

Profiles of Fourteen Small Business Incubators



Funded by the Economic Development Administration
U. S. Department of Commerce



By John Zender
Economic Development Representative
Denver, Colorado

INTRODUCTION

This publication is intended to help those people interested in starting a small business incubator. It profiles fourteen incubators funded in the Denver Region of the Economic Development Administration during the past twelve years. At least one incubator is located in each of the ten states in the Denver Region. It will also serve as a chronicle of the success enjoyed by these facilities and the value of the incubator concept. The programs cover cities as small as 9,000 in population and as large as one million in population with many other sizes in between. Thus, the incubator concept can be useful for almost any size community.

I have included the addresses, telephone numbers, and fax numbers of each incubator in case you would like additional information. This publication will only provide a brief overview of each operation with a picture or a floor plan. I have included a section at the end which contains the ten traits which seem to be common to all of the incubators.

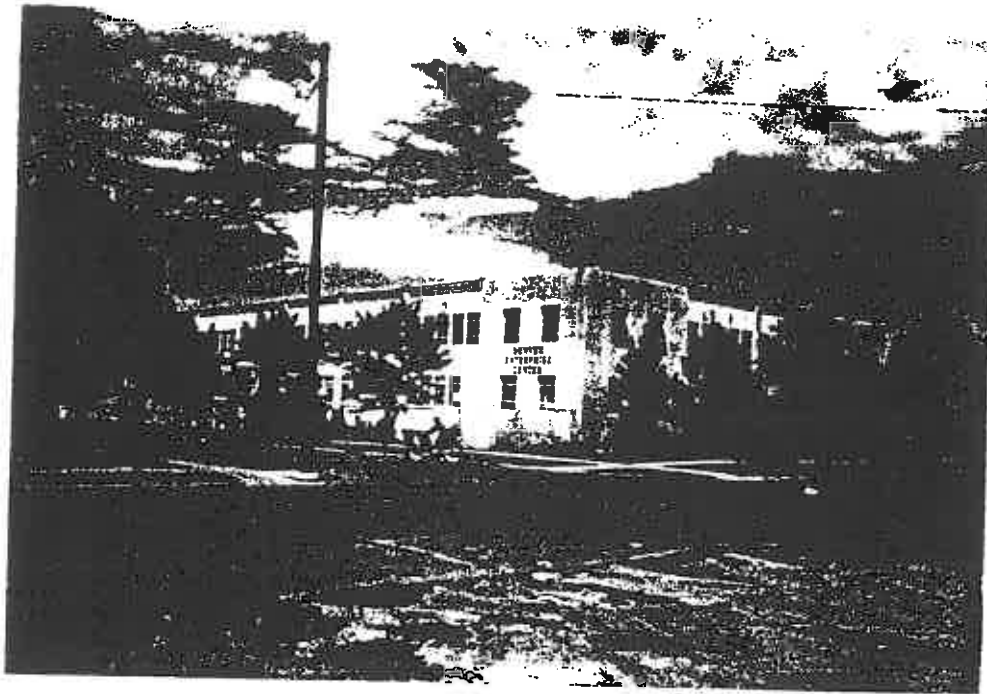
Thank you to Shirley Marshall, Senior Civil Engineer in the Denver Regional Office, for helping me locate files and find information. Shirley was always willing to find that obscure file or document that I needed. Thank you to my colleagues at EDA for supporting these projects through the years. They can be very proud of their decisions and their good work.

-John Zender, September, 1995

John Zender @ FAR @ EDAD
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THE DENVER
ENTERPRISE CENTER

3003 Arapahoe Street
Denver, Colorado 80205
Phone 303-296-9400
Fax 303-296-5542

Description

Denver is a City of approximately 468,000 people in the center of a major metropolitan area. The City is the dominant retail and commercial trade hub of the Rocky Mountain area. It has a highly diversified manufacturing sector with a heavy emphasis in technology and communications. The older parts of Denver have experienced some economic decline leading to pockets-of-poverty with few job opportunities.

The Denver Enterprise Center(the Center) was started in 1985 under the direction of the City of Denver through the Denver Urban Economic Development Corporation(DUEDC). The City used HUD CDBG funds to purchase the former Goodwill facility in a deteriorated part of the City. The building contains approximately 50,000 square feet of business space. DUEDC then applied to EDA for funding to renovate the facility. The City and DUEDC are currently planning to add an addition to the building which will serve as a "kitchen incubator". The kitchen incubator will encourage new firms in the food processing and food preparation sector.

Funding

Funding for the Center involved an EDA Title I grant and a City loan from CDBG dollars.

\$ 1,100,000	City of Denver\CDBG
<u>900,000</u>	EDA Title I Grant(#05-01-02196)
\$ 2,000,000	Total Cost

The project was funded by EDA to combat high unemployment and economic deterioration in a very distressed part of the City.

Floor Plan

The Center is a two-story structure with a full basement. The floor plan is illustrated on the next page.

Method of Operation

The Center is owned and operated by the DUEDC. The DUEDC is a nonprofit economic development corporation which was formed by the City. The Board of Directors is appointed by the Mayor and consists of members from the public and private sector. An Executive Director runs the day-to-day operations of the Center. The DUEDC is also an SBA 504 Corporation and the loan packager is housed in the building.

It was originally hoped that the Center would be self-sufficient, however, the City provides funding to subsidize operations on an annual basis.

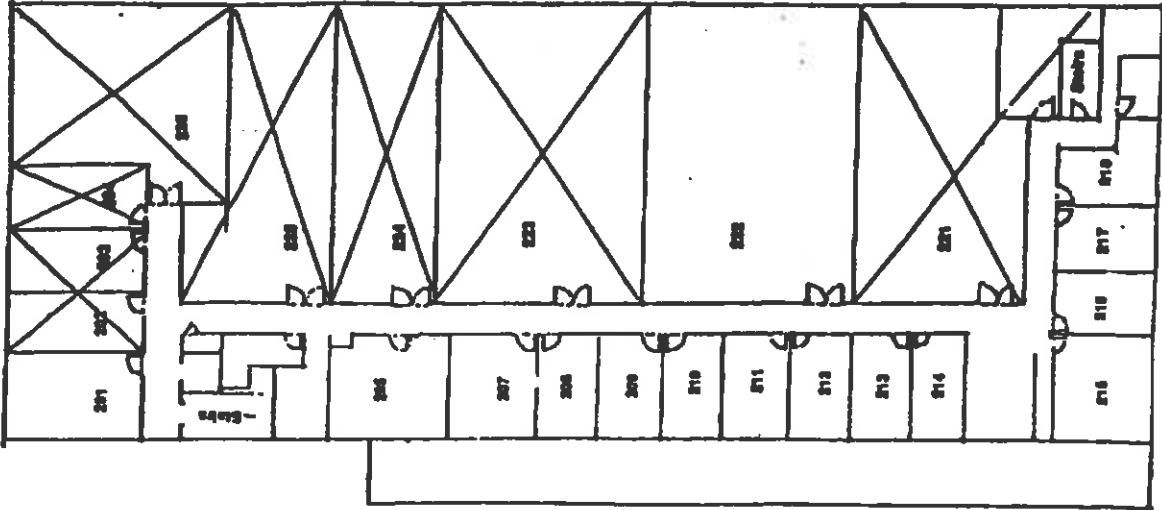
Services

Tenants in the Center receive a variety of services. They have the on-site advice and counsel of the Executive Director with regard to business problems. They also have access to business machines(fax, copier, computers), conference rooms, free parking, dock space and freight elevator, lunch and snack room, some clerical services, security, and other services as needed.

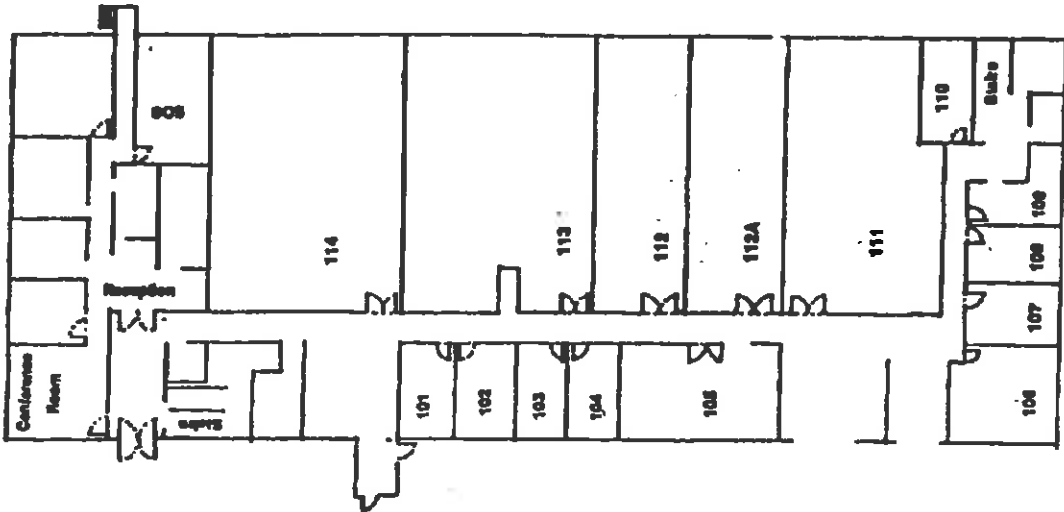
Tenants

The Center contains 21 firms employing 81 people. Fifty-percent of the firms are minority owned. The Center has graduated 20 firms into the Denver business community that employ 217 people. One firm, Data Works, Inc., went from two employees in the incubator to their own building and an employment base 63.

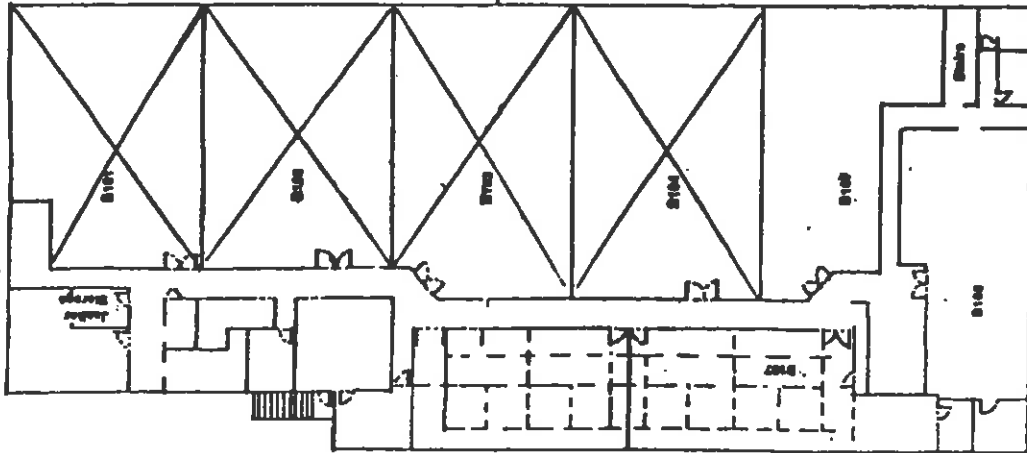
Floorplan - Second Floor



Floorplan - First Floor



Floorplan - Basement



Graduation Policy

The Center originally started out with a two year graduation policy for tenants. However, they currently do not have an official policy. They base graduation on the progress of the tenants as judged by the firm and the Center.

Outside Services Network

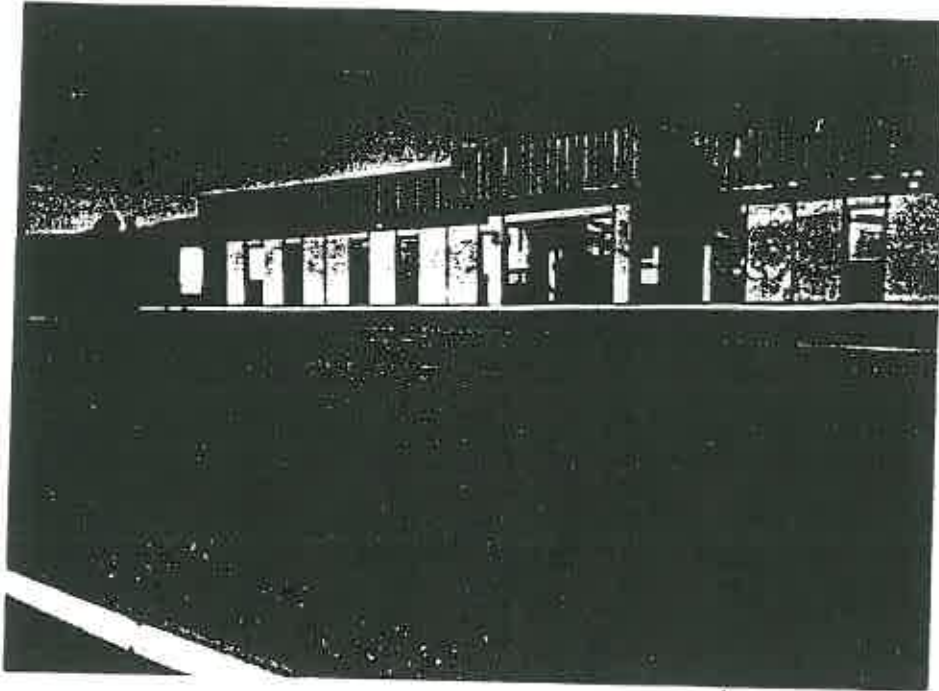
The DUEDC is a full service economic development corporation. They are able to draw upon the services of member companies from the Board and other volunteers to help firms in the Center. The Denver Chamber of Commerce also provides assistance on an as-needed basis. However, the Executive Director is on-site and able to directly interact with the firms to solve problems and provide counsel. Seminars are also provided to the firms on topics of interest to them. The Center also uses a network of firms in the incubator to help each other and share common problems.

Incubator Marketing

The incubator is marketed through brochures, staff outreach, the Denver Chamber-of-Commerce, newspaper articles, television exposure, word-of-mouth, tenants, and the Statewide network of business development.

Acknowledgement

Thank you to David Gonzales, Executive Director of the Center, and Terry Montoya, Administrative Assistant, for providing information about the Center.



**THE FREMONT COUNTY
BUSINESS DEVELOPMENT CENTER**

402 Valley Road
Canon City, Colorado 81212
Phone 719-275-8601
Fax 719-275-4400

Description

Canon City has a population of about 13,000 people and is located in central Colorado in Fremont County. The City is approximately 35 miles west of Pueblo along US Highway 50. The County is the home of the Colorado State Prison and a recently constructed federal prison. Canon City is the gateway to the central Colorado mountains.

The Fremont County Business Development Center (the Center) was opened in September of 1987. The 18,000 square foot facility is located on acreage in the Oro Verde Industrial Park. The Oro Verde Park sits on land in the southern part of the City. The original project included the new construction of the incubator and also an industrial access road which serves the Center and another business located across the street. The building was designed as a multi-purpose industrial space with movable inner walls for maximum flexibility.

Funding

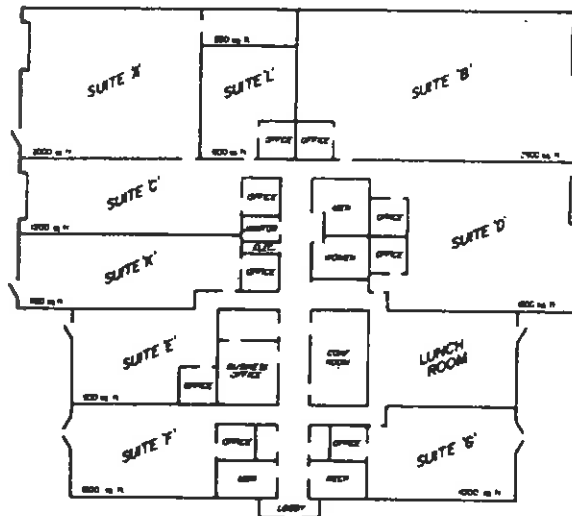
The funding for the center came from several sources. The City received an EDA Title I Public Works Grant, and a HUD Small Cities Community Development Block Grant through the Colorado Department of local Affairs. The City donated the land for the project. Funding was as follows:

\$ 37,500	In-Kind Land Value
502,250	EDA Title I Grant(#05-01-02239)
<u>177,750</u>	HUD CDBG\Colorado Dept. of Local Affairs
\$717,500	Total Cost

The City committed \$50,000 for operations for each of the first two years. Approximately \$200,000 of the project cost was utilized for an access road to serve the incubator and another business in the industrial park.

Floor Plan

The Center contains approximately 18,000 square feet and the floor plan is as follows:



Method of Operation

The City of Canon City owns the Center. The Center is operated by the Fremont County Economic Development Corporation (FCEDC) under a management agreement. The incubator is controlled by the 21 member FCEDC Board of Directors. The incubator is self-

supporting at 100% occupancy. A subsidy is required if the building is not full. The Executive Director of the FCEDC is located in the Center to assist tenants and manage the operation on behalf of the Board.

Services

Each tenant receives use of the conference room(TV/VCR, overhead projector, camera), receptionist services including telephone answering, lunch room, truck dock, business counseling, office equipment(desk, chair, filing cabinet), mail room and postage scale, security system, and typewriter.

Secretarial services, accounting services, fax machine, copy machine, and other services are available for an additional cost to the tenant.

Tenants

The Center currently houses seven firms employing 35 people. These firms are a computer bookkeeping service, a machine shop, a ceramic products firm, a wood products company, a porcelain doll business, a specialized machine services firm, and a reel tape assemblies for computers operation.

Ten firms have graduated from the incubator creating 42 permanent jobs.

Graduation Policy

A new firm may stay in the Center for up to three years. Under special circumstances the Board will allow a firm to stay up to five years.

Outside Services Network

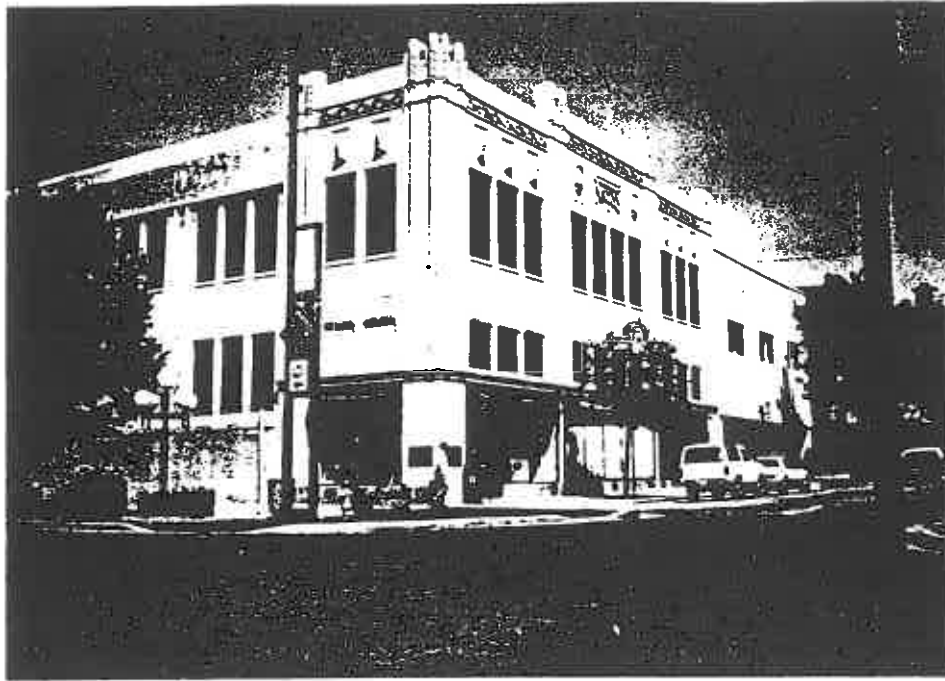
The Small Business Development Center(SBDC) for the area is housed in the incubator. They provide direct business counseling and financial advice. They also utilize the Mid-America Manufacturing Technology Center(MAMTC) as needed. Other business consulting services are obtained from the community when a firm needs additional help.

Incubator Marketing

The incubator is marketed by the FCEDC and the SBDC Office. The local news media have a role in terms of newspaper articles and radio announcements. Word-of-mouth is also helpful through existing and former tenants.

Acknowledgement

Thanks to Steve Medone, Executive Director, Fremont County EDC,
for providing information for this profile.



**THE SOUTHERN COLORADO
BUSINESS AND TECHNOLOGY CENTER**

301 North Main
Pueblo, Colorado 81003
Phone 719-546-1133
Fax 719-546-1942

Description

The City of Pueblo with a population of approximately 123,000 is located 110 miles south of Denver along I-25. The City serves as a major service and trade center for southern Colorado. It is home to the University of Southern Colorado, the Colorado State Fair, and the Southern Colorado Economic Development District (SCEDD) which receives economic development planning funds from EDA. The City was severely impacted in the late seventies and early eighties due to major job losses at a large steel mill. The small business incubator was a response to the job losses.

The Southern Colorado Business and Technology Center (SCBTC) is located in an old Kress store in the downtown business area. The building was renovated into an office complex for use by new and emerging firms. The building has three floors and a lower level with approximately 25,000 square feet of space.

Funding

The SCBTC was constructed in 1984 with grant dollars from EDA and the Pueblo Economic Development Corporation(PEDCO). The funding was as follows:

\$ 924,000	EDA Title I Grant(#05-01-02121)
<u>259,000</u>	PEDCO
\$1,183,000	Total Cost

The project did experience some problems with cost increases and additional funds from other sources were needed to complete the project. This is one of the first incubators funded in the Denver Region of EDA. Some funding for operations was provided by EDA through the Title IX program and involved Control Data Corporation(CDC). CDC was one of the early pioneers of the incubator concept. They served as a consultant on this project.

Floor Plan

The facility consists of three floors and a lower level which is illustrated on the next page.

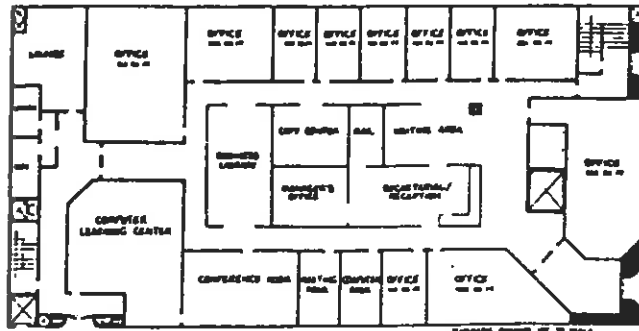
Method of Operation

The SCBTC has an on-site Manager to handle the day-to-day operations of the incubator. The PEDCO organization is also housed in the building. The Manager reports to the President of PEDCO. PEDCO is a nonprofit community based organization which recruits and assists business firms. The SCBTC has an Advisory Board which is made up of members from the PEDCO Board and the University of Southern Colorado. The SCBTC generates enough revenue to cover operations and does not receive a subsidy.

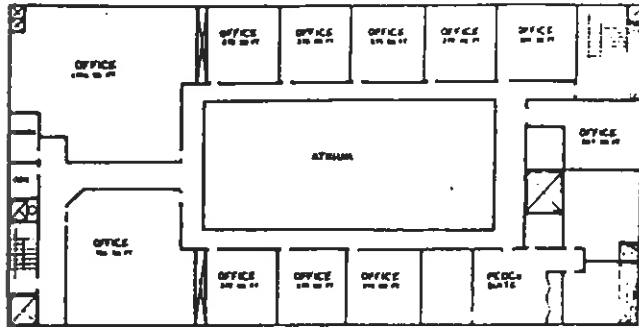
Services

Tenants receive business counseling and referrals which include the areas of marketing, financial management, business law, and business planning. They also receive technical counseling and referrals which include technology database searches, productivity and quality management, production planning and control, automation, facilities planning, and capital equipment analysis.

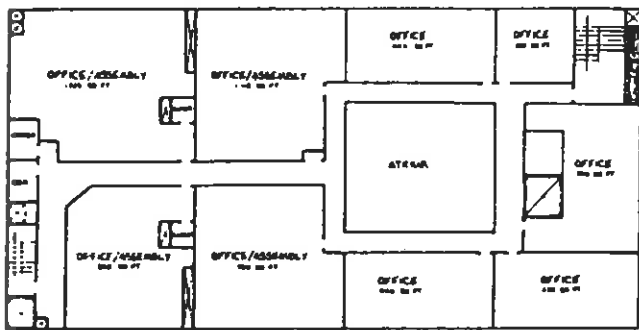
Building services include reception and answering service, flexible space, space design and layout, clerical services, mailing and postage services, telephone, fax, copying, library, conference room, training room, utilities, computer services and notary service. Specialized training is also available.



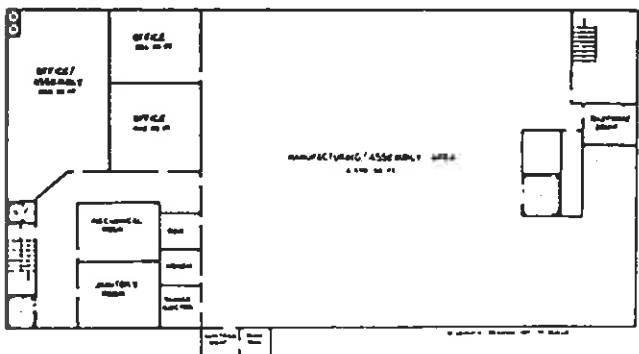
First Floor



Second Floor



Third Floor



Lower Level

Tenants

The incubator currently has 28 firms. They employ an average of 3.2 people so approximately 100 people work at firms housed in the incubator. Approximately four firms graduate from the facility each year with job creation remaining at the 3.2 average.

Graduation Policy

Firms stay in the incubator for an average of three years. The staff works with the company to review financial plans and growth plans to help the firm decide when to leave. They have a decision matrix in place to help the SCBTC and the firms decide when it is time to graduate.

Outside Services Network

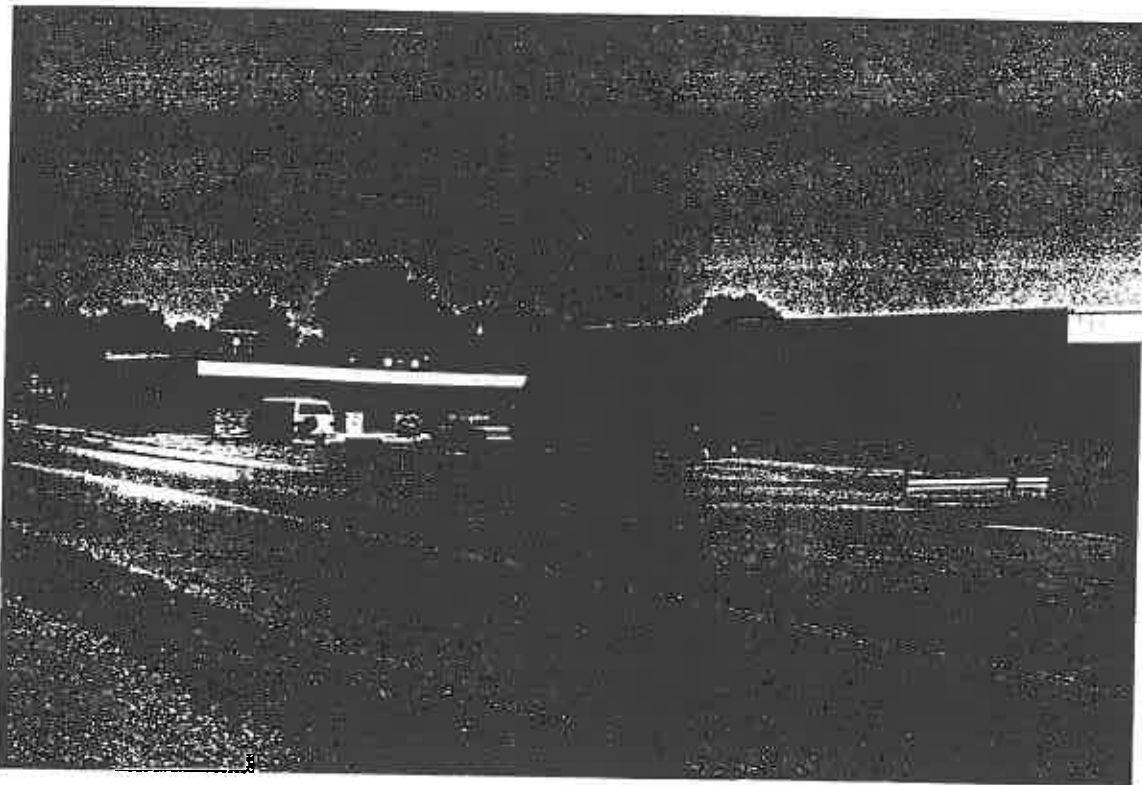
The SCBTC uses an extensive outside services network to assist firms in the incubator. Some examples are the Pueblo Community College, the University of Southern Colorado, financial institutions, the Chamber of Commerce, local loan funds, Colorado State MAMTC, and the Colorado Small Business Development Center(CSBDC).

Incubator Marketing

The SCBTC is marketed directly by PEDCO, the City of Pueblo and others in the business community. They use public speaking engagements, brochures, tenant referrals, free media exposure, and public service advertising. They use a minimum of paid advertising.

Acknowledgement

Thank you to Mary McMahon, Manager, SCBTC, for providing information about the Center.



**THE W. EDWARDS DEMING
BUSINESS CENTER**

420 Bluff
Sioux City, Iowa 51101
Phone 712-255-7903
Fax 712-258-7578
E-Mail chamber@siouxlan.com

Description

Sioux City is located in parts of three states. The largest part of the City is in Iowa which is the home of the W. Edwards Deming Business Center. South Dakota and Nebraska also contain part of the metropolitan area. Sioux City has a population of approximately 80,000 people. It serves as major retail, financial, health, and manufacturing center for the surrounding community.

The W. Edwards Deming Business Center (the Center) has moved to several locations since its inception in 1989. It was originally started at the former passenger\freight depot for the Chicago, Milwaukee, St. Paul, and Pacific Railroad. This 7,500 square foot structure was purchased and renovated to serve as the incubator from 1989 to 1993. It was then moved to the second and third floors of an eight-story office building in downtown Sioux City. In 1995, the Center was moved to its current location in a 14,000 square foot industrial facility.

Funding

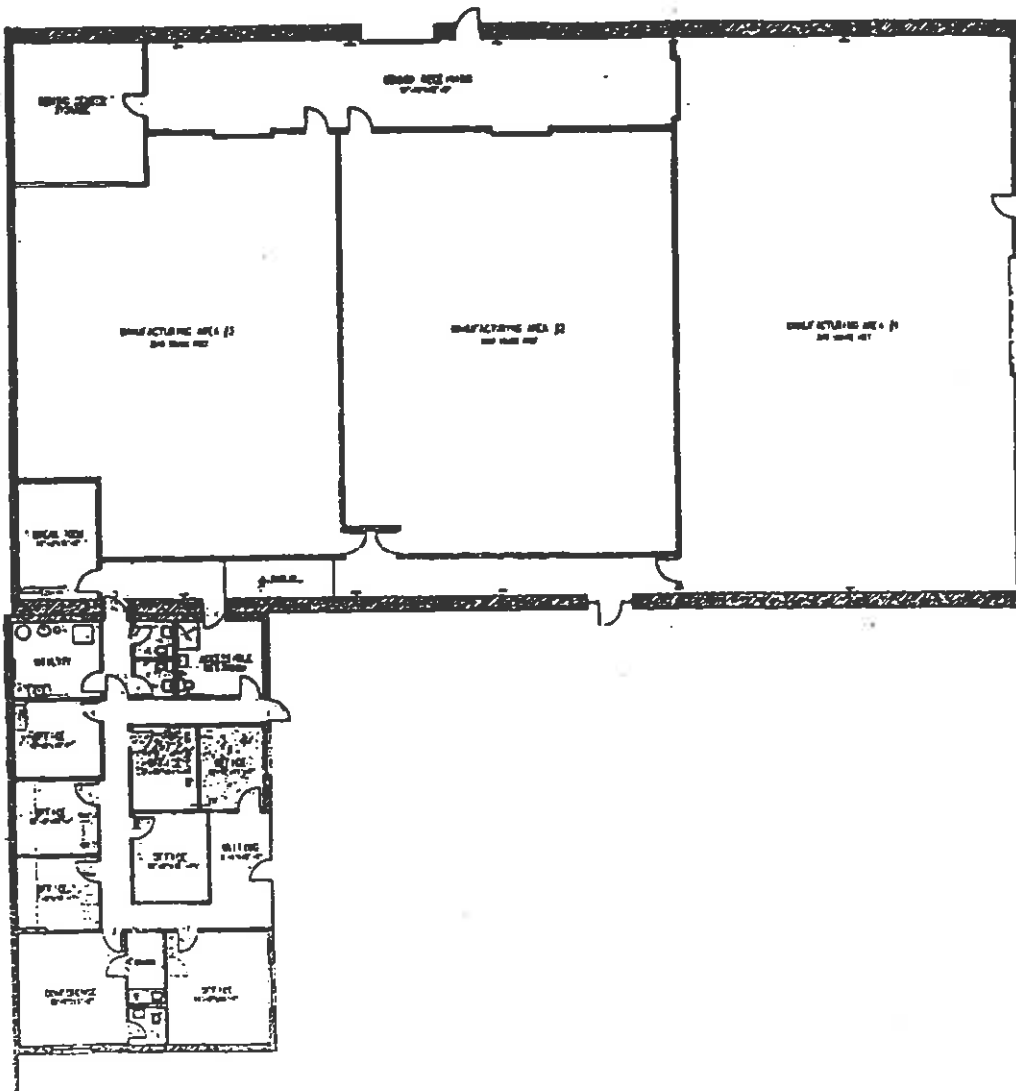
Funding for the Center was provided by a grant from EDA and funds from the City, and the Sioux City Chamber of Commerce as follows:

\$ 300,000	EDA Title Grant(#05-01-02312)
125,000	Sioux City Chamber of Commerce
<u>75,000</u>	City of Sioux City
\$ 500,000	Total Cost

EDA allowed the applicant to roll the grant over into the new facility in order to obtain a larger and more suitable building.

Floor Plan

The building is located in a single-story structure and the layout is illustrated below.



Method of Operation

The Center is owned by the Sioux City Chamber of Commerce(SCCC), a nonprofit corporation. Funds for operation come from the Siouxland Initiative, a local economic development group funded by contributions from business and local government. Daily management activities are provided by a staff person of the SCCC. Policy and program guidance is provided by a volunteer group called the Small Business Enhancement Panel(SBEP). The Panel was appointed by the Siouxland Initiative and confirmed by the Chamber Foundation. The Panel consists of the building Manager and five outside members willing to assist with start-up firms.

The Center operates on a budget of about \$40,000 per year. The incubator generates about half the cost of operation. The remaining funds are provided by the Siouxland Initiative. Services provided by the SCCC are not included in the budget.

Services

The tenants receive a strong promotional marketing program geared toward each individual firm. They offer open-house activities, promotional events, brochures and advertising. Tenant costs are based on an affordable structure to ease them through the first two years of operation. They also receive shared office equipment, a fully equipped board room, and access to the Small Business Enhancement Panel for guidance. The SCCC is also available to assist them.

Tenants

The Center currently has eleven firms enrolled in the program that employ 28 people. Four of the companies are not located in the Center but are participating in the program. Since 1989, 15 firms have left the Center. Of the fifteen leaving the Center, four are still in operation and employ 34 people. The most successful firm is Now It Works, a computer assembly and repair company. The Company graduated in 1993 and employs 25 people with sales of 1.5 million dollars. They expect to reach sales of 2.5 million in 1995 and hire five more people. They graduated with 10 employees after starting in the Center with one person in 1992.

Graduation Policy

Each firm is allowed to stay in the program for a period of two years. The business plan of the firm is prepared with this two year time frame in mind. The firm is then monitored for progress. A short extension will be granted in some cases but the two year time frame is very serious. This allows them to be able to continually serve new firms and move existing tenants out into the community.

Outside Services Network

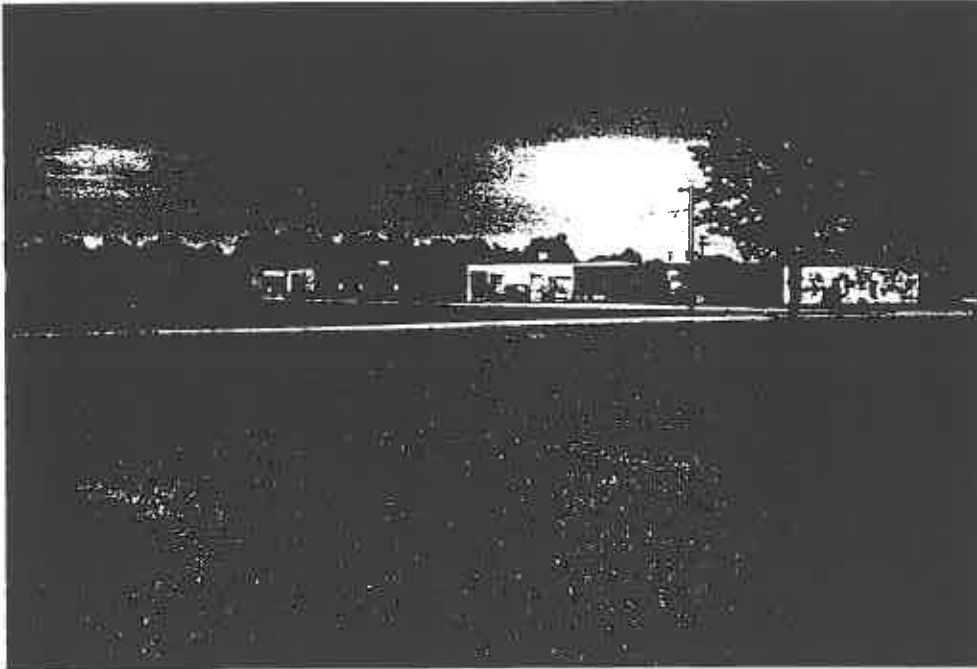
The Center is considered a part of the SCCC family of economic development activities. Many different groups in the metropolitan area combine in what is called the Economic Development Team. It includes all economic development service providers in Sioux City. All new and expanding firms can obtain services and technical assistance from the Team.

Incubator Marketing

The Center is marketed through the SCCC and the Economic Development Team. They provide publicity for member tenants through their promotional efforts and advertising. This publicity helps to generate new firms. They work closely with the private commercial real estate people to find new clients and use seminars and mailers to promote the Center.

Acknowledgement

Thank you to Bob Cecil, EDA Economic Development Representative for Iowa, for suggesting the Center for this profile. Thank you to Ken Beekley, Economic Development Director for SCCC, for providing information about the Center.



**THE BUSINESS AND
INDUSTRIAL CENTER**

1901 Southern Boulevard
Parsons, Kansas 67357
Phone 316-421-6700
Fax 316-421-0921

Description

Parsons is a community of approximately 12,000 people located in southeast Kansas in Labette County. Parsons serves as a retail trade center for the surrounding area and is the home of Labette County Community College. The City has a well developed commercial and industrial center. Unfortunately, the County has been impacted by layoffs at an Army Ammunition Plant just outside of Parsons. In 1987, Merchants Bank of Kansas City donated a 60,000 square foot industrial building to the College for use as the Business and Industrial Center(the Center). EDA and local funds were then used to renovate the building.

Funding

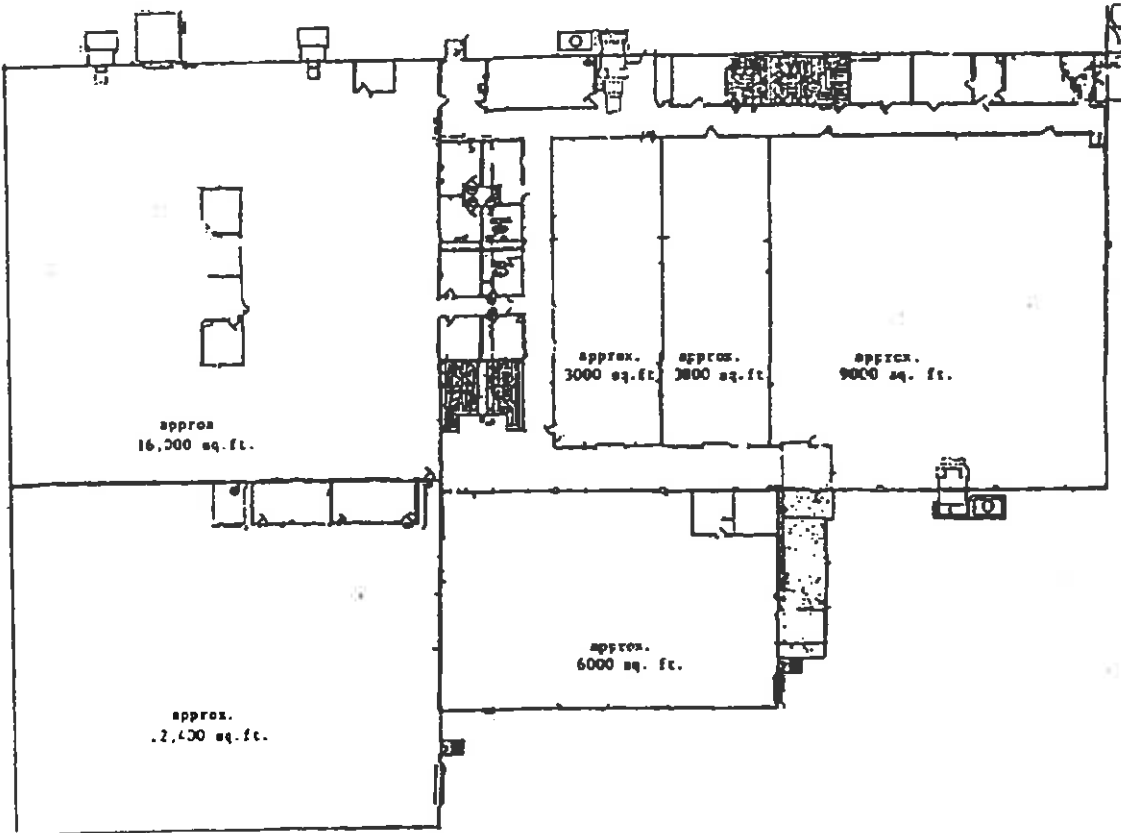
EDA funding was combined with funds from the City, the County, and private donations to renovate the Center.

\$ 300,000	EDA Title I Grant(#05-01-02280)
<u>216,000</u>	City, County, Private Donations
\$ 516,000	Total Cost

The project was approved by EDA to help diversify the local economy and combat high unemployment in the area.

Floor Plan

The Center is a single-story facility which is located in the southern part of the City. The floor plan is illustrated below.



Method of Operation

Center is owned by Labette County Community College. The Board of Trustees of the College is responsible for the overall operation and approves all leases. A nine-member Advisory Board of business people from the area also provides assistance for operations. The College Director of Technology Education, Business and Industrial Services, is responsible for the day-to-day operation of the Center. The Director's salary comes from lease revenue and College funds.

The facility is self-sustaining through lease revenue. They had originally intended to subsidize for three years but the source of funds was eliminated.

Services

The Center originally provided business assistance, financing, clerical services, and access to business machines for each of their clients. However, these services are not provided at this time as the firms in the incubator have now moved toward graduation.

Tenants

The Center currently has four tenants that employ 80 people. Two of the clients are Trend Manufacturing, a medical products company, and Signature Sportswear, a clothing company. The Center has not graduated any companies but the current firms are getting close to graduation.

Graduation Policy

The Center originally started out with a three year graduation policy. It was then increased to five years in order to give tenants enough time to be ready to move out. The five year policy is also flexible. The organization needs the revenue in order to survive and they do not turn out companies until they have other firms to replace them.

The Center is considering a "cornerstone" approach which would have a longer term tenant in the facility as an anchor to provide a base of revenue for the facility. Smaller firms could then grow and graduate during a shorter period without putting a strain on revenue to continue the facility.

Outside Services Network

The Center uses the College as the first line of assistance to tenants. They also make use of the resources at Pittsburg State University in Pittsburg, sixty miles east of Parsons. The

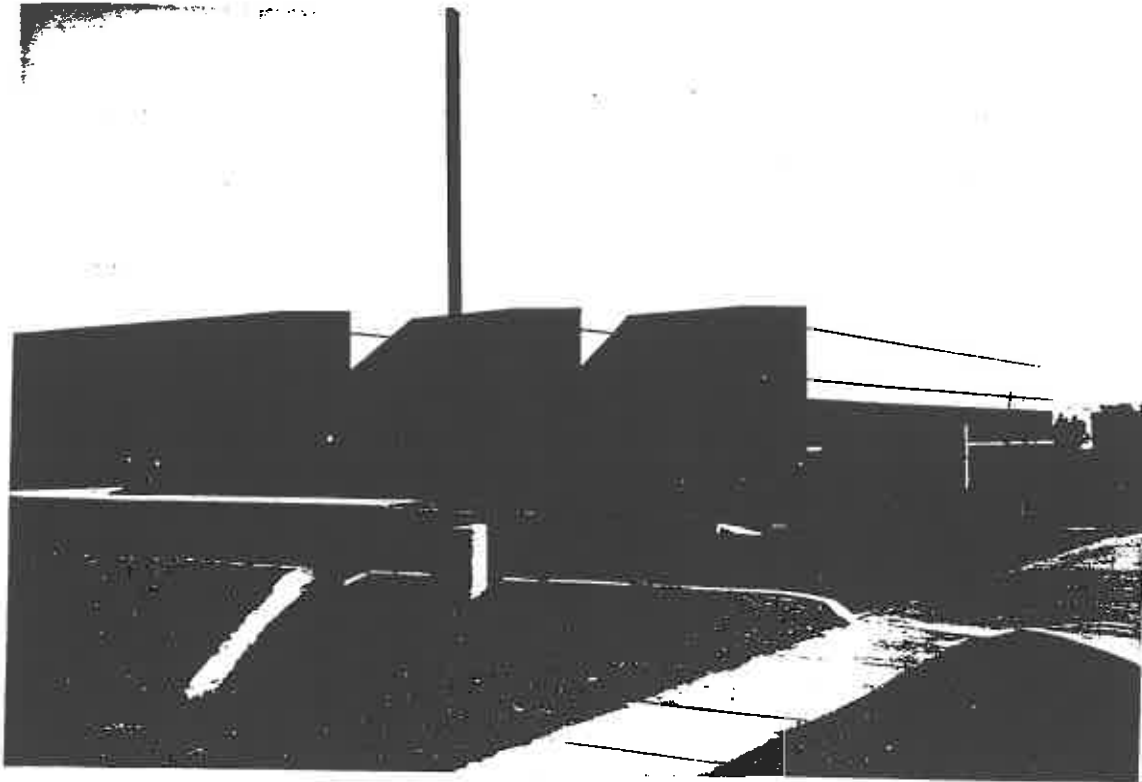
Advisory Board contains business leaders and professional people that can provide help in the areas of marketing, finance, management, and production.

Incubator Marketing

The Center is primarily marketed through word-of-mouth and through the College. The Center Director is part of the Kansas economic development network and is able to publicize the facility through these contacts.

Acknowledgement

Thank you to Mark Turnbull, Director of Technology Education, Business and Industrial Services, for providing information about the Center.



**THE ST.CHARLES COUNTY
SYNERGY CENTER**

**5988 Mid Rivers Mall Drive
St.Peters, Missouri 63304
Phone 314-441-6880
Fax 314-441-6881**

Description

St. Peters is a community of approximately 46,000 people which is located about 35 miles west of St.Louis in St.Charles County. The County has a population of over 200,000 people so this is an urban City which is part of the metropolitan area. St. Peters is the County Seat but their economy is heavily dependent on the City of St.Louis. St.Louis has been hard hit by defense cutbacks, flooding problems, and general economic distress.

The St.Charles County Synergy Center(the Center) was completed in March of 1993. The 30,000 square feet of new construction was designed for flexibility of business use. A second addition of 29,000 square feet has just been completed

Funding

EDA funds were used in conjunction with the State of Missouri to build both phases of the Center.

Phase I

\$ 502,000	EDA Title I Grant(#05-01-02532)
<u>502,000</u>	State of Missouri Loan and Grant
\$1,004,000	Total Cost

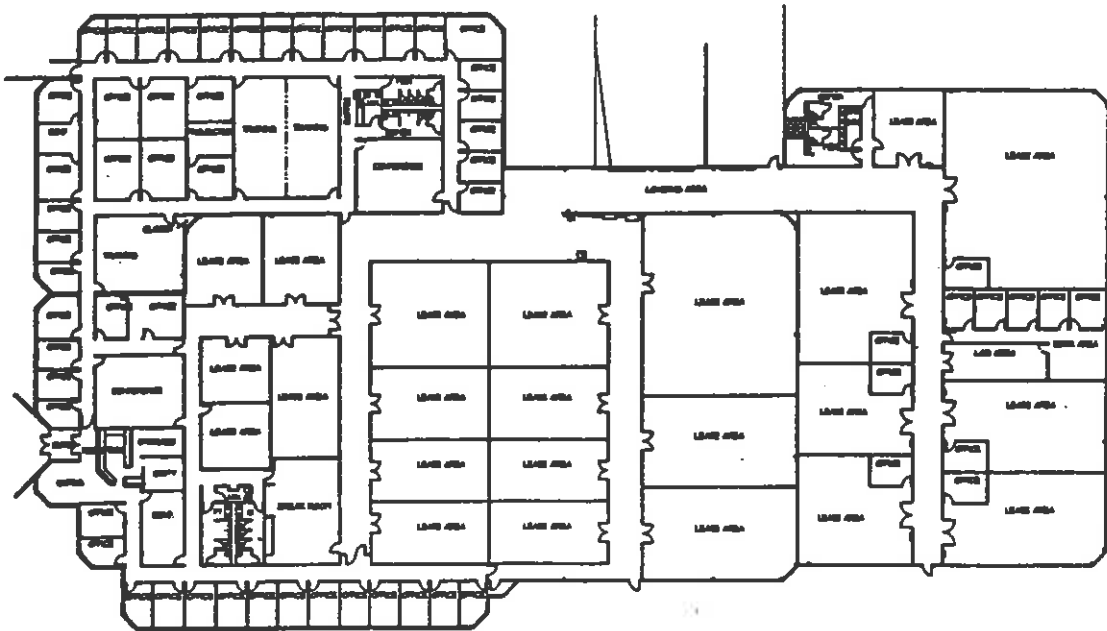
Phase II

\$1,200,000	EDA Title IX Grant(#05-19-61056)
<u>400,000</u>	State of Missouri
\$1,600,000	Total Cost

Phase I was funded to help combat economic distress in St. Charles County. Phase II was funded to help the area recover economically from the effects of the midwest floods of 1993.

Floor Plan

The floor plan of the Center is illustrated below.



Method of Operation

The Center is owned and operated by the Small Business Synergy Corporation (SBSC) which was created by the St. Charles County Economic Council. This nonprofit Corporation is governed by a twenty-six member Board consisting of business leaders and the city and county administrators. An Executive Director is responsible for the day-to-day operations of the Center.

The first phase actually made money for the first two years of operation. However, they expect to lose money in 1995 with the completion of phase II. The Center hopes to return to profitability in 1996.

Services

The Center provides basic services for tenants such as access to office machines, secretarial support, a common reception area, and free meeting rooms.

Tenants

The incubator currently has 26 firms that employ 100 people. One Company, Neeco-tron, designs and manufactures circuit boards, they have gone from one employee to twenty employees in 18 months. Another Company, Gateway Components, has graduated from the Center and now employs eight people.

Graduation Policy

A firm is allowed to stay in the Center for up to three years unless special circumstances warrant a longer incubation period.

Outside Services Network

The Center has used nearby Lindenwood College for technical assistance for tenants. However, they plan to develop a network of professionals in the private sector for additional future assistance.

Incubator Marketing

The Center is marketed by word-of-mouth, and via newspaper through press releases about firms in the facility. They also have brochures which explain the program.

Acknowledgement

Thank you to Paul Hildebrandt, Economic Development Representative for Missouri, for suggesting the Center for this profile. Thank you to Greg Prestemon, Executive Director, and Peggy Plont, Marketing Director, for providing information about the Center.