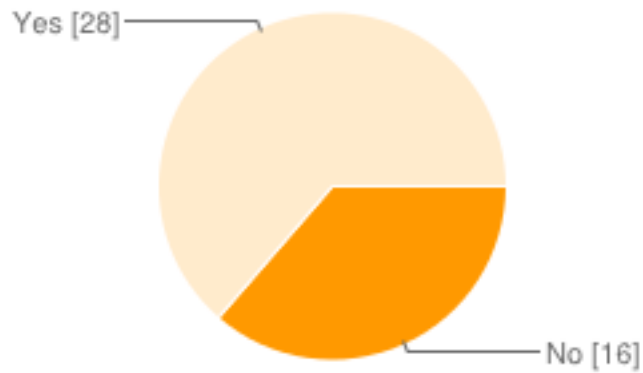
| Answer | Responses | Percentage of respondents |
|--------|-----------|---------------------------|
| No | 19 | 43.2% |
| Yes | 25 | 56.8% |

Have you formally pitched your startup to one or more investors?



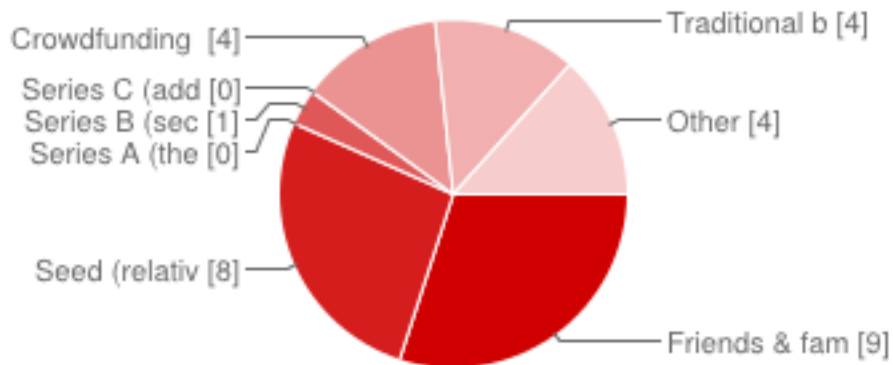
| Answer | Responses | Percentage of respondents |
|--------|-----------|---------------------------|
| No | 25 | 56.8% |
| Yes | 19 | 43.2% |

Have you raised any funding?



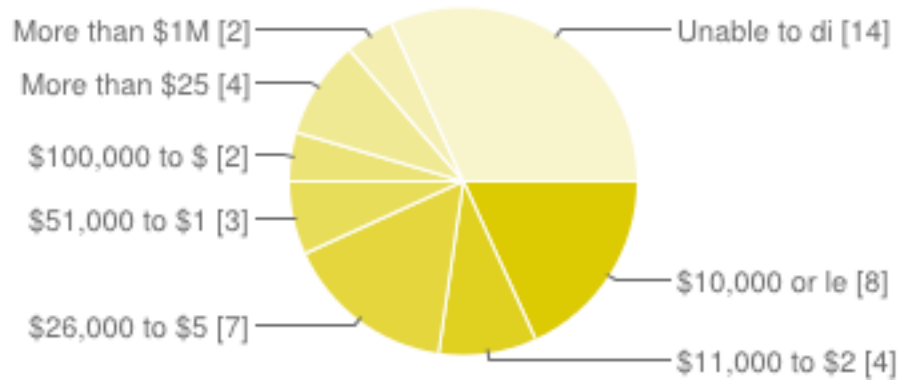
| Answer | Responses | Percentage of respondents |
|--------|-----------|---------------------------|
| No | 16 | 36.4% |
| Yes | 28 | 63.6% |

If yes, what type of funding did you raise?



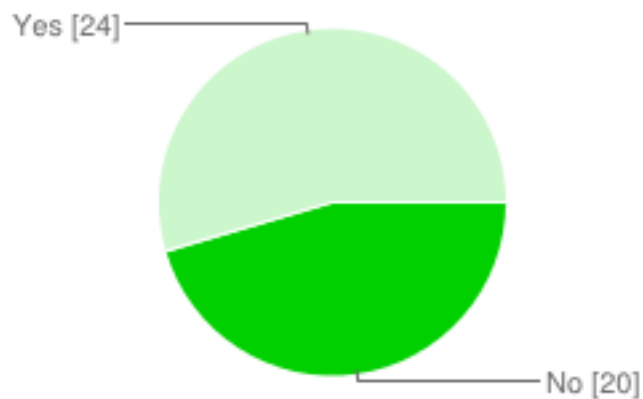
| Answer | Responses | Percentage of respondents |
|--|-----------|---------------------------|
| Friends & family | 9 | 20.5% |
| Seed (relatively small amount of money to get started) | 8 | 18.2% |
| Series A (the first round of stock offered to investors during early-stage rounds) | 0 | 0% |
| Series B (second-stage financing) | 1 | 2.3% |
| Series C (additional funds to meet future milestones) | 0 | 0% |
| Crowdfunding (e.g., Kickstarter, Indiegogo) | 4 | 9.1% |
| Traditional bank lending | 4 | 9.1% |
| Other | 4 | 9.1% |

How much funding did you raise?



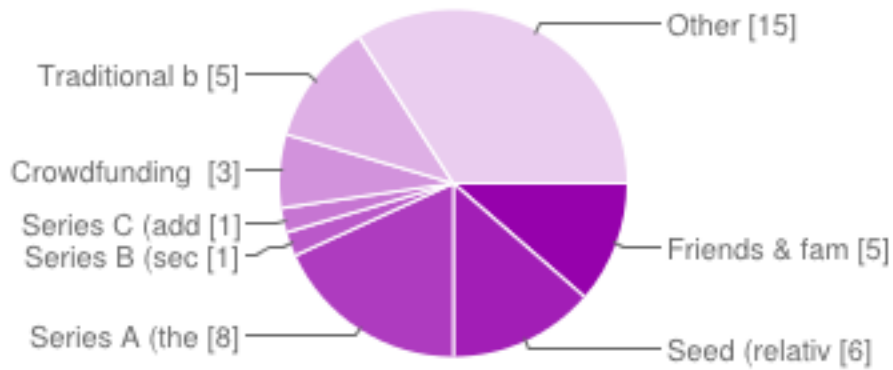
| Answer | Responses | Percentage of respondents |
|--|-----------|---------------------------|
| \$10,000 or less | 8 | 18.2% |
| \$11,000 to \$25,000 | 4 | 9.1% |
| \$26,000 to \$50,000 | 7 | 15.9% |
| \$51,000 to \$100,000 | 3 | 6.8% |
| \$100,000 to \$250,000 | 2 | 4.5% |
| More than \$250,000 and less than \$1M | 4 | 9.1% |
| More than \$1M | 2 | 4.5% |
| Unable to disclose | 14 | 31.8% |

Are you currently seeking funding?



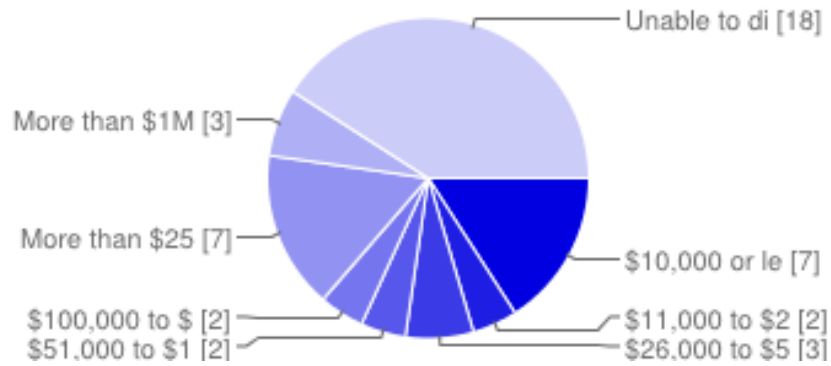
| Answer | Responses | Percentage of respondents |
|--------|-----------|---------------------------|
| No | 20 | 45.5% |
| Yes | 24 | 54.5% |

[If yes] What type of funding are you seeking?



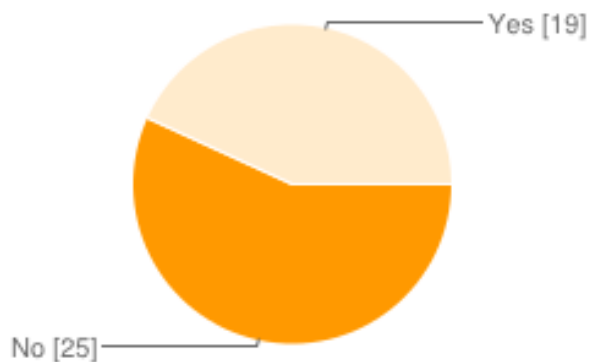
| Answer | Responses | Percentage of respondents |
|--|-----------|---------------------------|
| Friends & family | 5 | 11.4% |
| Seed (relatively small amount of money to get started) | 6 | 13.6% |
| Series A (the first round of stock offered to investors during early-stage rounds) | 8 | 18.2% |
| Series B (second-stage financing) | 1 | 2.3% |
| Series C (additional funds to meet future milestones) | 1 | 2.3% |
| Crowdfunding (e.g., Kickstarter, Indiegogo) | 3 | 6.8% |
| Traditional bank lending | 5 | 11.4% |
| Other | 15 | 34.1% |

How much funding are you seeking?



| Answer | Responses | Percentage of respondents |
|--|-----------|---------------------------|
| \$10,000 or less | 7 | 15.9% |
| \$11,000 to \$25,000 | 2 | 4.5% |
| \$26,000 to \$50,000 | 3 | 6.8% |
| \$51,000 to \$100,000 | 2 | 4.5% |
| \$100,000 to \$250,000 | 2 | 4.5% |
| More than \$250,000 and less than \$1M | 7 | 15.9% |
| More than \$1M | 3 | 6.8% |
| Unable to disclose | 18 | 40.9% |

Do you feel like you need help or education in understanding how startups raise funding?



| Answer | Responses | Percentage of respondents |
|--------|-----------|---------------------------|
| No | 25 | 56.8% |
| Yes | 19 | 43.2% |