Cadillac Regional Innovation Center
Business Incubation Study

Market and Feasibility Analysis
& Business and Operating Plan

Wexford, Missaukee, Lake, and Osceola Counties

FINAL REPORT

Prepared by
The Center for Business Acceleration and Incubation Studies
Institute for Research on Labor, Employment, and the Economy
The University of Michigan

Cadillac Regional Innovation Center Incubator Study - Market and Feasibility Analysis & Business and Operating Plan

FINAL REPORT
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Important Terminology

Key Terms

Business Incubator: An economic development tool that promotes entrepreneurship by providing resources for new ventures to evolve into sustainable businesses.

Business Incubator Facility: A building in which the business incubator is housed. The facility may be used to provide office, production, and storage spaces to tenants, as well as shared amenities. The business incubator staff may also operate within the facility.

Business Incubator Program: The procedures and events that the business incubator staff implements to guide a new venture to success. The business incubator program is multifaceted, encapsulating the rules of engagement, as well as seminars, training sessions, and other learning opportunities.

Business Incubator Tenant: A business or individual that operates inside of a business incubator facility.

Economic Development Organization: A group of stakeholders in a particular region that works to retain, expand and attract businesses in the region, creating high quality jobs. These organizations are public-private partnerships made up of local experts and stakeholders from business, academia, local government, and non-governmental organizations.

Mixed-Use Incubator: A business incubator that caters to all industries, as opposed to specializing in the development of one.

Professional Service Provider: Any person who possesses and demonstrates a professional, working knowledge of some specialized field. Often, a professional service provider has developed a skill set that can be used to assist entrepreneurs with the development of their ventures.

Virtual Incubator: A business incubator that operates without a facility. The virtual business incubator is not centrally located in a single building, but still maintains a business incubator program.

Acronyms

CAMA: Cadillac Area Manufacturers Association

CBAIS: Center for Business Acceleration and Incubation Studies

CRIC: Cadillac Regional Innovation Center

EDA: Economic Development Administration

EDO: Economic Development Organization

IRLEE: Institute for Research on Labor, Employment, and the Economy

NAICS: North American Industry Classification System

PSP: Professional Service Provider

USDA: United States Department of Agriculture

Executive Summary

Introduction

A business incubator provides entrepreneurs the opportunity to connect with experienced professionals as well as access business assistance services and programs to accelerate the growth of their companies. Business incubators also aim to attract clients that can use the incubator's facilities to become freestanding and financially viable companies with the potential to create jobs, products, and services that can help strengthen the local economy once they leave the incubator. Studies have shown that companies who have graduated from a business incubator have a 75% greater survival rate after five years in operation.

The "Cadillac Regional Innovation Center Market and Feasibility Analysis and Business and Operating Plan" study was developed and conducted by The Center for Business Acceleration and Incubation Studies (CBAIS) at the University of Michigan's Institute for Research on Labor, Employment, and the Economy (IRLEE) in collaboration with the City of Cadillac. The potential business incubator, Cadillac Regional Innovation Center (CRIC), is to be established in Wexford County of Michigan. The primary objectives of this study were to accomplish the following:

- Understand the region's capacity and need for a business incubator
- Determine the needs of local entrepreneurs and the strength of the entrepreneurial ecosystem
- Analyze the market demand and feasibility of implementation of a mixed-use incubator
- Design an effective business and operating plan for successful implementation of the incubator
- Determine the physical, programmatic, and financial requirements of the incubator

The results of the feasibility study and the recommendations in the business and operating plan will help the associated personnel understand and implement the necessary measures to develop a program that meets the needs of the entrepreneurs. The mission of the proposed mixed-use incubator is to create jobs in the Cadillac region, improve the economic status of the community, and establish the area as a thriving business hub. Results will also be tied in with suggestions from previous research conducted by the National Business Incubation Association (NBIA), which was a national study looking at essential components of business incubators. For the purpose of this study, we are primarily focusing on the rural incubation best practices.

Methodology

CBAIS developed a survey geared towards understanding business development needs and entrepreneurial interests of young professionals. CBAIS worked with the City of Cadillac to administer this survey, either online or hard-copy, to interested young people, Professional Service Providers (PSPs), and Economic Development Organizations (EDOs) in the region. Upon receiving the survey results, CBAIS performed rigorous data analysis to highlight the immediate needs of the interested members of the entrepreneurial community and identified the types of service providers that can help to meet those needs.

CBAIS then hosted a planning meeting with community leaders, entrepreneurs, and service providers to discuss how an initial incubation program could be started immediately. This advisory board helped identify existing resources as well as business, governmental, and community organizations that the incubator could potentially collaborate with. CBAIS also developed a business plan that outlines directives that can be used in effectively planning, developing, and implementing a business incubator. Information regarding existing incubation best practices, financial projects, and funding sources was provided in this plan.

Findings and Recommendations

Facility and Services

A mixed-use incubator at a location in the Cadillac region would provide new businesses from a variety of industries with the opportunity to develop strong business foundations in the start-up phase and increase their chances of becoming successful business ventures in the long run. At a location selected in the Cadillac region, the incubator would provide selected clients with facility space, leasing options, direct business development assistance, networking opportunities with financial resources, technical support, industry expertise, and mentoring opportunities. All of these services would be tailored to each client as much as possible.

Responses from Entrepreneurs

Responses from entrepreneurs indicate community support for the establishment of a business incubator program, as the large majority of respondents either "Strongly Agree" or "Agree" that the region could benefit from an incubator program. Responses also indicate that 92.6% of the responding entrepreneurs are interested in participating in the incubator program (Table 22). There was less interest in actually leasing space in an incubator facility, with 12% of respondents indicating desire to rent office space (Table 24). This is partially attributable to the fact that survey respondents were not able to visit a physical site and may not have a good understanding of the features and benefits of locating and participating in an incubator facility. When asked how much they would be willing to pay for the services of an incubation program, 48.1% of respondents said that they would participate, but not pay to do so (Table 22).

For incubator services and accessibility, the analysis indicates that 31.3% of potential incubator participants would like access to services through workshops, mini-courses, and seminars (Table 21). Similar interest was seen for receiving services through one-on-one consultations (28.3%) and mentoring (23.9%), but slightly lower interest was seen in web-based seminars (16.4%) (Table 21). The services with the most interest, both from businesses in operation and not in operation, include assistance with linkages to higher education, loaned executive, linkages to strategic partners, and business etiquette (**In this second section, the data provided refers to an Entrepreneur's interest in a regional business incubator.**

Table 13). Additional areas for desired services include assistance with business accounting, business plan development, and general legal services (Tables 13, 14, & 18).

Responses from Manufacturers

Responses from manufacturers indicate that there is some interest present in contributing to a business incubator program, with 52% of the respondents indicating at least some interest in providing support and services to startup companies in an incubator program (Table 63). However, with regards to specific services they could provide, 27% of respondents indicated they could not provide any of the indicated manufacturing services (Table 64). The surveyed manufacturers' results generally indicated a willingness to provide services to clients at a discounted rate (Table 65).

For incubator services and accessibility, the analysis indicates that 85% of potential incubator participants would be able to provide services through workshops, mini-courses, and seminars (Table 66). Wexford County has the highest number of manufacturing firms in the study region, with the main focus of these businesses being primarily plastic, rubber, and metal manufacturing. The data shows that there is little to no experience with business incubators, but that many firms have skills and expertise that they would be willing to share if an incubator was established (Table 63). The primary skills they are able to offer to others

through an incubator are purchasing, product design and development, employee recruiting and training, and logistics management (Table 65).

Responses from Economic Development Organizations

Responses from economic development organizations provide only a little information regarding potential services and accessibility to services for incubator clients. Results show that the top resources and services that EDOs are willing to provide are assistance with information technology, marketing/sales, mentorships, and others (Table 69).

However, the response rate from EDOs is not sufficient to develop any conclusions regarding the responses to the initial survey questions, such as the specific services offered, means by which they would provide the services, or pricing model that they would offer to incubator clients.

Responses from Professional Service Providers

Similar to the EDOs survey responses, there was also a lack of responses from Professional Service Providers as there was only one respondent. Therefore the response rate from PSPs is not sufficient to make any claims regarding any of the initial survey questions, including the business sectors of expertise and category of services, means by which they would provide the services, or pricing model that they would offer to incubator clients.

Synthesis of Results

A business incubator or incubation program could bring these four groups together either in a physical facility, or virtually, in order to provide beneficial services leading to economic growth in the region.

Budget and Financial Projections

When reviewing the following financial projections for the Cadillac Regional Innovation Center it is important to note that research has shown most incubators in the U.S. are not financially self-sustaining based on funds from rent and income from training, education classes, seminars, and fees for services and therefore require a subsidy to some extent. Because incubators operate over many years, the cumulative positive impacts include wealth creation, job creation, improvement of the business environment, increased local, regional, state and federal tax bases, and creation of an entrepreneurial culture and infrastructure in the region. The positive impacts of an incubator facility and program provide a strong case for external support. There are a number of different strategies that incubators employ to generate revenue including corporate sponsorships and funding from local units of government that benefit from the business activity of incubator clients, state departments, foundations, and federal agencies among many others.

Until the facility site has been assessed and the precise costs of acquisition or construction are identified, these financial projections are based on reasonable assumptions. When reviewing the financial projections it should be taken into account that the business plan identifies a number of potential sources of funding for the incubator. The financial section in the final report includes three projected models: the conservative, the moderate, and the optimistic model (the conservative and moderate are shown here). The conservative model represents projections that are approximately 7% under what we expect can be reasonably achieved; the moderate model represents what we project can be reasonably expected, given the implementation plan that we have recommended. All the projections include a built-in 10% contingency factor, and since the incubator has, for the most part, control over its own expenditures these numbers stay consistent throughout each of the models.

In these projections the number of tenants is smaller in the first several years of operation, but the increased number of tenants in subsequent years creates a corresponding increase in revenue.

7-Year Budget (Mixed-Use Facility, Conservative) with 10% Contingency

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Revenues							
Operating Rent: full-time level	26,026	26,937	27,880	28,855	29,865	30,911	31,993
Operating Rent: Rate 1 level	17,160	17,761	18,382	19,026	19,691	20,381	21,094
Operating Rent: Rate 2 level	0	0	0	0	0	11,209	11,602
Operating Rent: Rate 3 level	0	0	0	0	0	0	0
Office Rent	59,280	61,355	63,502	65,725	68,025	78,558	81,308
Affiliates Program	9,360	9,688	10,027	10,378	10,741	11,117	11,506
Course Enrollment	12,000	12,420	12,855	13,305	13,770	19,003	19,668
Total Revenue	$123,826	$128,160	$132,646	$137,288	$142,093	$171,179	$177,170
Expenses							
Staff Salaries with Benefits	97,500	100,913	104,445	108,100	111,883	115,799	119,851
Instructor Fees	3,000	3,105	3,214	3,326	3,443	4,751	4,917
Operational Expenses	36,700	37,951	39,243	40,581	41,966	43,399	44,883
Total Expenses	$137,200	$141,968	$146,901	$152,007	$157,292	$163,949	$169,651
10% Contingency	$13,720	$14,197	$14,690	$15,201	$15,729	$16,395	$16,965
Net Income	($27,094)	($28,005)	($28,946)	($29,920)	($30,928)	($9,165)	($9,446)

7-Year Budget (Mixed-Use Facility, Moderate) with 10% Contingency

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Revenues							
Operating Rent: full-time level	18,928	19,590	20,276	20,986	21,720	22,481	23,267
Operating Rent: Rate 1 level	12,480	12,917	13,369	13,837	14,321	14,822	15,341
Operating Rent: Rate 2 level	6,864	7,104	7,353	7,610	7,877	8,152	8,438
Operating Rent: Rate 3 level	0	0	0	0	0	2,470	2,557
Office Rent	110,968	114,852	118,872	123,032	127,338	173,915	180,002
Affiliates Program	13,920	14,407	14,911	15,433	15,974	16,533	17,111
Course Enrollment	16,000	16,560	17,140	17,739	18,360	23,754	24,585
Total Revenue	$179,160	$185,431	$191,921	$198,638	$205,590	$262,127	$271,302
Expenses							
Staff Salaries with Benefits	97,500	100,913	104,445	108,100	111,883	115,799	119,851
Instructor Fees	4,000	4,140	4,285	4,435	4,590	5,938	6,146
Operational Expenses	36,700	37,951	39,243	40,581	41,966	43,399	44,883
Total Expenses	$138,200	$143,003	$147,973	$153,116	$158,439	$165,137	$170,880
10% Contingency	$13,820	$14,300	$14,797	$15,312	$15,844	$16,514	$17,088
Net Income	$27,140	$28,127	$29,151	$30,210	$31,307	$80,477	$83,334

Next Steps

The planning phase for the Cadillac Regional Innovation Center will be complete after the public release of this report. The suggested next steps for the implementation of the incubator program are outlined in the Business Plan Implementation Strategy, beginning on page 137.

Mission, Objectives, and Benefits

The mission statement should be a guiding force for the incubator's activities and development reflecting the program's commitment to growing the business community and the economy in the Cadillac area. The mission statement should inspire commitment from key players such as board members, major stakeholders, and key staff members so that everyone is focused on and working towards the same purpose, which is the success and long-term sustainability of the incubator.

Governing Board

The Governing Board is a group devoted to the long-term success of the Cadillac Regional Innovation Center with its collective expertise. The board's duty is to make sure the direction the incubator is heading in is consistently aligned with the mission statement. The Governing Board can be comprised of 6-10 members with 3-4 members comprising an Executive Committee involved with the incubator's management. This board will manage major policy decisions, but will not be responsible for the day-to-day operations.

Board Composition

The incubator's Governing Board needs to include expertise in various fields. The study, *Incubating Success: Incubation Best Practices That Lead to Successful New Ventures* by Lawrence A. Molnar, David A. Lewis, and Elsie Harper-Anderson,[1] found that the presence of a graduate firm and technology transfer specialist on the board correlates strongly to incubator success. Some suggested representatives for the board include:

- Experienced Entrepreneur
- Economic Development Organization Representative
- Corporate Executive
- Business Lawyer (intellectual capital protection legal assistance preferred)
- University/College Official
- Financial Community Representative
- Key Financial Sponsors

Legal Structure

The incubator could be structured as one of the following:

- An independent 501(c) (3) not-for-profit corporation
- A unit operating under an existing "host" 501(c) (3) not-for-profit organization
- A unit of the City of Cadillac
- A for-profit corporation

Recommendation for Organizational Structure

CBAIS recommends that the incubator be structured to operate as a unit of the City of Cadillac. The city, already spearheading the Cadillac Regional Innovation Center project, could provide financial support, access to young entrepreneurs, and courses which clients could take as part of the program.

[1] Molnar, L., Lewis, D., & Harper-Anderson, E. (2011). "Incubating Success: Incubation Best Practices That Lead to Successful New Ventures." Ann Arbor, MI. Institute for Research on Labor, Employment, and the Economy, University of Michigan.

Staffing

The incubator should be staffed with an Executive Director whose responsibilities would include developing the incubator's services and programs, screening and selecting clients, managing the larger level operations, and keeping stakeholders and the Governing Board involved. The Executive Director would also manage the incubator's day to day operations and deal directly with the growth and development of the client businesses. The incubator should also be staffed by an Administrative Assistant to answer telephones, greet visitors, provide administrative assistance to clients on a fee-for-service basis, and maintain equipment and supplies.

Facility

Considering the relatively sparse population of this four county region, an incubator should consider a space between 5,000 and 15,000 sq. ft.

Size and Space Allocations

Because the building and its size has not been disclosed, it is not possible to recommend specific portioning within its walls through a floor plan. However, the following should be included:

- Incubator Client Office Space
- Incubator Administration
- Common Space
- Lab/floor Space
- Anchor Tenants

Technical Requirements

Below are examples of some of the requirements necessary to a business incubator facility:

- Internal LAN/WAN cabling
- Sufficient parking – 3 spaces per 1,000 sq. ft.
- Facility security (i.e. key entry, locks on offices and storage areas)
- Separate electrical metering
- Whiteboards, office furnishings (desks, tables, etc.)
- Wi-Fi internet access

Additional Facility Recommendations

Since the Cadillac Regional Innovation Center will be a mixed-use incubator, there are many components that must be added according to the type of businesses accommodated. For example:

- For retail: A shipping and receiving dock may be necessary
- For food: A commercial kitchen and a cold storage area may be necessary
- For manufacturing: Proper machinery and production areas may be necessary

The flexible size and layout of the mixed-use facility will enhance the incubator's longevity and provides tenants with the ability to grow by occupying a larger space or expanding their current site. For more information on facility recommendations, see "Facility" section on page 94.

Incubator Services and Programs

Every successful incubator program is built on the foundation of services and programs which promote a client's likelihood for successful growth and development. Essential programs and services for a client's success include skill-specific workshops, leadership workshops, employee training, etc. These value-added services are essential in enabling clients to become independent and creating the right foundations for the growth of their companies. Programs and services incubators should offer include:

- Direct business development assistance through support from the Executive Director, Program Manager, and other people helping with the overall activities of the incubator
- Professional networking opportunities through dinners, business meeting, career fairs, and other planned events
- Educational programs with skill-specific workshops and general management courses
- Facility-based services, both on site at the incubator and off site in the neighboring communities

Direct Business Development Assistance

From the time a business enters the incubator program until it graduates, a successful incubator needs to provide sustained business development assistance. Coordination and oversight of these services will be headed primarily by the Executive Director, who will assess the client's business plan and develop an approach to improve the areas of weakness in order to recommend the programs and services best suited to the client.

Professional Network and Relationship Support

Developing connections within a community is a difficult task for every incubator, especially with clients in small, emerging businesses. Therefore, the duty falls on the business incubator's staff to help set up networking events and relationships.

- **Mentor Program** – Each client should have access to volunteer mentors and business counselors.
- **Effective Professional Networking** – Links to strategic partners, angel investors, and professional networks are essential to the success of a business.
- **Advisory Board** – An advisory board should be recruited by the Executive Director. The advisory board should take charge of contacting local business professionals and arranging meetings in order to provide their clients with the resources needed to become successful.
- **Venture Capital and Funding Network** – The incubator management should develop relationships with such financial resources and make introductions to clients as appropriate.
- **Internship and Higher Education Network** – The Baker College of Cadillac connection can foster collaboration with the programs, services, and personnel of other higher education institutions, including graduate-level engineers, technology experts, or university-sponsored legal assistance.

Educational Programs

Faculty from the business, science, and engineering departments of Baker College of Cadillac may be willing to volunteer as mentors and advisors to the incubator's clients. Educational training may include various workshops and seminars. The incubator staff may develop and administer sessions covering business basics, marketing strategies, networking tips, pursuing investors, accessing internship programs, and a multitude of other topics. The incubator may offer training programs in traditional classroom settings or online. Some incubator programming can begin prior to the opening to serve as a marketing tool for attracting clients.

Facility Based Services

Facility-based services are based largely on the incubator building's amenities, including:

- Resource libraries
- Shared conference rooms
- Shared office equipment (photocopiers, fax machine, printers, scanners, etc.)
- Shared specialized equipment (manufacturing tools, laboratories, etc.)
- Reception area and receptionist to greet visitors
- Internet/network access and mailroom support

Client Application, Selection, and Graduation

The client application, selection, and graduation process should be designed to bring in companies that meet the incubator's mission and focus, are at the right stage of development, and can benefit from the services offered at the incubator. All of these are critical to the success of the incubator.

Application Process

Proposed is a four-step application process, which should take no longer than five business days.

- Submit Application
- Provide Business Plan or Business Description
- Present Business Plan or Description
- Discuss Expectations with Incubator Management

Evaluation Criteria

- The business must have a sound business plan, including reasonable financial projections
- The business should have a sound management and/or product development team in place to handle all aspects of the business willing to take advice from incubator advisory board
- The business should be financed or have the potential to be financed by venture capitalists, investment groups, etc.
- The business must not be in direct competition with a current incubator client

More criteria should be drafted that are in line with the mission and objectives of the incubator once more specific goals become available for reference.

Graduation Policies

In *Incubating Success: Incubation Best Practices That Lead to Successful New Ventures*[2], only one incubation management practice was linked to a negative correlation with success: lack of a formal exit policy. Therefore, a well-formed graduation policy is a necessity for the sustainable growth of the incubator. Several factors should come into consideration when drafting an exit policy, including:

- Time Limits
- Value Provided
- Early Graduation

[2] Molnar, L., Lewis, D., & Harper-Anderson, E. (2011). "Incubating Success: Incubation Best Practices That Lead to Successful New Ventures." Ann Arbor, MI. Institute for Research on Labor, Employment, and the Economy, University of Michigan.

Anchor Tenants

Anchor tenants are traditionally research, development, or technology based companies/groups that provide professional services to clients using the incubator. They are usually housed for lower rent at the incubator since they can provide value to the incubator community and have longer term contracts due to the nature of their research and technology-based work.

Funding

After the organizational structure is established, funding should be secured to establish the facility. Several potential sources of funding have been identified by CBAIS for the incubator to develop a suitable facility.

Marketing and Public Relations

Effective marketing strategies help raise awareness and promote the value of the services the incubator offers. Additionally, incubators have the task of assisting client firms in their own marketing strategies.

Marketing to Entrepreneurs

The feasibility survey conducted by CBAIS has identified the target market of the Cadillac Regional Innovation Center incubator broadly: regional entrepreneurs interested in participating in an incubator program or renting from an incubator facility. The incubator should devise a marketing plan with the goal of capturing this target market.

Marketing to Investors in New Ventures

A major selling point to potential investors is that the incubator operates under the City of Cadillac. Not only will the incubator be under the watch of an experienced administrative entity, but the incubator also has exposure to an annual influx of youth entering the job market. Additionally, CRIC would provide students to intern, which would add a fresh perspective to the incubator's culture. A pitch to a potential investor will include the wealth of entrepreneurial talent in addition to the previous success of area incubators.

Marketing Strategies for Client Firms

The Cadillac Regional Innovation Center Incubator needs to consult its tenants and clients in marketing not only in order to operate smoothly and profitably, but also to ensure the longevity of its fledgling firms. There are a couple of avenues to go about doing so:

- Online/Media
- Public Relations/Networking

With funding secured and the facility developed, the incubator management should continue to put efforts into marketing the incubator to the regional community. Local businesses, students, and entrepreneurs should be made aware of the benefits and services offered by the incubation program. Additionally, the management team should try to foster a sense of entrepreneurialism and community culture of innovation so that there is a continuous stream of potential tenants to the incubator. This step is vital to the longevity and overall success of the incubator.

Implementation Plan

The advisory committee for the Cadillac Regional Innovation Center will need to define and put to action an implementation plan for the business incubator. Below are strategically defined best practices the committee should consider when developing the incubator implementation plan.

Project Implementation and Resource Development

- Gather key stakeholders to accept and endorse business plan
- Identify champion director to lead and facilitate the project
- Form Advisory Board to facilitate project implementation
- Establish the governing board
- Finalize mission statement and objectives
- Hire Executive Director
- Finalize decision regarding incubator structure and begin establishing structure
- Develop funding sources for facility creation and seed start-up operation for the first three years
- Enroll professional service providers
- Write leases, agreements, bylaws, etc.
- Finalize service offerings and details
- Finalize lease agreements with anchor tenants
- Implement PR and Marketing plan for clients and other stakeholders

Operation

- Open facility
- Explore feasibility of developing affiliate client program
- Improve processes
- Continue to cultivate stable revenue
- Evaluate progress every six months

Project Description

Context for Incubation as an Economic Development Strategy

National

Since the first business incubator was introduced in 1959, the concept has expanded rapidly to accommodate not only globalization and contemporary technology, but also the economic developments in America. More recently, in September of 2012, The American Association of Community Colleges launched a nationwide initiative to build and support virtual incubation networks through community colleges. The initiative includes the launch of a Virtual Incubation Network Toolkit that helps community colleges to create and gather the resources necessary to help local businesses grow. The project is funded through a Charles Steward Mott Foundation grant and has already been fully implemented, tested, proven effective at 11 different community colleges across the country, including Mott Community College in Michigan.

The program is a good example showing that well over half of NBIA member incubation programs currently report being associated with institutions of higher learning. In some cases universities or colleges exclusively own and operate incubation programs, while others collaborate with economic development organizations. The student incubator movement has been around for almost two decades, but incubation programs aimed at helping students start their own businesses appears to be a rather new feature. Often there is no student fee for the incubation services provided, but students must demonstrate business progress to remain in the incubator. Students must also earn their participation by being available for recruitment efforts, visits by dignitaries, legislators, government officials etc., as well as prospective donors. Student incubators share both similarities and differences with traditional best practices incubation programs. Students participants are usually at an earlier stage, have less work experience, and less business knowledge than traditional clients. Therefore the incubator needs to take more of an educational approach to the business start-up process. At the same time, student incubation is developing its own set of best practices, which relate to traditional incubators, through aspects such as, competitions, high school components or linkage, incubation linked suitable departments in a university, and overall coursework.[3]

However, there is also a fair share of challenges that business incubators currently face, especially in regards to funding. Fighting against the uncertain arrival of crowd funding, shrinking incubator budgets, and an increased reliance on angel investors, the future for incubator programs in an unsteady economy seems challenging, but there may be opportunities for incubators to take advantage of. With city, county, and state governments implementing budget cuts, business incubators need to look for alternative sources, revenue streams, and fees for services, while also making a case to stakeholders to increase their community presence. To do this successfully, incubators must be at the cutting edge of innovation, not be competitively defensive, and be able to quickly detect trends and implement them into their program before they become too common. Additionally, the upcoming S.E.C. announcement regarding the rules of crowd funding will have a huge impact on incubators, their clients, and possible investors, since it will likely both contest and compliment angel investing. Another issue that incubator managers must assess is the decreasing need for physical space by companies and clients, given everything going online. In order to accommodate this trend, incubators are looking for ways to offer virtual programs such as mentoring, Webinars, online classes, and networking events, which all have sponsorship and potential revenue services. These types of virtual services would allow an incubator program to extend its service area, leading it to potentially partner with other incubators, helping strengthen regional networks for clients.[4]

[3] Powell, D. (2013). "The university-incubation connection: a series." *NBIA Review*. Volume 29.2, 4-7.
[4] Powell. D. (2013). "How the funding landscape is changing - and how incubator managers can take advantage of it." *NBIA Review*. Volume 29.2, 12-14.

Furthermore, in January 2011, the United States government announced the Startup America Initiative, a combination of funding and programs declaring startup businesses to be the engines of job creation and imperative to economic growth, especially following the recent recession. This initiative is a national partnership between the private sector and the U.S. government that aims to improve the environment for entrepreneurship by focusing on five key areas: expanding access to capital, connecting mentors to entrepreneurs, reducing governmental barriers, accelerating innovation from prototype to market, and increasing market opportunities. To accomplish these goals, an array of programs has been and will be implemented or funded, including business incubation programs. The initiative includes two separate $1 billion commitments from the U.S. Small Business Administration, as a match to private sector donations. $1 billion is concentrated toward an Early-Stage Innovation Fund to provide capital to bridge the gap between innovation and market, scheduled to launch in the July of 2012. Further, $1 billion is directed toward impact investment funds with a priority given to underserved markets and developing sectors such as clean energy; in July of 2011, it was announced that the Small Business Administration awarded the first impact investment fund of $130 million to the state of Michigan.

A national study was conducted by the University of Michigan's IRLEE, who partnered with the National Business Incubation Association (NBIA), the State University of New York in Albany, and Cybergroup Inc., to examine the best practices for successful business incubators. Funded by the U.S. Economic Development Administration, *Incubating Success: Incubation Best Practices That Lead to Successful New Ventures*[5] was authored to examine which specific practices, services, and policies make business incubators the most successful. After analyzing survey responses from incubation managers representative of incubators across the county, the study concludes that although there is no solution for success, many top performing incubators share common management practices. These included, establishing directed goals, careful client selection, and strong payment plans for rent and service fees. The study also shows that while the host region's size and economy have little impact on the incubator's outcome, support from the public sector such as local government, universities, and economic development organizations contributes heavily to an incubator's success. Consequently, business incubators with greater budgets tend to outperform those with smaller budgets. Forty-eight out of forty-nine top performing incubators were not-for-profit models that focused on creating jobs and fostering entrepreneurial environments rather than a corporate profit. As for stimulating long-term local growth, previous studies were cited to show that around 80% of graduated businesses remained in the host region. The study concludes that incubators should be operated as if they were businesses themselves, with their goal being to create and foster new businesses. Therefore, incubators should incorporate clear goals, carefully maintained client-management relationships, well utilized budgets, and prudent client selection. Successful incubators will graduate growing businesses, create new jobs, and develop local economies.

Statewide

The Michigan Economic Development Corporation (MEDC) was created by the state government to provide support to small businesses throughout Michigan. MEDC provides a number of business assistance services as well as access to capital. The MEDC SmartZone Network launched in 2010 is a statewide technology and business acceleration program that produced several incubators and technology initiatives. Not only does MEDC aim to promote economic aspects of Michigan such as small businesses, but it recognizes and provides for the needs of entrepreneurs and innovators. Michigan also hosts the Michigan Business Incubator Association (MBIA), an NBIA member, to promote awareness of business incubation and to facilitate networking between incubators across the state. The MBIA complements the state's support of entrepreneurial innovation as providing a source of employment.

[5] Molnar, L., Lewis, D., & Harper-Anderson, E. (2011). "Incubating Success: Incubation Best Practices That Lead to Successful New Ventures." Ann Arbor, MI. Institute for Research on Labor, Employment, and the Economy, University of Michigan.

Regional

Wexford: The Cadillac Area Chamber of Commerce is a private 501c6 non-profit organization comprised of business and professional people dedicated to improving the economic environment of the region. The Cadillac Area Chamber of Commerce is a visible business leader, serving as a catalyst for their membership. The Cadillac Area Chamber of Commerce serves a diverse membership base, including small businesses, education, health care, manufacturing, non-profits, services, retail, tourism and more.

The Grand Vision is an ambitious, citizen-led vision for the future of land use, transportation, economic development, and environmental stewardship across six counties in northwest Lower Peninsula of Michigan. Wexford County is known for its strong industrial sector, award-winning golf, and large variety of outdoor activities. Wexford is unique in the six-county region for its strong mix of industrial business and variety of recreational opportunities. This makes it a great destination for business development as well as tourism. Much of the efforts forwarding the Grand Vision principles in Wexford County are focused out of the City of Cadillac. For example, Wexford County has worked hard to develop a county-wide regional economic development consortium to assist in job creation and retention in Wexford County. Collaboration, like the development of this consortium, epitomizes the essence of the original Grand Vision study: moving county development forward collaboratively and with a common vision.

Wexford and Missaukee: The Business Training Alliance (BTA) is a community partnership serving entrepreneurs to make training opportunities more accessible to the growing business community of Wexford and Missaukee Counties. In partnership with the Michigan Small Business & Technology Development Center, the BTA coordinates customized training opportunities, and offers access to counseling and market research in an effort to increase business and economic development in the northwest Lower Peninsula of Michigan. Geared toward aspiring entrepreneurs, start-up operations, Stage 2 companies, and established businesses with training needs, the BTA program includes workshops and core competency classes, one-on-one business counseling, mentoring, and peer networking opportunities.

Lake: The Lake County Chamber of Commerce promotes economic development and strengthening of the business climate. Representative of many retail and service providers, the Chamber aims to promote Lake County as a whole with a primary focus on the tourism industry. The Lake County Chamber of Commerce offers development services to local businesses including a loyal referral and collaboration network, online services, and operation of a tourist center.

Osceola: The Osceola Economic Alliance (OEA) is a non-profit organization formed as the result of a partnership between Osceola County and Michigan State University Extension. The mission of the OEA is to encourage and facilitate the community and economic development in Osceola County, Michigan. The OEA serves a broad customer base that includes industry, existing small businesses, start-up businesses, non-profits, and local units of government. Osceola County's Community Development program develops and maintains programs that facilitate community and economic development in order to:

- Retain existing jobs and create new jobs by assisting local businesses already in Osceola County
- Create new jobs by attracting and assisting new businesses and industry to Osceola County
- Increase private sector investment and tax base in Osceola County
- Develop, coordinate, and deliver community development plans and programs that improve the quality of life in Osceola County

The Evart Area Chamber of Commerce is a voluntary network dedicated to promoting the quality of life through economic, educational and cultural development of Evart and Osceola County. Their mission is to support and encourage business opportunities, development, and retention in the surrounding area.

Rural Incubation Findings

Studies on successful incubation practices have been conducted by the National Business Incubation Association (NBIA) that lends insightful information to the possible incubation opportunity in the Cadillac region, because of their focus on rural incubation locations. Rural programs must take a regional approach with a focus on creating diversification. This can be done through networking and pairing with a higher educational institution, which can help provide services, space, and training. To continue this growth, it is important to have support from the community in order to gain connections to funds and investments, thus increasing the likelihood for high quality connection to possible clients and resources. Through effective advertising, stakeholders must remain informed and reminded of their role in this business, which will also increase the likelihood of creating more jobs as well as a successful incubator.

It is important that the incubator operates as a non-profit because they work well with organized networks and EDOs to increase access to resources and decrease costs, and ultimately decrease reliance on public funding. We now see an increased interest in private-/for-profit incubation sectors, especially in the technological realm[6]. Regardless of whether the incubator is public or private, it is pertinent that the incubator remains innovative through continually analyzing and adjusting programs, client services, as well as keeping the program relevant. Executing these sustainability practices requires a management team that is highly experienced and properly compensated.

[6] Grimaldi, R. & Grandi, A. (2005). Business incubators and new venture creation: an assessment of incubation models, *Technovation*. 25, 111-121.

Project Motivation

Goal of Study

The Center for Business Acceleration and Incubation Studies (CBAIS) aims to further economic development and diversification through the promotion and establishment of business incubators. CBAIS achieves this goal by undertaking regional studies to determine how to best accelerate economic growth and recovery. Properly running business incubation programs increase the success rate of new business ventures, thereby creating new jobs for the region.

CBAIS partnered with the City of Cadillac to study the feasibility of establishing a business incubation program and facility in the Cadillac region of Michigan. Once sufficient demand for a business incubation program was determined, the study assessed prospective locations, developed a business and operating plan, and projected the financial model for the business incubation programs under a conservative, moderate, and optimistic outlook. This business incubator study was aided by partnering with the United States Department of Agriculture-Rural Development, as well as various local and state establishments.

Having the support of higher educational institutions is crucial to increasing possible incubator success, therefore the CBAIS and the City of Cadillac partnered with Baker College of Cadillac, Central Michigan University, Ferris State University, and Northwestern Michigan College. Partnership with organizations relevant to the goals of the study is important and this included those with basis in manufacturing and technology. Such organizations included Michigan Manufacturers Association, Michigan Manufacturing Technology Center, and Cadillac Area Manufacturers Association. Locally, the project is assisted by the Cadillac Area Visitors Bureau, Manton Area Chamber of Commerce, Wexford County, and the Wexford-Missaukee Intermediate School District.

Overview of Business Incubation Programs

A business incubation program is an opportunity for entrepreneurs to connect with experienced business professionals and share office and production space in order to facilitate new venture development at a relatively low cost. Business incubation programs are usually established as nonprofit organizations, due to the ability for nonprofits to garner federal grant funding. Professionals affiliated with accounting, legal services, banking, and marketing provide mentoring and services often at a reduced cost to the entrepreneurial clients of the business incubation programs. The low cost of facilities and services allow the entrepreneurs to overcome initial financial difficulties that may serve as a disincentive against new ventures. Incubators provide new businesses low-cost office and production space, in addition to a valid network of professionals. Typically after 2-3 years of professional assistance and incubation, entrepreneurs graduate from the program and enter the marketplace with a mature business. The goal of a business incubation program is to support new ventures, which leads to diversification of the economy and ultimately helps to develop a thriving community by creating new jobs for its residents.

Mixed-Use Business Incubation

A mixed-use business incubation program, also called a general purpose incubation program, incorporates clients from a variety of industries. The businesses fostered in a mixed-use incubator are not required to fit any specific niche; manufacturing, technology, service, arts, and many other firms may all be included in such an incubator. Accordingly, a mixed-use incubator facility will offer a variety of features to their entrepreneurs, such as storage and office space, a commercial area for sales, and other situation-specific amenities to cater to their businesses – for example, a wet lab for a biotech firm or machining rooms for manufacturing firms. According to the most recent EDA figures (2011), mixed-use business incubation programs are the most common in the nation, accounting for 41.7% of all incubators.

Arts and Crafts Incubation

Arts and crafts business incubation programs are regional centers for artists, artisans, and craftspeople to further their skills and career. These programs support artists as they work on projects, sell their artwork, hold classes, and give craft-related demonstrations. An arts and crafts incubator program promotes the arts throughout the community and gives affordable professional business assistance and training to artists. The facility is often comprised of office space, studio space, classrooms, a gallery, and commercial venues.

Kitchen Incubation

Kitchen incubation programs support fledgling businesses in the food industry, such as small catering companies, pushcart vendors, bakers, and specialty foods. A kitchen incubation program offers a licensed shared commercial kitchen for entrepreneurs to prepare their products, which includes essential equipment such as ovens, grills, freezers, packing and canning machinery, and other necessary kitchen accessories. Aside from the facility, the program provides affordable professional services in areas such as accounting, legal services, banking, and marketing. Through this training, entrepreneurs are creating marketable food-related products and business strategies by the time they graduate from the program.

Benefits to Clients, Stakeholders, and Cadillac Region

Client companies will experience several benefits by being a part of the incubator program since the incubator's greatest emphasis is on pro-active client assistance for the long term growth and success of the company. These include, but are not limited to:

- Lower start-up costs created by access to the necessary services such as office space, administrative services and meeting facilities at a reduced price. This effectively reduces the companies' barriers to entry during their critical formative years.
- Business planning assistance tailored to the company's stage of development through mentorship and networking with board members, other tenant companies with diverse backgrounds and service providers in the area from fields such as legal, financing and accounting.
- Increased publicity, visibility and presence in the market through marketing assistance, networking opportunities, incubator public relations, and endorsement of the companies through the incubator stakeholders.

The stakeholders of the Cadillac Regional Innovation Center include everyone in the community or region who would benefit from the success of the incubator. This may include financial sponsors, service providers, board members, successful entrepreneurs, educational institutions, community leaders, and even community members. Additionally, the stakeholders would enjoy the benefits of networking possibilities, the area's increase in quality of life, greater business diversity, and a larger market for their own businesses. The benefits to the City of Cadillac are also benefits that can be enjoyed by the stakeholders.

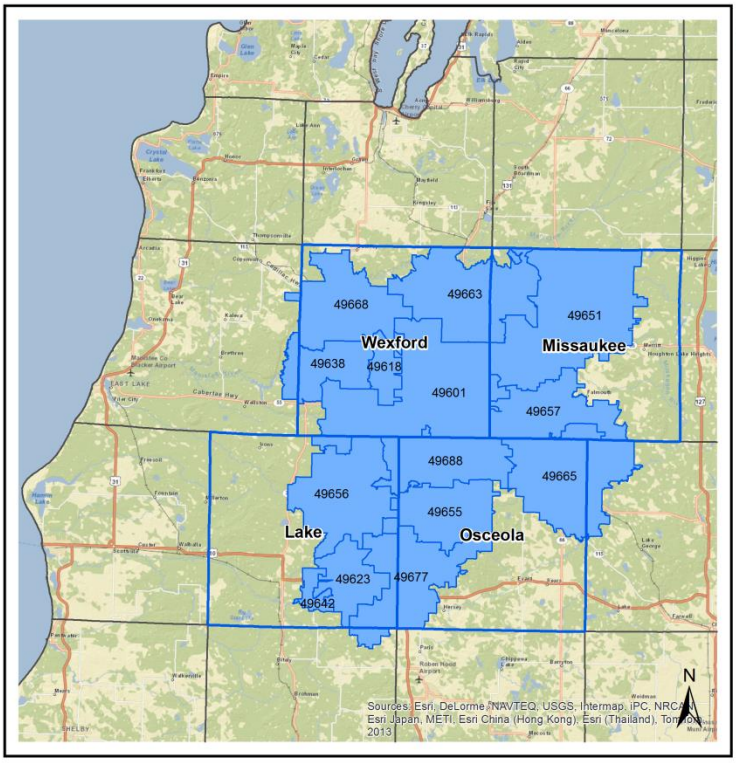
Overall, a start-up incubator helps increase the economic health and vitality of a community. An incubator program will facilitate the creation of new jobs that will likely have higher wages. In addition, an incubator program will help establish the Cadillac community as an innovative and progressive region which stimulates economic activity and entrepreneurial success. The economic draw of the community could lead to a larger business population, and thus an increased tax base as well as a new consumer base to which local businesses can market their products. Through incubation and economic development, the Cadillac region can expect greater vitality in quality of living and future business ventures.

Location Analysis

Demographic Status by County

	Missaukee	Osceola	Wexford	Lake	Michigan
Population 2000	14,478	23,197	30,484	11,333	9,938,444
Population 2010	14,849	23,528	32,735	11,539	9,883,640
Population Percent Change (2000-2010)	2.6%	1.4%	7.4%	1.8%	-0.6%
Median Household Income (2009)	$38,657	$34,823	$38,587	$31,205	$45,254
Persons Below Poverty Line (2009)	15.0%	19.1%	17.0%	19.5%	16.1%
Population over 25 with High School Diploma (2005-2009)	83.9%	84.2%	85.7%	78.8%	87.4%
Population over 25 with at least a Bachelor's Degree (2005-2009)	12.2%	12.0%	16.2%	8.3%	24.5%
Persons per Square Mile	26.3	41.5	57.9	20.3	174.8

Regional Maps

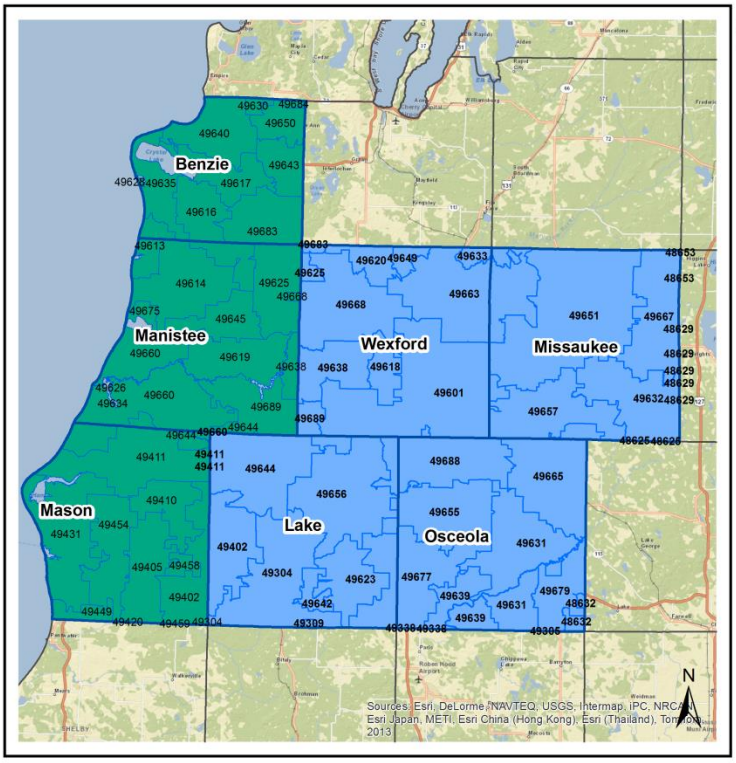


Cadillac Regional Innovation Center Incubator Study Counties

Study Area
Study Area Zip Codes
Michigan Counties

Created 15 November 2013 by IRLEE
Data Source: US Census 2010;
Esri 2013.

0 5 10 20 30 40 50 Miles



Cadillac Regional Innovation Center Manufacturer Study Counties

Study Area
Manistee Region Study Zip Codes
Cadillac Region Study Zip Codes
Michigan Counties

Created 15 November 2013 by IRLEE
Data Source: US Census 2010;
Esri 2013.

0 5 10 20 30 40 50 Miles

Regional Analysis (2007-2011)

	Missaukee	Osceola	Wexford	Lake
Employment Status				
Population	14,849	23,528	32,735	11,539
Population 16 Years and Over	11,783	18,638	25,659	9,739
In Labor Force	7,084	10,364	15,539	4,102
Employed	6,137	9,126	13,410	3,495
Unemployed	944	1,224	2,129	606
Occupations (% of employed population 16 years and over)				
Management, business, science, and arts	26.3	24.3	25.9	20.9
Service	17.3	16.7	16.1	23.8
Sales and Office	22.8	19.1	22.2	23.8
Natural resources, construction, and maintenance	14.0	12.4	9.8	10.5
Production, transportation, and material moving	19.6	27.5	26.0	20.9
Industries (% of employed population 16 years and over)				
Agriculture, forestry, fishing and hunting, and mining	10.3	4.3	2.4	2.9
Construction	7.9	6.1	5.7	7.4
Manufacturing	15.7	26.8	22.9	17.3
Wholesale trade	3.0	1.3	2.9	1.0
Retail trade	11.5	10.8	13.2	15.7
Transportation and warehousing, and utilities	5.1	4.1	5.1	6.0
Information	1.7	1.2	2.1	1.0
Finance and insurance, and real estate and rental and leasing	3.3	2.9	4.4	2.9
Professional, scientific, and management, and administrative and waste management services	3.5	3.8	6.1	3.0
Educational services, and health care and social assistance	20.8	21.9	17.0	19.1
Arts, entertainment, and recreation, and accommodation and food services	7.5	7.4	9.1	9.0
Other services, except public administration	5.1	5.1	5.0	4.3
Public administration	4.6	4.3	4.1	10.4

Source: U.S. Census Bureau, 2007-2011 American Community Survey

Regional Analysis

Based on the industry and demographic information provided by the U.S. Population Census and Economic Census, there is a need for a business incubation program in Wexford, Missaukee, Lake, and Osceola Counties. This is evident through the occupational information, changes in the counties' major industries, and the demographic information unearthed by the 2010 census.

Missaukee County has more than a quarter of its employees working in the management, business, science, and arts fields. With food service and wholesale trade on the decline and administrative services growing, a business incubator would create an opportunity for economic growth by increasing success in these industries while providing them with the necessary services.

Osceola County had the lowest growth in population and a higher percentage of persons below the poverty line. With manufacturing as its most popular industry and transportation and warehousing growing, there is an ideal climate in which to begin to nurture the entrepreneurial base of the community with an incubator. An incubator would also offer the area stabilization.

Wexford County had the largest population increase and the highest population with a bachelor's degree as well as the most people per square mile. With this strong workforce to draw from, an incubator would not only be utilized by Wexford County, but would also allow Wexford entrepreneurs to thrive.

Lake County has the highest percentage of persons below the poverty line and the lowest percentage of people over 25 with a high school diploma or Bachelor's Degree. Even though the manufacturing industry has declined, it is still one of the highest populated industries in the county. Further, with the educational services industry and the transportation and warehousing and utilities industry on an incline, it seems that an incubator would be effective in this county and could give the community the boost it needs.

Industry Status by County (2000-2010)

Missaukee County		
Declining Industries	**Stable Industries**	**Growing Industries**
Construction, food services, real estate, rental & leasing, wholesale trade	Manufacturing, educational services, health care, social assistance	Agriculture, forestry, finance, administrative services

Osceola County		
Declining Industries	**Stable Industries**	**Growing Industries**
Construction, real estate, rental & leasing, utilities, manufacturing, public administration	Manufacturing, educational services, health care, social assistance	Agriculture, food services, health care, transportation, warehousing

Wexford County		
Declining Industries	**Stable Industries**	**Growing Industries**
Construction, real estate, rental & leasing, educational services, food services, professional services	Manufacturing, educational services, health care, social assistance	Health care, social assistance, transportation, finance

Lake County		
Declining Industries	**Stable Industries**	**Growing Industries**
Manufacturing, professional, scientific, and management and administrative, arts, entertainment, and recreation, and accommodation and food services, wholesale trade, construction	Agriculture, forestry, fishing and hunting, and mining, other services, except public administration, information	Public administration, educational services, and health care and social assistance, transportation, and warehousing and utilities

Manufacturing Infrastructure Analysis

Manufacturers

After reviewing the responses to the established manufacturer survey, there were 11 different categories of manufacturing companies, including: wood product, paper, printing, plastics and rubber, primary metal, fabricated metal, machinery, electrical, transportation, furniture, and miscellaneous. Each of these categories and manufacturers also both share many similarities and differences, such as the amount of manufacturers in each category, the county in which the manufacturers are located, the amount of employees the manufacturer employs, how long the manufacturer has been in business, whether or not the manufacturer would be interested in a business incubator program, and their reported sales over the past few years, which can then help determine if the respective manufacturing industry is growing or declining. A more detailed analysis of each of the 11 manufacturing categories is listed below.

Wood Product

There were 3 wood product companies within the Cadillac region that completed the survey. A majority reported being relatively small, having between 1-10 employees, but all reported being long standing companies who have been in business for 22, 29, and 71 years. However, none of these companies reported being interested in an incubation program, even though a majority reported a decrease in their sales over the past few years, which makes wood product manufacturing appear to be a declining industry.

Paper

There was only 1 paper company that completed the Cadillac region manufacturing survey. This company has been in business since 1974 and employs between 251-350 employees. They reported higher sales over the past few years and also mentioned that they are interested in a business incubation program.

Printing

There was also only 1 printing company that completed the Cadillac region manufacturing survey. They have been around for approximately 20 years, yet remain a small company, only having between 1-10 employees. The company also reported higher sales in recent years, which is possibly why they had little interest for a business incubation program in their region.

Plastics and Rubber

One of the largest responses to the survey was from 8 plastics and rubber manufacturers in the Cadillac region, especially Wexford County. These companies varied greatly in size, ranging from 1-10 and 11-20 employees all the way to 351-500 and 500+ employees, as well as the time they have been in business, ranging from 6 years old to 56 years old. Half of the companies said that they would indeed be interested in a regional business incubator program, and 75% of them noted an increase in sales while the other 25% reportedly remained constant so it appears the plastics and rubber industry is growing.

Primary Metal

Another one of the largest response groups with 8 respondents to the manufacturer survey for the Cadillac region was primary metal manufacturers. Their results were very similar to plastics and rubber industry, as the size of the company, ranging from 1-10 or 11-20 employees all the way to a couple 500+ employees, time in business, ranging from 3 years old to 68 years old, and reported sales, 75% increasing and the other 25% remaining constant, were all nearly identical. Primary metal is another growing industry in the Cadillac region and 3 of the manufacturers also indicated they would be interested in a business incubator.

Fabricated Metal

The most respondents to the manufacturer survey came from fabricated metal manufacturers in the Cadillac region with 9. Once again the size of these companies range from really small, a couple with between 1-10 employees, and very large, one with 500+ employees, but a large majority of them were founded within the last 30 years. With 7 reports of higher sales and 5 companies interested in a business incubator program, fabricated metal manufacturing is yet another growing industry in this region.

Machinery

There were 7 responses to the survey from machinery manufacturers in the Cadillac region and most of them tended to be smaller and newer companies, with a majority employing less than 20 people and being founded within the last 25 years. However, 4 of them reported an increase in sales, 2 reported constant sales, and a majority was interested in a business incubator, so machinery manufacturing also seems to be a growing industry in the Cadillac region.

Electrical

Electrical manufacturers in the Cadillac region submitted 4 responses to the manufacturer survey. Located equally between Wexford and Osceola Counties, half of the companies had between 151-250 employees while the other half had less than 50, and their age ranged from 20 to 77 years old. It is also worth noting that all 4 companies were interested in a regional business incubator program near Cadillac even though 75% of them already reported higher sales in recent years, making it another growing industry.

Transportation

The results of the manufacturing survey showed that there were 3 responses from transportation manufacturers in the Cadillac region, with one company from each Wexford, Missaukee, and Osceola Counties. A possible sign of a growing industry, a majority of these companies were founded within the past 6 years, have at least 151 employees, reported a recent increase in sales, and are still interested in regional business incubator services.

Furniture

There was only 1 furniture company that completed the Cadillac region manufacturer survey. Being a large company with 500+ employees that was founded 6 years ago, they reported higher sales over the past few years, but remain uninterested in a business incubator in the Cadillac region.

Miscellaneous Manufacturing

9 of the Cadillac region companies who responded to the manufacturer survey classified themselves under the miscellaneous manufacturing category. Although 66% of these manufacturers are located in Wexford County, there was a lot of variation amongst their responses. A couple examples of this include the amount of people employed by the company, ranging from 1-10 to 351-500 employees, as well as the date they were founded, ranging from 3 years old all the way to 95 years old. 4 manufacturers reported higher sales over the past few years while another 3 reported constant sales, but the industries in this category are too varied to make any assumptions about growing or declining industries in the area. It is also worth noting that only 33% of these manufacturers indicated that they would be interested in business incubation services in the Cadillac region.

Manufacturer Survey Responses

Details of the 11 industry sector responses are available upon request and approval by the City of Cadillac Office of Community Development.

Economic Development Organizations

The following organizations can provide systematic support to aspiring start-up companies and small businesses within the Cadillac region as well as outside regions. Model business development organizations from various states are highlighted, all providing comprehensive services to help start-up companies succeed within their state.

Cadillac region

The state of Michigan provides general start-up resources to business through providing access to capital funding, mentoring, and incubator or lab locations. Michigan Business One Stop provides online resources to businesses while providing them access to government agencies. This is coupled with companies being able to provide financial support and assistance such as the Michigan SmartZone Network, which is a new innovative program designed to stimulate growth of technology-based jobs, and the Michigan Venture Capital Association helping to bring together industry participants.

Northwestern Michigan College offers a wide array of services for businesses including training, research, sponsorships, and professional development services. Additionally, they have access to a water-side meeting and banquet facility (located on Grand Traverse Bay) with room to accommodate 380 people.

The Economics Research Associates compiled a Market Analysis for the city of Traverse City, focusing on retail trends throughout the community, while providing necessary steps for future success for businesses in the Traverse City area. This advice dealt with rising real estate prices which are out of alignment with possible increases in sales, as well as analyzing the importance of consistent business operation and customer service.

Outside region

The Economic Development Group is a national research group with clients in almost every United States state, as well as other countries. Their goal is to provide professional leadership through cutting edge technology in order to improve economic evaluation and strategies. This is done through their involvement with professional organizations, publications, and conferences. The results of these endeavors are then shared via the Internet for all those interested.

SPARK Ann Arbor is a company able to provide entrepreneurial support through networking and training opportunities, given to clients through a series of seminars and educational opportunities. Access to marketing professionals is available through a 10-session series where the client can discuss practical and cost-effective marketing strategies. Through SPARK's Entrepreneur Boot Camp, the clients are able to possible secure funding, gain access to key talent, and identify the key issues in their business plan.

The Michigan Small Business & Technology Development Center compiled a guide to starting and operation a small business. The analysis provides general and Michigan-specific guidelines to start a business while complying with tax obligations as well and basics on hiring and marketing strategies. The guidelines indicate the importance of running a cost analysis, writing a business plan, identifying a management team, and obtaining financing.

The following states have created Small Business Development Centers (SBDC) that make an impact on small business development in their area, and should be used as a model for small business development throughout the country:

- Indiana: comprised of various regional offices which each have their own collection of specialized business programs to offer. The Indiana SBDC has a database of other Indiana companies which is accessible for businesses to link to and network with each other. Additionally, the organization provides various different marketing and business planning strategies.

- Pennsylvania: provides similar services to Wisconsin and Utah's centers, but they also emphasize the importance on assisting the small businesses in creating an exchange network for buying, selling, and trading. Additionally, they provide voter resources so that small businesses can interact with elected officials in order to educate themselves on what issues should be most important for small business success. Online tutorials about business ownership and creation are provided so individuals can learn more on their own time as well.

- Utah: provides the same resources as the Wisconsin Development Center. Additionally, the Utah SBDC has resources to provide funding and capital for startup ventures and existing businesses, as well as providing network referrals, and assistance with business management, market research, and financial forecasting.

- West Virginia: provides services and programs to small businesses. These services include market research, procurement assistance (federal, state, and local), financial assistance, and commercialization programs to name a few. Additionally the West Virginia SBDC can provide disaster prevention/recovery plans, as well as assisting in resolving problems with regulatory agencies.

- Wisconsin: provides business assistance, training, and resources to aspiring small businesses. This is done through one-on-one assistance for the development center staff, as well as training courses and networking events put on by various small business development centers throughout the state.

The following states have created business development organizations aimed at helping all types of businesses succeed, establish their presence and maximize their success as a result of taking advantage of their available resources:

- Georgia: The University of Georgia heads the SBDC which focuses on business consulting and changing, and has various offices across the state. The Georgia SBDC made an impact by creating revenues of $993 million and almost 2,000 jobs in 2010. The organization was able to improve both sales and employment base by 7.5% in the last year, as well as providing client access to $139 million in commercial loans and equity investments.

- Maryland: Their Department of Business and Economic Development boasts the #1 ranking in the country in Entrepreneurship and Innovation in 2012. Their interactive website provides clear guidance to starting a business, as well as working, living or moving your business to Maryland. In 2015 the organization is bringing 1,000+ full-time jobs to the state through partnership with Amazon. Their business resources include access to capital, tax credit programs, business-to-government networking, commercial development, recruitment and training, as well as certification and contracts.

- Minnesota: The Minnesota Department of Employment and Economic Development provides many resources to local businesses. They provide information on starting, financing, and managing a business, as well as providing ways to look for potential employees and available business sites. The potential business site section is a comprehensive compilation of major industries, companies, as well as education, incentives and business climate. The organization provides opportunities to those with disabilities to participate in business development, as well as providing similar opportunities to veterans.

- New Hampshire: New Hampshire Division of Economic Development is able to provide assistance and resources for adapting or expanding your business to the circumstances necessary if you are re-locating your business to New Hampshire. The organization is partnered with the divisions of Travel and Tourism, Parks and Recreation, Forest and Lands, as well as the International Trade Resource center to ensure that the potential of the state is capitalized.

- Oregon: Business Oregon is an agency that provides access and information about various federal and state programs which may be useful to aspiring small businesses in regards to training, counseling, financing, and business plan development. Business Oregon is able to connect the small business owners to appropriate organizations willing to provide assistance.

Education Opportunities and Analysis

Missaukee and Wexford Counties

Missaukee and Wexford Counties make up the Wexford-Missaukee Intermediate School District, which provides both counties with certain educational benefits. Missaukee and Wexford both have high school graduation rates slightly over 86%, however both counties have only 13.4% (Missaukee) and 16.5% (Wexford) of their population reporting having a college degree[7]. In hopes to increase the educated population in these neighboring communities, high school students have access to the Career Technical Center (CTC)[8]. The CTC offers students the opportunity to earn dual enrollment credits, while providing them with experience in industries that will be useful in the workforce (Natural Resources, Health Care & Science, Engineering, Digital Media Productions, and Business, among others). Students are able to earn a minimum of four college credits, free of charge, upon completion of their senior year of high school. The opportunity to earn college credits in a variety of fields will hopefully encourage more students to pursue higher education, which will hopefully influence the community in a positive way.

Osceola County

Osceola County has a high school graduation rate of 86.5%, and only has a college educated population of 12.5%. This county is served by the Mecosta-Osceola Intermediate School District, as well as some sections which are served by the Wexford-Missaukee Intermediate School District. The benefits provided by the Wexford-Missaukee district remain the same as those stated in the above information. For the remainder of the county, the Mecosta-Osceola district employs its own programs for secondary education achievement. The Mecosta-Osceola school district provides their students with career planning for jobs after high school graduation, as well as helping provide them with opportunities to earn college credit while in high school[9]. The Career Center provides students with skills classes to assist with career planning, job leads, resume writing, portfolio creation, applications, interviewing, and job retention skills. The school system also offers classes which can be applied for future credit at local Michigan educational institutions such as Ferris State University, Davenport University, and Mid-Michigan Community College.

Lake County

Lake County has the lowest high school graduation rate of the four counties at 81.9%, and a college educated population of 9.6%[10]. Currently, the county only has 29% of their high school students at a proficient reading level[11]. In order to encourage the county's youth population to pursue higher education, Lake County has installed the Baldwin Promise starting in 2010. The Baldwin Promise is a scholarship program designed to help break the poverty ridden cycle that has become a standard for many in this county, by helping these students gain access to higher education. The program provides each graduating high school student with the opportunity to earn up to $20,000 in scholarship money towards four years of college education. The community hopes that with this new scholarship fund, they may be able to keep some of the younger working-age population in their county. Out of the four counties surveyed, Lake County has the highest median age at 50.1 years.

[7] Factfinder.org
[8] Wmisd.org
[9] www.moisd.org/careertech/studentcareerservices/
[10] www.Factfinder.org
[11] Stateofopportunity.michiganradio.org

Comparison to the State of Michigan

Compared to the demographics of the entire state of Michigan, all four counties surveyed have a lower high school graduation rate than the state-wide average of 88.4%. The discrepancy in academic attainment is even more glaring when the amount of college educated individuals is compared, which is 25.3% for the state of Michigan[12]. The college educated rate for the entire state is almost double the rate we see in the four counties surveyed. Michigan also provides state-wide educational incentives that anyone may try to gain access to[13]. The Tuition Incentive Program (TIP) helps provide tuition assistance for the first 2 years of college, and possibly more, for eligible high school students. However, they are difficult eligibility requirements which consist of having Medicaid coverage for a 24-36 month consecutive period, and the individual must apply for the TIP before their graduation or GED completion. If granted the TIP, the student can use the money at participating Michigan colleges and universities, and it must be used within four years of graduation. The state also has a "planning for college" webpage designed to aid students with career preparation, application, and financial aid documents. Some of the tools include a budgeting spreadsheet for before and during college, as well as providing new resources to high school counselors to assist them with preparing students for post-graduation education.

[12] www.Factfinder.org
[13] www.Michigan.gov

Job Training Opportunities and Analysis

Wexford and Missaukee Counties

Wexford and Missaukee Counties share resources for technical job training and assistance, as well as a shared education system. As seen in the education section above, the Career Technical Center (CTC) provides technical job experience and planning for those expecting to enter the job market. However, the CTC program is geared towards high school students, and these resources are not available to adults whom may be looking to find work. Therefore, the Business Training Alliance (BTA) was created in 2011 as a partnership designed to make training opportunities more accessible for entrepreneurs and business communities within Wexford and Missaukee Counties[14]. Services provided by the BTA include counseling and market research. Additionally, their partnership with the Michigan Small Business & Technology Development Center (MI-SBTDC) has be able to further extend the amount of resources provided, and has counseled over 40 small businesses, created 14 businesses, and 20 new jobs.

Lake and Osceola Counties

Lake County and Osceola County are both provided job training and assistance through a Workforce Service Center located in Reed City, Michigan (Osceola location) and Baldwin, MI (Lake County location). Services it is able to provide are assistance finding work anywhere in the state of Michigan, free of charge through online and face to face interaction with employers[15]. The Workforce Service Center is then supplemented by the Foundation for Behavioral Resources in Lake County and Hope Network in Osceola County. Both of these organizations provide the same services to help assist adult and youth employment and training programs, and services include job compatibility, matching job seeker to employers, classroom training, as well as potentially helping to pay part of the employees starting salary. The aforementioned services are provided to help defray the cost of hiring and training potentially under skilled workers for employers. Osceola County is also assisted by the Osceola Economic Alliance (OEA), which is a non-profit organization formed as the result of a partnership between Michigan State University Extension program and Osceola County[16]. While the OEA does not directly train for jobs, they do help facilitate the economic development in the county. The OEA is involved primarily with startup and existing small businesses, local government, and nonprofit organizations.

Education Resources from the State of Michigan

The State of Michigan provides resources on its website for individuals to access available job training programs and employment opportunities[17]. The Michigan Trade School is partnered with Michigan Works!, the company that manages the Workforce Service Centers we see in Lake and Osceola Counties as well as many other areas throughout the state. Additionally, Michigan has a National Career Readiness Certificate, which is a series of tests that determine if an individual has the core job skills needed for many common jobs throughout the workforce. These skills include applied mathematics, locating information, and reading for information. These certificates will help Economic Developers and employers help create jobs in a given area.

[14] www.nwm.org/workforce
[15] Michworkswc.org
[16] www.msue.msu.edu
[17] Mitalent.org

Survey Methodology

The methodology used for the City of Cadillac Regional Innovation Center (CRIC) feasibility study is based on prior successful incubation studies conducted by the University of Michigan. Detailed surveys were developed for various populations to assess the current state of startups in the area and potential services that these businesses would need. These surveys were sent out to various entrepreneurs, manufacturers, economic development organizations, professional service providers, and young professionals in the area. Based on their feedback, a feasibility analysis was carried out.

Stakeholder Approach

CBAIS employed a regional, stakeholder-based approach to this study in order to maximize collaboration with local leaders and to ensure acceptance and understanding by the local community. According to the National Business Incubation Association (NBIA) Review, "effective networks increase access to specialized knowledge and services – meaning more people and more money to help business grow." In the preliminary stages of the study an advisory board was established, made up of local leaders with a vested interest in a potential business incubation program.

For the CRIC, the advisory committee was comprised of representatives from the City of Cadillac, Cadillac Area Manufacturers Association (CAMA), Mid-Michigan Innovation Center, Michigan Manufacturers Association (MMA), local industry companies and higher education institutions, as well as the University of Michigan. The City of Cadillac partnered on a national scale with the United States Department of Agriculture-Rural Development. Additional local industry partners included Cadillac Area Visitors Bureau, Manton Area Chamber of Commerce, Michigan Manufacturing Technology Center, Wexford County, and the Wexford-Missaukee Intermediate School District. The City of Cadillac partnered with higher educational institutions including Baker College of Cadillac, Central Michigan University, Ferris State University, and Northwestern Michigan College. To generate community support, CBAIS established and maintained regular collaborative communication with the advisory board and other key stakeholders in the study region for the duration of the project.

Contact Information Databases

Several contact information databases were generated in preparation for the data collection phase of this study. CBAIS made a list of entrepreneurs, economic development organizations, professional service providers, and experienced manufacturers in the region, to contact for the data collection phase. A majority of the entrepreneurs in the CBAIS contact information database came from the Doing Business As (DBA) files for the four counties involved in the project. The remainder of the contact lists was generated through extensive secondary research and from lists provided by CAMA and MMA. CBAIS also worked with the advisory committee partners to encourage their clients engage with the business incubation project in a manner that maintained the confidentiality of these clients.

Survey Design

The CBAIS research team designed four different surveys for this study:

- Entrepreneur Survey
- Established Manufacturer Survey
- Economic Development Organization Survey
- Professional Service Provider Survey

The mixed-use business incubator survey for entrepreneurs and City of Cadillac student/young professional survey was designed to determine what programmatic and physical characteristics entrepreneurs and entrepreneurial students need most in a business incubator.

The professional service provider survey and economic development group survey were designed to verify what resources, services, and business assistance are available to entrepreneurs locally and what services would be available to them potentially in the business incubator.

The established manufacturer survey was designed with a dual purpose. The first was to assess the supply and customer networks of manufacturers in the area in order to localize these value chains. The second was to determine if there were any manufacturers who could offer technical assistance to entrepreneurs in the proposed incubation program.

Before conducting the survey, a pilot study was conducted using the established manufacturer's survey. This was done to determine the effectiveness of the survey and the mechanism of administering the survey. The pilot was administered on established manufacturers in the Manistee Region, which is just outside of the target area, therefore giving an accurate representation of the usefulness of the survey and its mechanism, while not taking data points from the four counties.

Project Launch

In addition to the lists of survey contacts, CBAIS created a comprehensive list of the region's city officials, county officials, businesses, economic development professionals, education professionals, and state and federal government officials. All of these contacts were invited to an initial town hall meeting that introduced the Cadillac Region Innovation Center and explained the timeline, processes, and overall goals of the study.

Survey Administration

After the public introduction, CBAIS distributed information about the study via mail throughout the four-county region to all the entrepreneurs, manufacturers, professional services providers, and economic development organizations to encourage them to engage with the incubator project through a survey.

Over the course of the study, some of this mail was returned, signifying that the business closed, business location changed, or our information was incorrect. After updating our data, we called each organization individually to follow-up on the letter we mailed. We called each organization up to 3 times from March to June. We simultaneously categorized our lists with people who completed the survey, people who expressed an interest in the study, people who asked to be removed from the list, and people we could not reach.

After noticing the slow rate in feedback, we worked on a new strategy to increase the survey responses. We contacted the people who expressed an interest in the study through calls and e-mails. Also, through connecting with regional leaders, we were able to reach the respondents at a more personal level. After each response that we received, we sent a personal thank you e-mail including a request to send the survey link to someone they know who would also be interested in an incubator in order to gain as much knowledge of the region as possible.

Data Analysis

The data from returned surveys were entered into an electronic database using a codebook for data entry that was developed concurrently with the survey instruments. Aggregate analysis of the data was performed and used to assess the financial viability and program feasibility of a business incubator through the use of Qualtrics survey software.

Research and Best Practices

The CBAIS research team conducted case studies of successful business incubators in the US established and managed by community colleges. In addition, the team used best practices information from the national study on business incubation best practices, *Incubating Success: Incubation Best Practices That Lead to Successful New Ventures*, as a framework in for the recommendations that were made for the Cadillac Regional Innovation Center Incubator Initiative. There is more information on Best Practices for Successful Incubators - Case Studies, located in the Appendix.

Virtual Incubation

As the data collection phase concluded, CBAIS and the City of Cadillac hosted a business incubation information session for interested entrepreneurs, service providers, and other members of the community. At this session, CBAIS and CRIC reviewed the basics of business incubation and what a business incubator could offer the region.

The information session led into planning and preparing for the first business incubation program seminar. The City of Cadillac is currently initiating the business incubation program and beginning to offer entrepreneurs the information, resources, and business assistance they need through leveraging the resources identified in the region's professional service providers, economic development organizations, and experienced manufacturers.

Report and Recommendations

Based on the analysis of the collected data and information, CBAIS prepared this final report on the market demand and project feasibility for mixed-use business incubation program in the region including Wexford, Missaukee, Lake, and Osceola Counties. The report includes a context for growth of the incubation industry, market and feasibility analysis, detailed financial models, synthesized recommendations, a business plan, and next steps to implementation. Recommendations for the implementation of the Cadillac Regional Innovation Center were formulated based on gathered information and rendered knowledge.

Incubator Study Timeline

The following outlines both the timeline of the study and the recommended follow-up activities for the incubator study advisory board. The study began on September 2012 and ended in November 2013. The study occurred over a 15-month schedule:

Months 1 - 3
Initiate Incubator Advisory Board, Secondary Data Research, Build contact information databases

Months 4 - 6
Generate Project Materials, Engage with Community and Introduce Project – Kick Off Town Hall Meeting

Months 7 - 9
Launch Incubation Sub-Committees, Survey Administration and Data Collection

Months 10 - 14
Data Analyses and Program Initiation, Incubation Sub-Committee Work, Concluding Research and Compiling Final Report, Presentation of Results and Findings- Final Town Hall Meeting

The recommended tasks and timeline for the incubator advisory board sub committees are listed in the business and operating plan, on pages 137 - 140.

Entrepreneurs

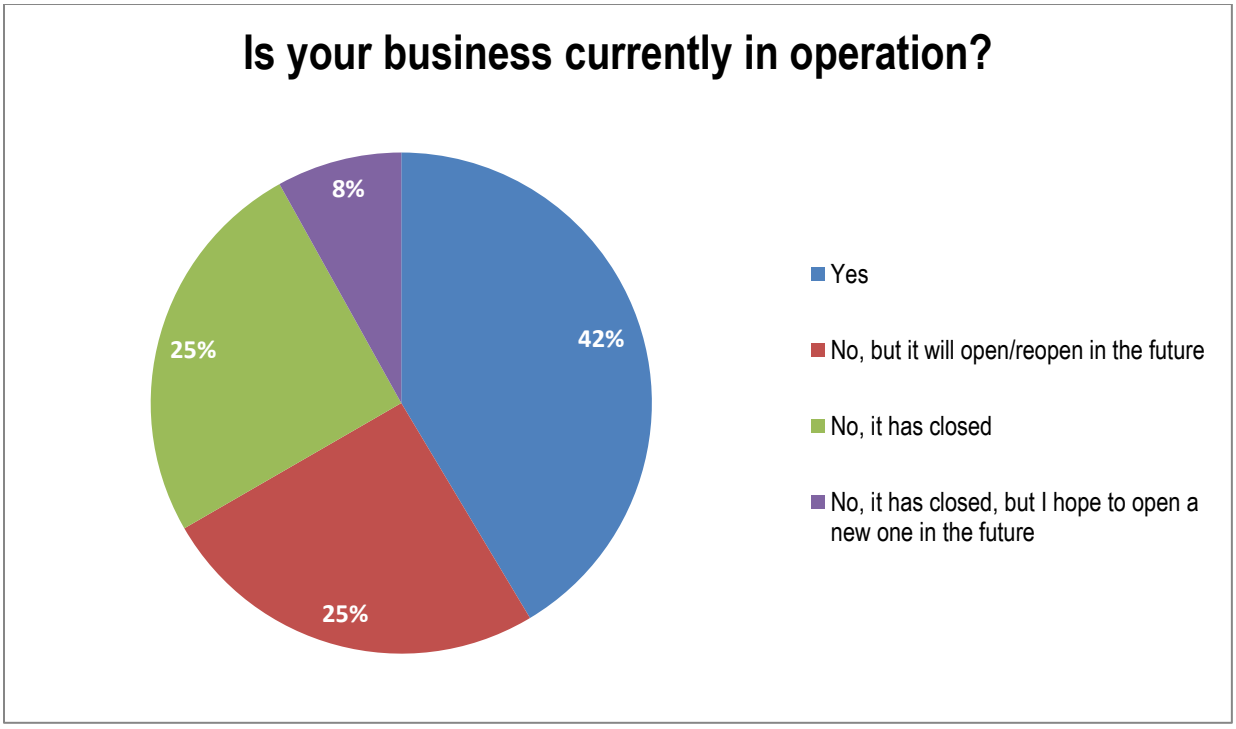
Responses from entrepreneurs indicate community support for the establishment of a business incubator program, as the large majority of respondents either "Strongly Agree" or "Agree" that the region could benefit from an incubator program. Responses also indicate that 92.6% of the responding entrepreneurs are interested in participating in the incubator program (Table 22). There was less interest in actually leasing space in an incubator facility, with 12% of respondents indicating desire to rent office space (Table 24). This is partially attributable to the fact that survey respondents were not able to visit a physical site and may not have a good understanding of the features and benefits of locating and participating in an incubator facility. When asked how much they would be willing to pay for the services of an incubation program, 48.1% of respondents said that they would participate, but not pay to do so (Table 22).

For incubator services and accessibility, the analysis indicates that 31.3% of potential incubator participants would like access to services through workshops, mini-courses, and seminars (Table 21). Similar interest was seen for receiving services through one-on-one consultations (28.3%) and mentoring (23.9%), but slightly lower interest was seen in web-based seminars (16.4%) (Table 21). The services with the most interest, both from businesses in operation and not in operation, include assistance with linkages to higher education, loaned executive, linkages to strategic partners, and business etiquette (Table 13). Additional areas for desired services include assistance with business accounting, business plan development, and general legal services (Tables 13, 14, & 18).

N=number of respondents

In this first section, the data provided refers to an Entrepreneur's current business.

Table 1: Entrepreneurs Business Currently in Operation



About 58% of entrepreneurs report that their business is not currently in operation (n=59).

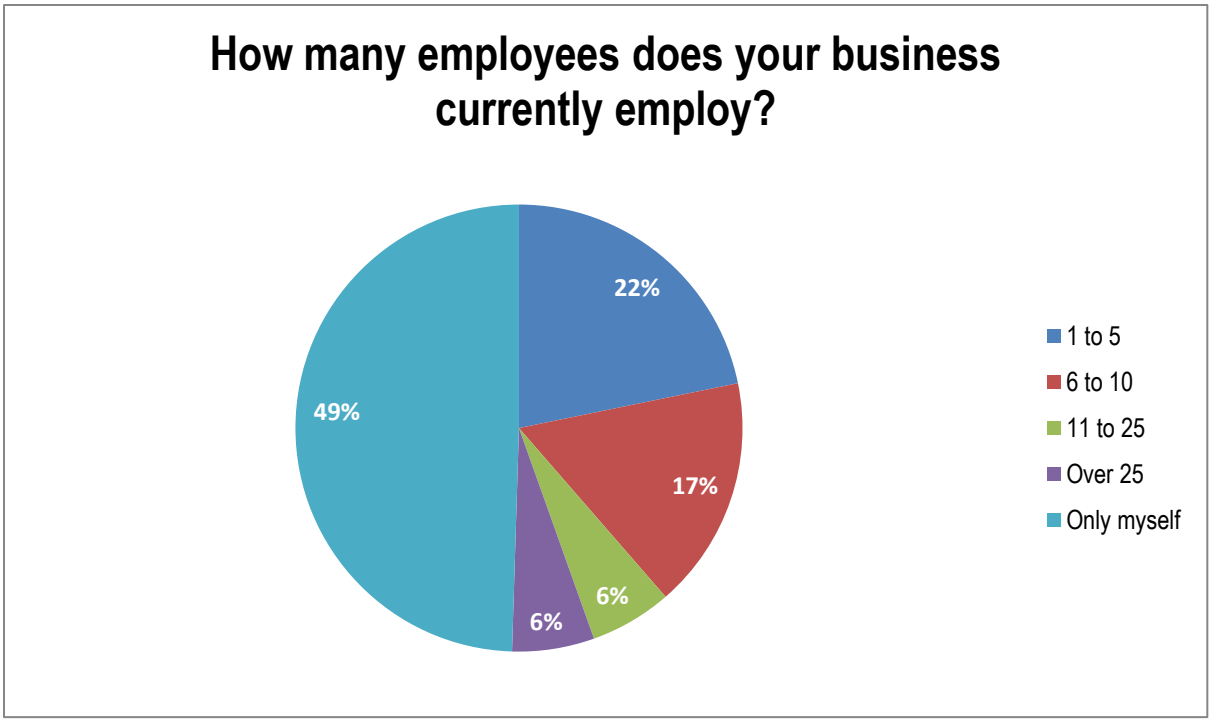
Table 2: Entrepreneurs Business Time in Operation

61% of entrepreneurial businesses report being in operation for a period of five years or longer (n=18).

Table 3: Entreprenuers Business Expected Start Time

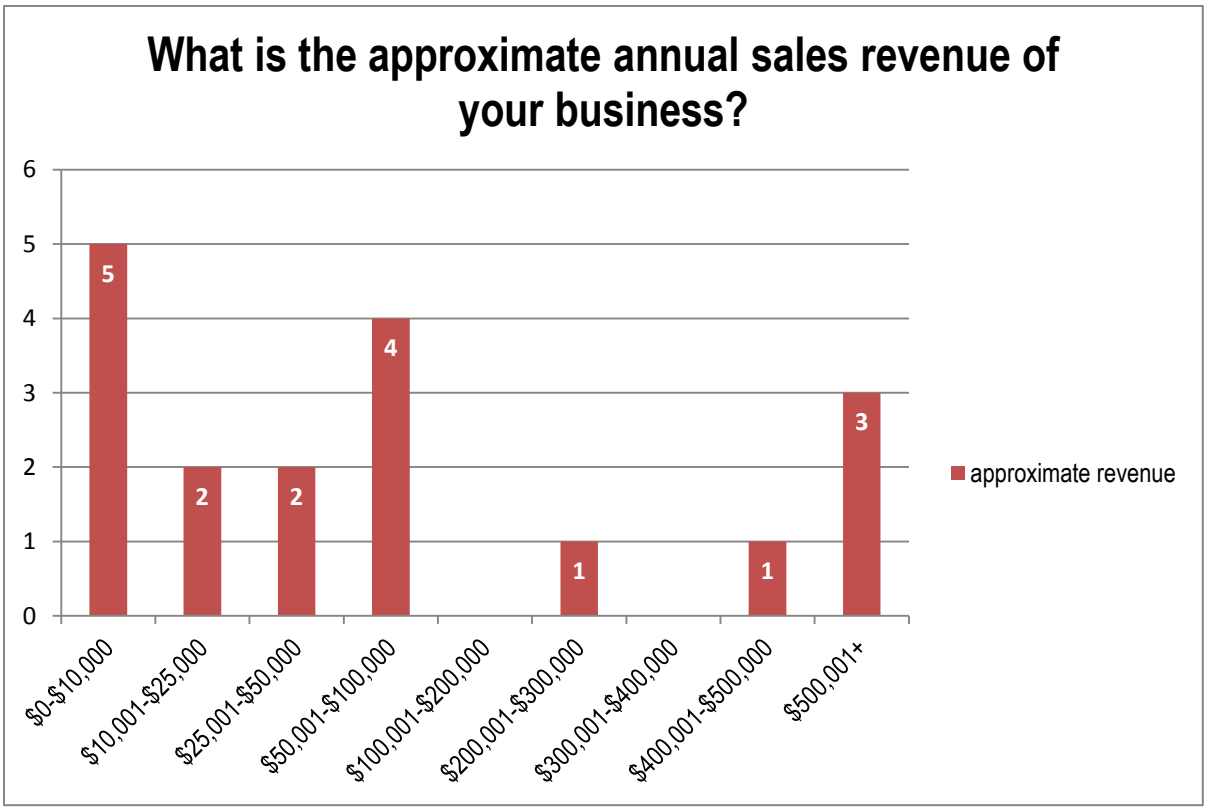
Of the entrepreneurial businesses that reported being closed, 61% of them are uncertain as to when they will begin operation again (n=18).

Table 4: Entrepreneurs Current Busienss Employees



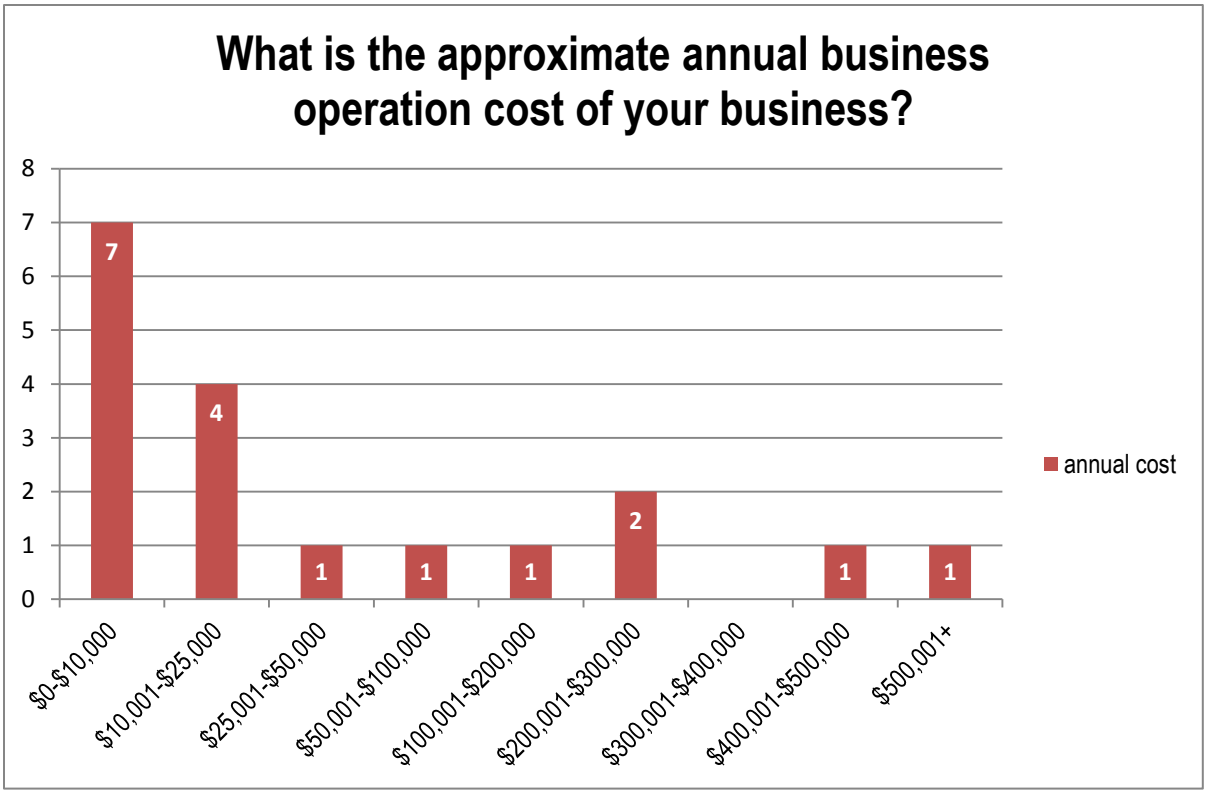
Almost half of entrepreneurial businesses owners do not have any other employees besides themselves (n=18).

Table 5: Entrepreneurs Business Annual Sales Revenue



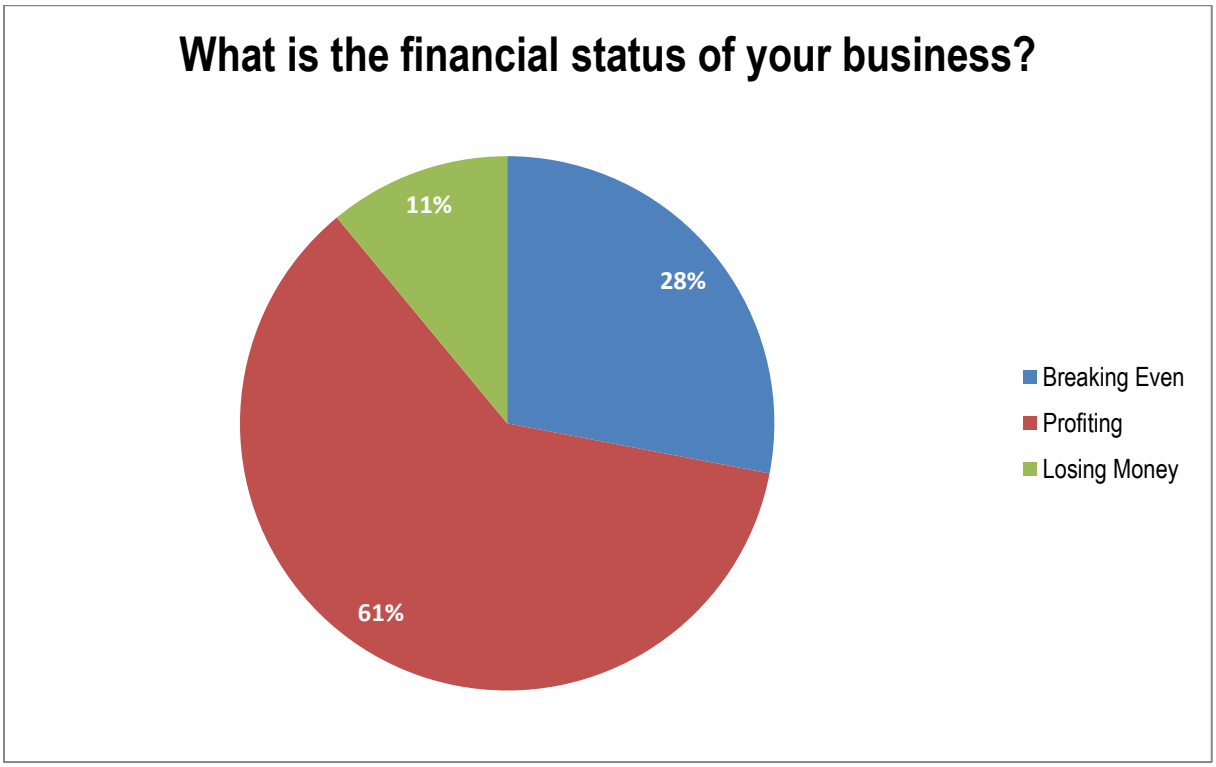
72% of the businesses report that their approximate annual sales revenue of less than $100,000 (n=18).

Table 6: Entrepreneurs Business Annual Operation Cost



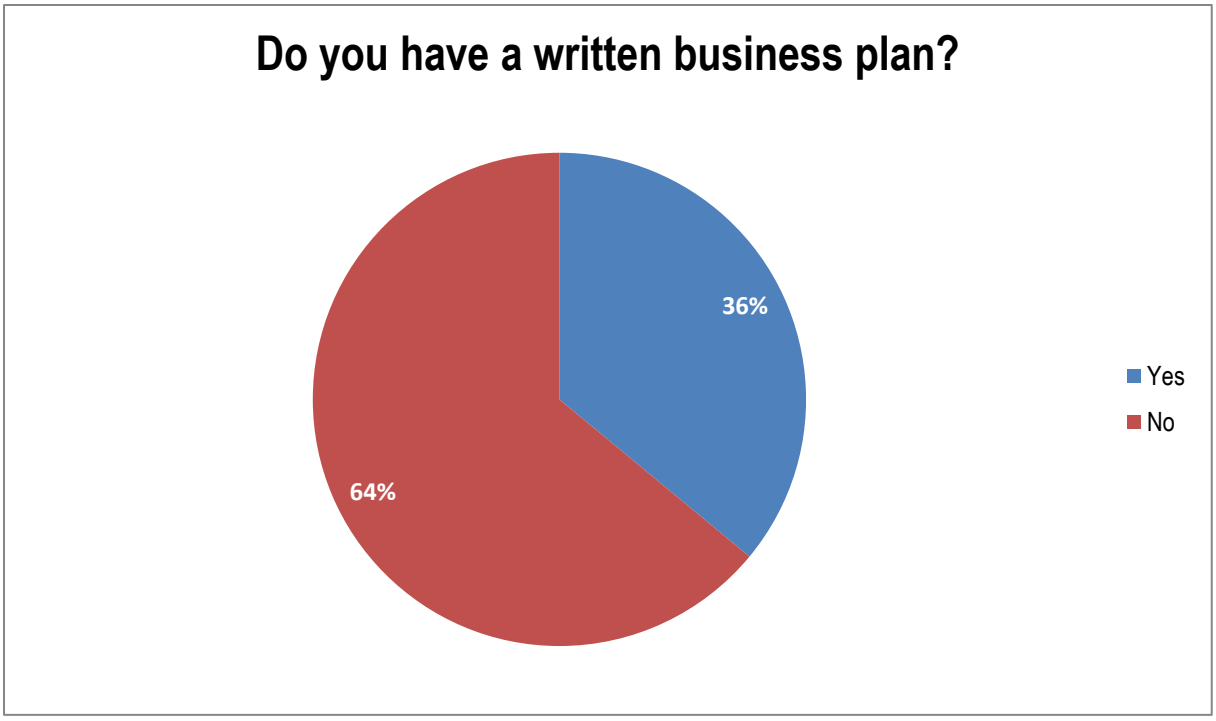
61% of the businesses report that their approximate annual operation costs are less than $25,000 (n=18).

Table 7: Entrepreneurs Business Financial Status



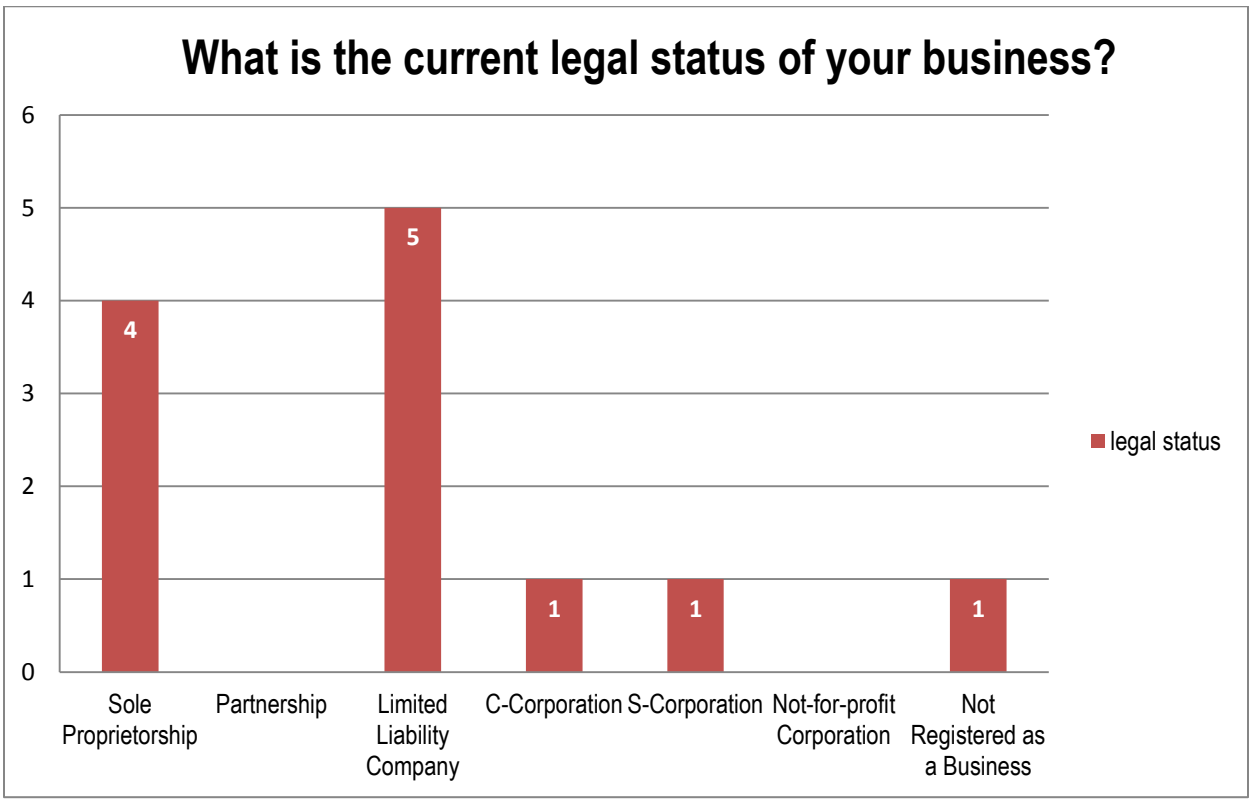
61% of respondents say their business has a profitable financial status (n=18).

Table 8: Entrepreneurs Written Business Plan



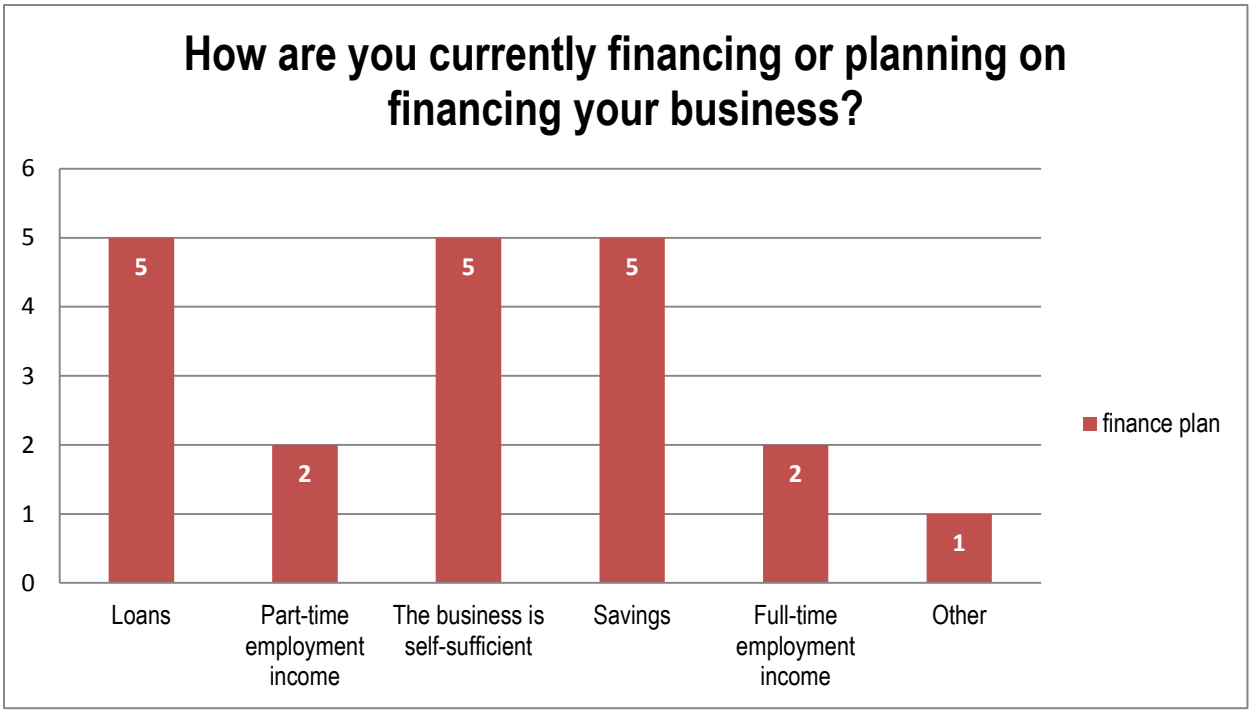
64% of respondents say their business does not have a written business plan (n=33).

Table 9: Entrepreneurs Current Business Legal Status



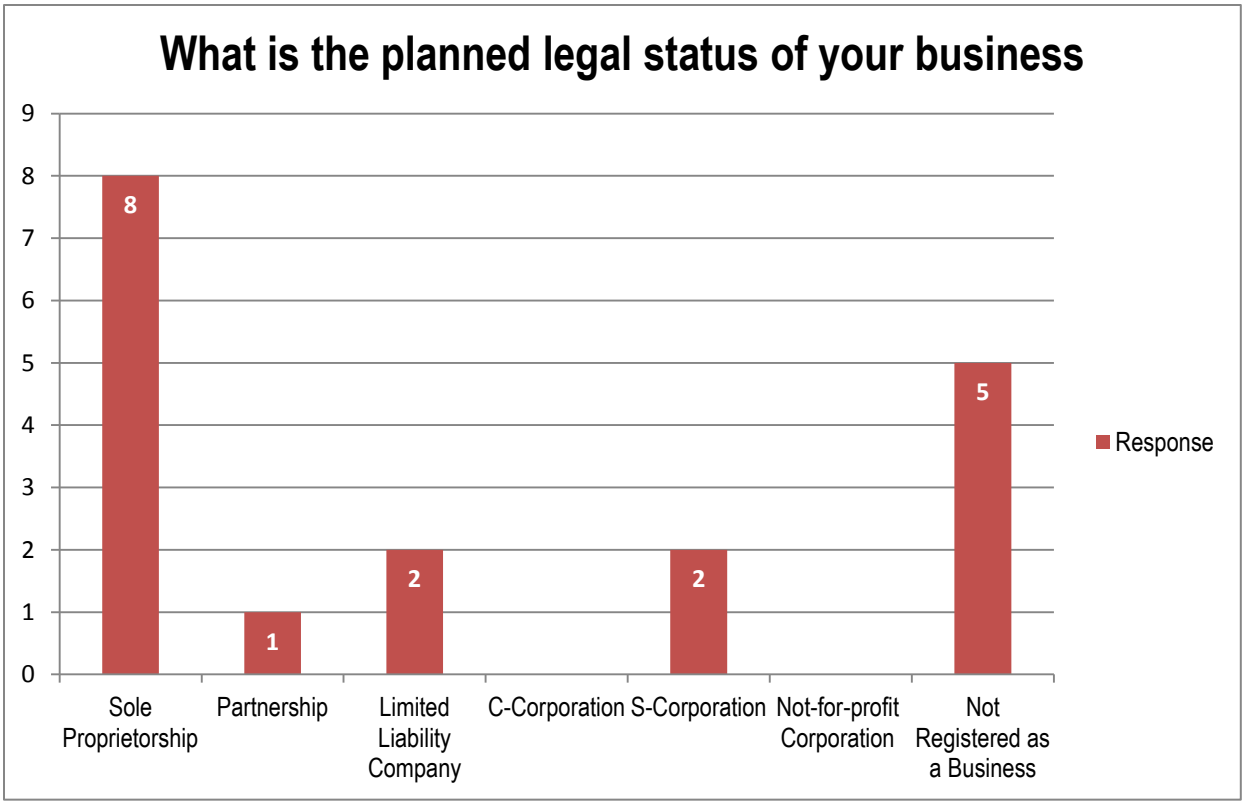
Roughly 92% of businesses report that they are an officially registered business (n=12).

Table 10: Entrepreneurs Current Business Financing



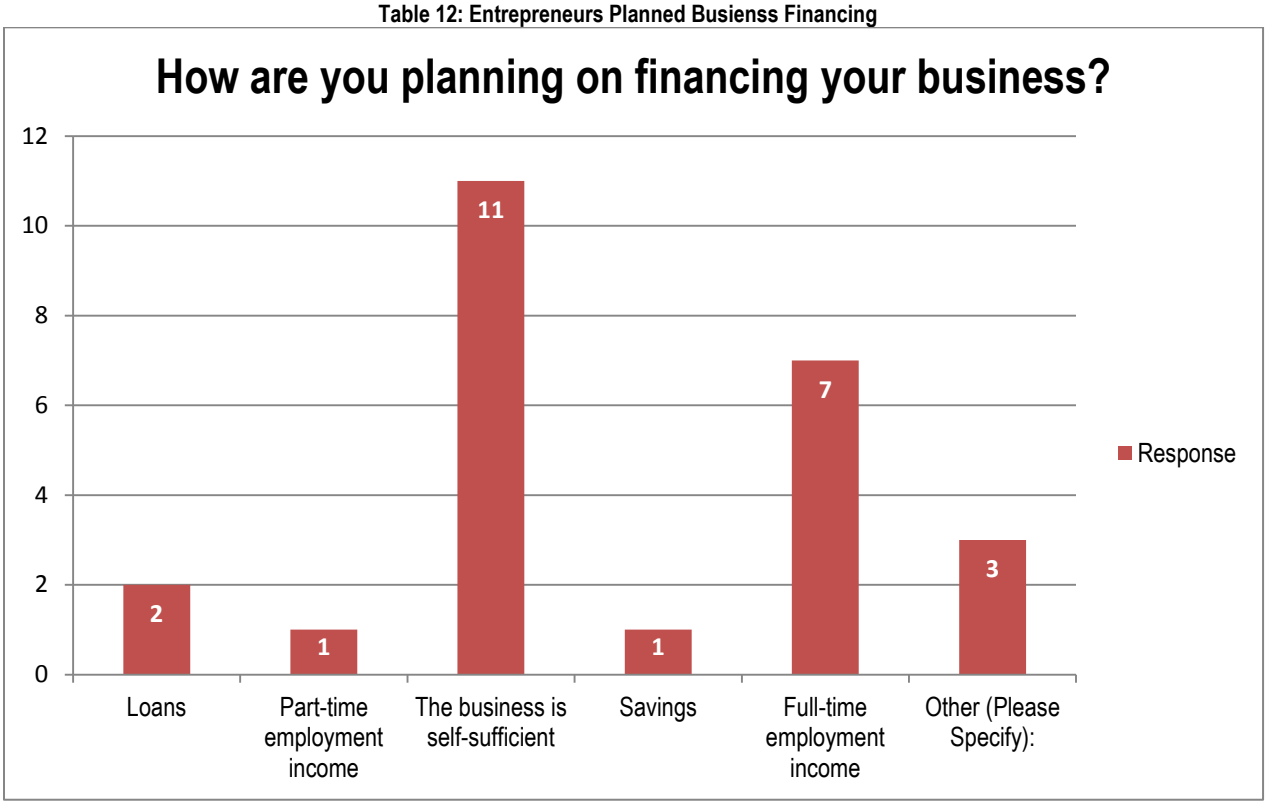
25% of the respondents reported a self-sufficient business, while another 25% also reported loans as a main source of financing their business (n=12).

Table 11: Entrepreneurs Planned Business Legal Status



44% of respondents indicated a sole proprietorship as their planned legal status of their business (n=18).

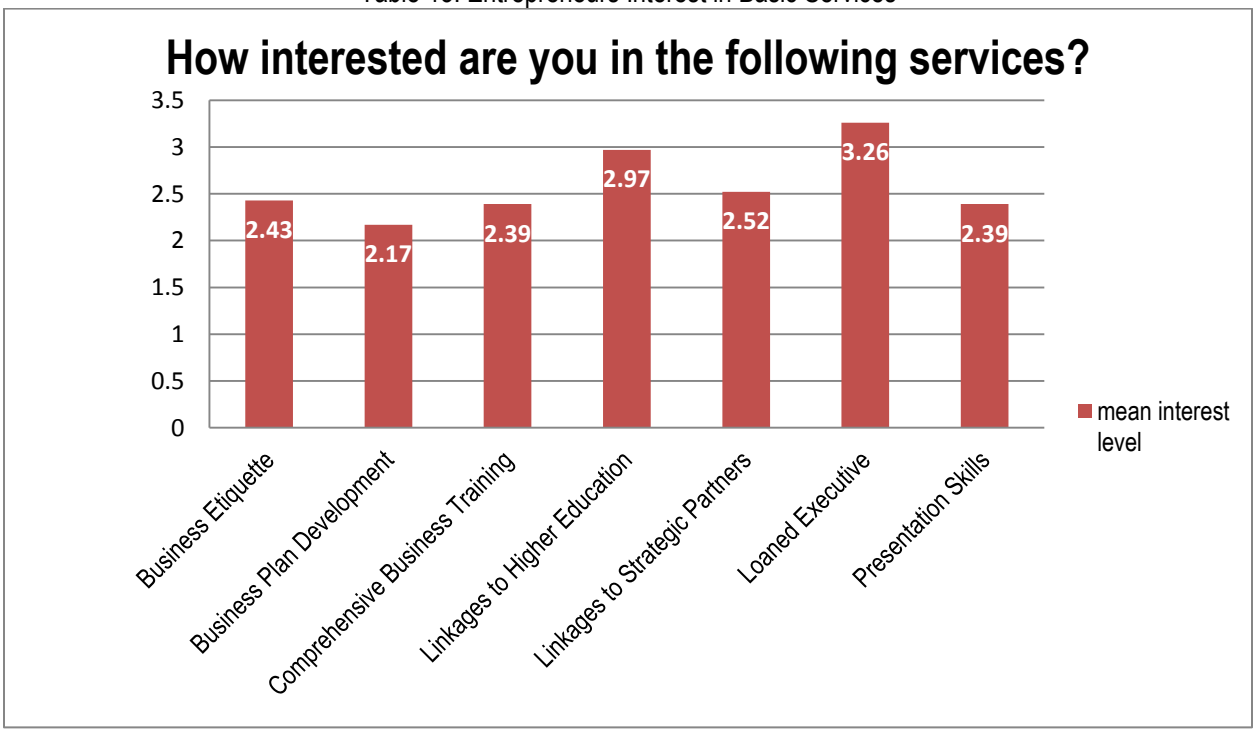
Table 12: Entrepreneurs Planned Busienss Financing



44% of respondents plan on having a self-sufficient business, while another 28% indicated financing their business through full-time employment income (n=19).

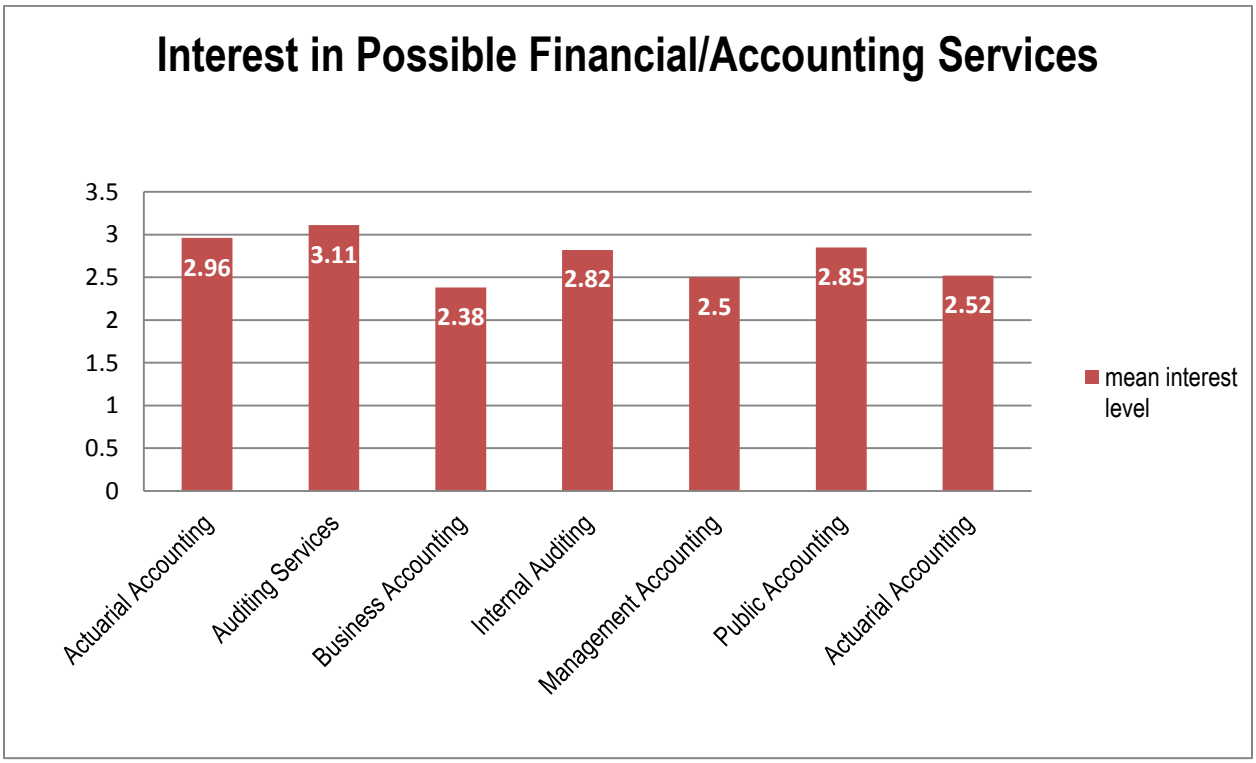
In this second section, the data provided refers to an Entrepreneur's interest in a regional business incubator.

Table 13: Entrepreneurs Interest in Basic Services



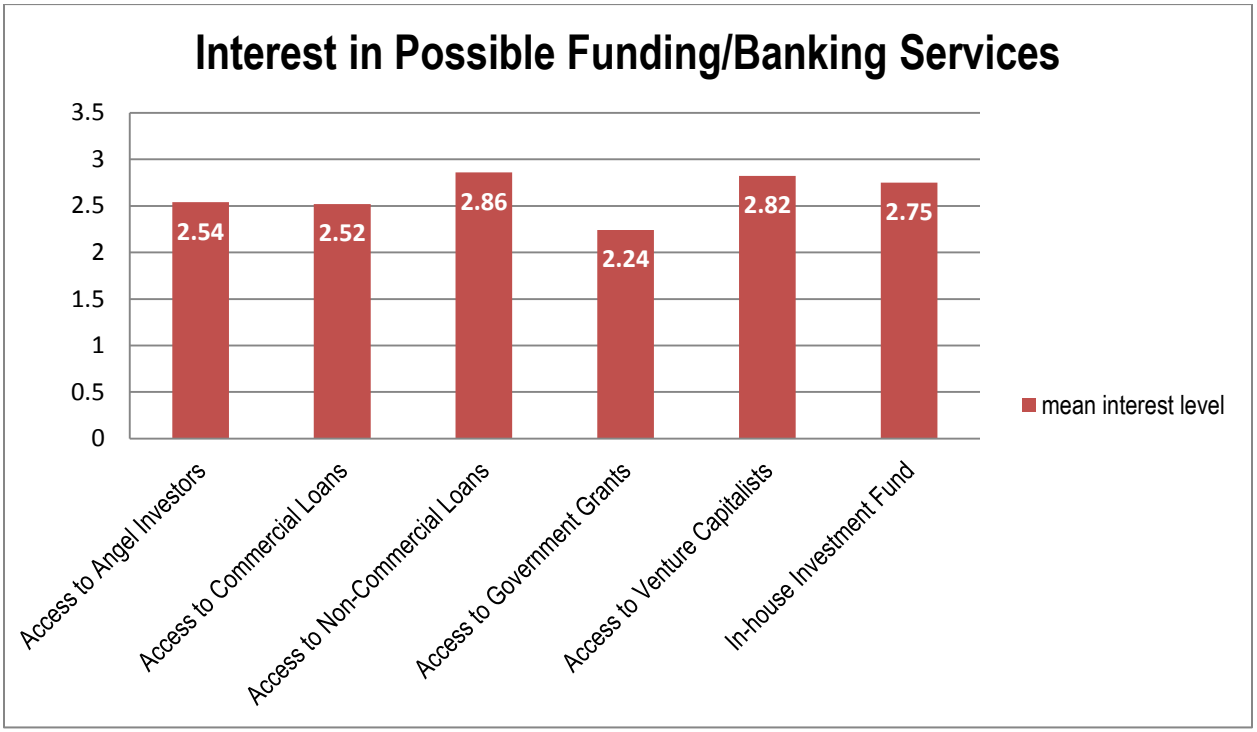
There is a very high interest among respondents in business plan development, comprehensive business training, as well as presentation skills (n=28).

Table 14: Entrepreneurs Interest in Financial/Accounting Services



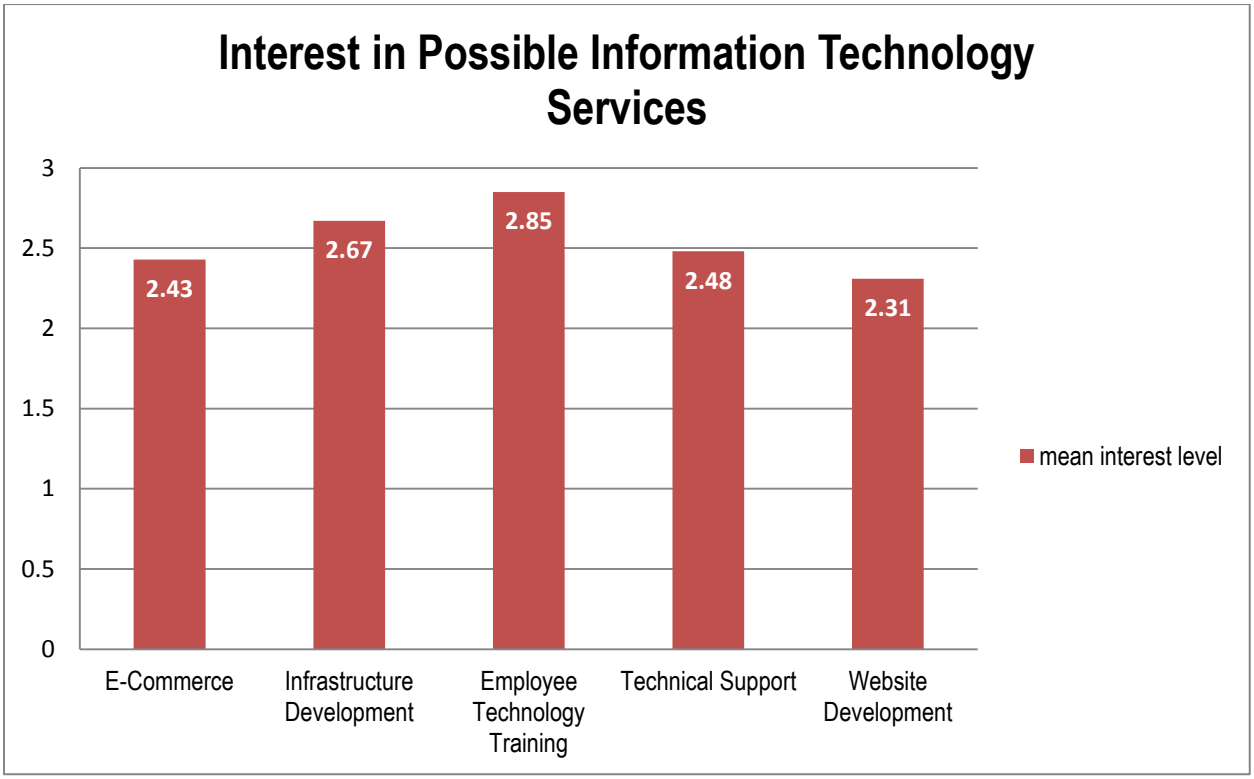
There is an extremely high level of interest among respondents for business, management, and actuarial accounting (n=28).

Table 15: Entrepreneurs Interest in Funding/Banking Services



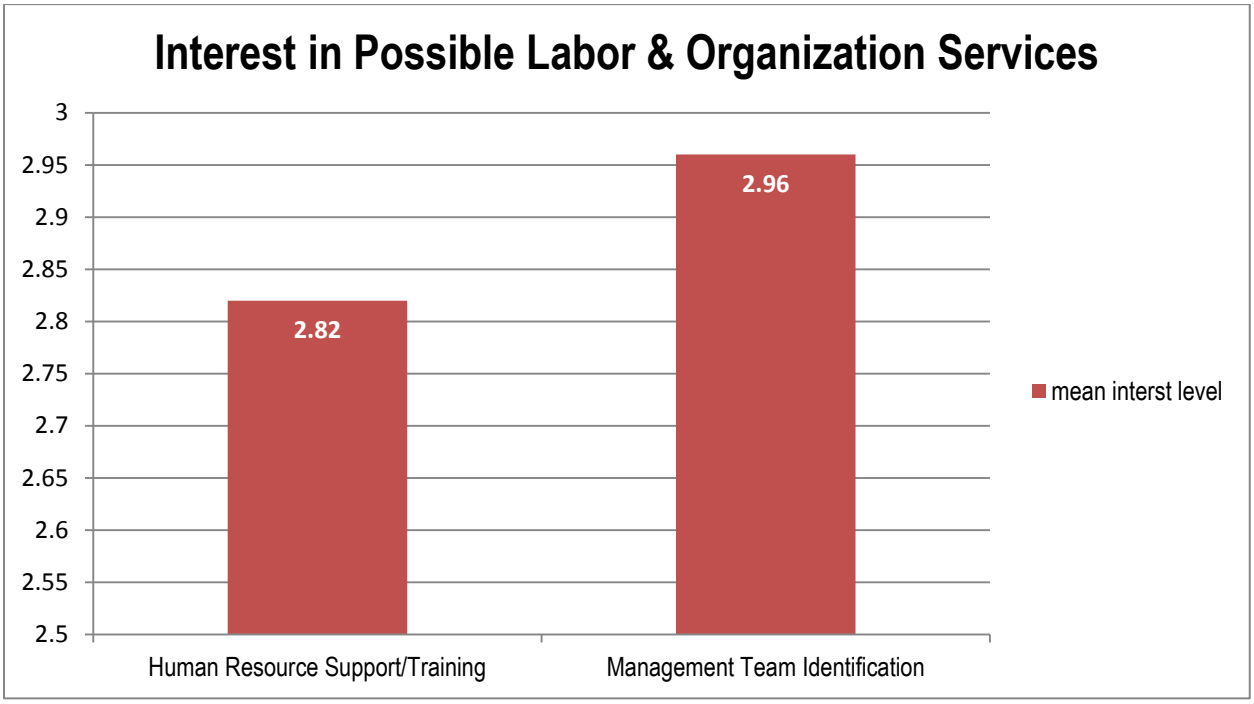
There is a consistent level of interest among respondents for possible funding and banking services, especially access to government grants (n=28).

Table 16: Entrepreneurs Interest in Information Technology Services



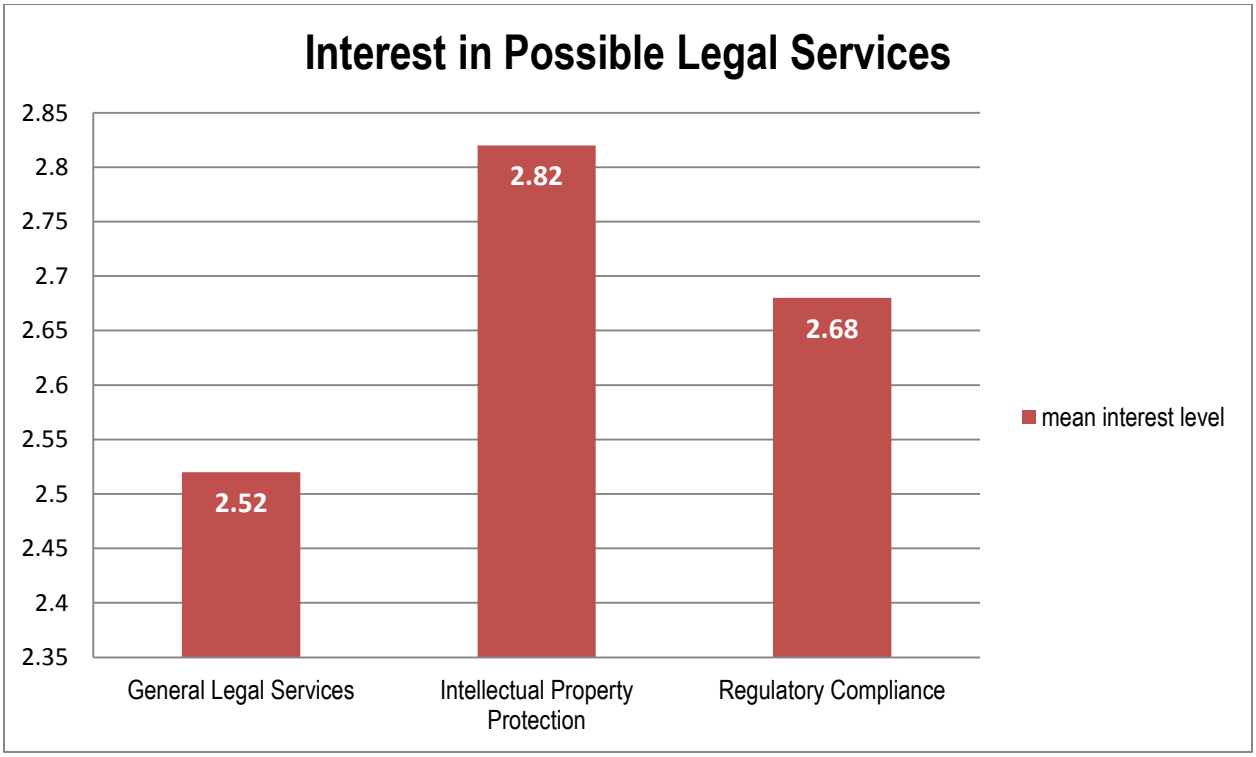
There is the highest level of interest among respondents for website development, e-commerce, and technical support (n=27).

Table 17: Entrepreneurs Interest in Labor & Organization Services



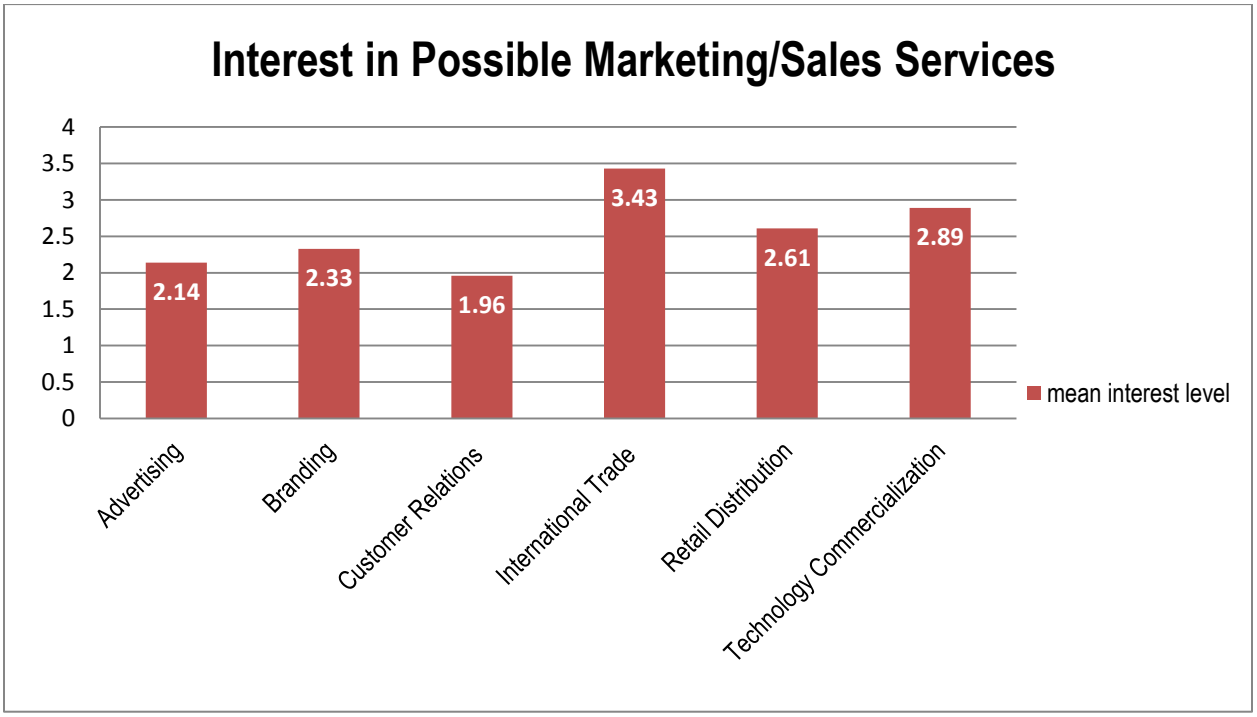
There is more of an interest in human resource support and training rather than management team identification in regards to labor and organization services (n=28).

Table 18: Entrepreneurs Interest in Legal Services



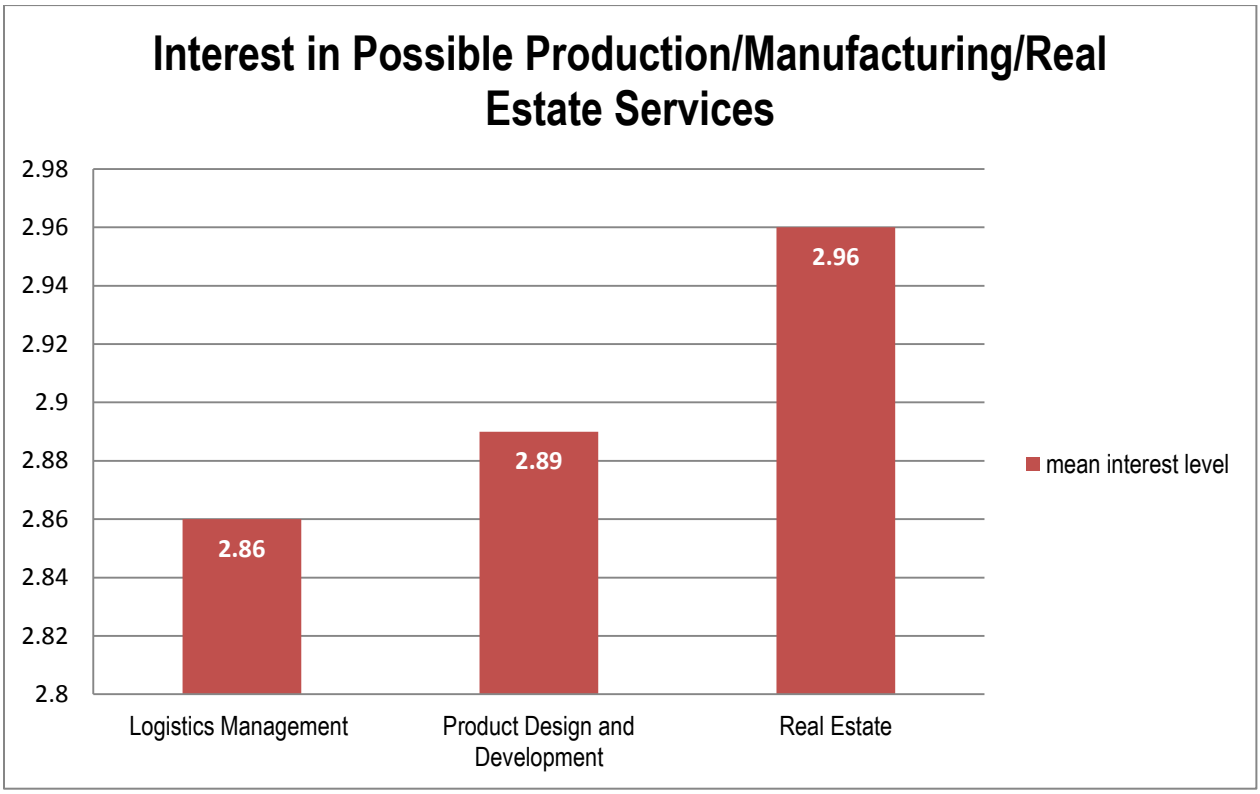
Respondents have a much higher interest in general legal services than intellectual property protection (n=28).

Table 19: Entrepreneurs Interest in Marketing/Sales Services



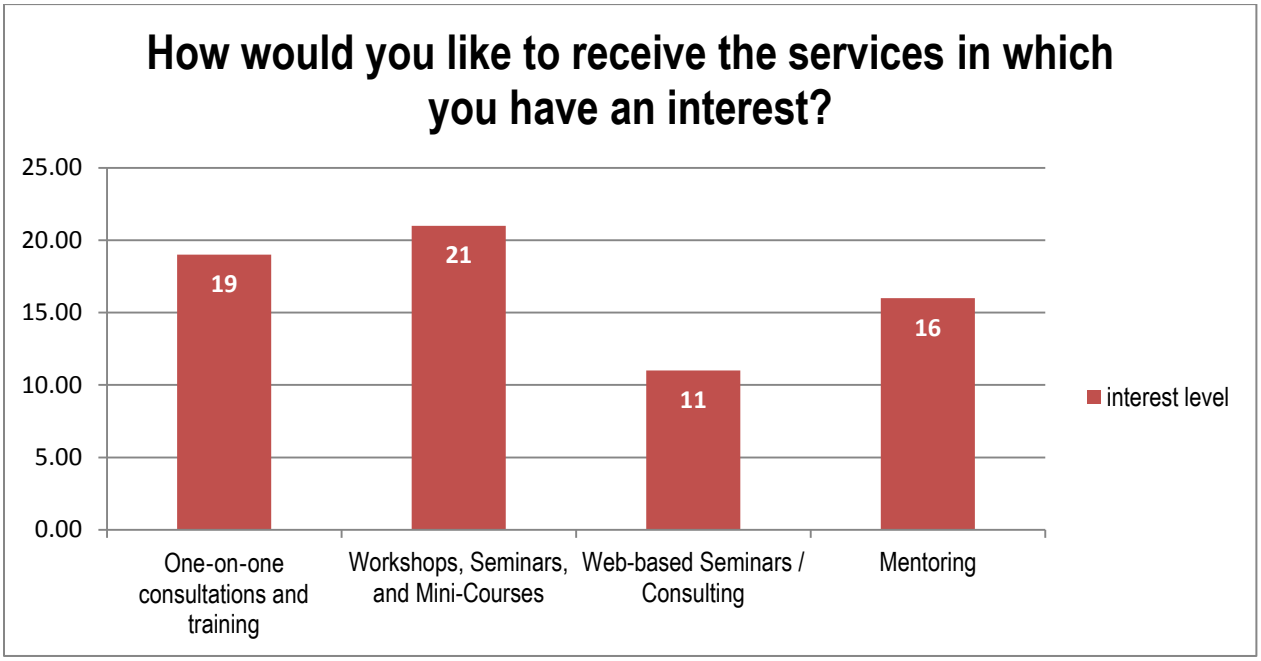
The highest level of interest among respondents in regards to marketing and sales was for customer relations, advertising, and branding (n=28).

Table 20: Entrepreneurs Interest in Production/Manufacturing/Real Estate Services



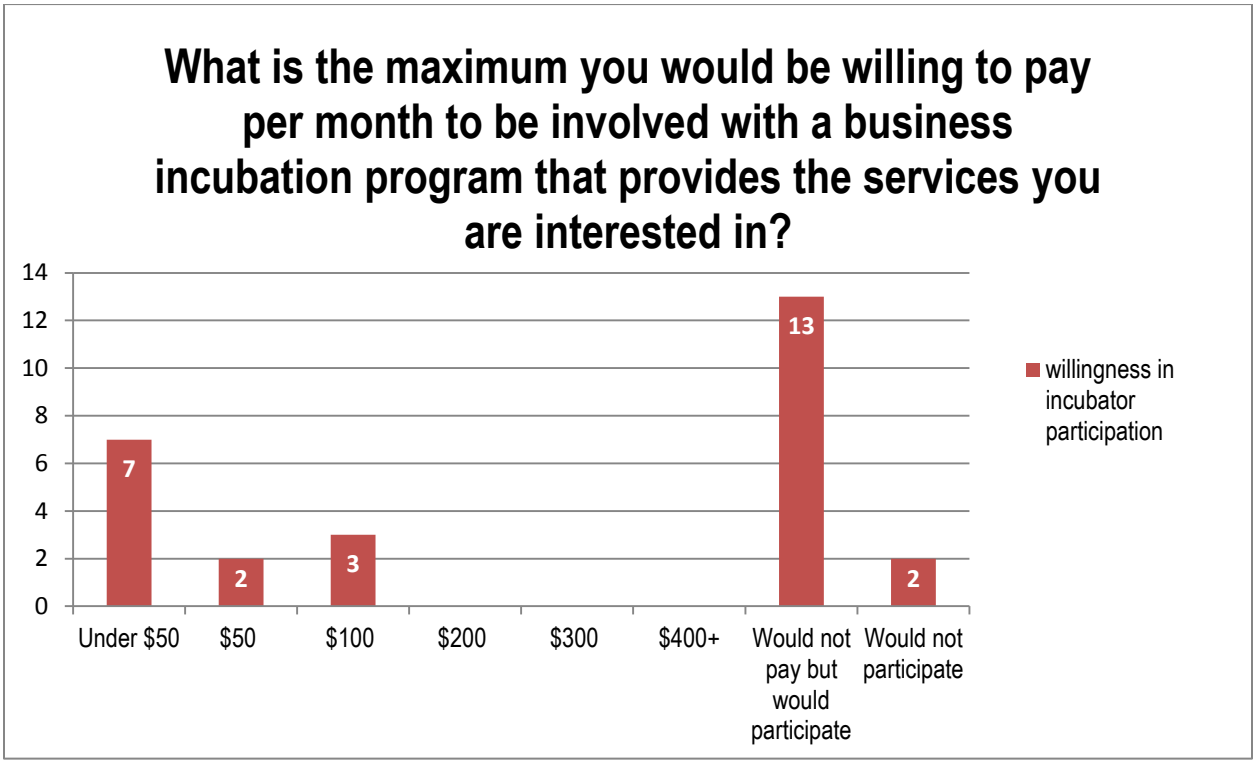
There is a higher interest from respondents for logistics management services rather than real estate services (n=28).

Table 21: Entrepreneurs Receiving Interested Services



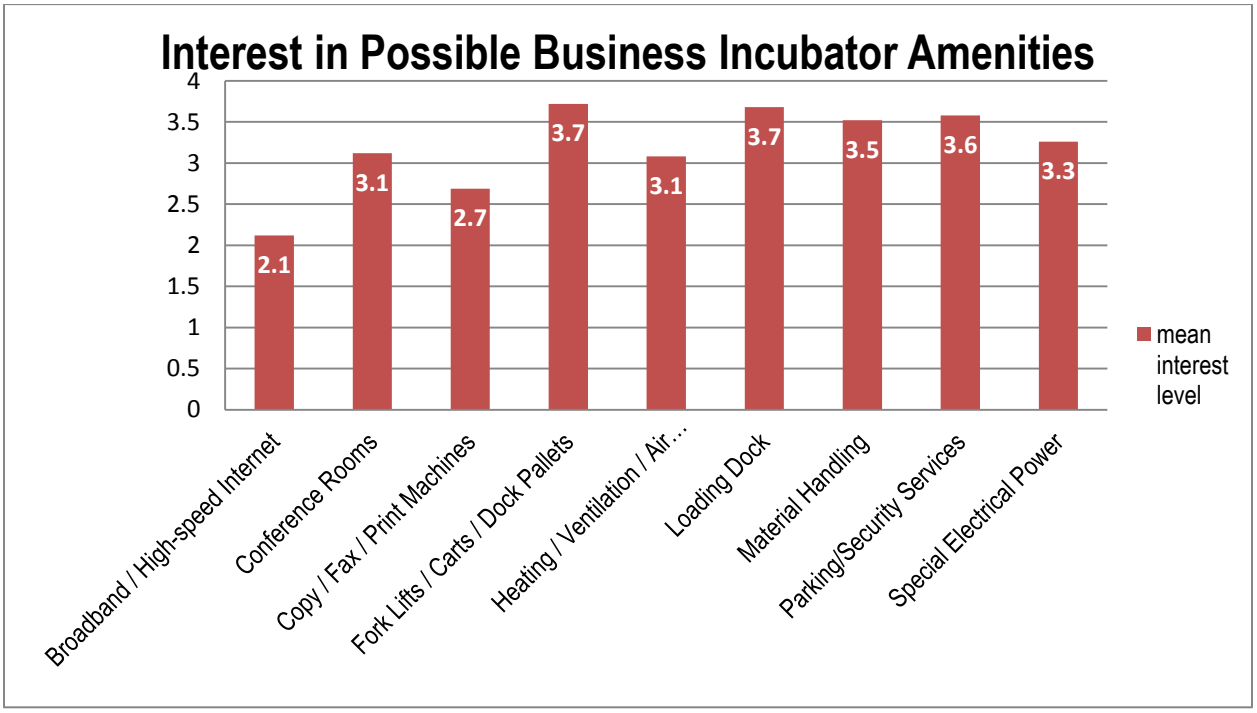
Respondents were most interested in receiving services through a combination of workshops, seminars, and mini-courses or one-on-one consultations (n=28).

Table 22: Entrepreneurs Payment for Interested Services



Most respondents are willing to participate in a business incubation program, but would not want to pay in order to do so (n=27).

Table 23: Entrepreneurs Business Incubator Amenities

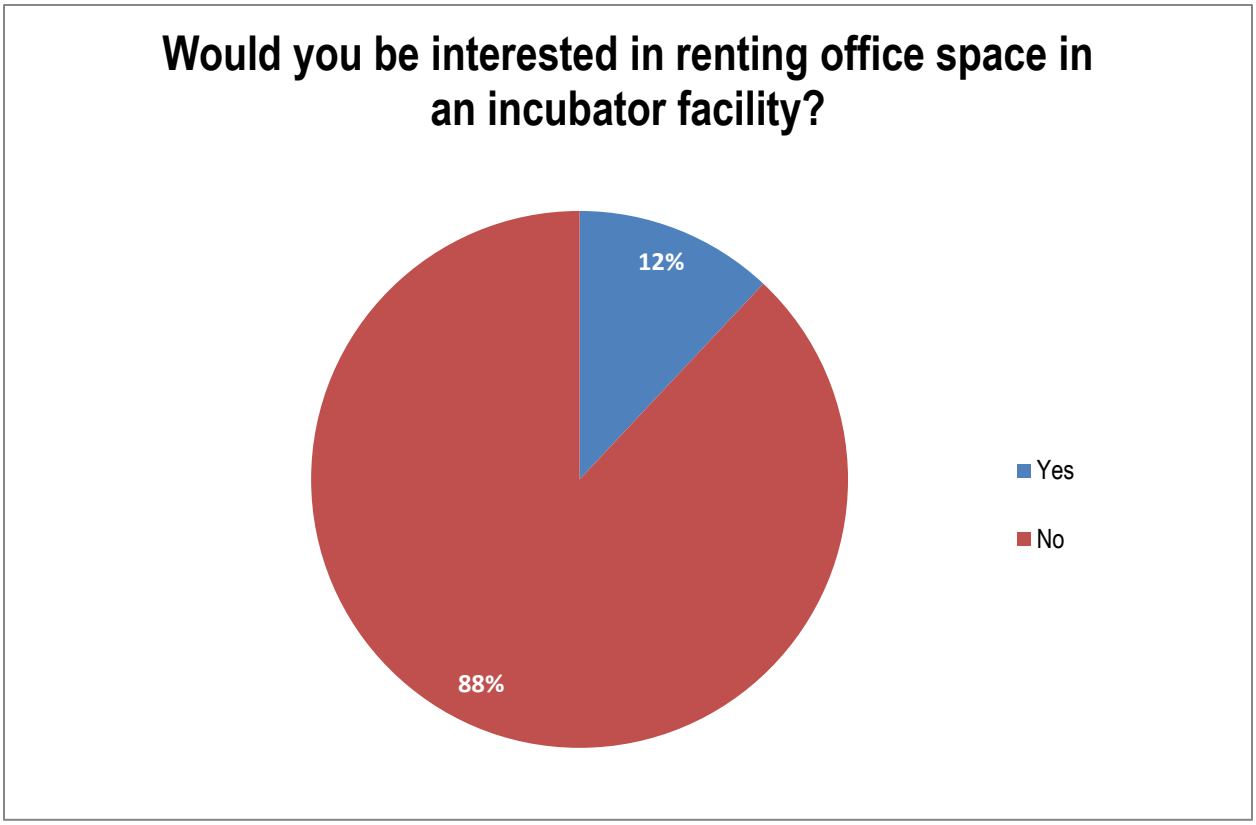


The largest percentage of survey respondents seemed to be the most interested in either broadband and high-speed internet or the copy, fax, and print machines that could be provided by an incubator (n=25).

Additional Desired Incubator Amenities from Respondents
• Some shared staff
• Greenhouse
• Shipping services, UPS Fed-Ex accounts
• Merchandising training

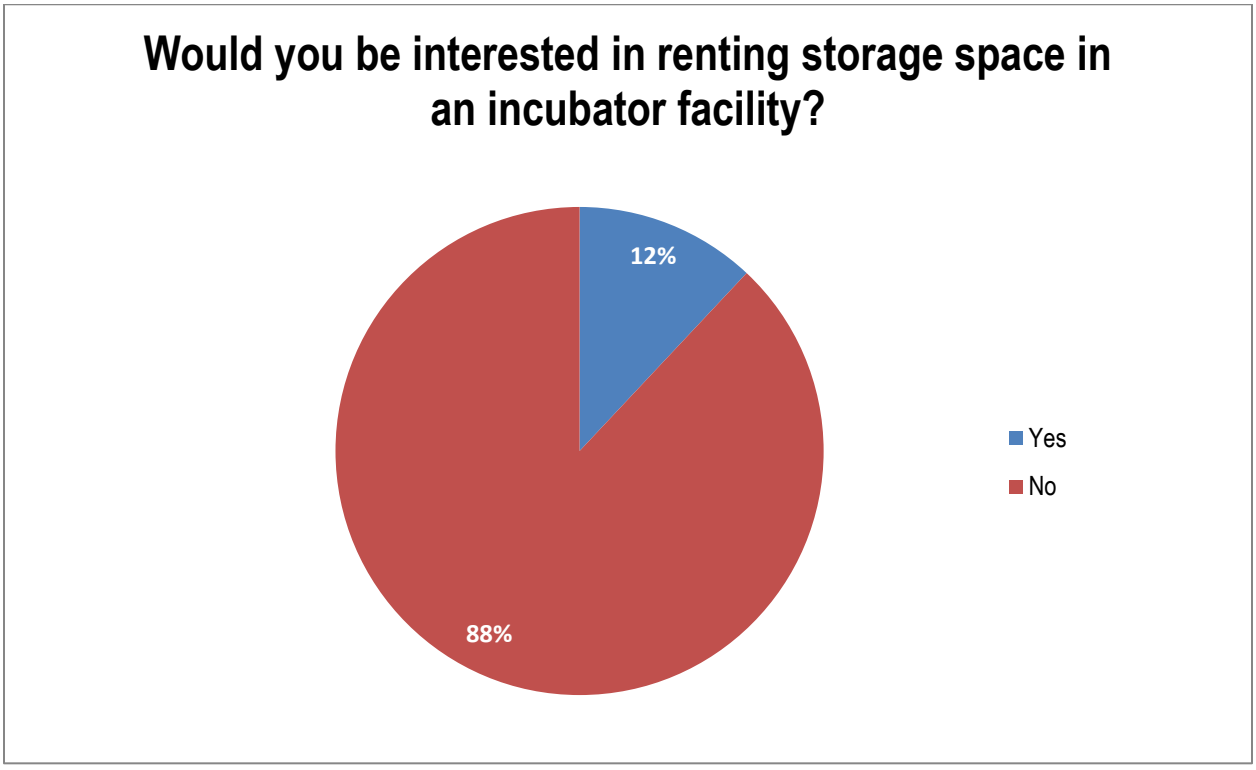
In addition to the list of given business incubator amenities, respondents also provided a few additional amenities that they would want or need.

Table 24: Entrepreneurs Interst in Renting Office Space



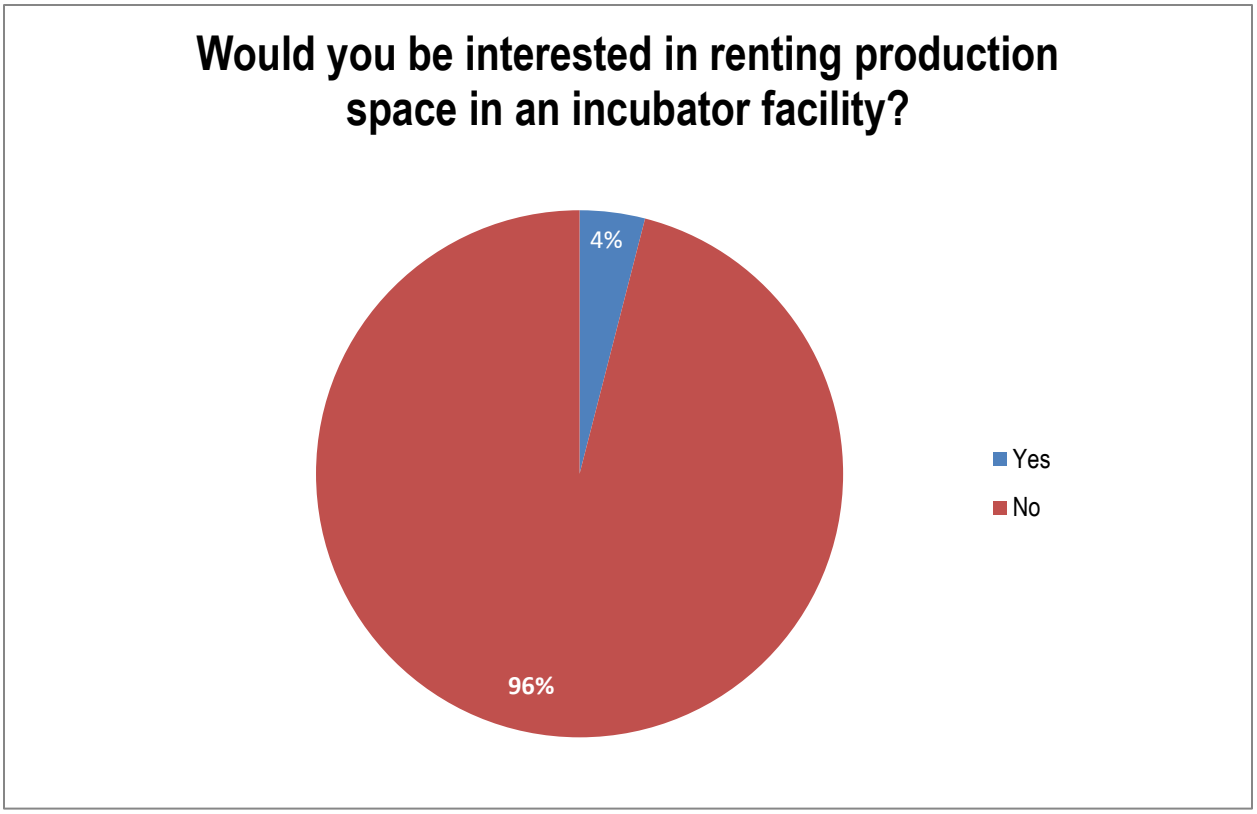
88% of respondents did not express interest in renting office space in an incubator (n=26).

Table 25: Entrepreneurs Interest in Renting Storage Space



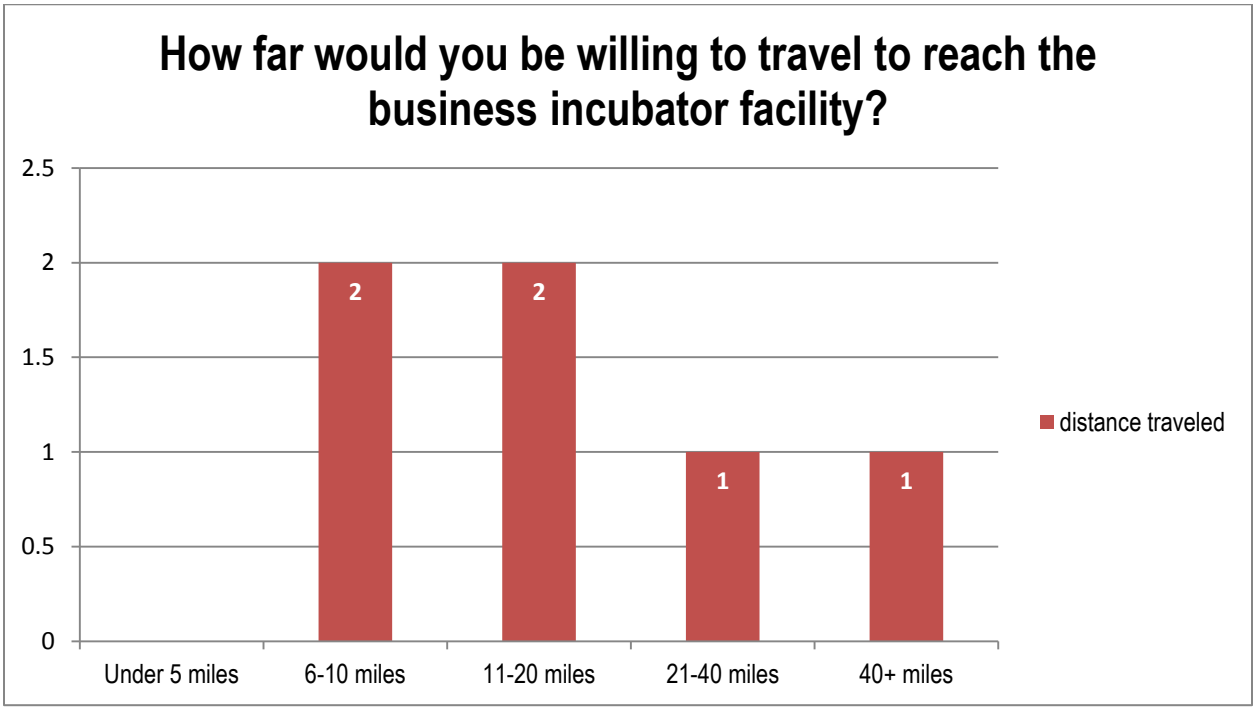
88% of respondents did not express interest in renting storage space in an incubator (n=26).

Table 26: Entrepreneurs Interest in Renting Production Space



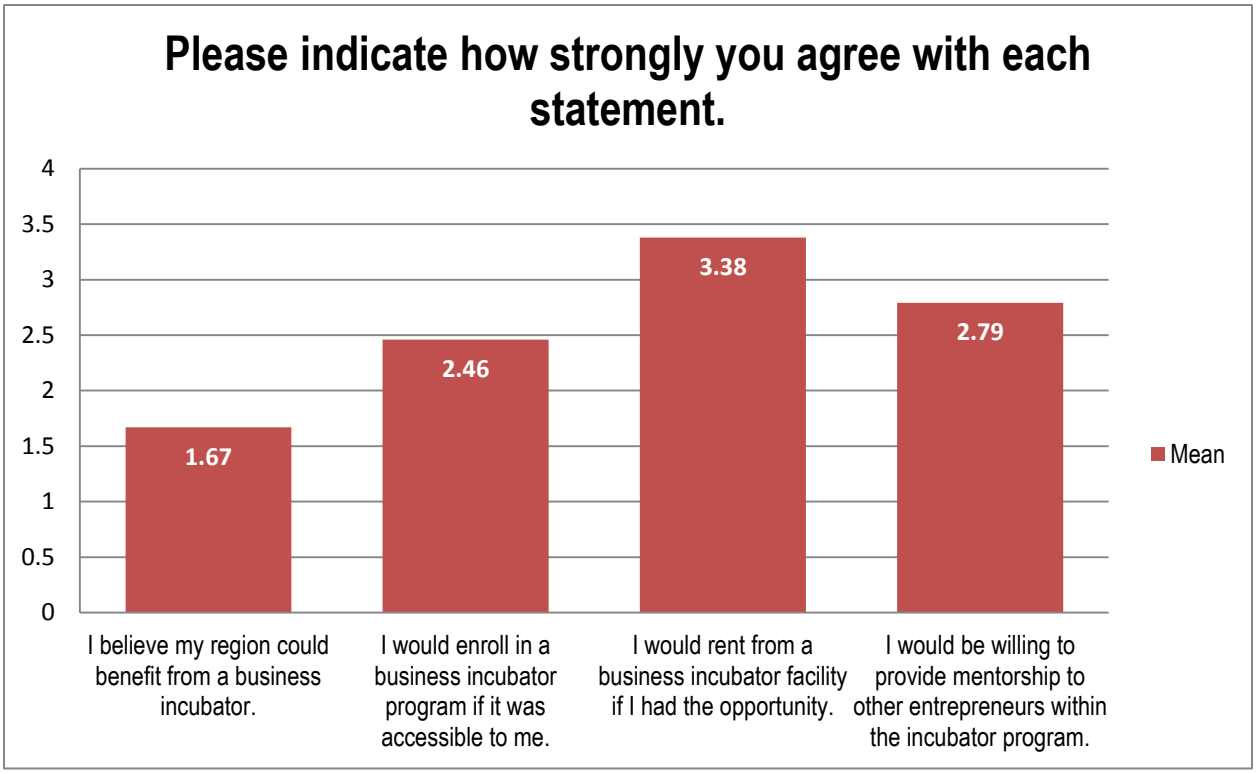
96% of respondents did not express interest in renting production space in an incubator (n=26).

Table 27: Entrepreneurs Incubator Travel Distance



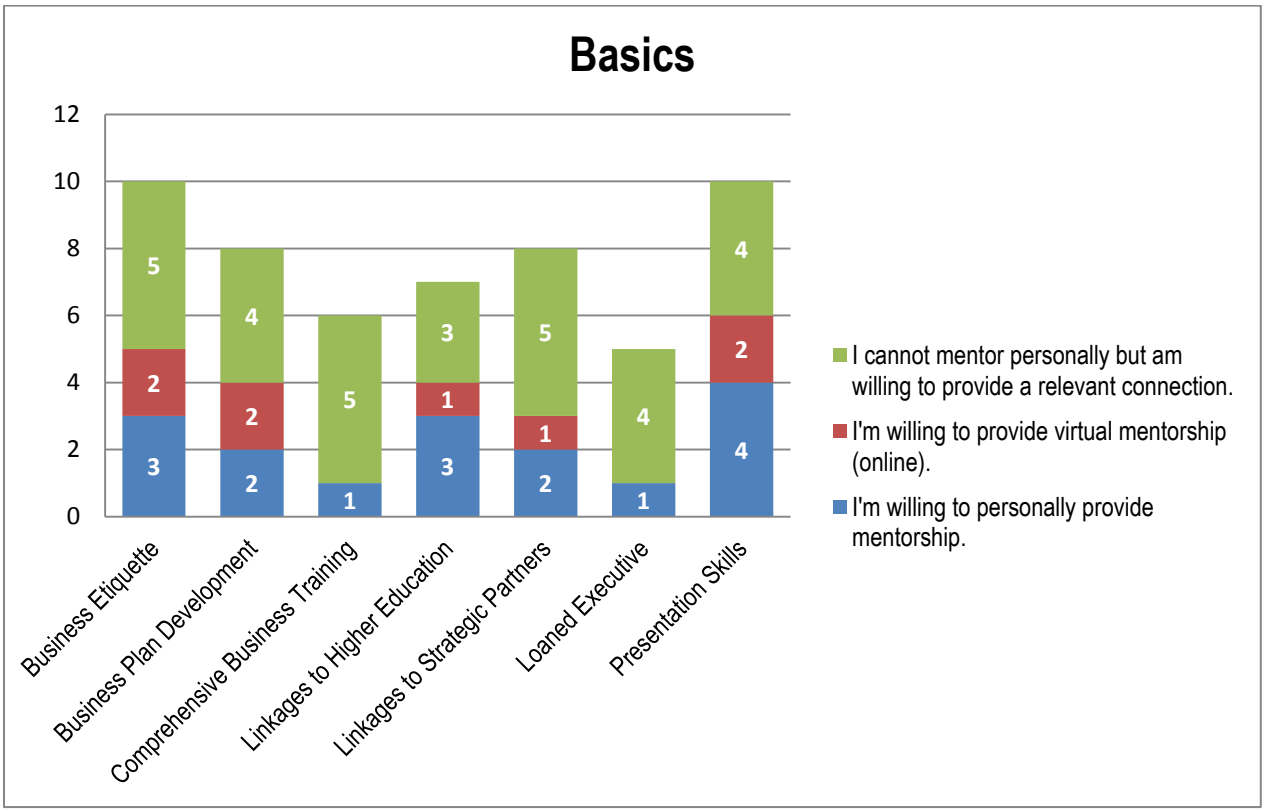
A majority of respondents would be willing to travel less than 20 miles to reach the incubator facility (n=6).

Table 28: Entrepreneurs Business Incubator



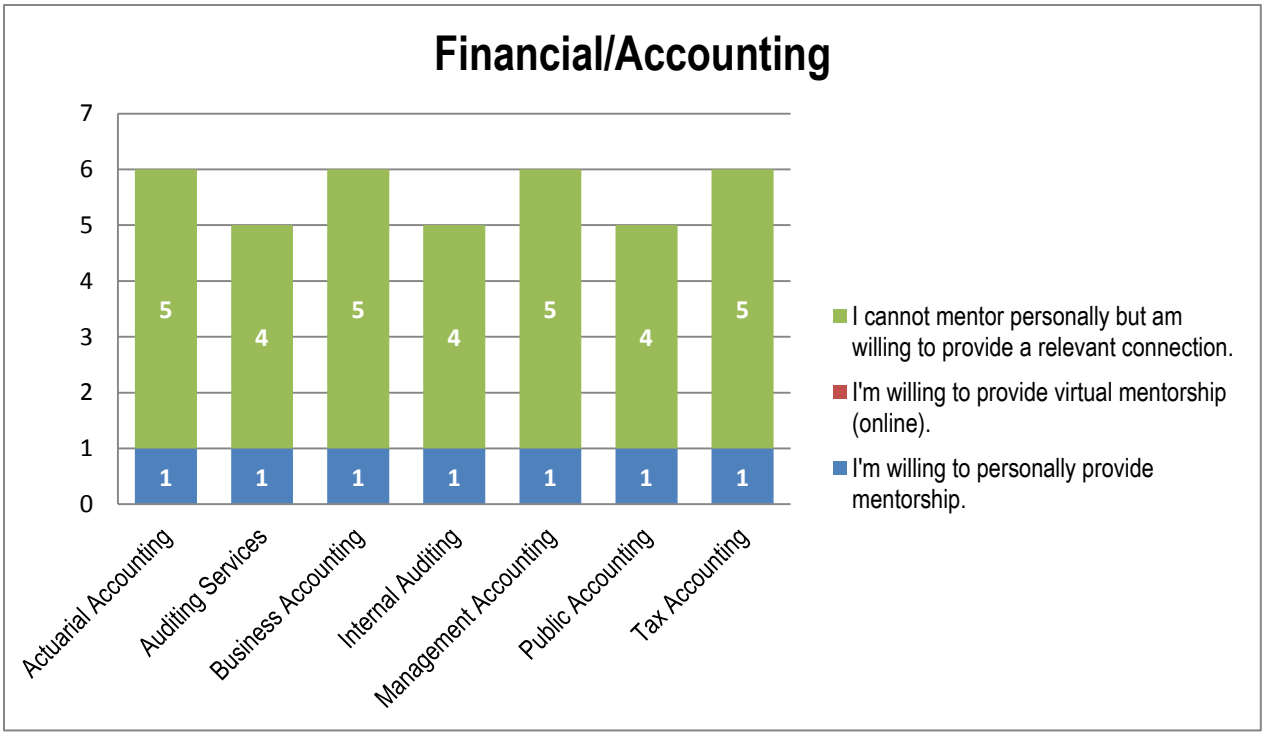
The majority of respondents say they believe their region could benefit from a business incubator (n=24).

Table 29: Entrepreneurs Basics Mentorship



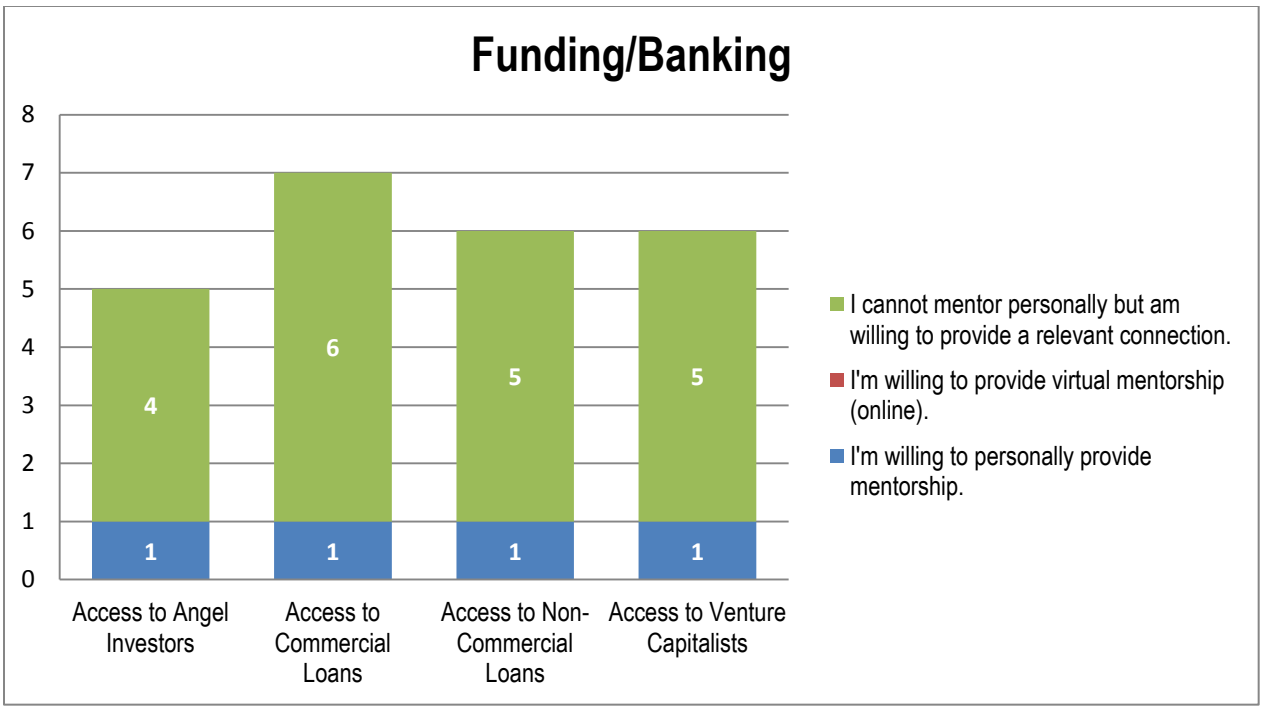
Respondents are most willing to provide mentorship for presentation skills, business etiquette, business plan development, and linkages to higher education (n=10).

Table 30: Entrepreneurs Financial/Accounting Mentorship



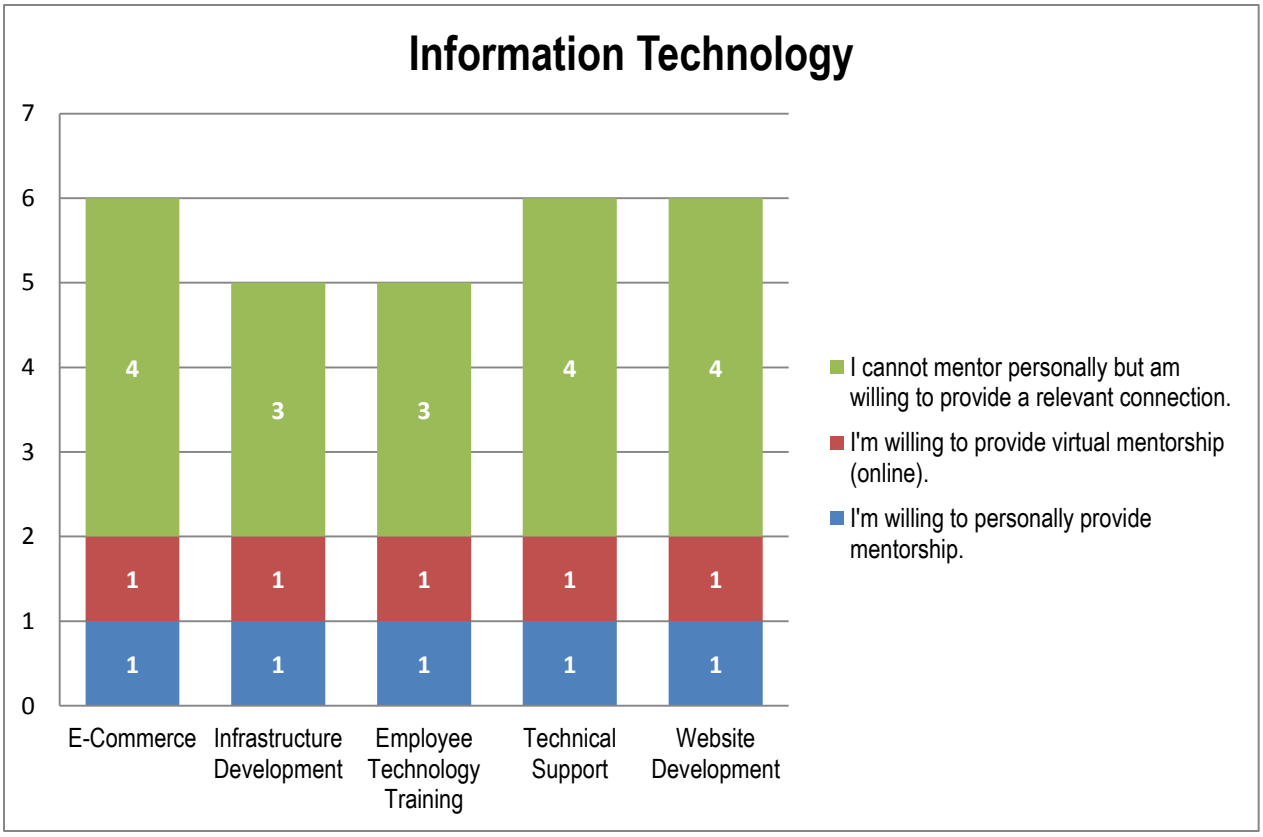
The majority of respondents can't mentor personally but are willing to provide a relevant connection for financial and accounting services (n=6).

Table 31: Entrepreneurs Funding/Banking Mentorship



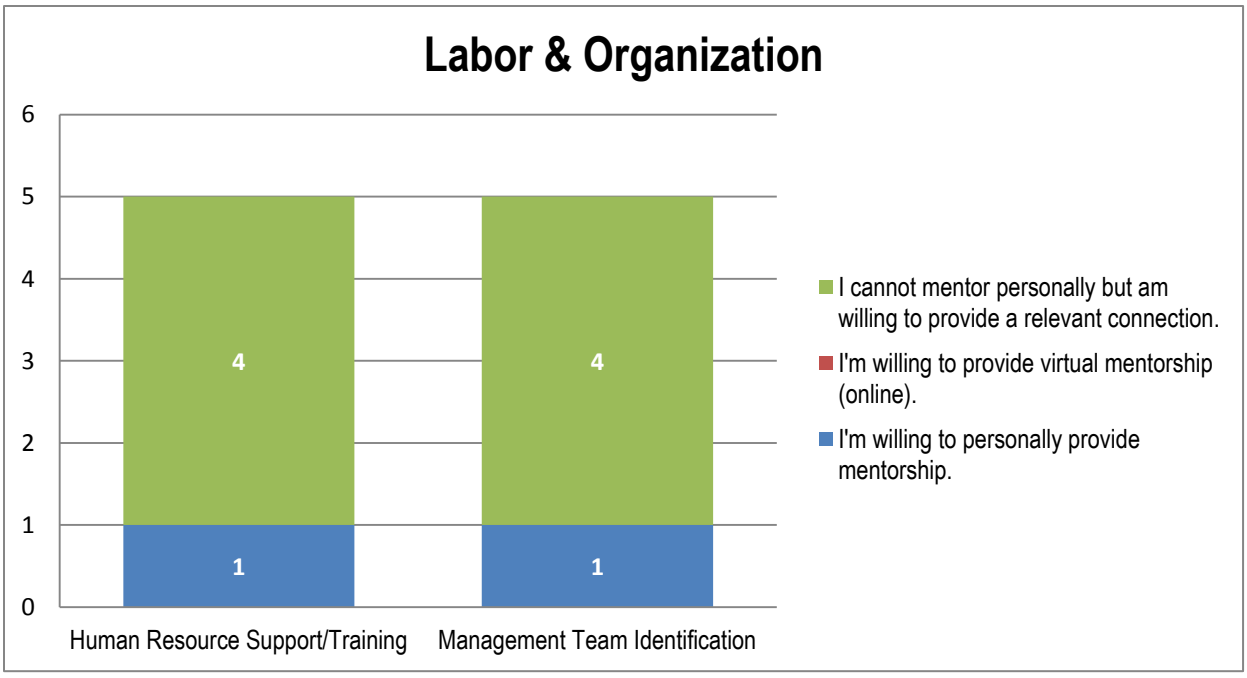
A majority of respondents can't mentor personally but are willing to provide a relevant connection for funding and banking services (n=7).

Table 32: Entrepreneurs Information Technology Mentorship



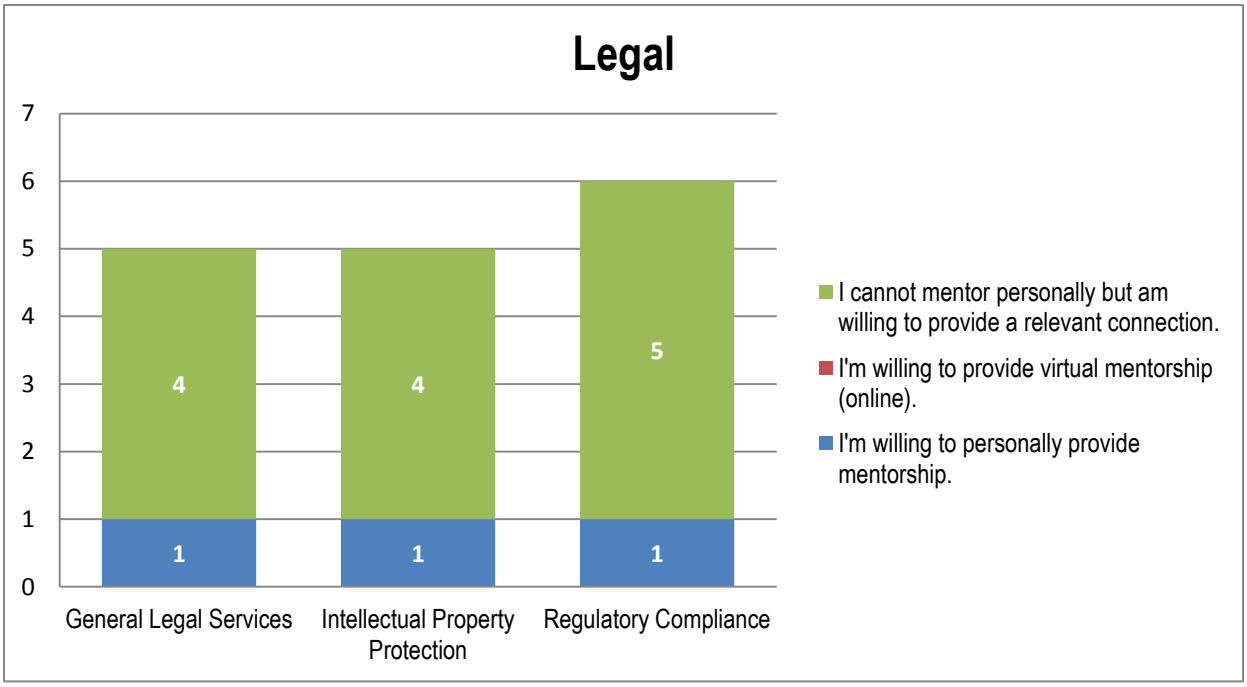
A few respondents are willing to mentor either personally or virtually in a variety of information technology services (n=6).

Table 33: Entrepreneurs Labor & Organization Mentorship



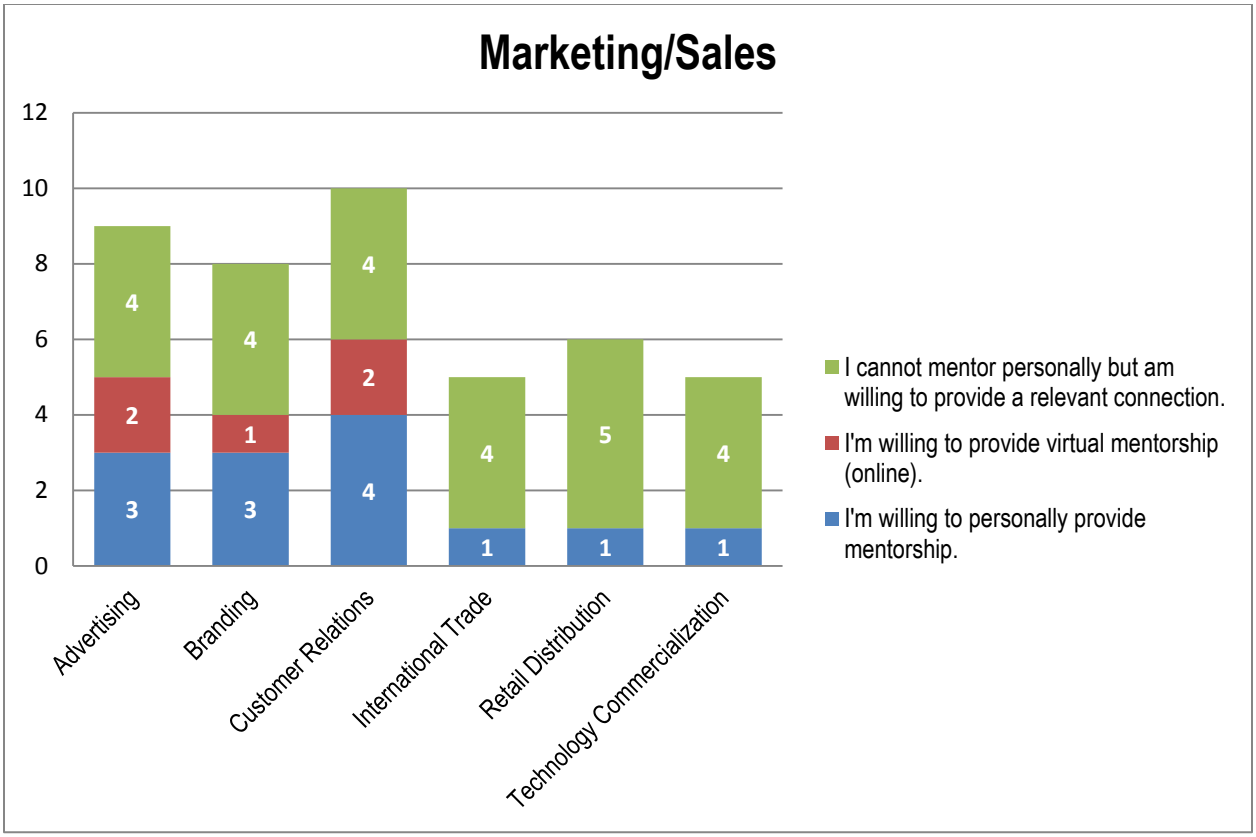
A majority of respondents can't mentor personally but are willing to provide a relevant connection for labor and organization services (n=5).

Table 34: Entrepreneurs Legal Mentorship



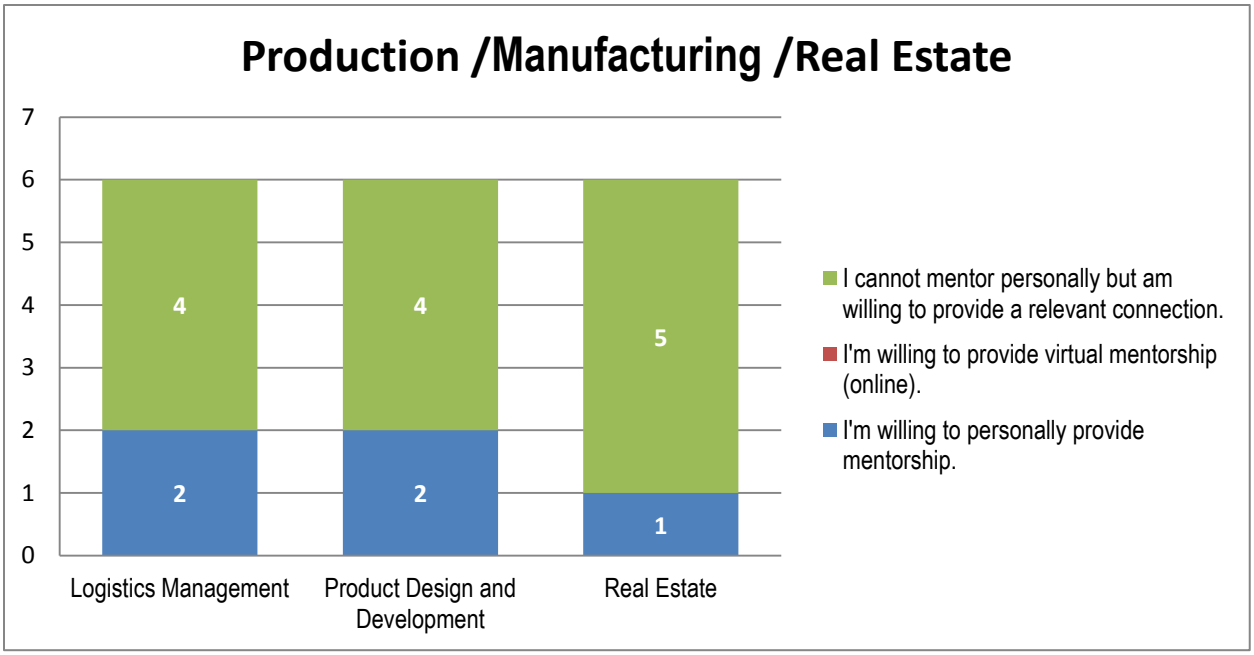
A majority of respondents can't mentor personally but are willing to provide a relevant connection for legal services (n=6).

Table 35: Entrepreneurs Marketing/Sales Mentorship



Respondents are willing to provide personal or virtual mentorship for marketing and sales services, specifically customer relations, advertising, and branding (n=10).

Table 36: Entrepreneurs Production/Manufacturing/Real Estate Mentorship



A few respondents are willing to personally provide mentorship for logistics management or product design and development (n=6).

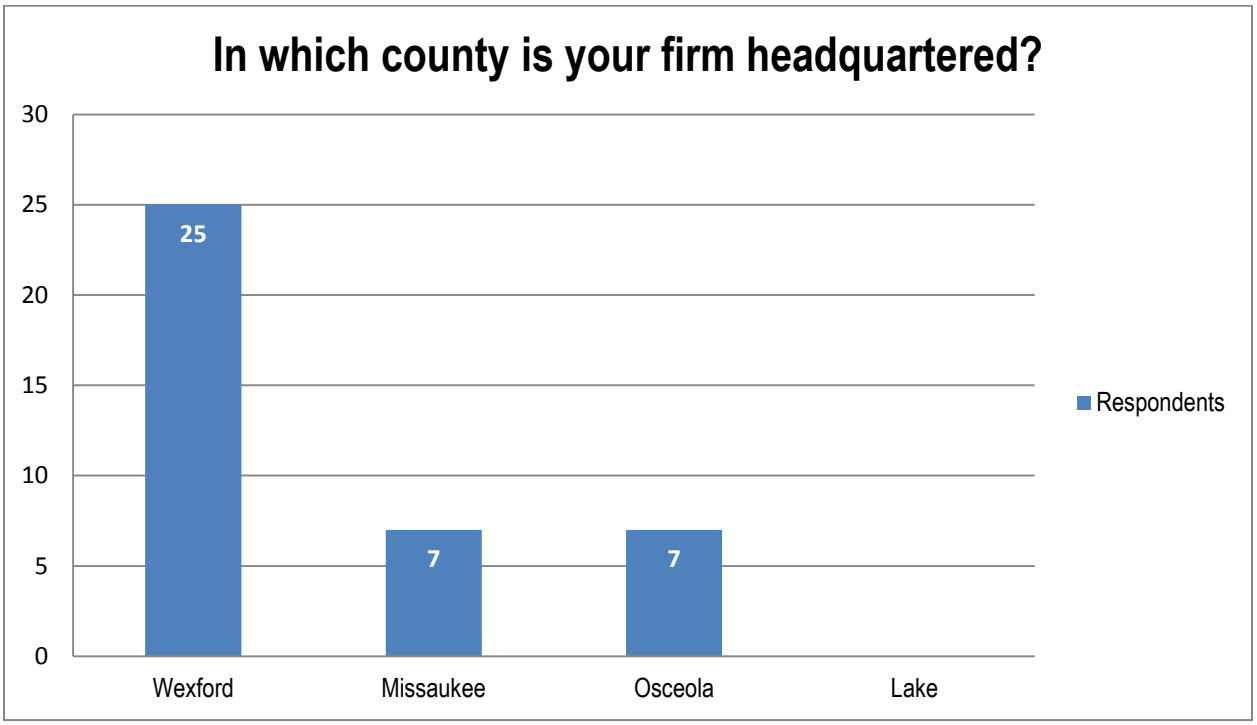
Manufacturers

Responses from manufacturers indicate that there is some interest present in contributing to a business incubator program, with 52% of the respondents indicating at least some interest in providing support and services to startup companies in an incubator program (Table 63). However, with regards to specific services they could provide, 27% of respondents indicated they could not provide any of the indicated manufacturing services (Table 64). The surveyed manufacturers' results generally indicated a willingness to provide services to clients at a discounted rate (Table 65).

For incubator services and accessibility, the analysis indicates that 85% of potential incubator participants would be able to provide services through workshops, mini-courses, and seminars (Table 66). Wexford County has the highest number of manufacturing firms in the region, with the main focus of these businesses being primarily plastic, rubber, and metal manufacturing. The data shows that there is little to no experience with business incubators, but that many firms have skills and expertise that they would be willing to share if an incubator was established (Table 63). The primary skills they are able to offer to others through an incubator are purchasing, product design and development, employee recruiting and training, and logistics management (Table 65).

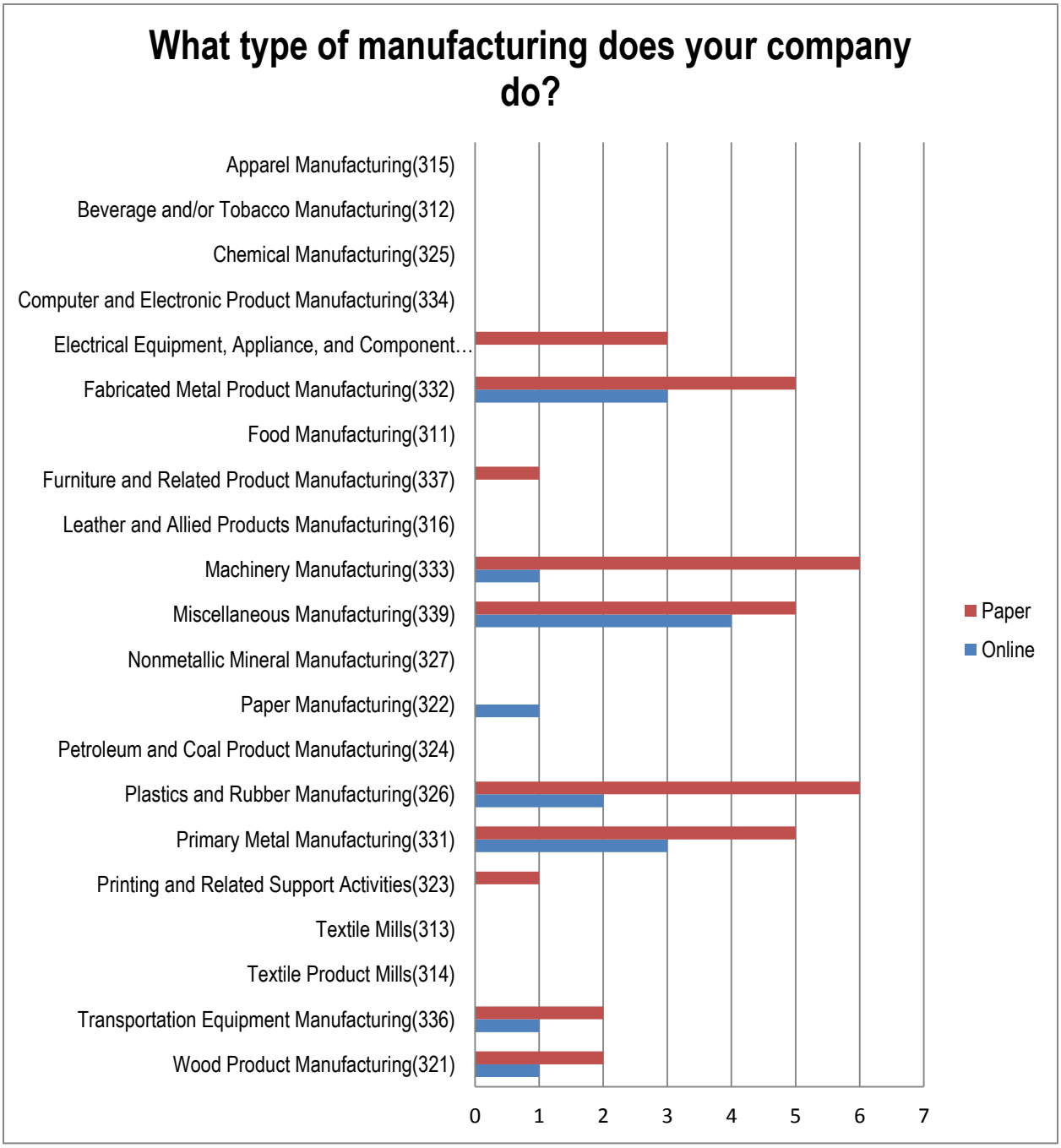
N=number of respondents

Table 37: Manufacturers County Headquarters



64% of respondents reported their firm being headquartered in Wexford County, with none reporting Lake County (n=39).

Table 38: Manufacturers Type of Company Manufacturing

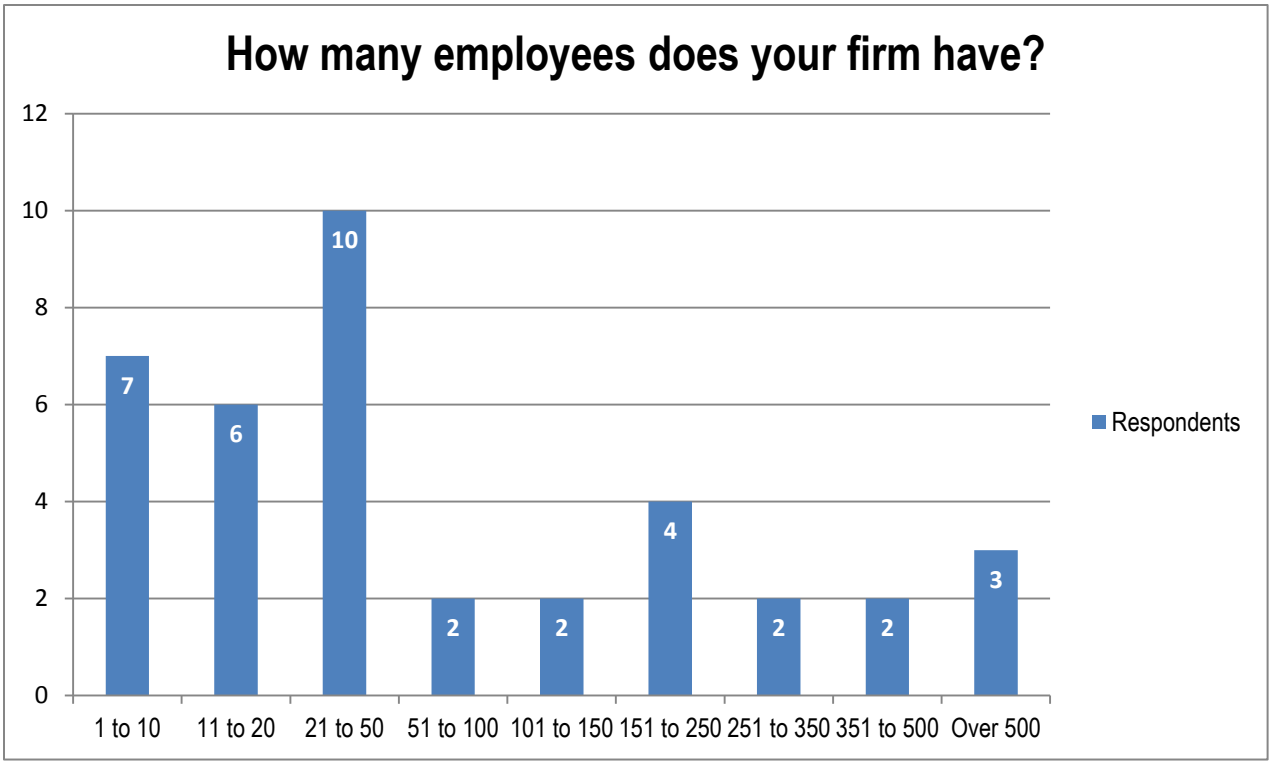


The majority of respondents indicated that their companies perform Metal (fabricated & primary) manufacturing, plastic and rubber manufacturing and miscellaneous manufacturing. 75% of the paper survey respondents indicated performing only one type of manufacturing, along with 83% of online survey respondents (n=28 paper, n=12 online).

NAICS CODES	Representation of Code	% of Respondents
221119	Other Electric Power Generation	3%
326291	Rubber Product Manufacturing for Mechanical Use	3%
326299	All Other Rubber Product Manufacturing	6%
332111	Iron and Steel Forging	3%
332213	Saw Blade and Handsaw Manufacturing	3%
332312	Fabricated Structural Metal Manufacturing	3%
332313	Plate Work Manufacturing	3%
332322	Sheet Metal Work Manufacturing	3%
332439	Other Metal Container Manufacturing	3%
332721	Precision Turned Product Manufacturing	9%
333512	Machine Tool (Metal Cutting Types) Manufacturing	6%
333513	Machine Tool (Metal Forming Types) Manufacturing	6%
333514	Special Die and Tool, Die Set, Jig, and Fixture Manufacturing	9%
333515	Cutting Tool and Machine Tool Accessory Manufacturing	3%
333516	Rolling Mill Machinery and Equipment Manufacturing	3%
333518	Other Metalworking Machinery Manufacturing	3%
333999	All Other Miscellaneous General Purpose Machinery Manufacturing	3%
336112	Light Truck and Utility Vehicle Manufacturing	3%
336120	Heavy Duty Truck Manufacturing	3%
336211	Motor Vehicle Body Manufacturing	3%
336212	Truck Trailer Manufacturing	3%
336399	All Other Motor Vehicle Parts Manufacturing	6%
336992	Military Armored Vehicle, Tank, and Tank Component Manufacturing	3%
336999	All Other Transportation Equipment Manufacturing	3%
339113	Surgical Appliance and Supplies Manufacturing	3%

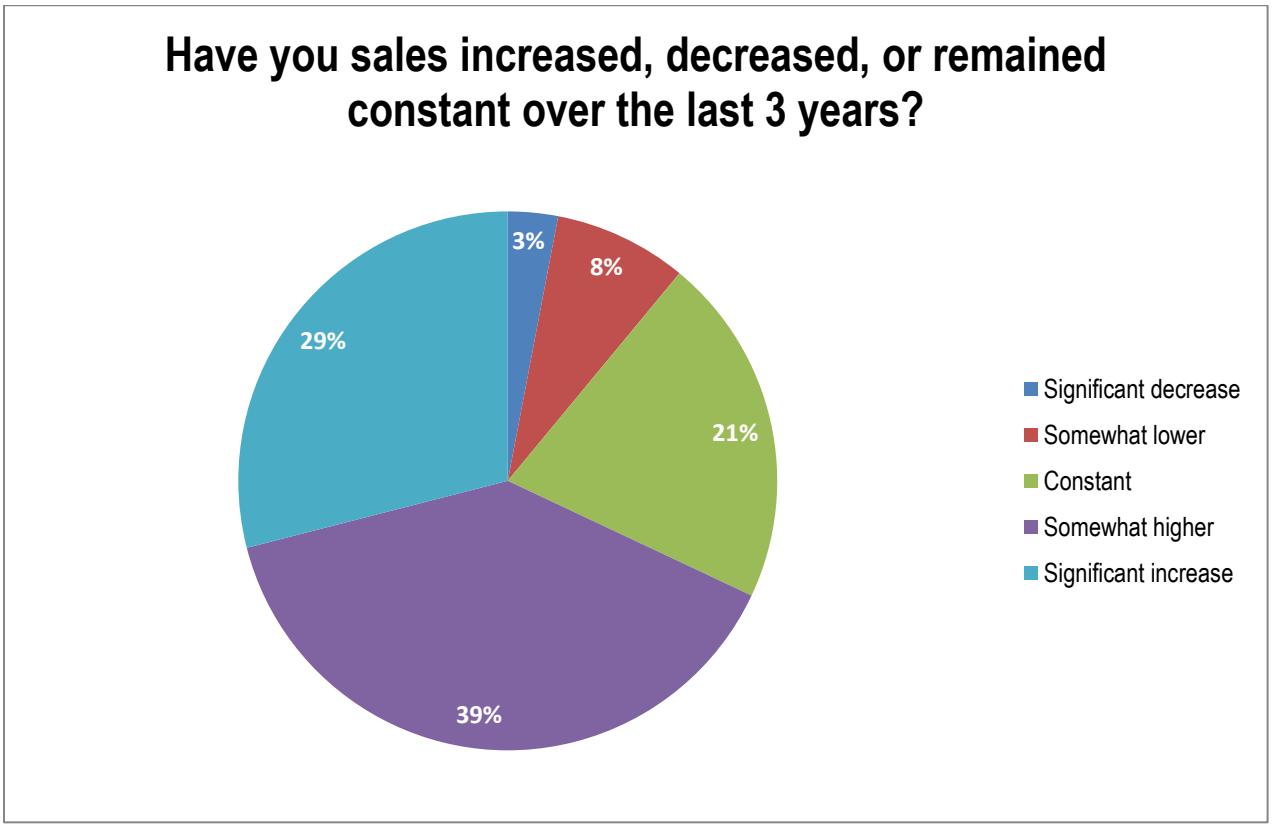
Based off the North American Industry Classification System Codes, respondents are primarily involved with the manufacturing of rubber products, precision turned products, machine tools, special die and tools, and motor vehicle parts (n=17).

Table 39: Manufacturers Firm Employees



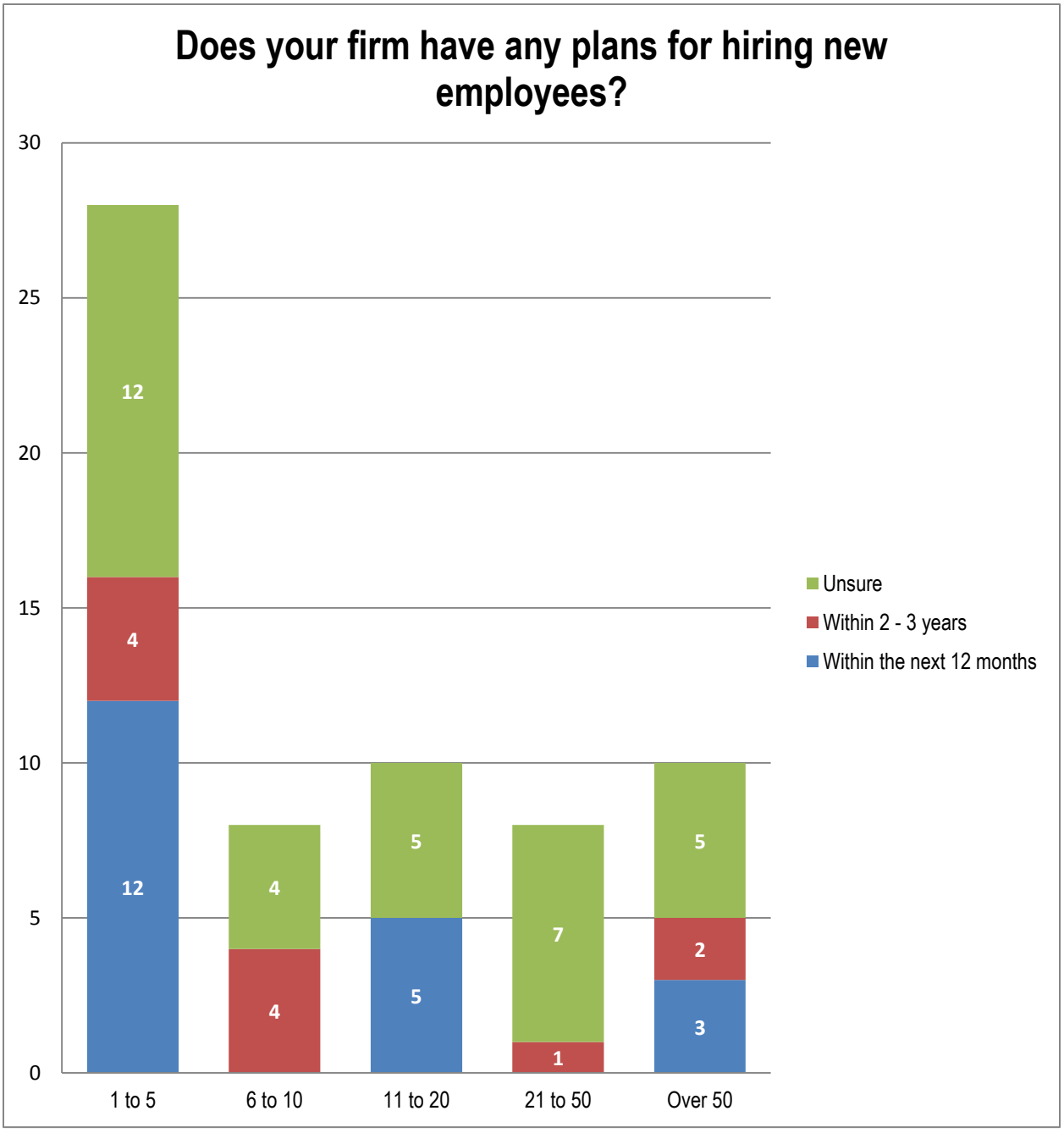
60% of respondents reported having less than 50 employees in their firm (n=38).

Table 40: Manufacturers Sales Over Last 3 Years



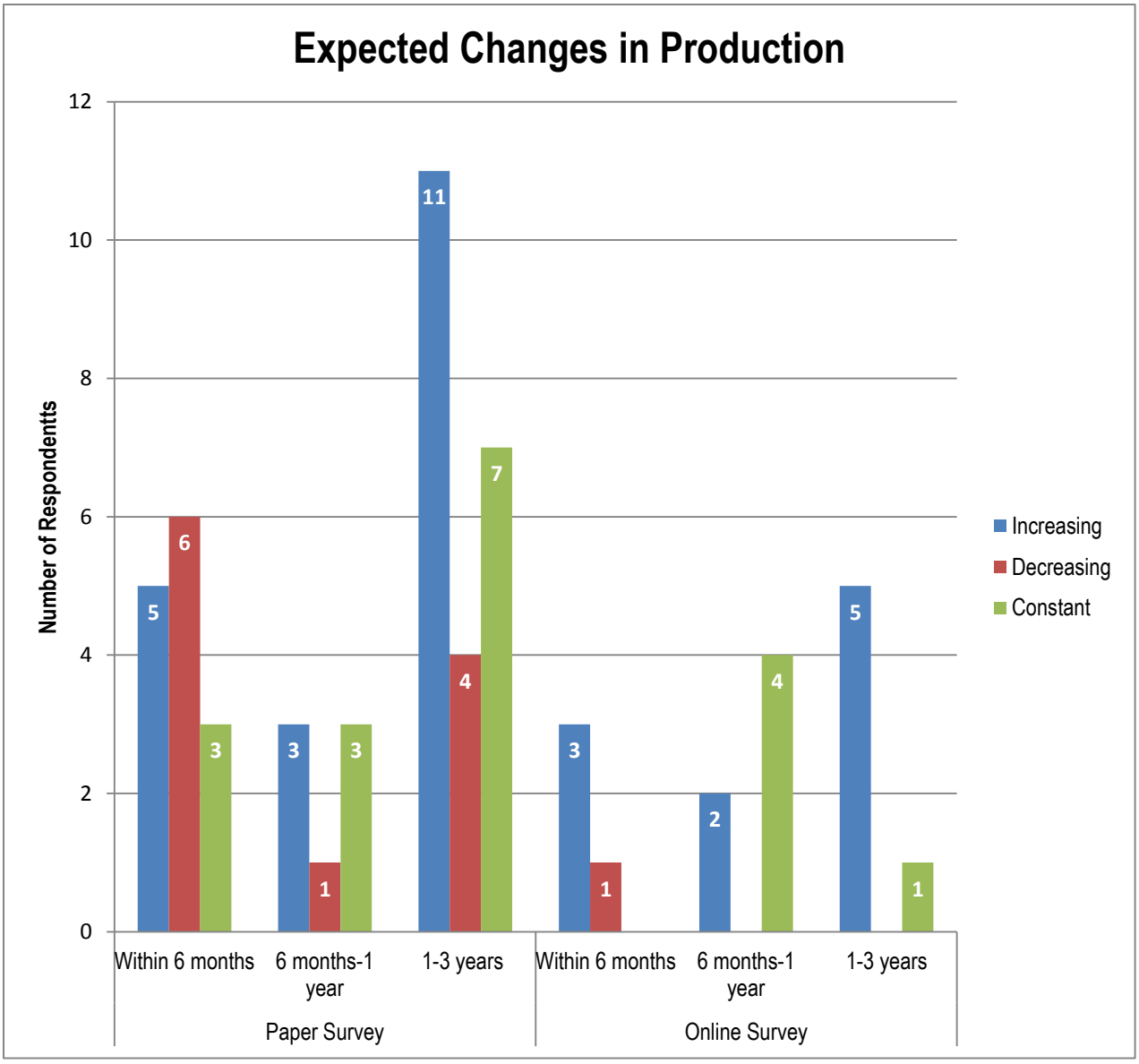
Only 11% of respondents reported having a decrease in sales over the last 3 years (n=38).

Table 41: Manufacturers Plans for Hiring New Employees



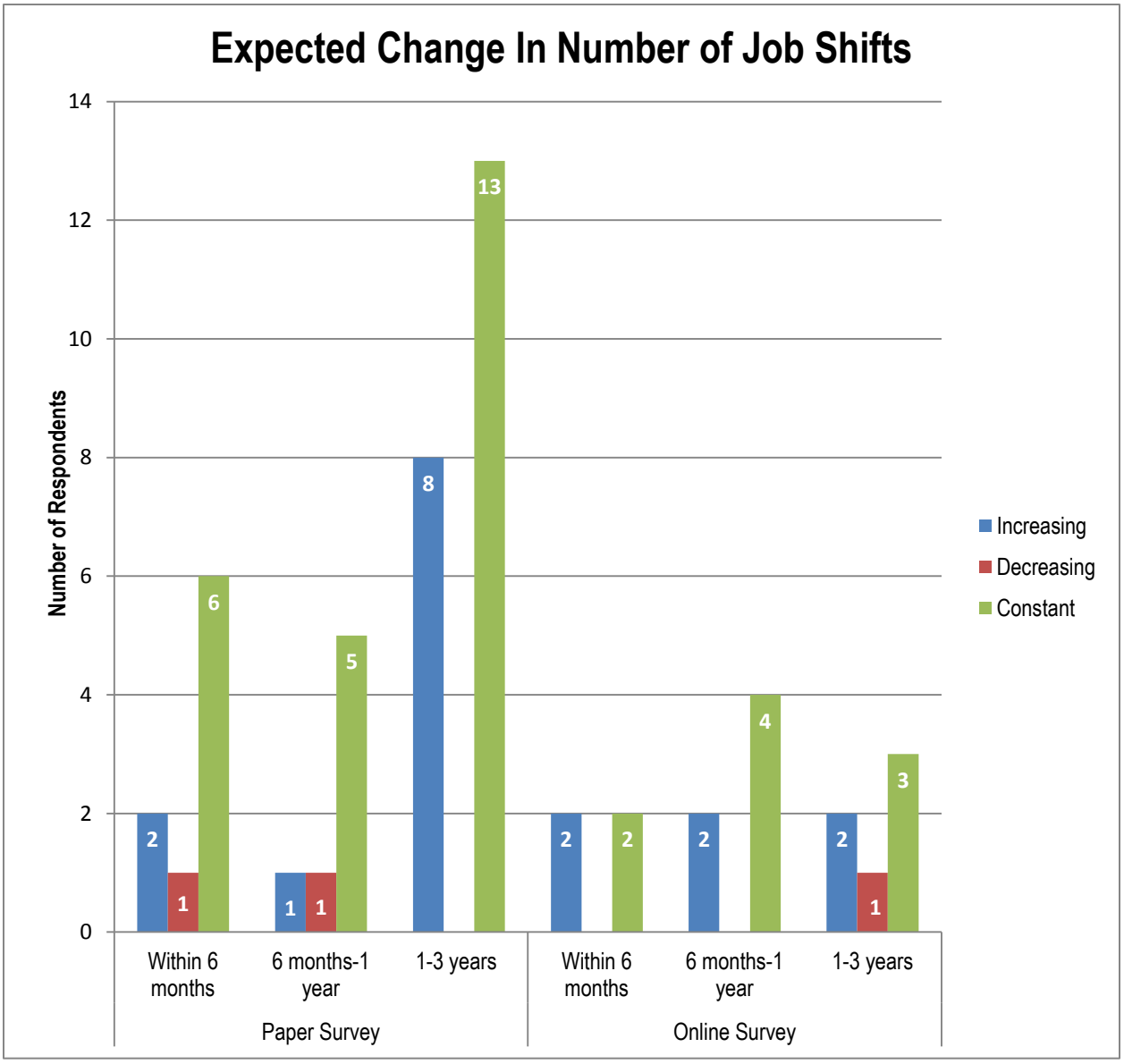
The large majority of respondents are hoping to hire 1 to 5 employees in the future, however, most respondents appear to be unsure of when they will be hiring new employees regardless of the amount expected to hire (n=26).

Table 42: Manufacturers Planned Production



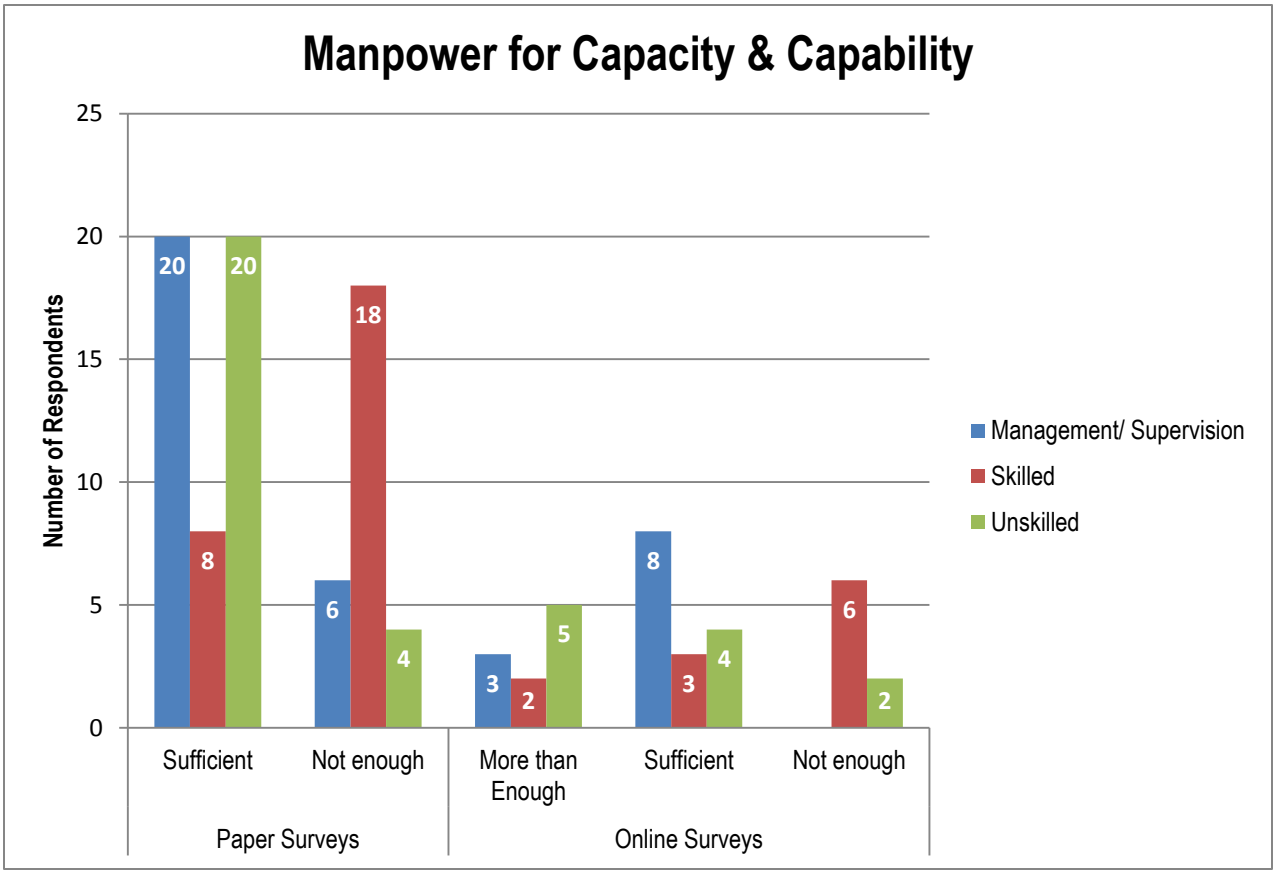
Respondents completing paper surveys versus online surveys yielded different results due to the fact they were able to select more than one level of production change within given time frames. However, both surveys showed majority respondents looking to increase production at some point within the next 3 years. Those who noted decreasing production typically planned to do so within the next 6 months (n=28 paper, n=12 online).

Table 43: Manufacturers Planned Number of Job Shifts



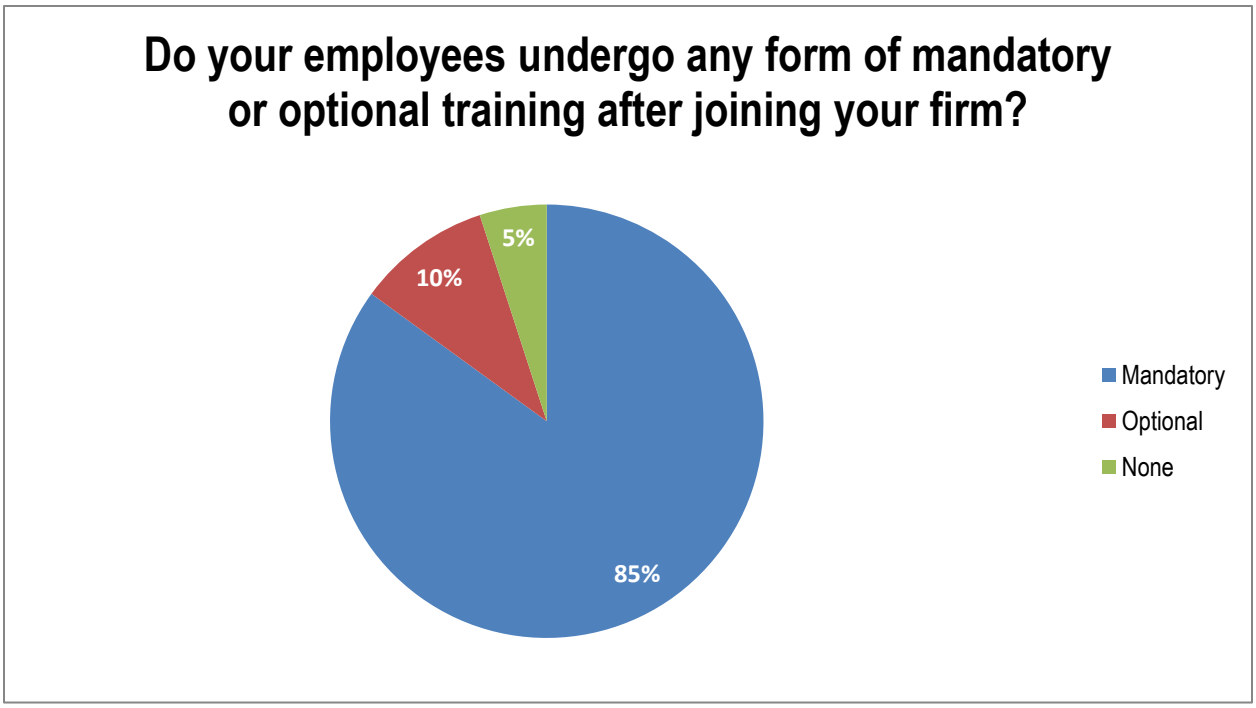
65% of paper survey respondents plan on keeping the number of job shifts constant throughout the next 3 years and 56% of online survey respondents plan keeping job shifts constant. Only approximately 5% of each paper and online survey respondents reported that they planned on decreasing the number of job shifts (n=28 paper, n=12 online).

Table 44: Manufacturers Sufficient Manpower



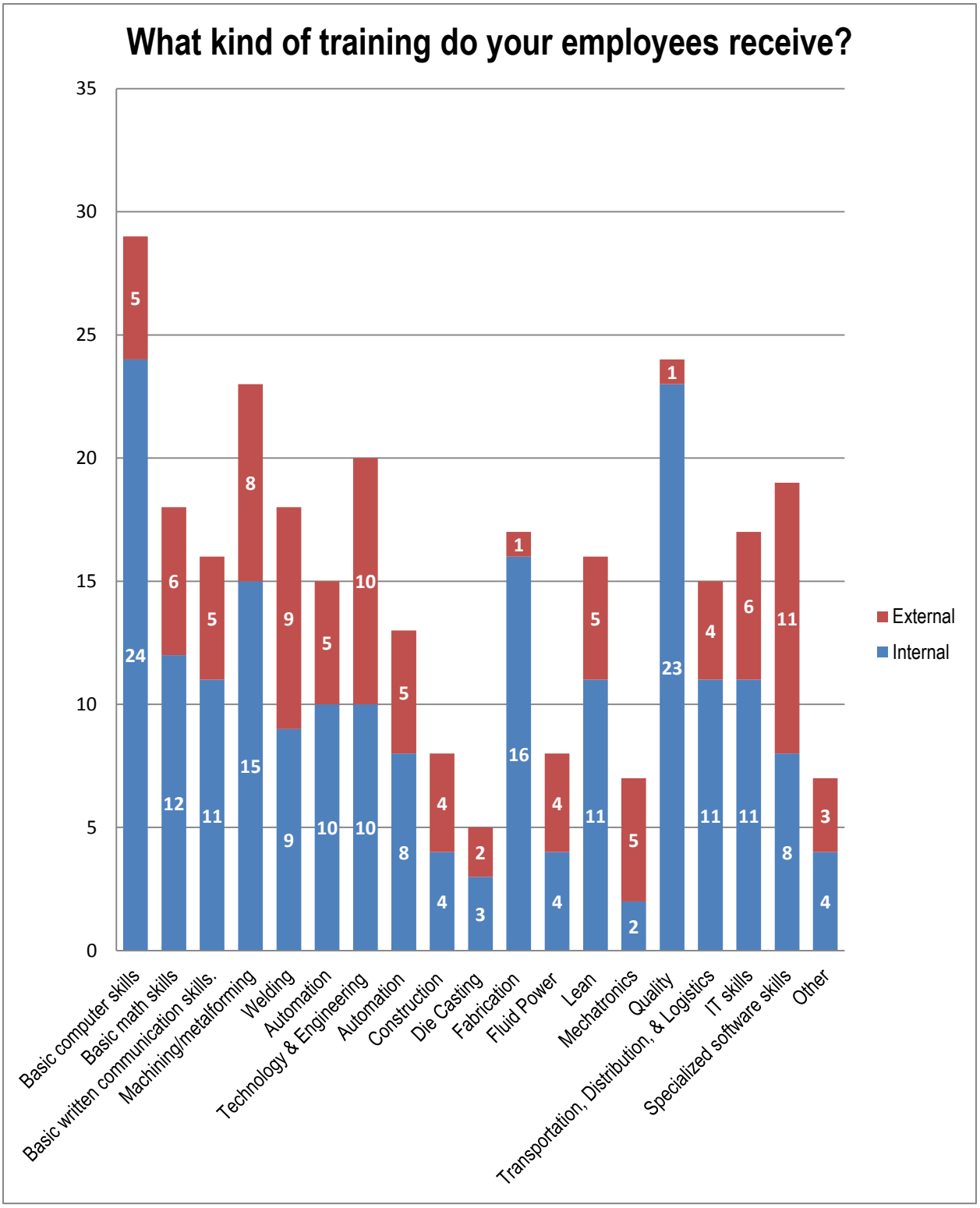
The majority of respondents in both surveys reported having sufficient manpower for unskilled labor and management/supervision, but they also reported being in need of skilled labor (n=28 paper, n=12 online).

Table 45: Manufacturers Employee Mandatory/Optional Training



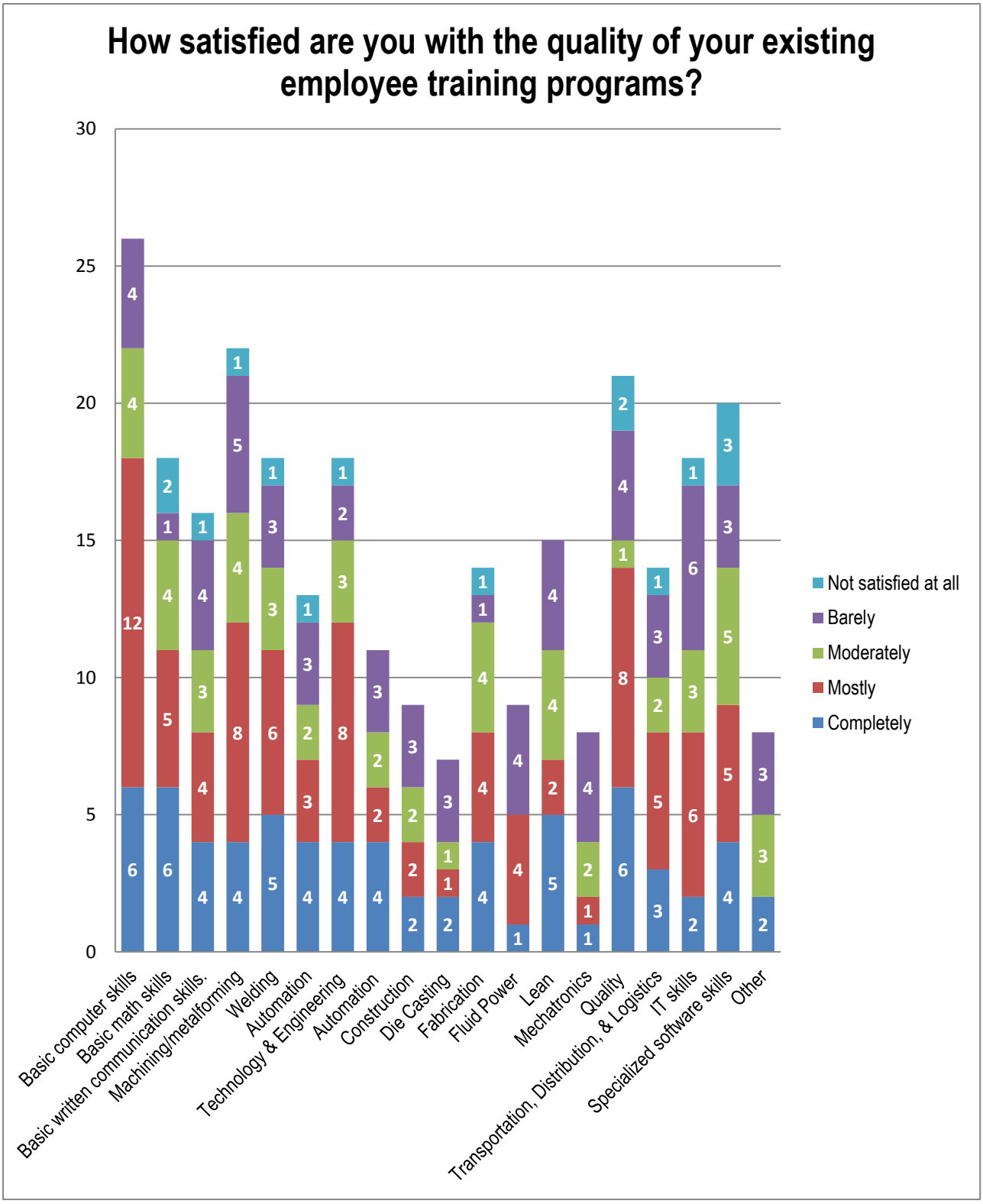
The vast majority of respondents reported requiring mandatory training for employees (n=39).

Table 46: Manufacturers Employee Internal/External Training



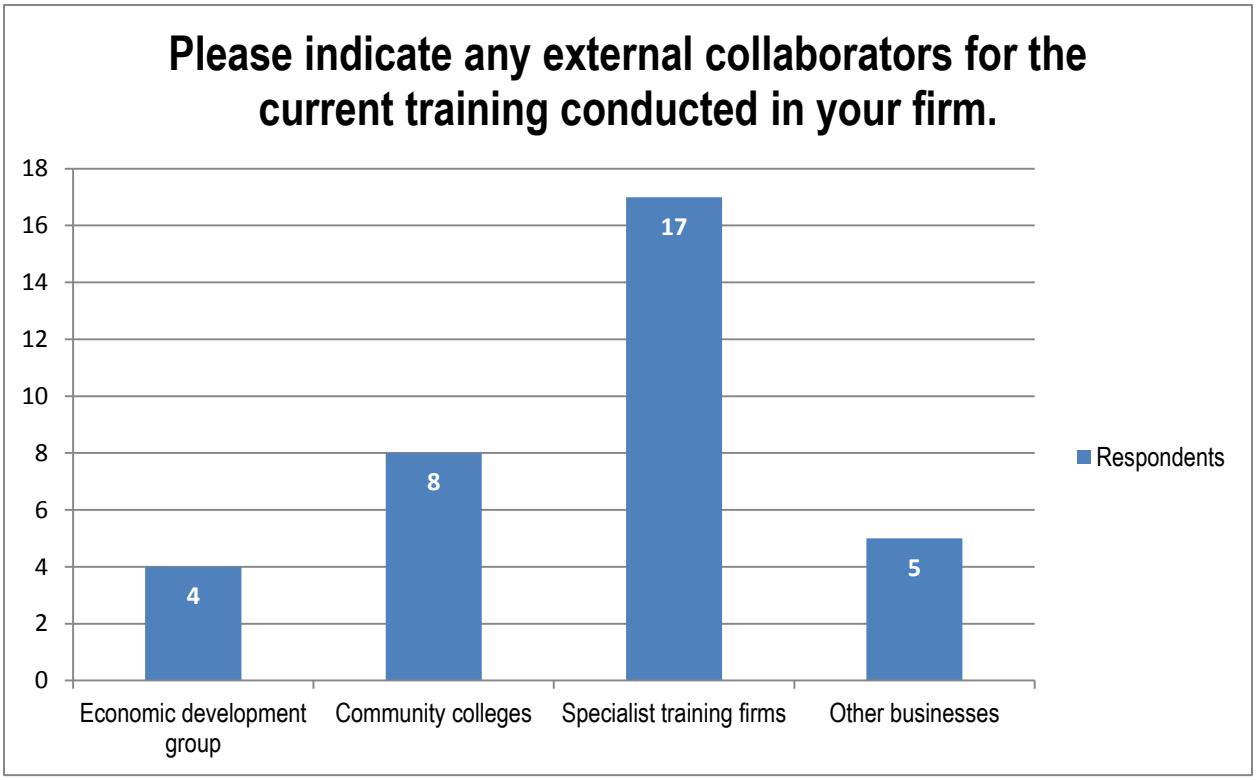
Respondents reported having the highest amount of internal training in basic computer skills, machining/metal forming, fabrication and quality. Highest amounts of external training resulted from technology & engineering, software skills, and welding (n=29).

Table 47: Manufacturers Existing Training Program Satisfaction



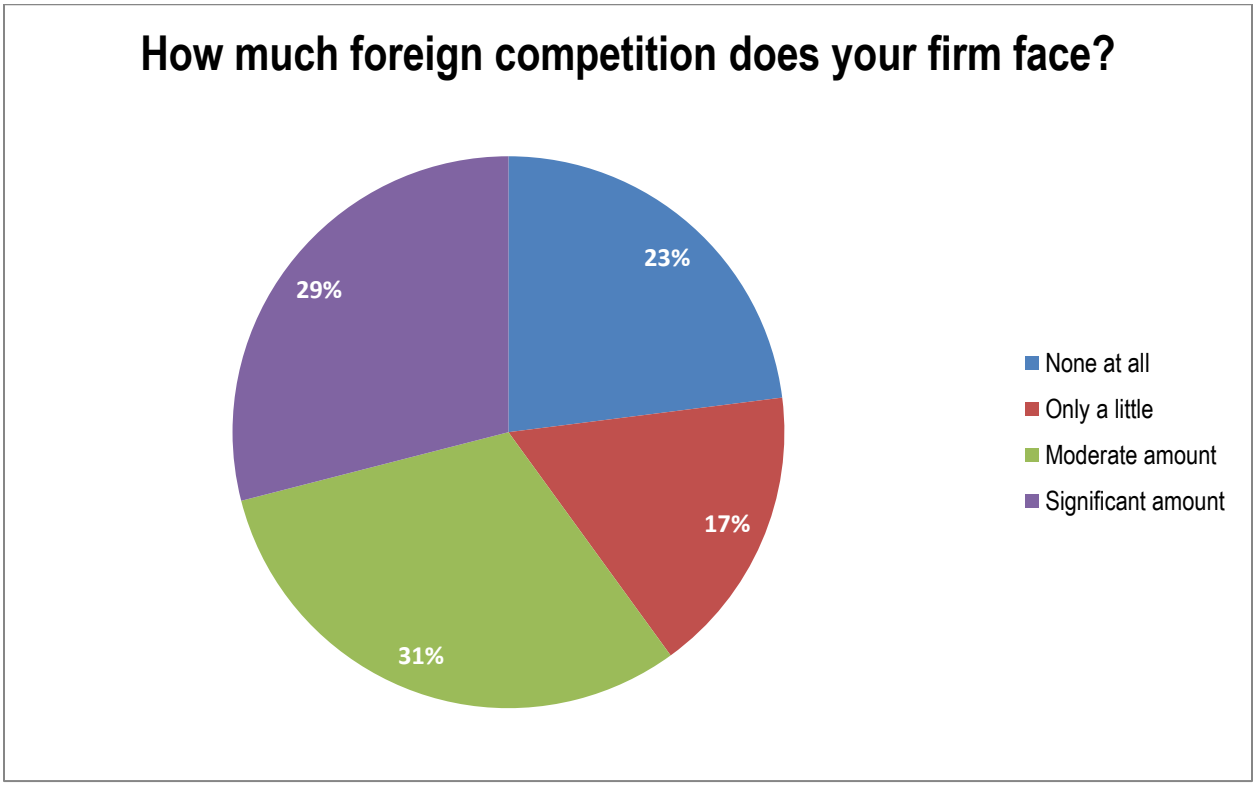
Most respondents report being mostly satisfied with their existing training, particularly in computer skills, machining/metal forming, technology & engineering, and quality (n=26).

Table 48: Manufacturers Current Training External Collaborators



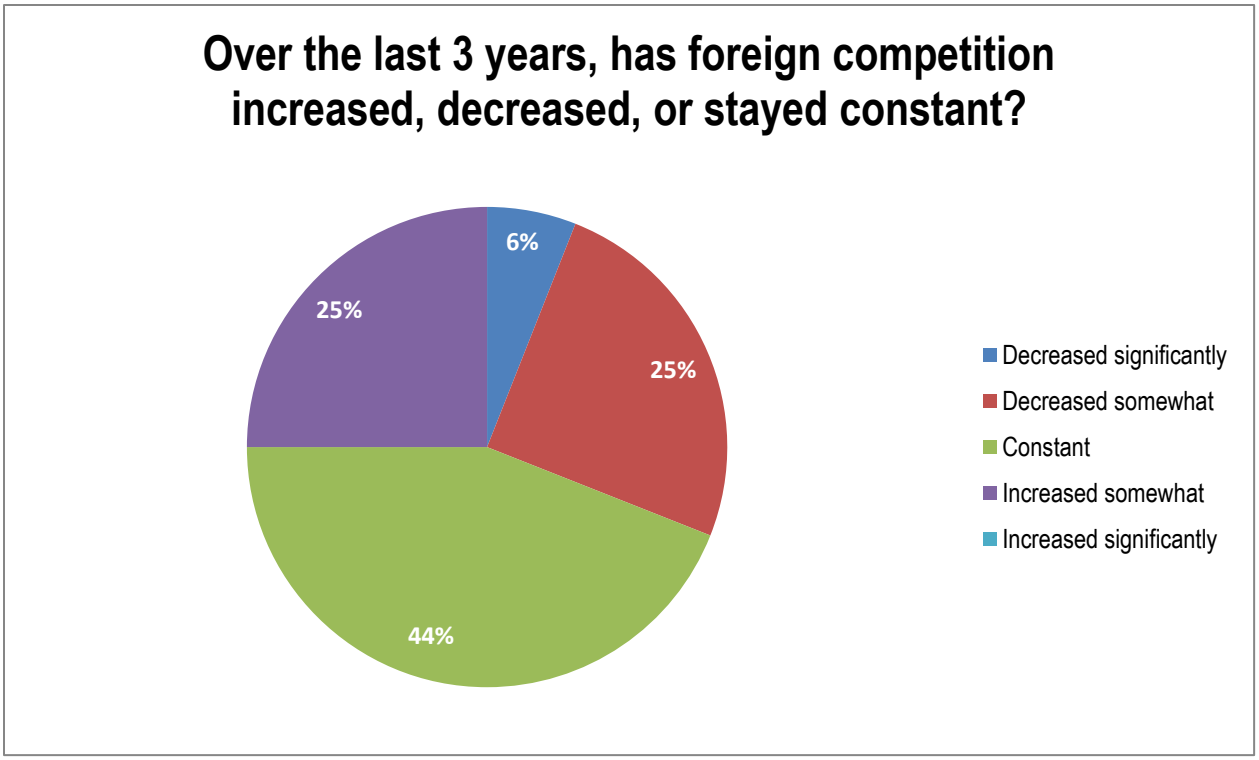
50% of respondents report special training firms as their primary external training collaborators (n=22).

Table 49: Manufacturers Foreign Competition



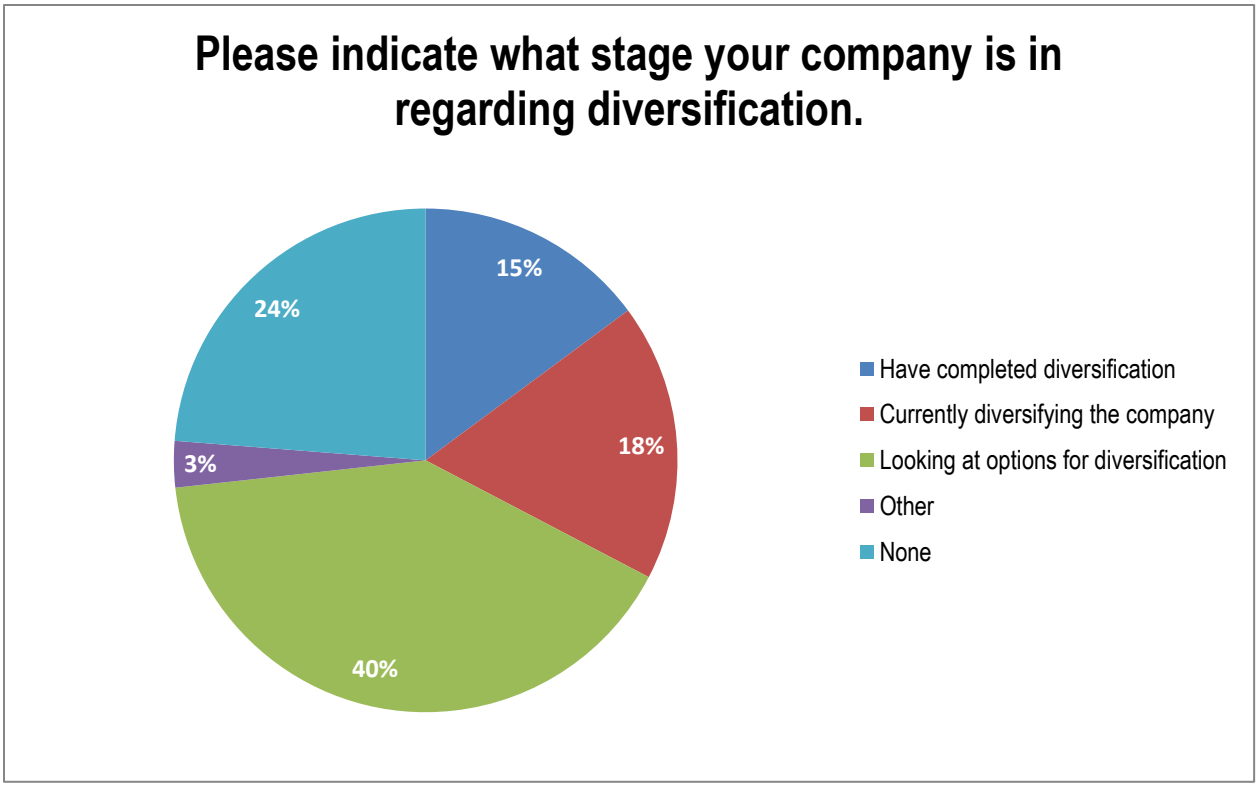
77% of respondents report seeing at least a little foreign competition to their firm (n=35).

Table 50: Manufacturers Foreign Competition Over Last 3 Years



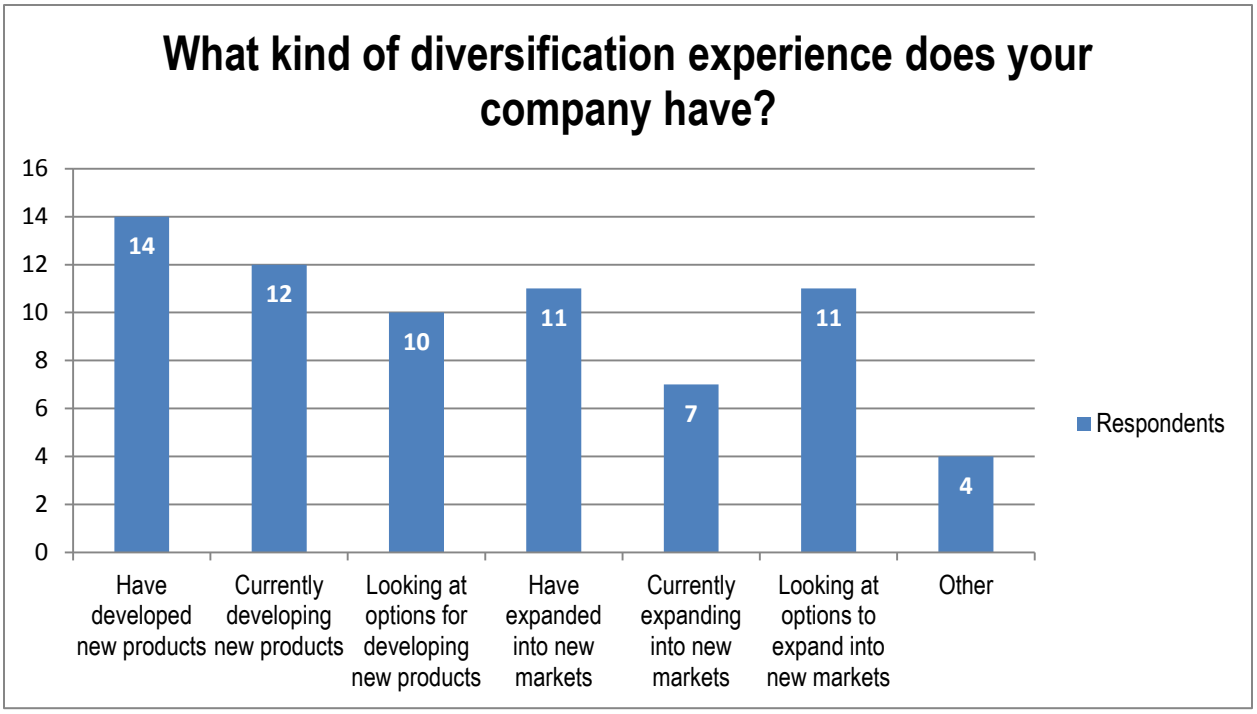
69% of respondents report foreign competition remaining the same or increasing, while only 6% reported noticing a decrease in foreign competition (n=32).

Table 51: Manufacturers Company Diversification Stage



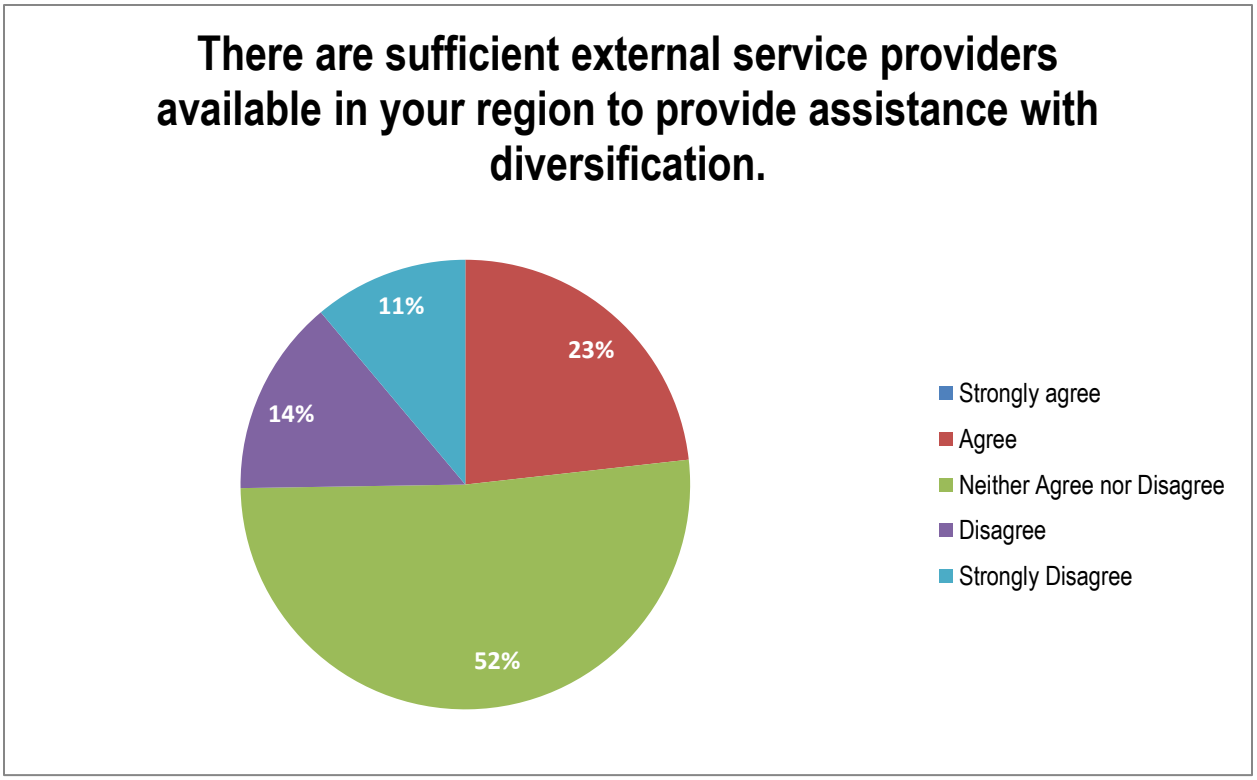
Only 15% of respondents reported already diversifying their company, while 58% are looking at options or currently diversifying the company (n=34).

Table 52: Manufacturers Company Diversification Experience



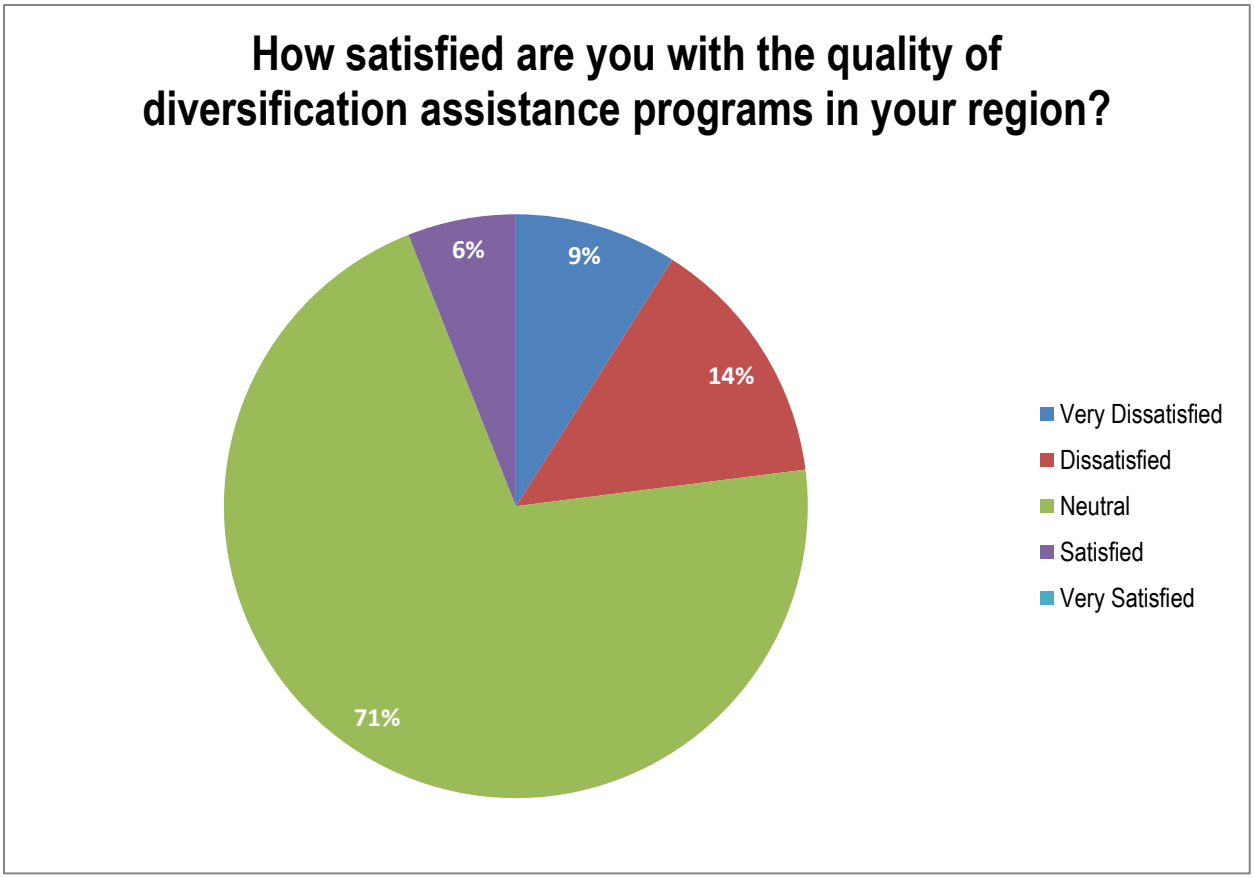
36% of respondents have either reported having developed new products or already expanded into new markets, which shows that they have already diversified (n=31).

Table 53: Manufacturers Diversification Assistance



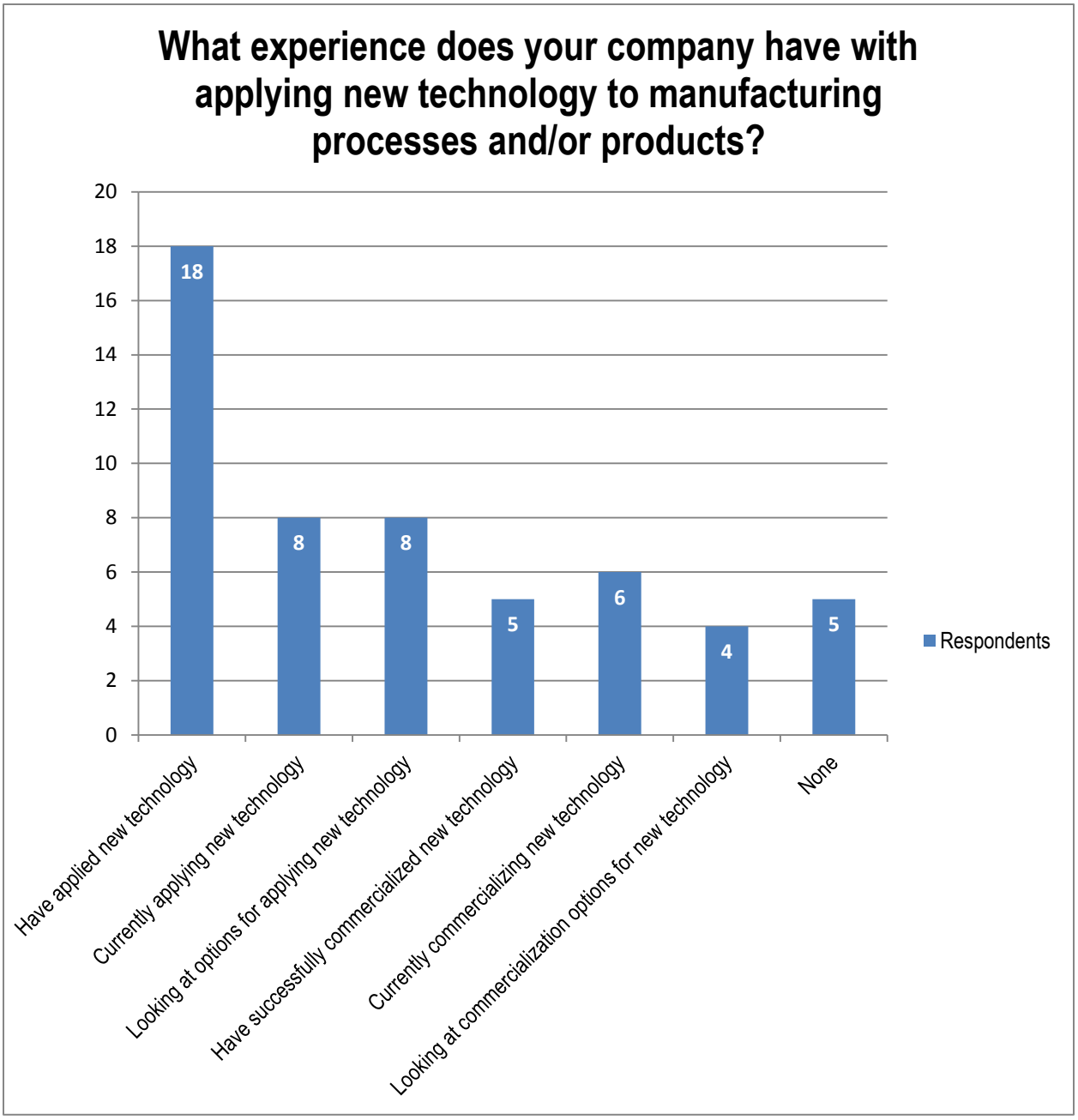
Over half of the respondents reported unsure about whether or not there are sufficient external service providers to assist with diversification, while only 23% agreed there are a sufficient amount (n=35).

Table 54: Manufacturers Diversification Assistance Quality



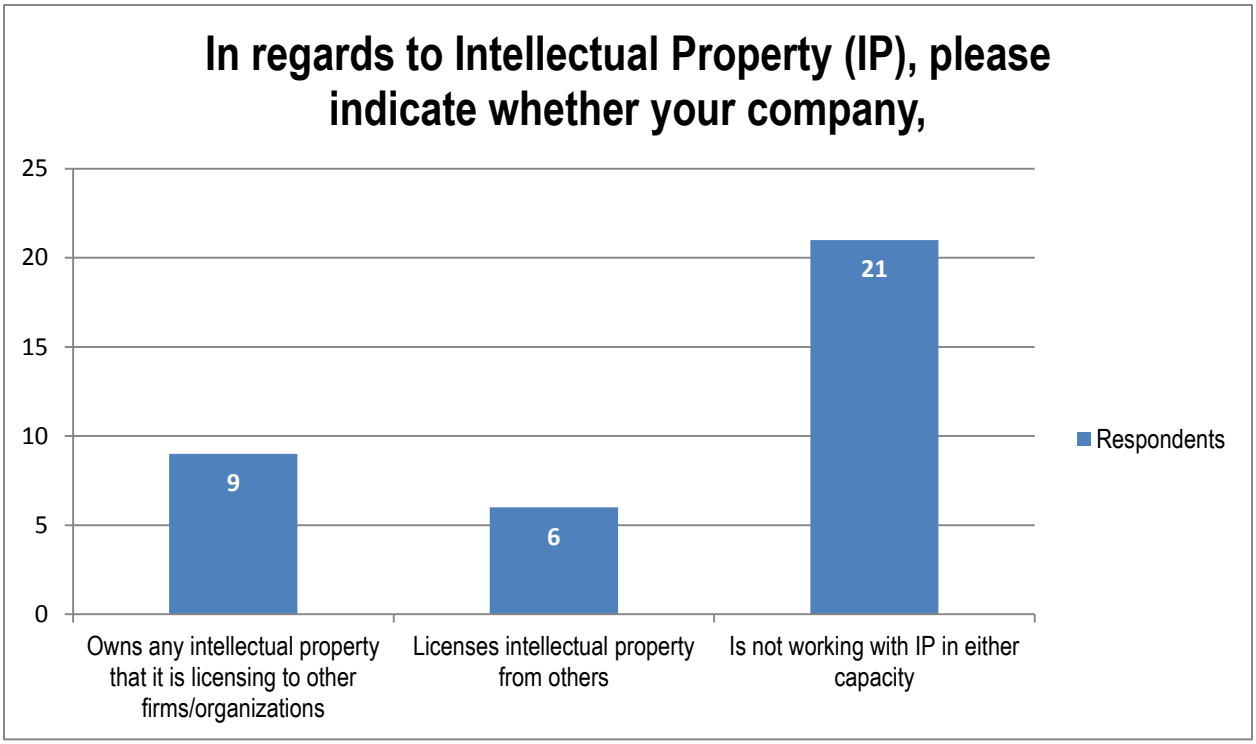
Respondents seemed to be very neutral with their satisfaction level (71%) in regards to diversification assistance, this may stem from the fact that they may be unaware of available programs in the region. Additionally, 21% reported being dissatisfied or very dissatisfied with the quality of diversification programs (n=35).

Table 55: Manufacturers Application of New Technology



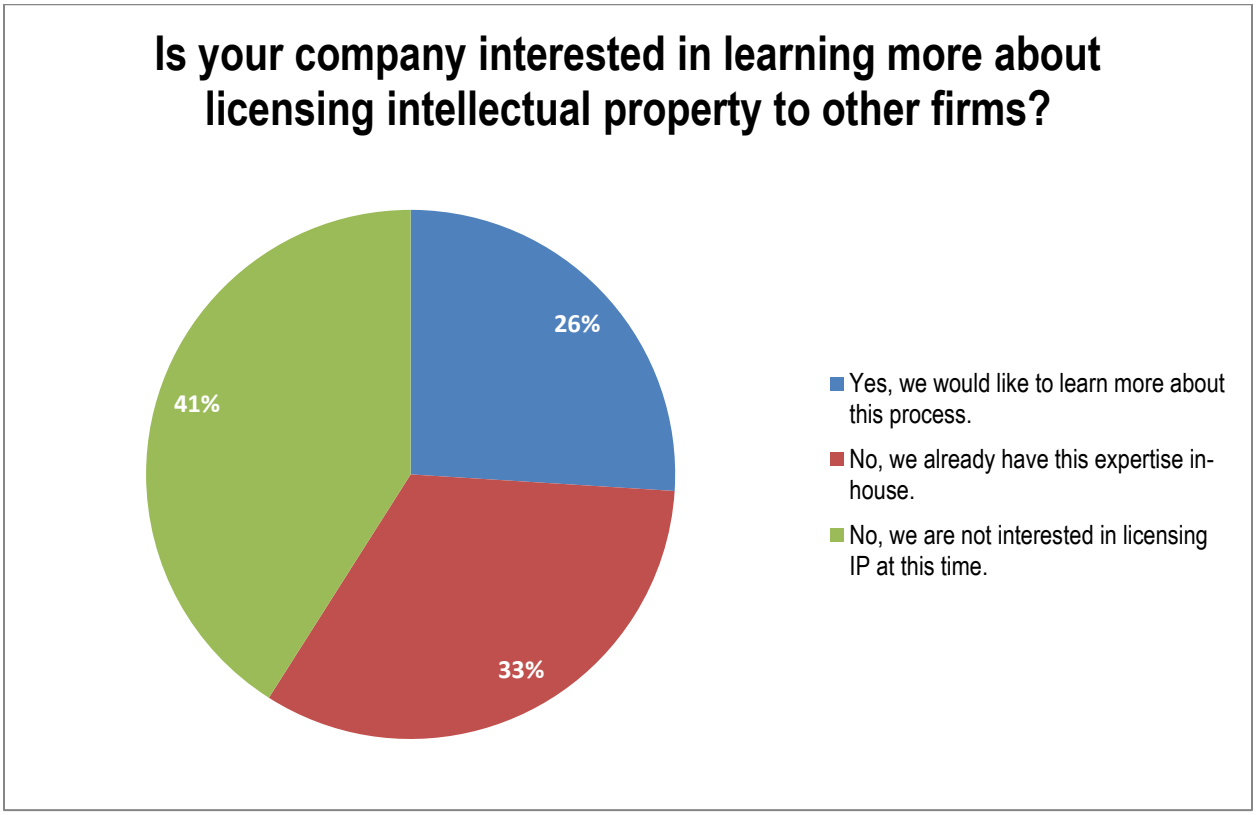
42.5% of respondents report already having applied or successfully commercialized new technology for manufacturing processes/products. Only 9% of companies report having no experience (n=36).

Table 56: Manufacturers Company Intellectual Property



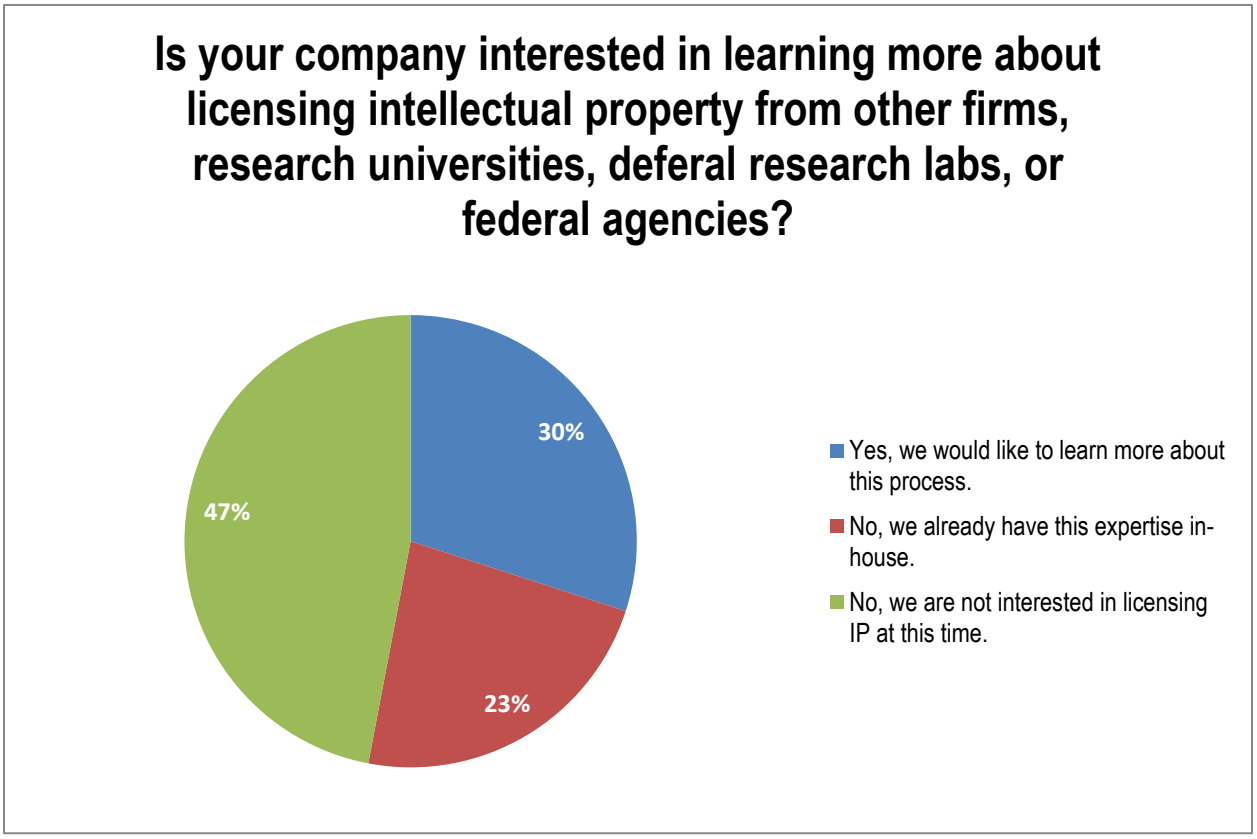
58% of respondents report not working with IP in either capacity (n=34).

Table 57: Manufacturers Company Licensing Intellectual Property to Others



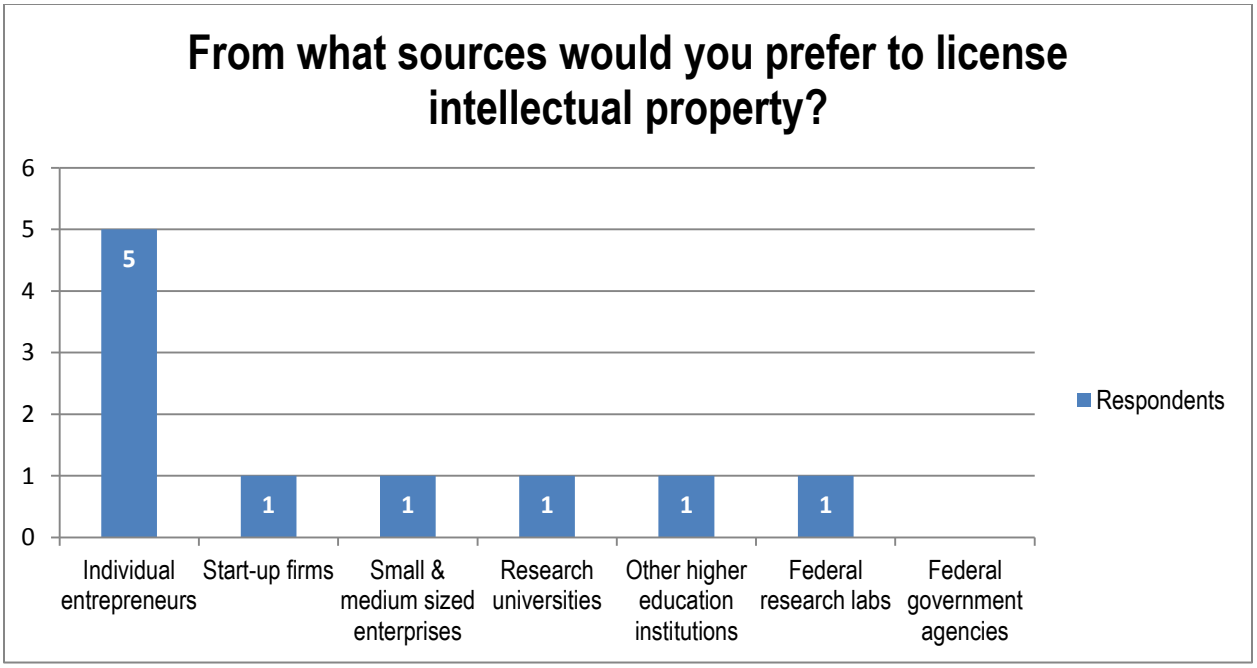
Only 26% of respondents were interested in licensing IP from other firms; however 33% of respondents already have IP expertise in-house (n=27).

Table 58: Manufacturers Company Licensing Intellectual Property from Others



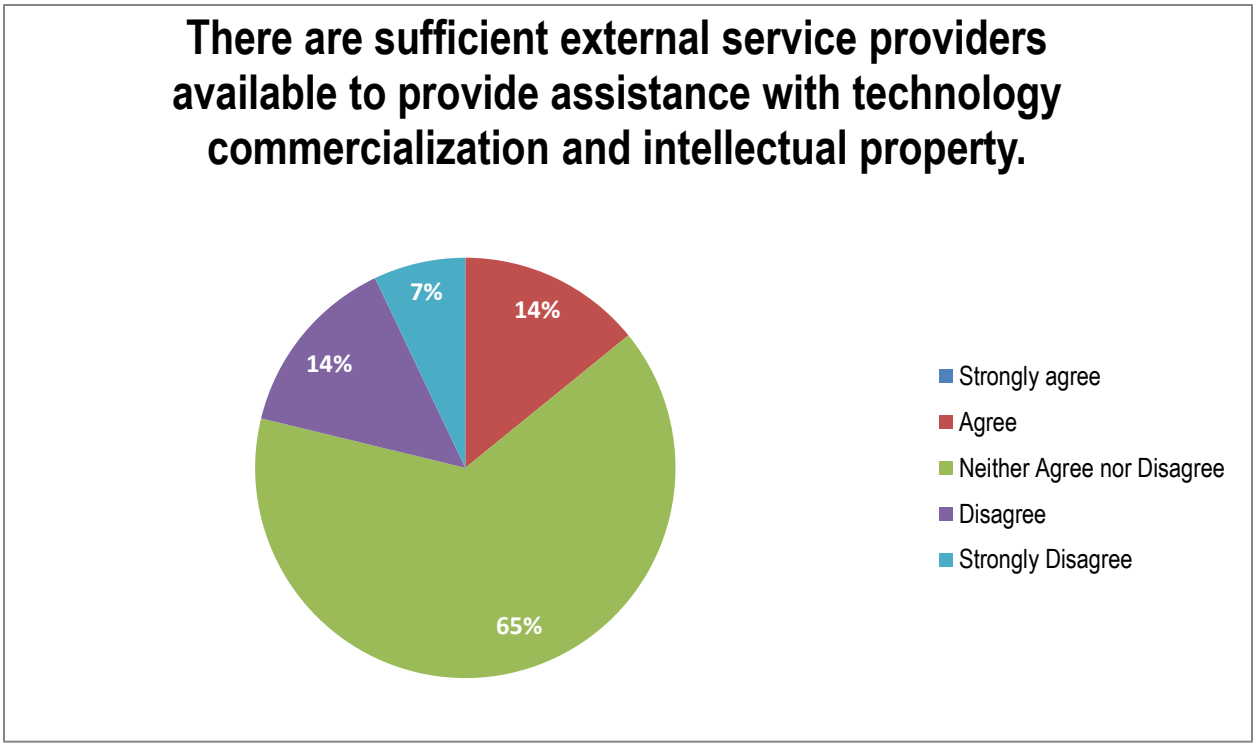
70% of respondents are not interested in learning more about licensing IP from other firms, universities, labs, and agencies (n=30).

Table 59: Manufacturers Company Intellectual Property Sources



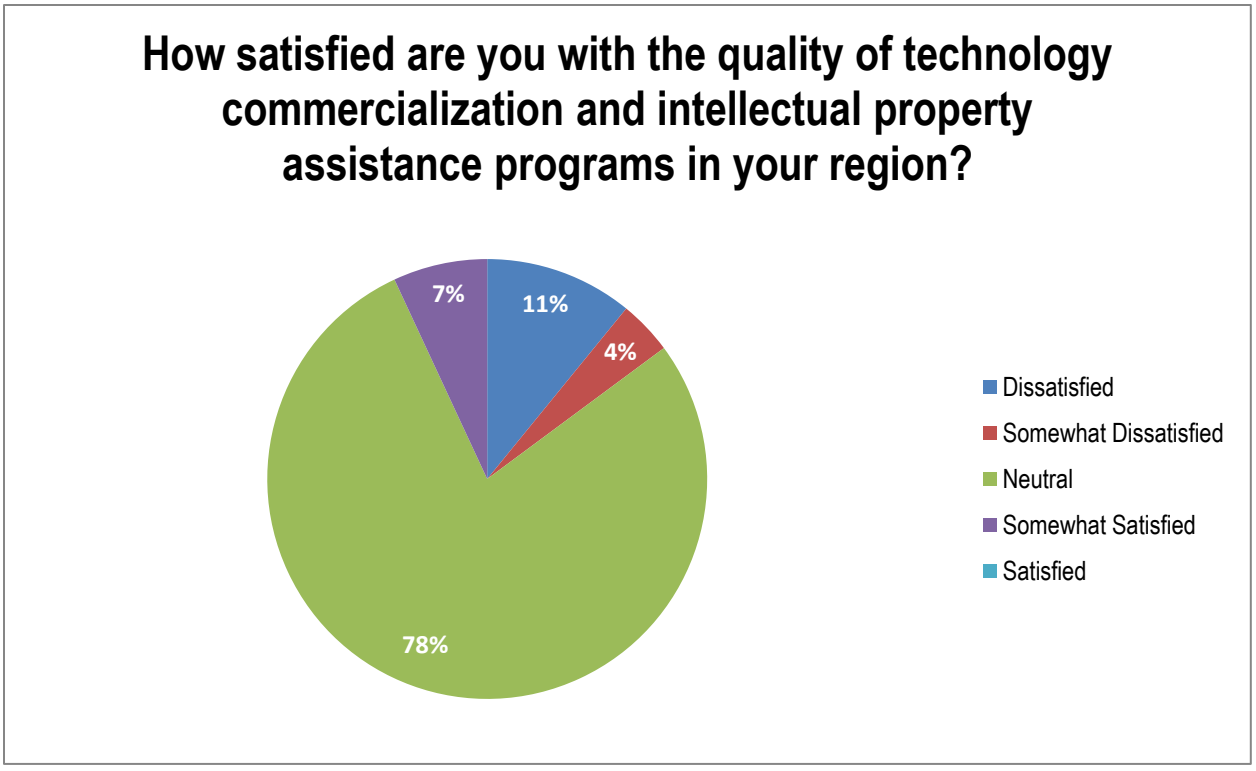
50% of respondents indicated they would prefer to license IP from individual entrepreneurs, with none wishing to license from the federal government (n=10).

Table 60: Manufacturers Commercialization and Intellectual Property Assistance



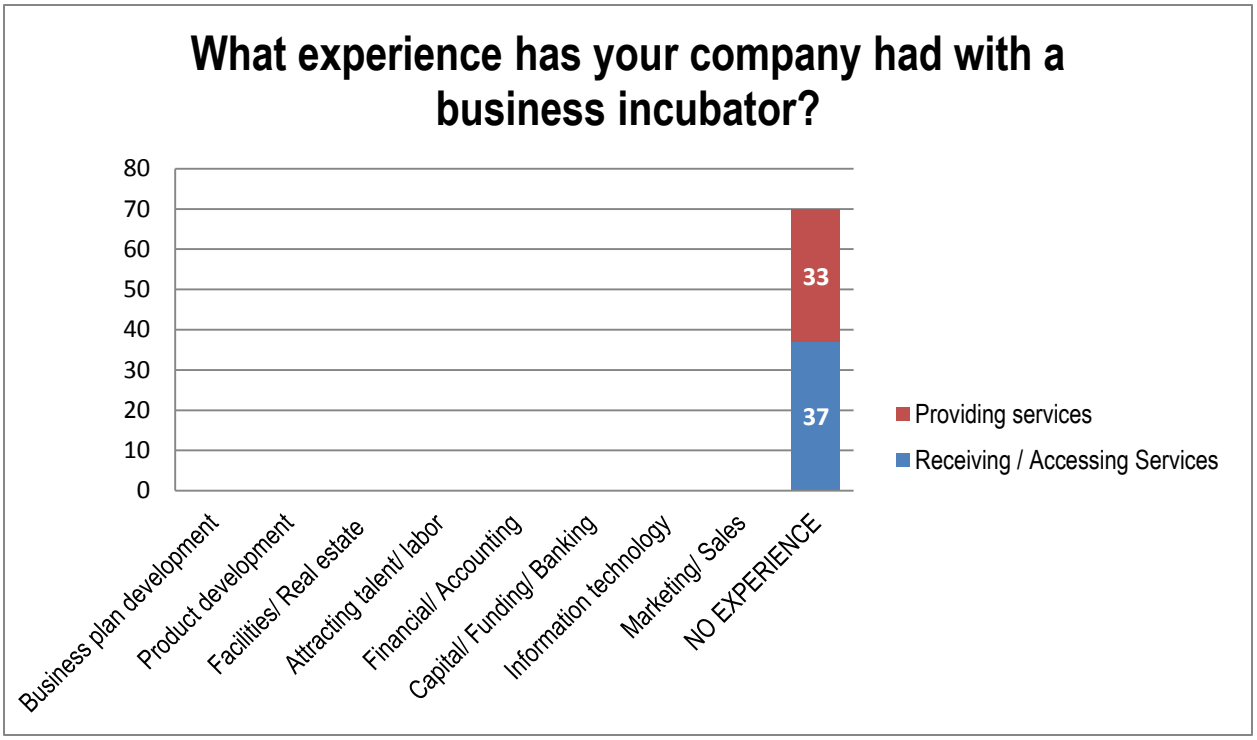
Only 14% of respondents agree that there is a sufficient amount of service providers available to assist with technology commercialization and IP (n=28).

Table 61: Manufacturers Commercialization and Intellectual Property Assistance Quality



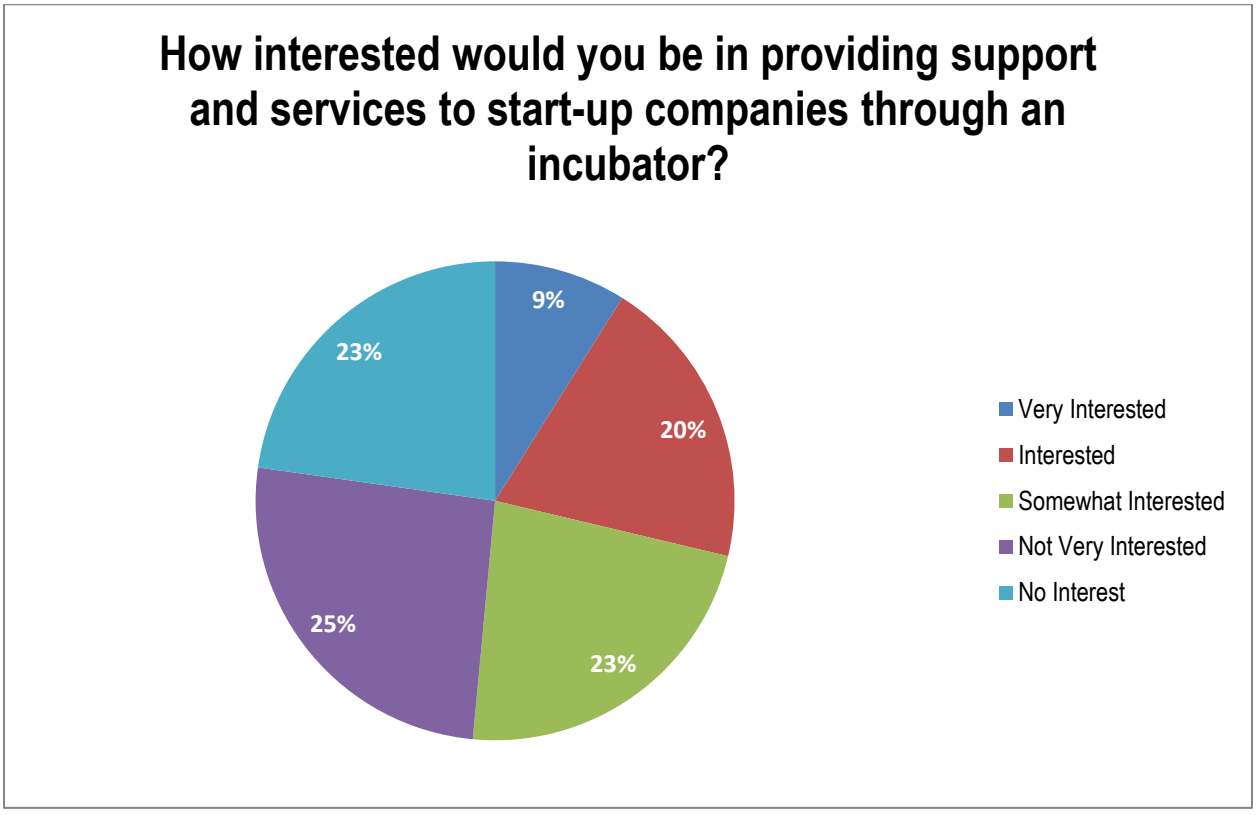
No respondents reported being completely satisfied with the quality of technology commercialization and IP assistance programs in their region (n=28).

Table 62: Manufacturers Business Incubator Experience



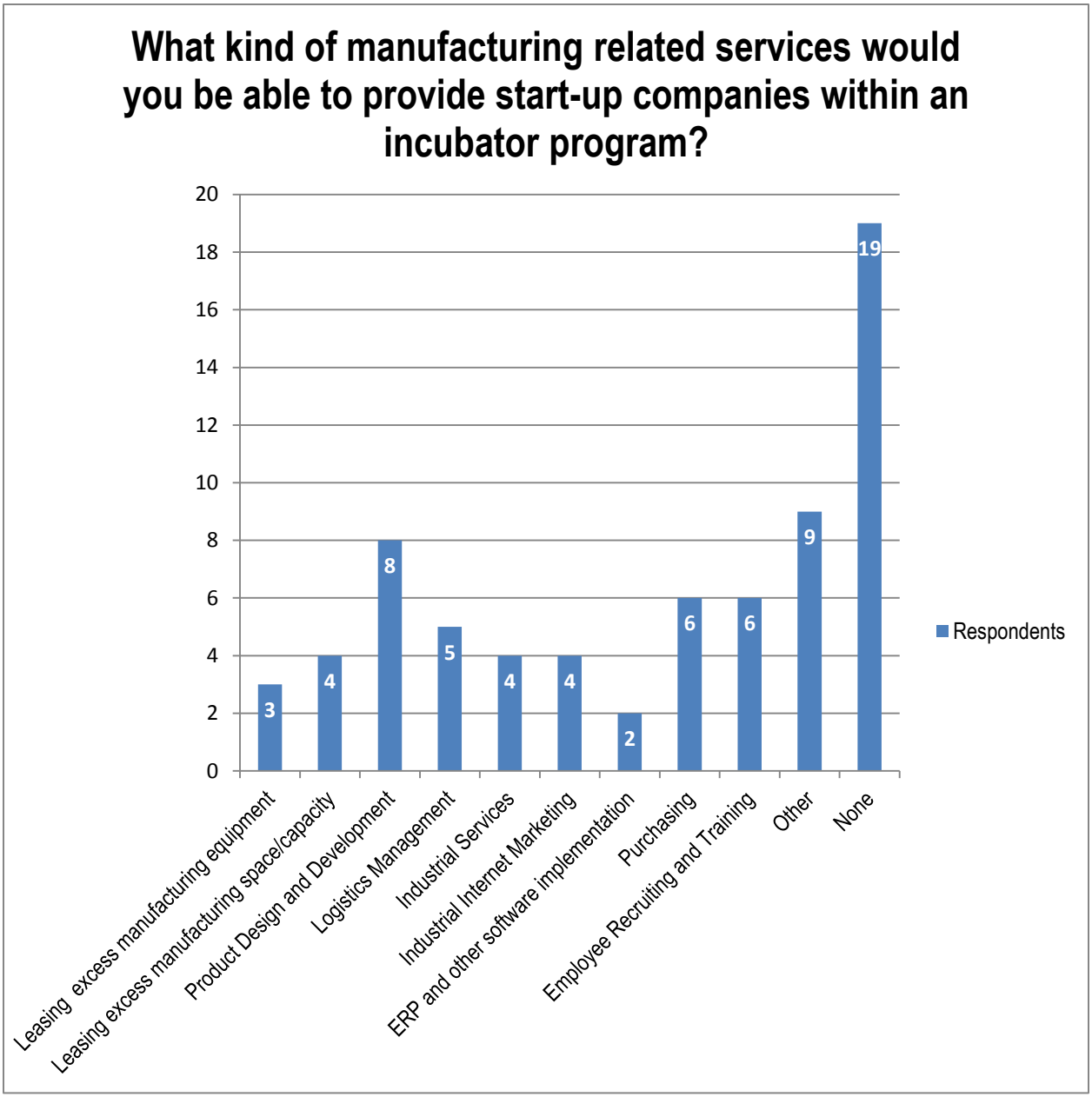
None of the respondents reported having any experience with incubators (n=37).

Table 63: Manufacturers Incubator Support and Services Interest



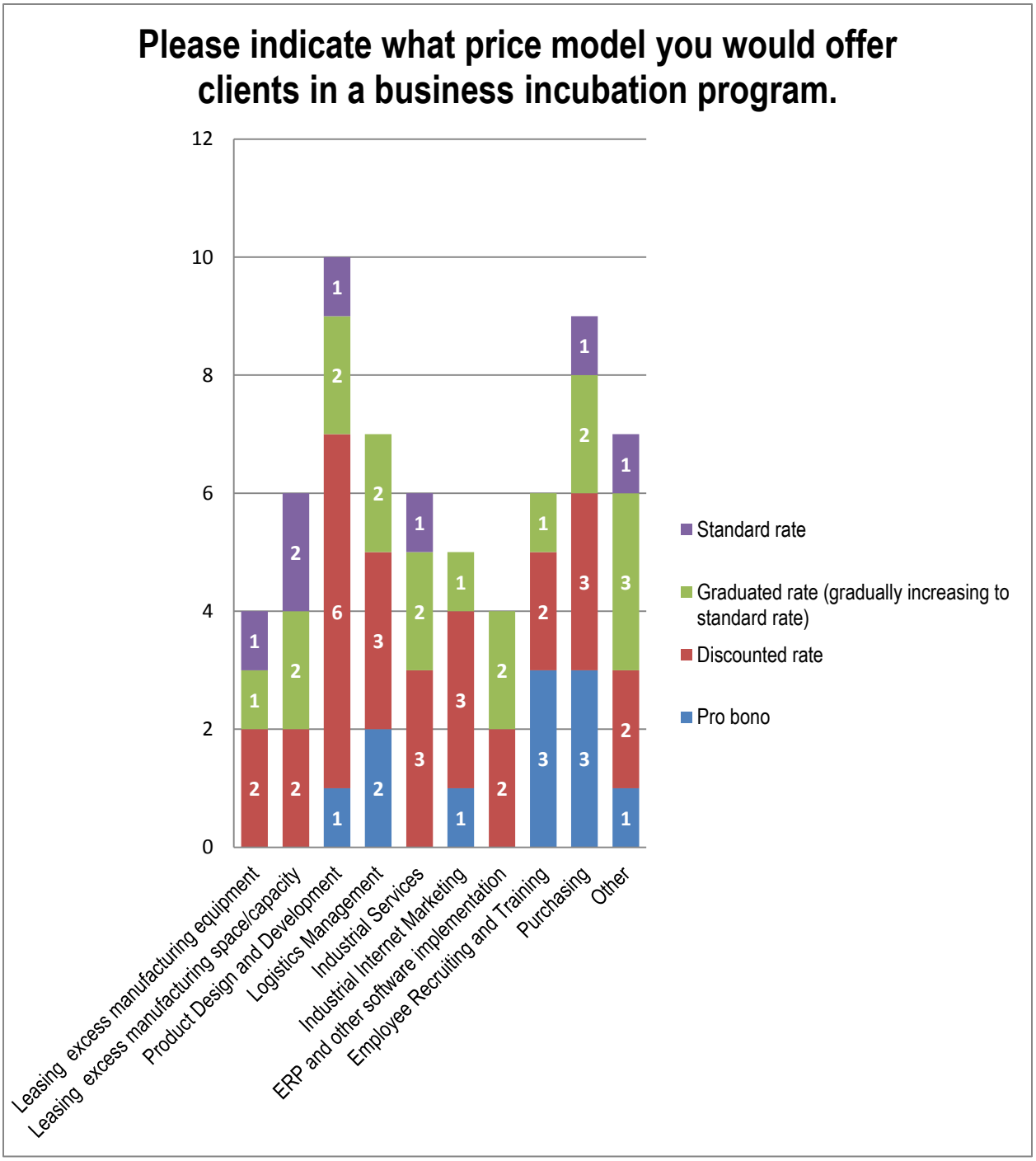
52% percent of respondents indicated some interest in providing support and services to start-up companies through an incubator (n=35).

Table 64: Manufacturers Incubator Program Services



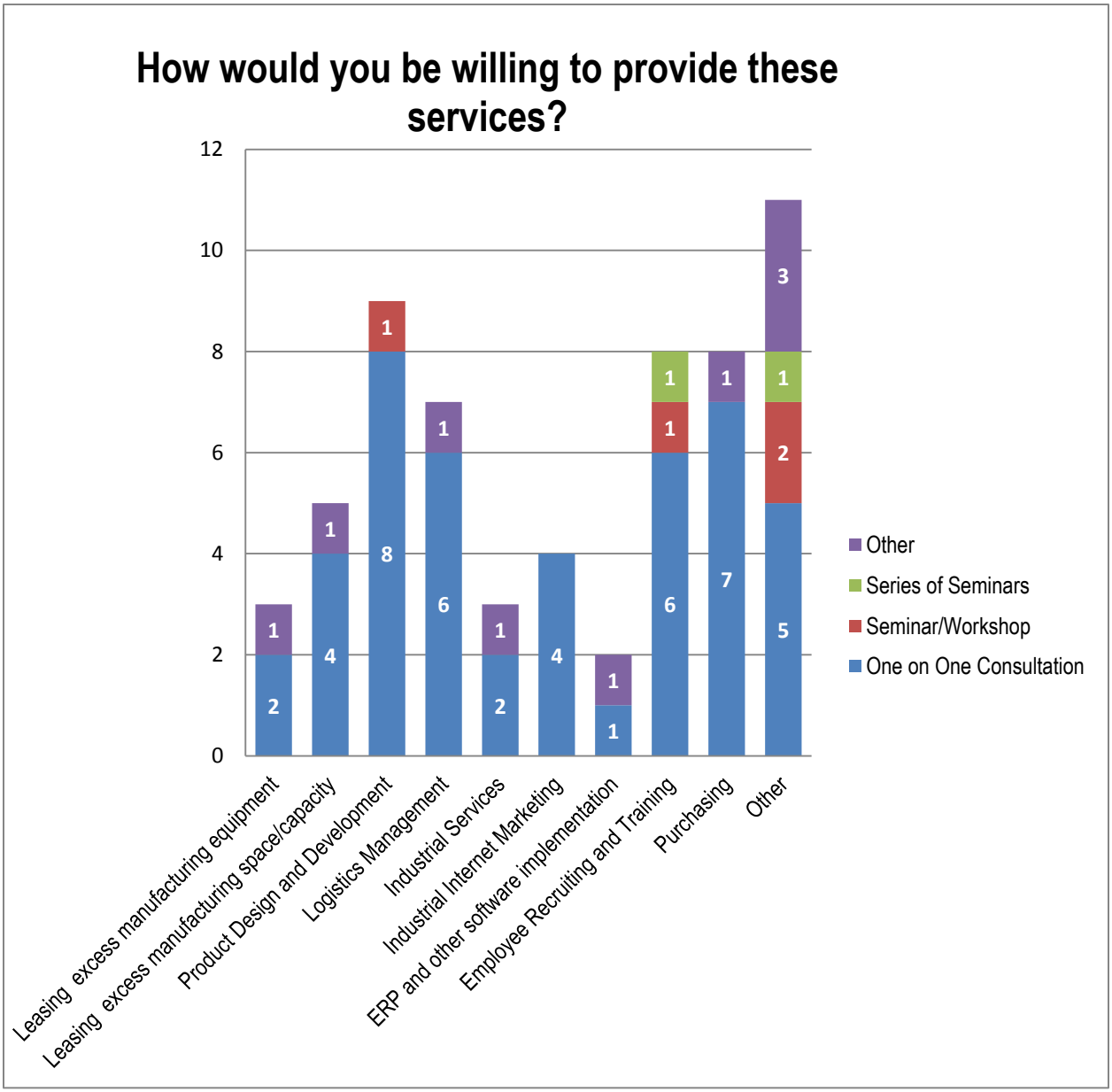
27% of respondents indicated that they are unable to provide manufacturing services to start-up companies through an incubator program. However, of those able to provide services product design and development, purchasing, and employee recruiting and training were the most prevalent (n=33).

Table 65: Manufacturers Business Incubation Program Price Model



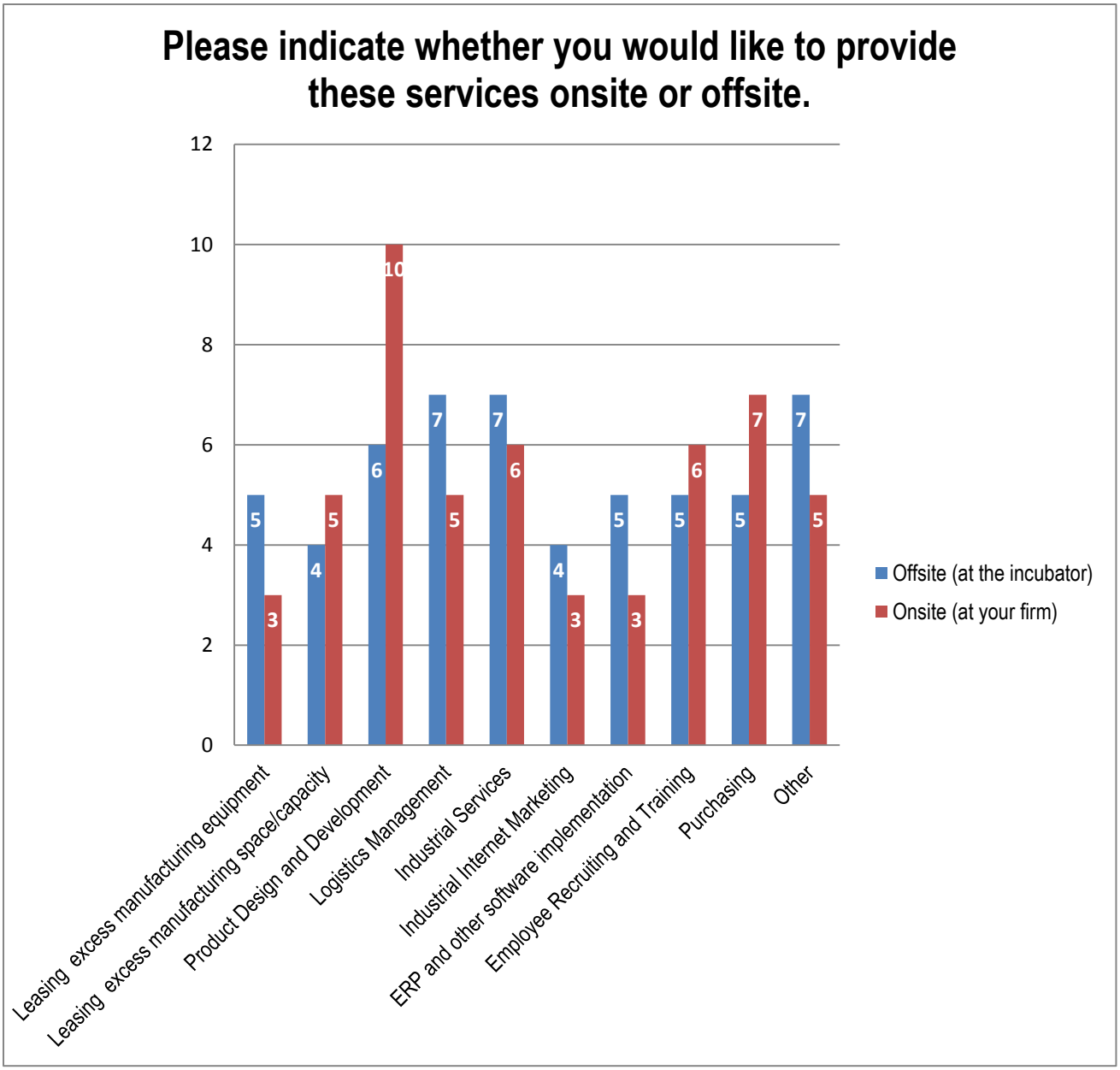
A noticeably larger amount of respondents indicated being able to offer a discounted rate for product design and development, while the most pro bono services were offered with regards to purchasing and employee recruiting and training (n=10).

Table 66: Manufacturers Means of Providing Services for Business Incubator Program



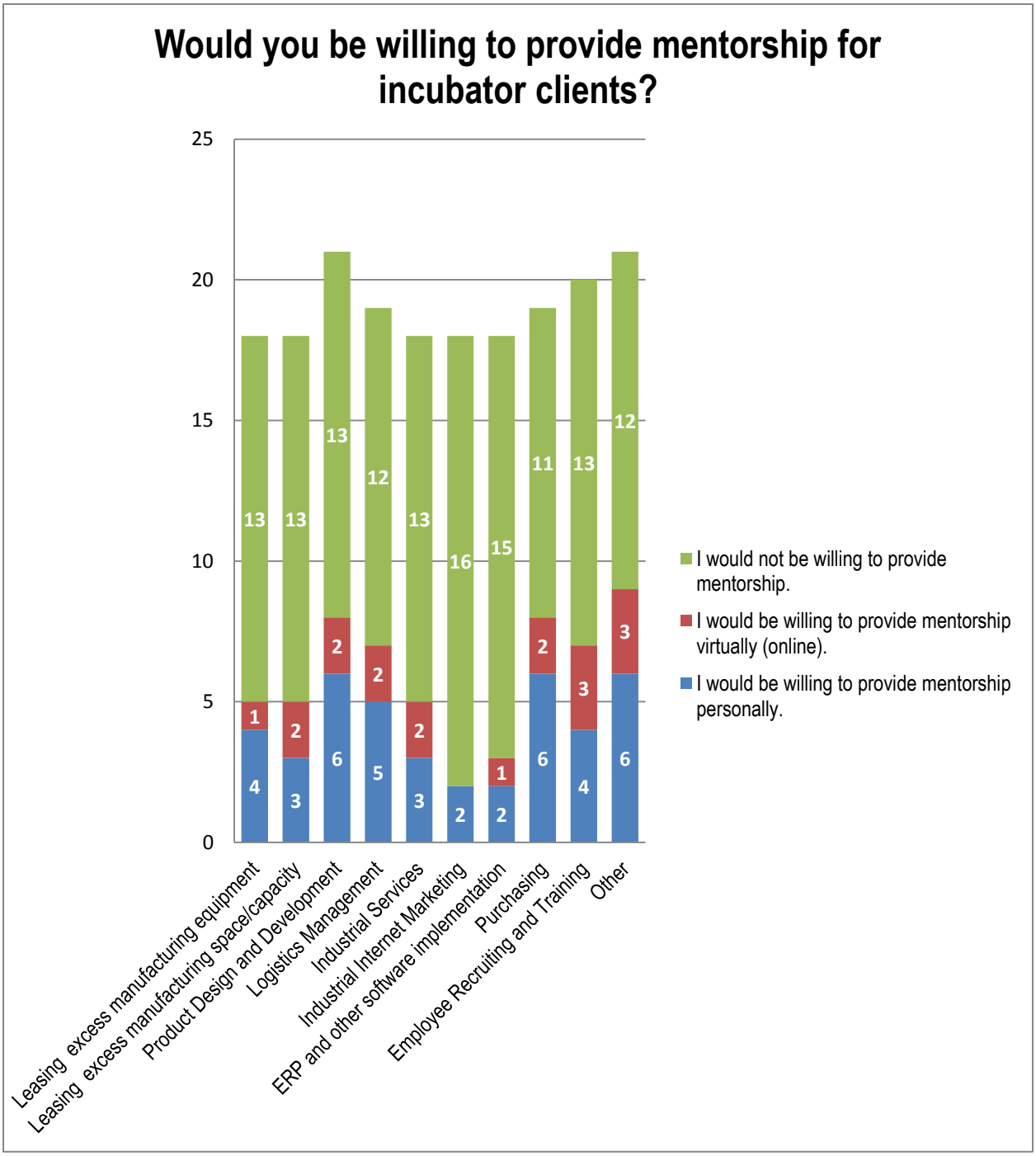
Approximately 75% of respondents indicated being able to provide one on one consultation in at least one indicated area of service. Respondents indicated being able to provide seminars for Product Design and Development as well as Employee Recruiting and Training (n=11).

Table 67: Manufacturers Business Incubator Services Onsite/Offsite



51% of respondents indicated wanting to provide services offsite, while the other 49% of respondents indicating wanting to provide the services onsite (n=16).

Table 68: Manufacturers Incubator Client Mentorship



The vast majority of respondents were not willing to provide mentorship to incubator clients. However, of those willing to provide mentorship, there was the most interest in Product Design and Development, Logistics Management, Purchasing, and Employee Recruiting and Training (n=21).

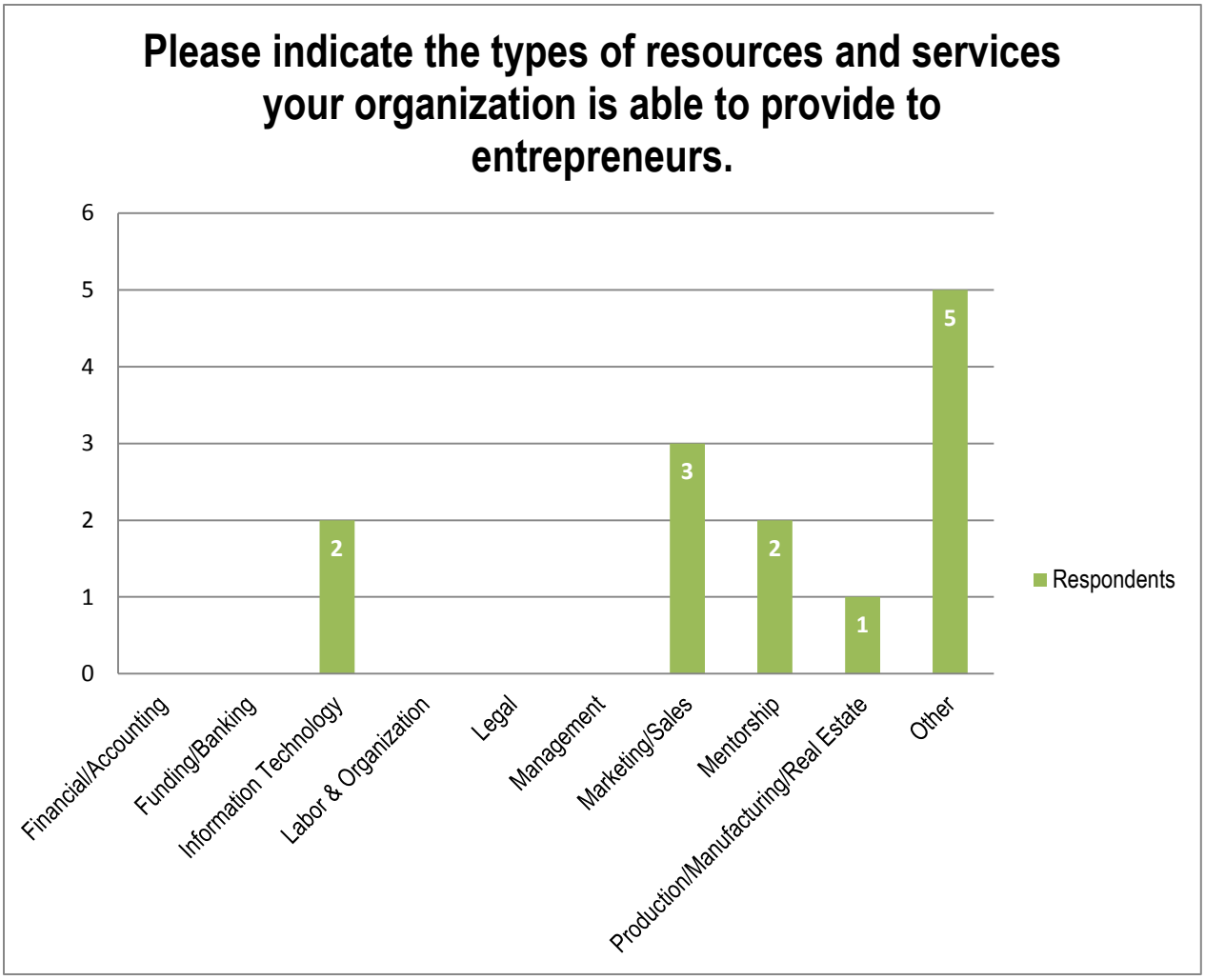
Economic Development Organizations

Responses from economic development organizations provide only a little information regarding potential services and accessibility to services for incubator clients. Results show that the top resources and services that EDOs are willing to provide are assistance with information technology, marketing/sales, mentorships, and others (Table 69).

However, the response rate from EDOs is not sufficient to develop any conclusions regarding the responses to the initial survey questions, such as the specific services offered, means by which they would provide the services, or pricing model that they would offer to incubator clients.

N=number of respondents

Table 69: Economic Development Organization Resources and Services



Of the respondents, 41.6% were able to provide resources other than those indicated in the survey (n=7).

Professional Service Providers

Similar to the EDOs survey responses, there was also a lack of responses from professional service providers (PSPs) as there was only one respondent (n=1), who mentioned they were able to provide government services. Therefore the response rate from PSPs is not sufficient to make any claims regarding any of the initial survey questions, including the business sectors of expertise and category of services, means by which they would provide the services, or pricing model that they would offer to incubator clients.

Business and Operating Plan – *A Proposed Plan*

Background

Executive Summary and Company Description

A business incubation program is a program in which entrepreneurs have the opportunity to connect with experienced professionals as well as access services necessary for growth at a relatively low cost. Professionals associated with business growth, legal services, accounting, and marketing provide mentoring and services to the clients of a business incubation program. The relatively low cost access to services, along with the strong networks and mentorship opportunities created by incubators, help young businesses overcome financial and educational barriers to entry into an industry. An incubation program can also be connected to a facility which provides low cost office space and infrastructure. Typically, after two to three years in an incubator program, client companies 'graduate' as a mature company that turns a profit and provides jobs.

The Center for Business Acceleration and Incubation Studies (CBAIS) is a unit under the Institute for Research on Labor, Employment, and the Economy at the University of Michigan. CBAIS has completed studies and reports on the feasibility and means of creating business incubators in the Wexford, Missaukee, Lake, and Osceola regions of Michigan. According to the National Business Incubation Association (NBIA), 87% of all businesses that graduate from incubators are still in business after 5 years. In comparison, approximately 40 to 50% of start-ups in the U.S. fail in their first five years of operation. NBIA also reports that 84% of incubation program graduates stay in the community[18]. Business incubation programs, if properly managed, can help to create jobs, spur economic growth and inspire an entrepreneurial spirit.

Potential risks:

- Faculty engagement with the incubator and its programs is not clear, and must be made a priority.
- Sufficient funding must be obtained to not only build, but sustain the operations of the incubator over time. This is a common risk for incubators, and requires diligence in securing funding.
- Lack of entrepreneurs willing to take the risk of starting up a business. This risk is also common for incubators, and requires on-going and consistent efforts in cultivating and attracting entrepreneurs[19].

Mission and Objectives

The mission statement should be a guiding force for the incubator program, reflecting commitment to the growth of business and the economy in the Wexford, Missaukee, Lake, and Osceola county areas. While specific policies and procedures are likely to and should change, the mission statement should direct the organization for the duration of its life. A possible mission statement for the incubator could read as follows:

> "Our mission as an incubator is to stimulate growth of the small business sector in our region. By providing guidance, access to services necessary to business growth, and a strong professional network, this incubator will help small businesses grow in size and profitability until they can manage themselves independently and create jobs in our area."

[18] http://www.nbia.org/resource_library/faq/index.php#8
[19] http://www.bhsu.edu/Portals/309/NBHBI%20Business%20Plan%20FINAL%20(2).pdf

The objectives, much like the mission statement, should be those goals which the incubator will strive to achieve for the entirety of its life. However, unlike the mission statement, these objectives represent more specific, *measurable* goals that can help the incubator gauge its success. Some possible objectives of the incubator could read as follows:

1. Create new jobs in the City of Cadillac and its surrounding region and reduce the unemployment rate in the area.
2. Establish the area with promising economic outlook which attracts new investment.
3. Improve the economic status of the community with new, higher wage jobs.
4. Create economic diversity and promote a balanced economy in the area.
5. Generate new paths for tax revenue for Wexford, Missaukee, Lake, and Osceola Counties.

Focus of this Business Plan

The feasibility study and economic and demographic data demonstrate that the Cadillac region is a strong environment for an incubator program. Although support was not as strong for an incubator facility, a program that provides guidance and services could benefit small businesses and entrepreneurs within the region significantly. This business plan will compare the options regarding implementation a business incubation program, and to make recommendations resulting in a realistic program that will benefit the community and economy of the Cadillac region.

Feasibility Study Highlights

The City of Cadillac partnered with the Center for Business Acceleration and Incubation Studies to complete a feasibility study that looked at levels of interest in both professional service providers and potential entrepreneurs in Wexford, Missaukee, Lake, and Osceola Counties.

Responses from entrepreneurs indicate community support for the establishment of a business incubator program, as the large majority of respondents either “Strongly Agree” or “Agree” that the region could benefit from an incubator program. Responses also indicate that 92.6% of the responding entrepreneurs are interested in participating in the incubator program (Table 22). When asked how much they would be willing to pay for the services of an incubation program, 48.1% of respondents said that they would participate, but not pay to do so (Table 22). For incubator services and accessibility, the analysis indicates that 31.3% of potential incubator participants would like access to services through workshops, mini-courses, and seminars (Table 21). Similar interest was seen for receiving services through one-on-one consultations (28.3%) and mentoring (23.9%), but slightly lower interest was seen in web-based seminars (16.4%) (Table 21).

Responses from manufacturers indicate that there is some interest present in contributing to a business incubator program, with 52% of the respondents indicating at least some interest in providing support and services to startup companies in an incubator program (Table 63). However, with regards to specific services they could provide, 27% of respondents indicated they could not provide any of the indicated manufacturing services (Table 64). The surveyed manufacturers’ results generally indicated a willingness to provide services to clients at a discounted rate (Table 65). For incubator services and accessibility, the analysis indicates that 85% of potential incubator participants would be able to provide services through workshops, mini-courses, and seminars (Table 66).

There was not sufficient participation from the professional service provider population or even economic development groups in the region to gather enough data to analyze. CBAIS recommends that the incubator advisory committee continue to seek out more PSPs and EDOs within the Cadillac region in order to improve the business incubator’s resources and services available to its clients.

Organizational Structure

Legal Structure Alternatives

The incubator could be structured as one of the following: a private for-profit corporation, an independent 501(c) not-for-profit corporation, a unit operating under an existing "host" 501(c), or a not-for-profit corporation. Each of these options is discussed below.

Private, For-Profit Corporation

A for-profit incubator can be established more easily and rapidly than a not-for-profit one. It provides venture capitalists or private corporations, who intend to invest in fast-growing technologies, an attractive opportunity to find high tech companies that can promise technologies in a short period of time and provide a high return on investment. This can be achieved through early seed or first round funding or through the acquisition of a client in the incubator, leading to a sizable return on investment for the incubator's shareholders. Consequently, for-profit incubators are a great structure for technology-focused incubators, but may not suit the needs of all clients in a mixed-use incubator. Many for-profit incubators assume the form of intra-ventures or new initiative groups, funded by large corporations such as HP, Intel, or Dell, with established venture funds to invest in startups. However, *Incubating Success: Incubation Best Practices That Lead to Successful New Ventures*, only one of the top forty-nine incubators was a for-profit, indicating that for-profit incubators do not necessarily foster client success.

The primary mission of an incubator is to provide more extensive economic assistance to a region. This may not be fulfilled by a for-profit structure. By receiving funds through venture capitalists or private corporations, the timeframe in which a for-profit incubator must prove itself successful may be shorter. And growing stable small and medium sized businesses, which would benefit the local economy by creating 10-20 new jobs, may not meet the investment criteria of the private investors, which could deter the incubator from pursuing its intended mission.

Independent, Not-For-Profit Corporation

A not-for profit structure is well suited to provide small and medium sized client businesses an opportunity to create jobs and to benefit the local economy since this structure is not driven to provide a return on investment to its shareholders. An incubator structured under this model would be able to acquire public funds more easily than a for-profit organization, as well as public and private grants. A not-for-profit corporation also qualifies for government tax exemptions and donations may be tax deductible. Other benefits to setting up the incubator as an independent not-for-profit organization include:

- More flexibility**:** The incubator will not need to operate within a host organization's policies and can develop its own hiring policies, payroll schedule, etc. Further, the incubator will not need to budget itself within a host organization's accounting structure.
- More control**:** The incubator will not have to comply with a host organization's missions and goals, and the board can make the incubator its priority without any external pressures. The Disadvantage**:** However, an independent, not-for-profit corporation may have difficulty securing resources and funding from professional service providers and private investors who are unsure if the program can successfully provide growth to new business ventures. Another challenge with this structure involves the long process required to establish a 501(c) (3) corporation. The investigation and approval from the Internal Revenue Service could take up to two years and requires the incubator to prove its mission to benefit the public and establish itself as an independent charitable organization. Also, the not-for-profit designation causes additional administrative and legal steps; staff would likely be required to assist with filing required annual paperwork.

Host, Not-For-Profit Corporation

Under this structure, the incubator would act under the umbrella of an existing non-profit organization such as a university foundation, community foundation, or local economic development corporation. The incubator would have to fulfill the 501(c) (3) requirements of the host, but would operate as an independent entity of the host so that its operations and management are not overshadowed by those of the host organization. The independent status can be obtained by establishing a board of directors to oversee the strategy and direction of the incubator while the host organization acts as a fiscal agent. A representative from the host organization, fitting some of the criteria in Section 3.2 under "Board Composition," could be asked to serve on the board of the incubator. This arrangement could also provide added credibility to the incubator if the host 501(c) (3) is well known. Advantages of operating under a host organization include:

- Reduced costs: Set-up costs are either subsidized or taken on by the host. And the incubator can accept sponsor contributions, charitable donations, and public funds immediately.
- Reduced time: If the host organization has a 501(c) (3) structure, it removes the need for the incubator to wait for IRS approval, thereby reducing set-up time.
- Affiliation benefits: If the host organization is university affiliated, it might provide access to student interns, experienced faculty, online and professional courses and specialized equipment for clients. Also, the host organization can provide the incubator low cost space, maintenance, and administrative and security services.

However, if the goals of the host 501(c) (3) differ from those of the incubator, conflicts could result in the incubator being unable to fulfill its mission. Such conflicts could arise if the core value of the host organization is incompatible with the growth of the client ventures. It is important that the Governing Board of the incubator maintain a strong, but autonomous relationship with the host in order to keep such conflicts at bay.

Recommendation for Organizational Structure

Governing Board

The Governing Board is a group devoted to the long-term success of the Cadillac Regional Innovation Center with its collective expertise. The board's responsibility is to make sure the direction the incubator is developing consistently with the mission statement. It can be comprised of 6-10 members with 3-4 members comprising an Executive Committee involved with the incubator's management. This board will manage major policy decisions, but will not be responsible for the day-to-day operations of the incubator.

Board Composition

The incubator's Governing Board needs to include expertise in various fields. *Incubating Success: Incubation Best Practices That Lead to Successful New Ventures* found that the presence of a graduate firm and a technology transfer specialist on the board correlates strongly with incubator success. Some suggested representatives for the board include, but are not limited to:

- Experienced Entrepreneur
- Economic Development Organization Representative
- Cadillac Chamber of Commerce Representative
- Corporate Executive
- Business Lawyer (intellectual capital protection legal assistance preferred)
- University/College Official
- Financial Community Representative
- Key Financial Sponsors

Members of the Advisory Board should be offered positions on the Governing Board, but if they do not express committed interest, the offer should be pursued no further as dedication to the objectives and mission of the incubator is necessary for success.

Board Duties

The Governing Board must first create a concise mission statement that includes for whom and for what purpose the incubator is operating. The board should draft self-governance rules (Articles of Governance), bylaws, provisions, detailed job descriptions for board members, and a plan for succession (replacing board members, electing new members, staggering term limits, etc.) The board must also decide how often to meet, and the National Business Incubator Association (NBIA) has found that the most successful incubators have boards that meet once a month for a few hours, or quarterly for an entire day.

It is crucial that the board select an Executive Director for the incubator. In choosing a director, the board must be thorough, as the director will be the guiding force behind the incubator. The board may also create guidelines to help the day-to-day incubator operations manager with day-to-day operations and to screen potential clients. It is important to note that the board members are not micromanagers, but rather policymakers who guide the incubator and its staff and keep it financially aloft.

The board should have access to a broad network through which it can provide increased contact between the Executive Director of the incubator and service providers. It must also promote the incubator as a positive and powerful tool for economic development in the area. Board members should go as far as to volunteer their own services to help the clients of the incubator, and they are responsible for networking with other stakeholders, fundraising, and long range planning for the incubator program.

Staffing

The incubator will initially require an Executive Director, a Program Manager, and an Administrative Assistant (this position may be unnecessary depending on the structure adopted by the incubator). Detailed job descriptions for each position are provided in the Appendix. The staff will oversee the development of the incubator, manage the facility and the clients, cultivate resource networks, and supervise operations. Staffing needs may increase over time and the incubator may need to hire additional program managers.

Executive Director

A full-time Executive Director should be hired to oversee the operations and to provide direct business assistance to clients by supplying contacts and external support. The Executive Director will report directly to the Governing Board. The Executive Director must be experienced in business startups and have strong leadership and interpersonal skills, as well as a well-rounded understanding of business management. The director should also have a strong network of angel investors, venture capitalists, and bankers who could help provide financial support to incubator clients. An ideal director would leverage his or her professional network to provide incubator clients with expertise in specific knowledge areas. It would be the Executive Director's responsibility to develop volunteer and internship programs through which students could become connected with incubator clients.

Program Manager

As the incubator grows in size, it may be necessary to hire a Program Manager. The Program Manager would schedule programs, manage service offerings, and assist the director with the day-to-day operations of the incubator. This would include meeting with clients periodically to provide them with business guidance and understand their struggles and/or road blocks. In addition, the Program Manager would fill the role of the director in the case of the director's absence. If there is no Program Manager, the Executive Director will fulfill the roles listed above.

Administrative Assistant

The Administrative Assistant answers telephones, greet visitors, provides administrative assistance to clients on a fee-for-service basis, and maintains equipment and supplies. The position could start as a part-time job, but as the incubator grows in size, there is potential for the position to become full time.

Management Plan

The Program Manager and Executive Director will meet with each client at least once per month. At these meetings, the Executive Director will determine the progress of the client and how the client can continue to develop while the Program Manager will determine which programs and services would be beneficial for the client company. The Executive Director will also attend Governing Board meetings, where he or she will inform the board of the general needs of the incubator. The Executive Director and Program Manager should review new client applications and begin to consider the client's eligibility for entry into the program. The Executive Director will communicate the decision of the client selection process to the Governing Board. In addition, the Program Manager will work on solving the problems of individual clients, determining the best ways to handle individual challenges in a manner that will provide the greatest opportunities for growth to clients. The Executive Director can be consulted for client problems that the Program Manager is unable to find solutions to. The Administrative Assistant will schedule meetings and answer the phones while also checking on the status of incubator equipment and supplies. In addition, the Administrative Assistant may provide services for a client company as needed.

Facility

The location analysis of this study indicates a variety of stable or expanding sectors in the region's economy, notably manufacturing, food service, retail trade, real estate, and professional services. Because of the various industries that may be represented in this mixed-use incubator, it is essential that the facility be both flexible to client needs and poised to expand.

Size/Location Alternatives

The national average for a mixed-use incubator is around 40,000 sq. ft., but incubation experts generally recommend somewhere around a 30,000 sq. ft. facility to generate enough rent revenue to cover the incubator's expenses. Considering the relatively sparse population of this four county region, an incubator this size is likely to teeter consistently at only partial occupancy. The following should also be taken into consideration when selecting or designing an incubator facility:

- **Geography** - The facility should be centrally located so that all persons involved are able to access it. In addition, the facility should be easily accessible by road and appropriately distanced from potential entrepreneurs.
- **Building/site infrastructure** - The building must be large enough to house tenants and their needs, yet it should also be cost effective and have access to water, electricity, internet, and parking. Amenities such as a loading dock, production space, heating, ventilation and air conditioning should also be considered when choosing a site.

Size and Space Allocations

Because the building and its size have not been disclosed, it is impossible to advise specific portioning. However, the following should be included:

- **Incubator Client Office Space**: Client spaces should range in size and be tailored to the client's office needs. Office space should be extremely flexible, expanding and contracting as needed. It cannot be said how much of the incubator facility should be partitioned as offices without knowing the nature and requirements of the businesses it houses.
- **Incubator Administration**: A small office is necessary for the executive director to have a permanent location at the incubator. It should include both a working space and a conference table to hold anything from small meetings to general conferences.
- **Common Space**: Previous incubator studies have concluded that optimally 25% of the incubator should be common areas (hallways, a reception area, restrooms, conference rooms, resource centers, and a kitchen)
- **Lab/floor Space**: It is likely that the incubator will house firms that need to produce and manufacture goods, so a generous amount of floor space should be allotted to providing flexibility to such needs.
- **Anchor Tenants**: Another sizable amount of floor space should be apportioned to anchor tenants, who offer steady revenue streams to the incubator and advice to client firms.

Given the variety-demanding nature of a mixed-use incubator, these categories should be fitted to the client base, not to national averages or other somewhat unrelated statistics. Once again, it is worth reiterating that flexibility is paramount.

Technical Requirements

These requirements are those necessary independent of the facility size and location.

- Internal LAN/WAN cabling
- 24/7 client access
- Sufficient parking – 3 spaces per 1,000 sq. ft.
- Facility security (i.e. key entry, locks on offices and storage areas)
- Multiple-tenant phone line, voicemail system
- Separate electrical metering
- Zoned power, communication installed for flexibility in reconfiguring space allocations
- Whiteboards, office furnishings (desks, tables, etc.)
- Microwave, sink, and refrigerator in small kitchen area

Additional Facility Recommendations

Since the Cadillac Regional Innovation Center incubator will be a mixed use incubator, there are many components that must be added according to the type of businesses accommodated. For example:

- For retail: A shipping and receiving dock may be necessary
- For food: A commercial kitchen and a cold storage area may be necessary
- For manufacturing: Proper machinery and production area may be necessary

The flexible size and layout of the mixed use facility will enhance the incubator's longevity and provides tenants with the ability to grow by occupying a larger space or expanding their current site.

Potential Sites for Cadillac Regional Innovation Center

Below are several available sites that could serve as a potential business incubator within the Cadillac region, which best fit the ideal criteria that an incubator facility would need to provide for the desired range of business practices and clientele looked at in this study. These spaces are sufficiently sized with flexible layouts that can be manipulated to fit the needs of the clients.

1501 Ron Wilson Dr., Cadillac, MI, 49601
Price: $339,000
Price/SF: $19.99

16,960 sq. ft. Butler Steel Building on 2.98 acres for sale or lease. 80' x 212' x 17'-6" Eave with four 3070 service doors, four 8' x 9' O.H. dock doors vertical lift, with H.D. truck bumpers, one 12' x 14' O.H., six 18' x 14' O. H., seven 19' x 14' O.H. and one 20' x 14' O.H. Manuel chain hoist operated. Warehouse area has Hi-Efficiency Thermo-Cycler air handler heat system with automatic timer controls. 1540 Square foot office space composed of 7 offices, 1 general reception office, and 2 restrooms. Offices have separate heat and air conditioning. Parking lot is 68,000 square feet blacktopped. Spaced for 38 employee vehicles, one long trailer slab, six short trailer slabs, and eleven tractor-only spaces with heater hookups. Blacktopped area is totally enclosed and lighted with 8' security fence and front gate. Room on lot to expand building approximately 150' for possible total of 30,000 square feet. ½: 12 roof pitch, MR24 – 20+ years standing seam roof with 4" insulation vapor backed. 14' clearance at low point edge truss connection. Clearspan truss, 24' & 2-22' bay spacing. Totally sprinkled to Ordinary Use Hazard, Group 2.

1461 N Mitchell St, Cadillac, MI 49601
Price: $150,000
Price/SF: $18.75

Prior electrical contractor buildings consisting of two approximately 50' x 80' buildings joined by two enclosed walkways. Located directly across from Fox Motors in well-developed stretch of N. Mitchell, the main thoroughfare through Cadillac. Total square footage approximately 8000 sq. ft. 1 dock, 2 doors.

3662 S. US 131 Highway, Cadillac, MI, 49601
Price: $600,000
Price/SF: $21.34

Prior lumber yard, property consists of 3 buildings: 11,650 sq. ft. with approximately 7,342 sq. ft. heated open retail area with offices; unheated warehouse building 10,440 sq. ft.; unheated warehouse building 10,240 sq. ft. Large yard area with additional acreage available. Taxes: $4,726 (2011).

3320 Grant Hwy., Manistee, MI 49660
Price: $299,500
Price/SF: $21.60

Main building consists of 11,400 square feet and has 1 office, a lunch room, 2 bathroom areas, parts room and a large shop area with 19' ceilings. 440, 3 phase power available. Located on 4 acres, just south of Manistee. Gravel parking area and driveway.

290 Washington St., Manistee MI 49660
Price: $650,000
Price/SF: $20.70

Class A Industrial / Commercial Building Which could be used as a manufacturing site. 31,400 square feet of space on one level. 6 inch. concrete floor. One truck well/ loading dock. 3 12x14 overhead doors, one 14x14 and one 8x10 overhead door, all with electric openers. 6 Modine heaters. 24 foot clearspan in the original building and 22 foot clearspan on the north addition. The north addition was added in 2011 and is very well insulated. The whole building is sprinkled. Mercury Vapor lighting throughout. 13,750 square feet currently leased with an income of $2075 per month. 2 newly finished office & restroom sections. The property is located in the Industrial Park on the north side of Manistee, MI.

Client Application, Selection, and Graduation

The client application, selection, and graduation process should be designed to bring in companies that match the incubator's mission and focus, are at the right stage of development, and can benefit from the services offered by the incubator. It is critical to the success of the incubator to ensure that each client meets at least one of these criteria. A sample client application form can be found in the Appendix.

Application Process and Guidelines

This section outlines a proposed four step application process for each client. This process should take no longer than five business days to complete.

1. Applicants will be required to fill out an application form that will ask for basic contact information, business plans, and services needed.
2. If his or her application meets the eligibility requirements, the applicant will be required to submit a formal business plan for review by the Executive Director.
3. If the director finds it difficult in deciding the admission status of the applicant, the applicant will present his or her plan to a selection board for further evaluation

Guidelines

Step 1: Complete Application
Applicants will be required to complete an application form either online or on paper that will ask for their basic contact information, business plans, funding and services required (preliminary and long run), a brief description of the business, and the current stage of business development.

Step 2: Provide Business Plan or Business Description
Applicants that meet the incubator's basic qualifications from Step 1 will be required to submit a business plan or written description about the business. This document should include an in-depth description of the business's current stage of development, the market potential, the competitive landscape, the management team, and an overall feasibility and viability of the business model.

The business plan should ideally be reviewed by the Executive Director and individuals with expertise in the applicant's industry. The applicant's needs should be clarified through this document and the reviewers must determine if the incubator can meet those needs. For applicants with strong business plans, Step 1 and 2 may be adequate to issue an acceptance decision after the review of the Board. If further evaluation is necessary, the Executive Director may request the client to come in for a brief interview and presentation as described in Step 3.

Step 3: Presentation to a Panel
The applicant will present their business plan and business needs to an incubator panel comprised of Board members, the Executive Director, and industry experts relevant to the applicant. The panel should interview the applicant to make sure that the gaps in his or her application from Steps 1 and 2 are filled. Based on the panel's input, the Executive Director will make a recommendation for acceptance or rejection to the Board.

Step 4: Discussion of Expectations
Time permitted, the selection process should be completed with a discussion of the incubator's expectations of the clients. For example, the Program Manager will require that clients pay rent and fees for services in a timely fashion; or the client will be required to sign a contract with the terms of agreement for using the facility.

Evaluation Criteria

Applicants will be evaluated on a variety of criteria based on the mission and objectives of the incubator. Some basic criteria should include the following:

- The business must have a sound business plan, including a multi-year financial plan
- The business must show job creation potential
- The business must demonstrate a need or niche market for their product or service
- The business must be a for-profit business in a stable or growing field
- The business should remain in the Wexford, Missaukee, Lake, or Osceola region upon graduation
- The business must be well-suited to benefit from incubator services and should have space needs that the incubator facility can accommodate
- The incubator cannot have two or more member businesses that compete for the same market
- The business must be in the early stages of development
- The applicant must be willing to participate fully in the incubation program, including taking advice of the director and other professionals
- The applicant should be able to pay for fees (rent, salaries, overhead) charged by the incubator while developing a positive cash flow

More criteria should be drafted that are in line with the mission and objectives of the incubator once more specific goals become available for reference.

Graduation Policies

In *Incubating Success: Incubation Best Practices That Lead to Successful New Ventures*, only one incubation management practice was linked to a negative correlation with success, lack of a formal exit policy. Therefore, a well-formed graduation policy is a necessity. A well-defined exit policy helps encourage timely graduation. Several factors should come into consideration when drafting an exit policy including:

Time Limits

A maximum amount of time during which clients can use an incubator's services should be set, usually somewhere around three years. This time limit would be written into a client's contract and can vary depending on the needs of the company (health technologies, for example, may take longer to clear administrative hurdles than other companies). Regardless of the specific time limit, enforcing this policy is essential for the success of the incubator.

Value Provided

An incubator should continue to provide value for the client. If a client company has grown past the incubator's ability to provide necessary services to them, then the client company should graduate from the program. This assessment could be performed on a monthly basis via meetings between the executive director and client.

Graduation Criteria

During the evaluation process for graduation, several factors should be considered. The business should examine whether or not they have:

- Followed their business plan
- Developed a substantial network of advisors and professionals
- Started generating sales revenue
- Acquired sufficient capital to sustain the company
- Selected a management team that is capable of operating the company without incubator guidance
- Became financially capable to recruit new employees to expand business

Incubator Services and Programs

Every successful incubator program is built on the foundation of services and programs which promote a client's likelihood for successful growth and development. Essential programs and services for a client's success include skill-specific workshops, leadership workshops, employee training, etc. Offering these value-added services is vital for the client to become independent and presents an easier path to exit opportunities when the proper foundation is built.
Programs and services incubators should offer include:

- Networking opportunities through dinners, business meeting, career fairs, and other planned events
- Educational programs such as skill specific workshops and general management courses
- Direct business development assistance, such as technology commercialization assistance, through support from the Executive Director, Program Manager, and other people helping with the overall operation of the incubator
- Facility-based services both on-site at the incubator and off-site in the neighboring communities

All incubator programs and services will be offered to the client as part of their monthly lease agreement. Special programs may be offered with a per-unit fee. Successful incubators offer general legal services, linkages to strategic partners, local marketing assistance, and other beneficial services linked to community leaders. Collaboration and effective business partnerships will assist with the incubation program's development and help clients in finding exit opportunities. The programs and services of focus include direct business development assistance, professional network and relationship support, educational programs, facility-based services, and business assistance providers.

Direct Business Development Assistance

From the time of matriculation onwards until eventual graduation, business development assistance will provide the support needed to sustain a successful incubator. Coordination and oversight will be headed primarily by the Executive Director. In order to find programs which best tailor to the client's specific business, an evaluation will be made and recommendations will be based on the initial evaluation.

- Business Evaluation – beginning with an in-depth review of the components within the business plan, client businesses will be assessed in a number of areas. Following the initial evaluation will be a survey in which the businesses will self-evaluate their plan, and develop an approach to improve an area within the business. Using this information the Executive Director will make a recommendation of the programs and services best serving the client.

After conducting research within the counties of Wexford, Missaukee, Lake, and Osceola in search of potential local resources and partners, the following data has been collected.

Professional Network and Relationship Support

Developing connections within a community is a difficult task for every incubator especially with clients in small, emerging businesses. Therefore, the duty falls to the business incubator's staff to help establish networking and relationships within the community.

- **Advisory Board** – It is necessary to have a dedicated board to help clients all through until they graduate from the incubator. The advisory board will be responsible of identifying all possible opportunities that benefit the clients. An advisory board is typically made up of 3-4 people with relevant industry-specific or management experience. They could serve as volunteered mentor or general advisors. The incubator would monitor clients' business progress as a measure of effectiveness of the board.
- **Mentor Program** – Each client should have access to mentors and business counselors taken from within the communities in the form of volunteers. These mentors will be experienced professionals who have had multiple years of experience in the given sector. One of the mentors' many roles will be to keep track of company development and to suggest areas of improvement. The managing director should oversee the mentor process with regular meetings and resource suggestions.
- **Professional Networking** – Links to strategic partners, angel investors, and professional networks are essential to the success of a business incubator. Ways to effectively communicate with professionals include professional e-mails, calls into the office, and walking into businesses. Once the high quality pool of professionals (lawyers, capital investors, human resource management, etc.) is selected, negotiations for reduced fees or incentives can be established to garner further interest from professionals. A means for assessing client progress and satisfaction with interaction to professional networks will be developed by the incubator.
- **Venture Capital and Funding Network** – Acquiring enough capital to run a successful incubator is a challenge facing all incubation programs. The best way to acquire the capital is through angel investors, private equity investors, and banks. However, this can be difficult unless the right connections are made and are done so by keeping constant, effective, and professional communication. Philanthropy is another way to acquire funding for the incubator, but once again connections must be made in the form of functioning business relationships.
- **Internship Network** – One way to gain assistance with an incubator is by hiring interns. By recruiting well it is very simple to gain strong human capital that can contribute to client networking by contacting businesses and professionals in the area. Also, any work on evaluating progress and client relationships can be done by interns as well. The incubator should develop a process to identify, screen, and recruit interns.

Educational Programs

Educational training and support for incubator tenants, members, graduates, and managers may include various workshops and seminars. The incubator staff may develop and administer sessions covering business basics, marketing strategies, networking tips, advice on pursuing investors, intern programs, and a multitude of other topics. The incubator may offer training programs in traditional classroom settings or online. Some incubator programming can begin prior to the opening to serve as a marketing tool for attracting clients.

Facility-Based Services

Facility-based services are based largely on the incubator building's amenities. These include, but are not limited to:

- Resource libraries
- Shared conference rooms
- Shared office equipment (photocopiers, fax machine, printers, scanners, etc.)
- Shared specialized equipment (manufacturing tools, laboratories, etc.)
- Reception area and receptionist to greet visitors
- Internet access and mailroom support

Business Assistance Providers

The NBIA recognizes the need to "prioritize management time to place the greatest emphasis on client assistance, including proactive advising and guidance that results in company success and wealth creation" as a best practice.

Part of the incubator manager's greatest assistance to clients is to find, recruit, and manage a strong "service provider network" that gives clients access to high-level, and usually reduced-rate, business experts. This type of expertise might not be available on the incubator staff, and getting third-party expertise may not be affordable for early-stage companies. The incubator manager should be able to negotiate pro-bono or reduced rates with service providers, helping clients conserve crucial capital. Incubator service provider networks include accountants, lawyers, venture capitalists, scientific experts, information technology experts, and marketing specialists among others. These business assistance providers should have relevant expertise, be readily available, and have experience working with young companies. These service providers should be chosen carefully through interviews, and regular evaluations via client surveys and focus groups should be conducted to ensure relevancy and effectiveness.

Marketing and Public Relations

In order to implement a successful business incubator in the City of Cadillac area, necessary steps must be taken to market and sell the incubator to entrepreneurs, consumers, and investors. All three targets must work together in order for the area to see further economic growth and to provide exceptional service and consistent consummation.

Effective marketing strategies help raise awareness and promote the value of the services the incubator offers. The main marketing goal is to continually recruit qualified companies for the incubation program, and the main public relations goal is to keep stakeholders informed of the incubator's progress and milestones. Additionally, incubators should assist client firms in their own marketing strategies.

The Cadillac Regional Innovation Center should consider developing a written marketing plan for its incubator program. While a business plan describes the overall goals and benchmarks for the incubation program, the marketing plan supports the business plan by outlining actions to be taken to attract additional clients, in addition to other partners and sponsors.

The National Business Incubator Association offers the following twenty questions to help develop a marketing plan. Although focused on incubator clients, they could easily be altered to apply to sponsors, stakeholders, and partners.

1. Who is your most likely client?
2. How is that potential client different from the general population?
3. What events trigger the need or desire for incubation services?
4. When does this trigger occur? Can it be predicted?
5. How does that potential client go about deciding whether to enter an incubator?
6. What are the potential client's key decision factors?
7. How do you compete with other service providers on these factors?
8. Are these differences known to the potential client?
9. Are these differences meaningful to the potential client?
10. How can your incubation program be exposed to your most likely customers?
11. What other noncompeting organizations share this target market?
12. How can you promote your incubation program to existing clients?
13. What other new services could you sell to existing clients?
14. What is your competition doing to lure potential/current clients away?
15. What are other incubators doing to increase their client base?
16. What current non-sales producing costs can be converted into sales-producing investments?
17. What can your partners or sponsors do to help you improve your current services/awareness/occupancy?
18. What emerging social economic or technological trends can be turned into new client opportunities?
19. What new markets could be served with a slight modification of your current facilities and services?
20. How can you make your incubation program easier to enter or use?

Marketing to Entrepreneurs

Business incubation is used as a tool to provide entrepreneurs with a foundation to start their own businesses. In Wexford County, which includes the cities of Cadillac, Mesick, and Manton, various aspects of the incubator are marketable to potential entrepreneurs. The number of stable and growing industries in all counties greatly outweighs the number of declining industries. Some of the common stable industries in the region are manufacturing, educational services, health care, and social assistance, whereas common growing industries include agriculture, health care, finance, transportation, and warehousing. This further demonstrates the growing interest in many types of small businesses and highlights the varying ambitions among entrepreneurs in the area, and the wide range of small business interests makes the Cadillac Regional Innovation Center area have rich and well-rounded entrepreneurship potential.

Additionally, in another CBAIS survey, only 12% of the potential entrepreneurs said that they would be interested in renting either office or storage space from a business incubator facility in the Cadillac Regional Innovation Center area. Without the implementation of a facility, the entrepreneurs in the business incubation program are provided all the services of the incubator, such as networking, skill development, and services/expertise, without renting physical space. This may appeal to some entrepreneurs as a way to use all of the incubation services without having to abide by incubation facility regulations.

The feasibility survey conducted by CBAIS has identified the target market of the Cadillac Regional Innovation Center broadly, especially regional entrepreneurs interested in participating in an incubator program or renting from an incubator facility. The incubator should devise a marketing plan with the goal of capturing this target market. All those entrepreneurs who, based on the survey results, displayed a very strong interest in the incubator should be contacted directly. In addition, an incubator website should as soon as possible so that any curious entrepreneur can easily gather information. The incubator advisory board might also want to host training seminars or skill building workshops for local small businesses as a way to expose potential clients to the idea and specifics of the Cadillac Regional Incubator.

Marketing to Customers

Incubators need to have a strong, consistent basis of customers as well as a flow of new ones. In doing so, the Cadillac Regional Innovation Center must familiarize consumers with the concept of a mixed incubator facility, since many may not even know what an incubator is. This can be done by the means of newsletters, small presentations, newspaper or television ads, and even by special events like open houses. The most important thing to emphasize to potential buyers is the advantages from buying from the incubator, including low costs, bulk, and more intimate service. It is important for incubators to effectively market their benefits and advantages to customers in order to start up an efficient and successful business.

Marketing to Investors

Proper funding is crucial to the startup of any incubator, no matter what financial model it follows. Like marketing to entrepreneurs, the first step in securing private funds is to find the optimal target market or markets. In whatever market the Cadillac Regional Innovation Center chooses to engage in requesting funds, a pitch customized for the audience needs to be developed. For example, when approaching a retired entrepreneur the incubator should stress the need to ignite the next generation of business innovators. However, when approaching a major corporation, the incubator should stress what kinds of economic activity it will bring to the region and specifically mention any industry that might benefit the corporation. When making a pitch to any investor, the incubator must prepare a wealth of information, including the feasibility study, general incubation facts, and the surrounding area's economy.

Marketing Strategies for Client Firms

The Cadillac Regional Innovation Center should not only develop its own marketing strategy, but also assist its client firms to market themselves. There are a number of avenues to go about doing so.

Online/Media

Local media outlets, including newspapers, radio stations, and television stations, offer free and effective opportunities to market the incubator. Regular press releases should be released to promote the incubator's accomplishments and events. An incubator website is crucial because it is often the first place entrepreneurs will look for information. The website does not need to be extensively intricate, but it should include the incubator's mission statement, a list of the incubator's services and fees, client admission guidelines and application instructions, information about and links to current and graduate clients, press releases, a calendar of small business events, networking opportunities, seminars, and venture forums. A logo and "tag line" should be developed to contribute to the image and brand of the incubator.

Public Relations/Networking

It is also important for incubators to market themselves to their community. The incubator should generate lists of local, regional, and national organizations through which they can network with business leaders. Additionally, the incubator might include a public relations firm as one of its professional service providers for its clients.

Financial Operating Plan

There are several options with regards to a business incubator program and/or facility. We shall discuss the financials and budget projections for two possibilities: a mixed-use business incubator facility and a business incubator program housed within an institution.

Budget and Financial Projections for a Mixed-Use Facility

When reviewing the following financial projections for the Cadillac Regional Innovation Center, it is important to know research has shown that most incubators in the U.S. are not financially self-sustaining based on funds from rent, income from the affiliates program and income from training, education classes, seminars, and fees for services and therefore require a subsidy to some extent. Because incubators operate over many years, the cumulative positive impacts include wealth and job creation, improvement of the business environment, increased local, regional, state, and federal tax bases, and establishment of an entrepreneurial culture and infrastructure in the region among many other benefits.

The positive impacts of an incubator facility and program provide a strong case for external support. There are a number of different strategies that incubators employ to generate revenue including corporate sponsorships, funding from local units of government that benefit from the business activity of incubator clients, funding from state departments, foundation funding, or federal agency funding and other sources.

It is also important to note that these projections are based upon securing an 8,000-10,000 square feet facility from grant funding so that there is no debt to the incubator program. Until the facility site has been assessed and the precise costs of acquisition or construction are identified, these financial projections are based on reasonable assumptions. When reviewing the financial projections it should be taken into account that the business plan identifies a number of potential sources of funding for the incubator.

The financial section below includes three projected financial scenarios: an optimistic projection, a moderate projection, and a conservative projection. The moderate scenario represents what can be reasonably expected, given the assumptions driving the financial model, the conservative scenario represents financial performance that is determined by approximately 55% less tenants, courses, and affiliates, then what can be reasonably expected given the same assumptions presented in the moderate scenario, and the optimistic scenario is about 30% *over* what can be reasonably expected given the same assumptions. A 10% contingency factor has been built in to all three financial scenarios for expenses which are undefined. The total number of tenants reflected in the optimistic model is directly taken from the survey data; it is the number of respondents expressing interest in leasing space from the incubator.

7-Year Budget for Mixed-Use Incubator Facility (owned) with 10% Contingency - Optimistic Model

Fixed Variables							
				Inflation		3.5%	
				Fringe Benefits		30.0%	
Private Per Unit Office Space (sq ft)[1b]	150			Depreciation ($/yr)		$1,000	
Number of Private Office Units	16			Unexpected Costs		10.0%	
Projections	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**
Operating hours / week[2]	40	40	40	40	40	40	40
Tenants							
Projected total number of tenants	11	11	11	11	11	12	12
Number of full-time tenants[3]	2	2	2	2	2	3	3
Number of part-time tenants	9	9	9	9	9	9	9
Number of tenants requiring operating use of production equipment[4]	4	4	4	4	4	5	5
Number of tenants requiring office space[6]	11	11	11	11	11	12	12
Total office space occupancy rate	69%	69%	69%	69%	69%	75%	75%
Production Equipment Use Revenue							
Number of tenants at full-time level[10]	1	1	1	1	1	2	2
Number of tenants at Rate 1 level[9]	1	1	1	1	1	1	1
Number of tenants at Rate 2 level[8]	1	1	1	1	1	1	1
Number of tenants at Rate 3 level[7]	1	1	1	1	1	1	1
Base rate rent for operating use of production equipment ($/hr)	$8.00	$8.28	$8.57	$8.87	$9.18	$9.50	$9.83
Full-time level rent ($/week)[10a]	$364	$377	$390	$404	$418	$432	$447
Rate 1 level rent ($/week)[9a]	$240	$248	$257	$266	$275	$285	$295
Rate 2 level rent ($/week)[8a]	$132	$137	$141	$146	$151	$157	$162
Rate 3 level rent ($/week)[7a]	$40	$41	$43	$44	$46	$48	$49
Full-time level rent (annual total)[10b]	$18,928	$19,590	$20,276	$20,986	$21,720	$44,961	$46,535
Rate 1 level rent (annual total)[9b]	$12,480	$12,917	$13,369	$13,837	$14,321	$14,822	$15,341
Rate 2 level rent (annual total)[8b]	$6,864	$7,104	$7,353	$7,610	$7,877	$8,152	$8,438
Rate 3 level rent (annual total)[7b]	$2,080	$2,153	$2,228	$2,306	$2,387	$2,470	$2,557
Office Space Rental Revenue							
Number of tenants at full-time level[10]	3	3	3	3	3	3	3
Number of tenants at Rate 1 level[9]	2	2	2	2	2	2	2
Number of tenants at Rate 2 level[8]	4	4	4	4	4	4	4
Number of tenants at Rate 3 level[7]	2	2	2	2	2	3	3
Base rate rent for operating use of production equipment ($/hr)	$11.00	$11.39	$11.78	$12.20	$12.62	$13.06	$13.52
Full-time level rent ($/week)[10a]	$501	$518	$536	$555	$574	$594	$615
Rate 1 level rent ($/week)[9a]	$330	$342	$354	$366	$379	$392	$406
Rate 2 level rent ($/week)[8a]	$182	$188	$194	$201	$208	$216	$223
Rate 3 level rent ($/week)[7a]	$55	$57	$59	$61	$63	$65	$68
Full-time level rent (annual total)[10b]	$78,078	$80,811	$83,639	$86,566	$89,596	$92,732	$95,978
Rate 1 level rent (annual total)[9b]	$34,320	$35,521	$36,764	$38,051	$39,383	$40,761	$42,188
Rate 2 level rent (annual total)[8b]	$37,752	$39,073	$40,441	$41,856	$43,321	$44,838	$46,407
Rate 3 level rent (annual total)[7b]	$5,720	$5,920	$6,127	$6,342	$6,564	$10,190	$10,547
Office space rent (annual total)	$155,870	$161,325	$166,972	$172,816	$178,864	$188,521	$195,120

Affiliate Program Revenue							
Number of affiliates at full-time level[18]	6	6	6	6	6	6	6
Number of affiliates at Rate 1 level[17]	4	4	4	4	4	4	4
Number of affiliates at Rate 2 level[16]	8	8	8	8	8	8	8
Number of affiliates at Rate 3 level[15]	4	4	4	4	4	4	4
Base rate for affiliates ($/yr)	$600	$621	$643	$665	$689	$713	$738
Full-time level affiliates ($/yr)[18a]	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Rate 1 level affiliates ($/yr)[17a]	$900	$932	$964	$998	$1,033	$1,069	$1,106
Rate 2 level affiliates ($/yr)[16a]	$780	$807	$836	$865	$895	$926	$959
Rate 3 level affiliates ($/yr)[15a]	$600	$621	$643	$665	$689	$713	$738
Full-time level affiliates (annual total)[18b]	$7,200	$7,452	$7,713	$7,983	$8,262	$8,551	$8,851
Rate 1 level affiliates (annual total)[17b]	$3,600	$3,726	$3,856	$3,991	$4,131	$4,276	$4,425
Rate 2 level affiliates (annual total)[17b]	$6,240	$6,458	$6,684	$6,918	$7,161	$7,411	$7,671
Rate 3 level affiliates(annual total)[17b]	$2,400	$2,484	$2,571	$2,661	$2,754	$2,850	$2,950
Affiliates Program (annual total)	$19,440	$20,120	$20,825	$21,553	$22,308	$23,089	$23,897
Course Enrollment Estimates							
Number of courses per quarter[11]	5	5	5	5	5	5	5
Total courses per year	20	20	20	20	20	20	20
Number of students per course[12]	10	10	10	10	10	10	10
Total students enrolled per year	200	200	200	200	200	200	200
Student fees per course[13]	$100	$104	$107	$111	$115	$119	$123
Instructor fees per course[14]	$250	$259	$268	$277	$287	$297	$307
Course enrollment (annual total)	$20,000	$20,700	$21,425	$22,174	$22,950	$23,754	$24,585
Instructor fees (annual total)	$5,000	$5,175	$5,356	$5,544	$5,738	$5,938	$6,146
Staff Salary Expenses							
Executive Director / Operating Manager	$50,000	$51,750	$53,561	$55,436	$57,376	$59,384	$61,462
Secretary / Clerical	$25,000	$25,875	$26,781	$27,718	$28,688	$29,692	$30,731
Fringe benefits (30% of total salaries)	$22,500	$23,288	$24,103	$24,946	$25,819	$26,723	$27,658
Salary expenses with benefits (annual total)	$97,500	$100,913	$104,445	$108,100	$111,883	$115,799	$119,851
Operating Expenses							
Property Management	$1,500	$1,553	$1,607	$1,663	$1,721	$1,781	$1,843
Grounds maintenance	$1,500	$1,553	$1,607	$1,663	$1,721	$1,781	$1,843
Membership fees	$500	$518	$536	$554	$574	$594	$615
Travel & Vehicles	$1,000	$1,035	$1,071	$1,109	$1,148	$1,188	$1,229
Telephone	$3,000	$3,105	$3,214	$3,326	$3,443	$3,563	$3,688
Advertising - Incubator Promotion	$1,000	$1,035	$1,071	$1,109	$1,148	$1,188	$1,229
Office supplies	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Postage	$1,000	$1,035	$1,071	$1,109	$1,148	$1,188	$1,229
Utilities	$17,000	$17,595	$18,211	$18,848	$19,508	$20,191	$20,897
Legal fees							
Service agreements	$1,500	$1,553	$1,607	$1,663	$1,721	$1,782	$1,844
Insurance / Bonds	$6,500	$6,728	$6,963	$7,207	$7,459	$7,720	$7,990
Depreciation	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Operation expenses (annual total)	$36,700	$37,951	$39,243	$40,581	$41,966	$43,399	$44,883

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Revenues							
Operating Rent: full-time level	18,928	19,590	20,276	20,986	21,720	44,961	46,535
Operating Rent: Rate 1 level	12,480	12,917	13,369	13,837	14,321	14,822	15,341
Operating Rent: Rate 2 level	6,864	7,104	7,353	7,610	7,877	8,152	8,438
Operating Rent: Rate 3 level	2,080	2,153	2,228	2,306	2,387	2,470	2,557
Office Rent	155,870	161,325	166,972	172,816	178,864	188,521	195,120
Affiliates Program	19,440	20,120	20,825	21,553	22,308	23,089	23,897
Course Enrollment	20,000	20,700	21,425	22,174	22,950	23,754	24,585
Total Revenue	$235,662	$243,910	$252,447	$261,283	$270,428	$305,770	$316,472
Expenses							
Staff Salaries with Benefits	97,500	100,913	104,445	108,100	111,883	115,799	119,851
Instructor Fees	5,000	5,175	5,356	5,544	5,738	5,938	6,146
Operational Expenses	36,700	37,951	39,243	40,581	41,966	43,399	44,883
Total Expenses	$139,200	$144,038	$149,044	$154,225	$159,587	$165,137	$170,880
10% Contingency	$13,920	$14,404	$14,904	$15,422	$15,959	$16,514	$17,088
Net Income	$82,542	$85,468	$88,499	$91,635	$94,882	$124,120	$128,504

7-Year Budget for Mixed-Use Incubator Facility (owned) with 10% Contingency - Moderate Model

Fixed Variables							
				Inflation		3.5%	
				Fringe Benefits		30.0%	
Private Per Unit Office Space (sq ft)[1b]	150			Depreciation ($/yr)		$1,000	
Number of Private Office Units	16			Unexpected Costs		10.0%	
Projections	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**
Operating hours / week[2]	40	40	40	40	40	40	40
Tenants							
Projected total number of tenants	7	7	7	7	7	8	8
Number of full-time tenants[3]	2	2	2	2	2	3	3
Number of part-time tenants	5	5	5	5	5	5	5
Number of tenants requiring operating use of production equipment[4]	3	3	3	3	3	4	4
Number of tenants requiring office space[6]	8	8	8	8	8	9	9
Total office space occupancy rate	50%	50%	50%	50%	50%	56%	56%
Production Equipment Use Revenue							
Number of tenants at full-time level[10]	1	1	1	1	1	1	1
Number of tenants at Rate 1 level[9]	1	1	1	1	1	1	1
Number of tenants at Rate 2 level[8]	1	1	1	1	1	1	1
Number of tenants at Rate 3 level[7]	0	0	0	0	0	1	1
Base rate rent for operating use of production equipment ($/hr)	$8.00	$8.28	$8.57	$8.87	$9.18	$9.50	$9.83
Full-time level rent ($/week)[10a]	$364	$377	$390	$404	$418	$432	$447
Rate 1 level rent ($/week)[9a]	$240	$248	$257	$266	$275	$285	$295
Rate 2 level rent ($/week)[8a]	$132	$137	$141	$146	$151	$157	$162
Rate 3 level rent ($/week)[7a]	$40	$41	$43	$44	$46	$48	$49
Full-time level rent (annual total)[10b]	$18,928	$19,590	$20,276	$20,986	$21,720	$22,481	$23,267
Rate 1 level rent (annual total)[9b]	$12,480	$12,917	$13,369	$13,837	$14,321	$14,822	$15,341
Rate 2 level rent (annual total)[8b]	$6,864	$7,104	$7,353	$7,610	$7,877	$8,152	$8,438
Rate 3 level rent (annual total)[7b]	$0	$0	$0	$0	$0	$2,470	$2,557
Office Space Rental Revenue							
Number of tenants at full-time level[10]	2	2	2	2	2	3	3
Number of tenants at Rate 1 level[9]	2	2	2	2	2	2	2
Number of tenants at Rate 2 level[8]	2	2	2	2	2	3	3
Number of tenants at Rate 3 level[7]	2	2	2	2	2	2	2
Base rate rent for operating use of production equipment ($/hr)	$11.00	$11.39	$11.78	$12.20	$12.62	$13.06	$13.52
Full-time level rent ($/week)[10a]	$501	$518	$536	$555	$574	$594	$615
Rate 1 level rent ($/week)[9a]	$330	$342	$354	$366	$379	$392	$406
Rate 2 level rent ($/week)[8a]	$182	$188	$194	$201	$208	$216	$223
Rate 3 level rent ($/week)[7a]	$55	$57	$59	$61	$63	$65	$68
Full-time level rent (annual total)[10b]	$52,052	$53,874	$55,759	$57,711	$59,731	$92,732	$95,978
Rate 1 level rent (annual total)[9b]	$34,320	$35,521	$36,764	$38,051	$39,383	$40,761	$42,188
Rate 2 level rent (annual total)[8b]	$18,876	$19,537	$20,220	$20,928	$21,661	$33,628	$34,805
Rate 3 level rent (annual total)[7b]	$5,720	$5,920	$6,127	$6,342	$6,564	$6,794	$7,031
Office space rent (annual total)	$110,968	$114,852	$118,872	$123,032	$127,338	$173,915	$180,002

Affiliate Program Revenue							
Number of affiliates at full-time level[18]	4	4	4	4	4	4	4
Number of affiliates at Rate 1 level[17]	4	4	4	4	4	4	4
Number of affiliates at Rate 2 level[16]	4	4	4	4	4	4	4
Number of affiliates at Rate 3 level[15]	4	4	4	4	4	4	4
Base rate for affiliates ($/yr)	$600	$621	$643	$665	$689	$713	$738
Full-time level affiliates ($/yr)[18a]	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Rate 1 level affiliates ($/yr)[17a]	$900	$932	$964	$998	$1,033	$1,069	$1,106
Rate 2 level affiliates ($/yr)[16a]	$780	$807	$836	$865	$895	$926	$959
Rate 3 level affiliates ($/yr)[15a]	$600	$621	$643	$665	$689	$713	$738
Full-time level affiliates (annual total)[18b]	$4,800	$4,968	$5,142	$5,322	$5,508	$5,701	$5,900
Rate 1 level affiliates (annual total)[17b]	$3,600	$3,726	$3,856	$3,991	$4,131	$4,276	$4,425
Rate 2 level affiliates (annual total)[17b]	$3,120	$3,229	$3,342	$3,459	$3,580	$3,706	$3,835
Rate 3 level affiliates(annual total)[17b]	$2,400	$2,484	$2,571	$2,661	$2,754	$2,850	$2,950
Affiliates Program (annual total)	$13,920	$14,407	$14,911	$15,433	$15,974	$16,533	$17,111
Course Enrollment Estimates							
Number of courses per quarter[11]	4	4	4	4	4	5	5
Total courses per year	16	16	16	16	16	20	20
Number of students per course[12]	10	10	10	10	10	10	10
Total students enrolled per year	160	160	160	160	160	200	200
Student fees per course[13]	$100	$104	$107	$111	$115	$119	$123
Instructor fees per course[14]	$250	$259	$268	$277	$287	$297	$307
Course enrollment (annual total)	$16,000	$16,560	$17,140	$17,739	$18,360	$23,754	$24,585
Instructor fees (annual total)	$4,000	$4,140	$4,285	$4,435	$4,590	$5,938	$6,146
Staff Salary Expenses							
Executive Director / Operating Manager	$50,000	$51,750	$53,561	$55,436	$57,376	$59,384	$61,462
Secretary / Clerical	$25,000	$25,875	$26,781	$27,718	$28,688	$29,692	$30,731
Fringe benefits (30% of total salaries)	$22,500	$23,288	$24,103	$24,946	$25,819	$26,723	$27,658
Salary expenses with benefits (annual total)	$97,500	$100,913	$104,445	$108,100	$111,883	$115,799	$119,851
Operational Expenses							
Property Management	$1,500	$1,553	$1,607	$1,663	$1,721	$1,781	$1,843
Grounds maintenance	$1,500	$1,553	$1,607	$1,663	$1,721	$1,781	$1,843
Membership fees	$500	$518	$536	$554	$574	$594	$615
Travel	$1,000	$1,035	$1,071	$1,109	$1,148	$1,188	$1,229
Telephone	$3,000	$3,105	$3,214	$3,326	$3,443	$3,563	$3,688
Incubator Promotion	$1,000	$1,035	$1,071	$1,109	$1,148	$1,188	$1,229
Office supplies	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Postage	$1,000	$1,035	$1,071	$1,109	$1,148	$1,188	$1,229
Utilities	$17,000	$17,595	$18,211	$18,848	$19,508	$20,191	$20,897
Legal fees							
Service agreements	$1,500	$1,553	$1,607	$1,663	$1,721	$1,782	$1,844
Insurance / Bonds	$6,500	$6,728	$6,963	$7,207	$7,459	$7,720	$7,990
Depreciation	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Operation expenses (annual total)	$36,700	$37,951	$39,243	$40,581	$41,966	$43,399	$44,883

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Revenues							
Operating Rent: full-time level	18,928	19,590	20,276	20,986	21,720	22,481	23,267
Operating Rent: Rate 1 level	12,480	12,917	13,369	13,837	14,321	14,822	15,341
Operating Rent: Rate 2 level	6,864	7,104	7,353	7,610	7,877	8,152	8,438
Operating Rent: Rate 3 level	0	0	0	0	0	2,470	2,557
Office Rent	110,968	114,852	118,872	123,032	127,338	173,915	180,002
Affiliates Program	13,920	14,407	14,911	15,433	15,974	16,533	17,111
Course Enrollment	16,000	16,560	17,140	17,739	18,360	23,754	24,585
Total Revenue	$179,160	$185,431	$191,921	$198,638	$205,590	$262,127	$271,302
Expenses							
Staff Salaries with Benefits	97,500	100,913	104,445	108,100	111,883	115,799	119,851
Instructor Fees	4,000	4,140	4,285	4,435	4,590	5,938	6,146
Operational Expenses	36,700	37,951	39,243	40,581	41,966	43,399	44,883
Total Expenses	$138,200	$143,003	$147,973	$153,116	$158,439	$165,137	$170,880
10% Contingency	$13,820	$14,300	$14,797	$15,312	$15,844	$16,514	$17,088
Net Income	$27,140	$28,127	$29,151	$30,210	$31,307	$80,477	$83,334

7-Year Budget for Mixed-Use Incubator Facility (owned) with 10% Contingency - Conservative Model

Fixed Variables							
				Inflation		3.5%	
				Fringe Benefits		30.0%	
Private Per Unit Office Space (sq ft)[1b]	150			Depreciation ($/yr)		$1,000	
Number of Private Office Units	16			Unexpected Costs		10.0%	
Projections	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**
Operating hours / week[2]	40	40	40	40	40	40	40
Tenants							
Projected total number of tenants	5	5	5	5	5	6	6
Number of full-time tenants[3]	2	2	2	2	2	3	3
Number of part-time tenants	3	3	3	3	3	3	3
Number of tenants requiring operating use of production equipment[4]	2	2	2	2	2	3	3
Number of tenants requiring office space[6]	5	5	5	5	5	6	6
Total office space occupancy rate	31%	31%	31%	31%	31%	38%	38%
Production Equipment Use Revenue							
Number of tenants at full-time level[10]	1	1	1	1	1	1	1
Number of tenants at Rate 1 level[9]	1	1	1	1	1	1	1
Number of tenants at Rate 2 level[8]	0	0	0	0	0	1	1
Number of tenants at Rate 3 level[7]	0	0	0	0	0	0	0
Base rate rent for operating use of production equipment ($/hr)	$11.00	$11.39	$11.78	$12.20	$12.62	$13.06	$13.52
Full-time level rent ($/week)[10a]	$501	$518	$536	$555	$574	$594	$615
Rate 1 level rent ($/week)[9a]	$330	$342	$354	$366	$379	$392	$406
Rate 2 level rent ($/week)[8a]	$182	$188	$194	$201	$208	$216	$223
Rate 3 level rent ($/week)[7a]	$55	$57	$59	$61	$63	$65	$68
Full-time level rent (annual total)[10b]	$26,026	$26,937	$27,880	$28,855	$29,865	$30,911	$31,993
Rate 1 level rent (annual total)[9b]	$17,160	$17,761	$18,382	$19,026	$19,691	$20,381	$21,094
Rate 2 level rent (annual total)[8b]	$0	$0	$0	$0	$0	$11,209	$11,602
Rate 3 level rent (annual total)[7b]	$0	$0	$0	$0	$0	$0	$0
Office Space Rental Revenue							
Number of tenants at full-time level[14]	2	2	2	2	2	2	2
Number of tenants at Rate 1 level[13]	1	1	1	1	1	1	1
Number of tenants at Rate 2 level[12]	1	1	1	1	1	2	2
Number of tenants at Rate 3 level[11]	1	1	1	1	1	1	1
Base rate rent for operating use of production equipment ($/hr)	$8.00	$8.28	$8.57	$8.87	$9.18	$9.50	$9.83
Full-time level rent ($/week)[14a]	$364	$377	$390	$404	$418	$432	$447
Rate 1 level rent ($/week)[13a]	$240	$248	$257	$266	$275	$285	$295
Rate 2 level rent ($/week)[12a]	$132	$137	$141	$146	$151	$157	$162
Rate 3 level rent ($/week)[11a]	$40	$41	$43	$44	$46	$48	$49
Full-time level rent (annual total)[14b]	$37,856	$39,181	$40,552	$41,972	$43,441	$44,961	$46,535
Rate 1 level rent (annual total)[13b]	$12,480	$12,917	$13,369	$13,837	$14,321	$14,822	$15,341
Rate 2 level rent (annual total)[12b]	$6,864	$7,104	$7,353	$7,610	$7,877	$16,305	$16,875
Rate 3 level rent (annual total)[11b]	$2,080	$2,153	$2,228	$2,306	$2,387	$2,470	$2,557
Office space rent (annual total)	$59,280	$61,355	$63,502	$65,725	$68,025	$78,558	$81,308

Affiliate Program Revenue							
Number of affiliates at full-time level[18]	4	4	4	4	4	4	4
Number of affiliates at Rate 1 level[17]	2	2	2	2	2	2	2
Number of affiliates at Rate 2 level[16]	2	2	2	2	2	2	2
Number of affiliates at Rate 3 level[15]	2	2	2	2	2	2	2
Base rate for affiliates ($/yr)	$600	$621	$643	$665	$689	$713	$738
Full-time level affiliates ($/yr)[18a]	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Rate 1 level affiliates ($/yr)[17a]	$900	$932	$964	$998	$1,033	$1,069	$1,106
Rate 2 level affiliates ($/yr)[16a]	$780	$807	$836	$865	$895	$926	$959
Rate 3 level affiliates ($/yr)[15a]	$600	$621	$643	$665	$689	$713	$738
Full-time level affiliates (annual total)[18b]	$4,800	$4,968	$5,142	$5,322	$5,508	$5,701	$5,900
Rate 1 level affiliates (annual total)[17b]	$1,800	$1,863	$1,928	$1,996	$2,066	$2,138	$2,213
Rate 2 level affiliates (annual total)[17b]	$1,560	$1,615	$1,671	$1,730	$1,790	$1,853	$1,918
Rate 3 level affiliates(annual total)[17b]	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Affiliates Program (annual total)	$9,360	$9,688	$10,027	$10,378	$10,741	$11,117	$11,506
Course Enrollment Estimates							
Number of courses per quarter[19]	3	3	3	3	3	4	4
Total courses per year	12	12	12	12	12	16	16
Number of students per course[20]	10	10	10	10	10	10	10
Total students enrolled per year	120	120	120	120	120	160	160
Student fees per course[21]	$100	$104	$107	$111	$115	$119	$123
Instructor fees per course[22]	$250	$259	$268	$277	$287	$297	$307
Course enrollment (annual total)	$12,000	$12,420	$12,855	$13,305	$13,770	$19,003	$19,668
Instructor fees (annual total)	$3,000	$3,105	$3,214	$3,326	$3,443	$4,751	$4,917
Staff Salary Expenses							
Executive Director / Operating Manager	$50,000	$51,750	$53,561	$55,436	$57,376	$59,384	$61,462
Secretary / Clerical	$25,000	$25,875	$26,781	$27,718	$28,688	$29,692	$30,731
Fringe benefits (30% of total salaries)	$22,500	$23,288	$24,103	$24,946	$25,819	$26,723	$27,658
Salary expenses with benefits (annual total)	$97,500	$100,913	$104,445	$108,100	$111,883	$115,799	$119,851
Operational Expenses							
Property Management	$1,500	$1,553	$1,607	$1,663	$1,721	$1,781	$1,843
Grounds maintenance	$1,500	$1,553	$1,607	$1,663	$1,721	$1,781	$1,843
Membership fees	$500	$518	$536	$554	$574	$594	$615
Travel	$1,000	$1,035	$1,071	$1,109	$1,148	$1,188	$1,229
Telephone	$3,000	$3,105	$3,214	$3,326	$3,443	$3,563	$3,688
Incubator Promotion	$1,000	$1,035	$1,071	$1,109	$1,148	$1,188	$1,229
Office supplies	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Postage	$1,000	$1,035	$1,071	$1,109	$1,148	$1,188	$1,229
Utilities	$17,000	$17,595	$18,211	$18,848	$19,508	$20,191	$20,897
Legal fees							
Service agreements	$1,500	$1,553	$1,607	$1,663	$1,721	$1,782	$1,844
Insurance / Bonds	$6,500	$6,728	$6,963	$7,207	$7,459	$7,720	$7,990
Depreciation	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Operation expenses (annual total)	$36,700	$37,951	$39,243	$40,581	$41,966	$43,399	$44,883

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Revenues							
Operating Rent: full-time level	26,026	26,937	27,880	28,855	29,865	30,911	31,993
Operating Rent: Rate 1 level	17,160	17,761	18,382	19,026	19,691	20,381	21,094
Operating Rent: Rate 2 level	0	0	0	0	0	11,209	11,602
Operating Rent: Rate 3 level	0	0	0	0	0	0	0
Office Rent	59,280	61,355	63,502	65,725	68,025	78,558	81,308
Affiliates Program	9,360	9,688	10,027	10,378	10,741	11,117	11,506
Course Enrollment	12,000	12,420	12,855	13,305	13,770	19,003	19,668
Total Revenue	$123,826	$128,160	$132,646	$137,288	$142,093	$171,179	$177,170
Expenses							
Staff Salaries with Benefits	97,500	100,913	104,445	108,100	111,883	115,799	119,851
Instructor Fees	3,000	3,105	3,214	3,326	3,443	4,751	4,917
Operational Expenses	36,700	37,951	39,243	40,581	41,966	43,399	44,883
Total Expenses	$137,200	$141,968	$146,901	$152,007	$157,292	$163,949	$169,651
10% Contingency	$13,720	$14,197	$14,690	$15,201	$15,729	$16,395	$16,965
Net Income	($27,094)	($28,005)	($28,946)	($29,920)	($30,928)	($9,165)	($9,446)

In these projections the number of tenants is smaller in the first several years of operation and the increased number of tenants in subsequent years creates a corresponding increase in revenue.

7-Year Budget for Mixed-Use Incubator Program with 10% Contingency - Optimistic Model

Fixed Variables							
				Inflation		3.5%	
				Fringe Benefits		30.0%	
				Unexpected Costs		10.0%	
Staff Salary Expenses							
Executive Director / Operating Manager	$50,000	$51,750	$53,561	$55,436	$57,376	$59,384	$61,462
Fringe benefits (30% of total salaries)	$15,000	$15,525	$16,068	$16,631	$17,213	$17,815	$18,439
Salary expenses with benefits (annual total)	$65,000	$67,275	$69,629	$72,067	$74,589	$77,199	$79,901
Affiliate Program Revenue							
Number of affiliates at full-time level[18]	6	6	6	6	6	6	6
Number of affiliates at Rate 1 level[17]	4	4	4	4	4	4	4
Number of affiliates at Rate 2 level[16]	8	8	8	8	8	8	8
Number of affiliates at Rate 3 level[15]	4	4	4	4	4	4	4
Base rate for affiliates ($/yr)	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Full-time level affiliates ($/yr)[18a]	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Rate 1 level affiliates ($/yr)[17a]	$960	$994	$1,028	$1,064	$1,102	$1,140	$1,180
Rate 2 level affiliates ($/yr)[16a]	$720	$745	$771	$798	$826	$855	$885
Rate 3 level affiliates ($/yr)[15a]	$600	$621	$643	$665	$689	$713	$738
Full-time level affiliates (annual total)[18b]	$7,200	$7,452	$7,713	$7,983	$8,262	$8,551	$8,851
Rate 1 level affiliates (annual total)[17b]	$3,840	$3,974	$4,114	$4,257	$4,406	$4,561	$4,720
Rate 2 level affiliates (annual total)[17b]	$5,760	$5,962	$6,170	$6,386	$6,610	$6,841	$7,081
Rate 3 level affiliates(annual total)[17b]	$2,400	$2,484	$2,571	$2,661	$2,754	$2,850	$2,950
Affiliates Program (annual total)	$19,200	$19,872	$20,568	$21,287	$22,032	$22,804	$23,602
Optimistic Course Enrollment Estimates							
Number of courses per quarter[19]	5	5	5	5	5	5	5
Total courses per year	20	20	20	20	20	20	20
Number of students per course[20]	10	10	10	10	10	10	10
Total students enrolled per year	200	200	200	200	200	200	200
Student fees per course[21]	$100	$104	$107	$111	$115	$119	$123
Instructor fees per course[22]	$250	$259	$268	$277	$287	$297	$307
Course enrollment (annual total)	$20,000	$20,700	$21,425	$22,174	$22,950	$23,754	$24,585
Instructor fees (annual total)	$5,000	$5,175	$5,356	$5,544	$5,738	$5,938	$6,146

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Revenues							
Course Enrollment	20,000	20,700	21,425	22,174	22,950	23,754	24,585
Affiliate Program	19,200	19,872	20,568	21,287	22,032	22,804	23,602
Total Revenue	$39,200	$40,572	$41,992	$43,462	$44,983	$46,557	$48,187
Expenses							
Staff Salaries with Benefits	65,000	67,275	69,629	72,067	74,589	77,199	79,901
Instructor Fees	5,000	5,175	5,356	5,544	5,738	5,938	6,146
Total Expenses	$70,000	$72,450	$74,985	$77,610	$80,326	$83,138	$86,047
10% Contingency	$7,000	$7,245	$7,499	$7,761	$8,033	$8,314	$8,605
Net Income	($37,800)	($39,123)	($40,492)	($41,910)	($43,376)	($44,894)	($46,465)

7-Year Budget for Mixed-Use Incubator Program with 10% Contingency - Moderate Model

Fixed Variables							
				Inflation		3.5%	
				Fringe Benefits		30.0%	
				Unexpected Costs		10.0%	
Staff Salary Expenses							
Executive Director / Operating Manager	$50,000	$51,750	$53,561	$55,436	$57,376	$59,384	$61,462
Fringe benefits (30% of total salaries)	$15,000	$15,525	$16,068	$16,631	$17,213	$17,815	$18,439
Salary expenses with benefits (annual total)	$65,000	$67,275	$69,629	$72,067	$74,589	$77,199	$79,901
Affiliate Program Revenue							
Number of affiliates at full-time level[18]	4	4	4	4	4	4	4
Number of affiliates at Rate 1 level[17]	4	4	4	4	4	4	4
Number of affiliates at Rate 2 level[16]	4	4	4	4	4	4	4
Number of affiliates at Rate 3 level[15]	4	4	4	4	4	4	4
Base rate for affiliates ($/yr)	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Full-time level affiliates ($/yr)[18a]	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Rate 1 level affiliates ($/yr)[17a]	$960	$994	$1,028	$1,064	$1,102	$1,140	$1,180
Rate 2 level affiliates ($/yr)[16a]	$720	$745	$771	$798	$826	$855	$885
Rate 3 level affiliates ($/yr)[15a]	$600	$621	$643	$665	$689	$713	$738
Full-time level affiliates (annual total)[18b]	$4,800	$4,968	$5,142	$5,322	$5,508	$5,701	$5,900
Rate 1 level affiliates (annual total)[17b]	$3,840	$3,974	$4,114	$4,257	$4,406	$4,561	$4,720
Rate 2 level affiliates (annual total)[17b]	$2,880	$2,981	$3,085	$3,193	$3,305	$3,421	$3,540
Rate 3 level affiliates(annual total)[17b]	$2,400	$2,484	$2,571	$2,661	$2,754	$2,850	$2,950
Affiliates Program (annual total)	$13,920	$14,407	$14,911	$15,433	$15,974	$16,533	$17,111
Moderate Course Enrollment Estimates							
Number of courses per quarter[19]	4	4	4	4	4	5	5
Total courses per year	16	16	16	16	16	20	20
Number of students per course[20]	10	10	10	10	10	10	10
Total students enrolled per year	160	160	160	160	160	200	200
Student fees per course[21]	$100	$104	$107	$111	$115	$119	$123
Instructor fees per course[22]	$250	$259	$268	$277	$287	$297	$307
Course enrollment (annual total)	$16,000	$16,560	$17,140	$17,739	$18,360	$23,754	$24,585
Instructor fees (annual total)	$4,000	$4,140	$4,285	$4,435	$4,590	$5,938	$6,146
	YEAR 1	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**	**YEAR 6**	**YEAR 7**
Revenues							
Course Enrollment	16,000	16,560	17,140	17,739	18,360	23,754	24,585
Affiliate Program	13,920	14,407	14,911	15,433	15,974	16,533	17,111
Total Revenue	$29,920	$30,967	$32,051	$33,173	$34,334	$40,286	$41,696
Expenses							
Staff Salaries with Benefits	65,000	67,275	69,629	72,067	74,589	77,199	79,901
Instructor Fees	4,000	4,140	4,285	4,435	4,590	5,938	6,146
Total Expenses	$69,000	$71,415	$73,914	$76,502	$79,179	$83,138	$86,047
10% Contingency	$6,900	$7,142	$7,391	$7,650	$7,918	$8,314	$8,605
Net Income	($45,980)	($47,589)	($49,255)	($50,979)	($52,763)	($51,165)	($52,955)

7-Year Budget for Mixed-Use Incubator Program with 10% Contingency - Conservative Model

Fixed Variables							
				Inflation		3.5%	
				Fringe Benefits		30.0%	
				Unexpected Costs		10.0%	
Staff Salary Expenses							
Executive Director / Operating Manager	$50,000	$51,750	$53,561	$55,436	$57,376	$59,384	$61,462
Fringe benefits (30% of total salaries)	$15,000	$15,525	$16,068	$16,631	$17,213	$17,815	$18,439
Salary expenses with benefits (annual total)	$65,000	$67,275	$69,629	$72,067	$74,589	$77,199	$79,901
Affiliate Program Revenue							
Number of affiliates at full-time level[18]	4	4	4	4	4	4	4
Number of affiliates at Rate 1 level[17]	2	2	2	2	2	2	2
Number of affiliates at Rate 2 level[16]	2	2	2	2	2	2	2
Number of affiliates at Rate 3 level[15]	2	2	2	2	2	2	2
Base rate for affiliates ($/yr)	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Full-time level affiliates ($/yr)[18a]	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Rate 1 level affiliates ($/yr)[17a]	$960	$994	$1,028	$1,064	$1,102	$1,140	$1,180
Rate 2 level affiliates ($/yr)[16a]	$720	$745	$771	$798	$826	$855	$885
Rate 3 level affiliates ($/yr)[15a]	$600	$621	$643	$665	$689	$713	$738
Full-time level affiliates (annual total)[18b]	$4,800	$4,968	$5,142	$5,322	$5,508	$5,701	$5,900
Rate 1 level affiliates (annual total)[17b]	$1,920	$1,987	$2,057	$2,129	$2,203	$2,280	$2,360
Rate 2 level affiliates (annual total)[17b]	$1,440	$1,490	$1,543	$1,597	$1,652	$1,710	$1,770
Rate 3 level affiliates(annual total)[17b]	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Affiliates Program (annual total)	$9,360	$9,688	$10,027	$10,378	$10,741	$11,117	$11,506
Conservative Course Enrollment Estimates							
Number of courses per quarter[19]	3	3	3	3	3	4	4
Total courses per year	12	12	12	12	12	16	16
Number of students per course[20]	10	10	10	10	10	10	10
Total students enrolled per year	120	120	120	120	120	160	160
Student fees per course[21]	$100	$104	$107	$111	$115	$119	$123
Instructor fees per course[22]	$250	$259	$268	$277	$287	$297	$307
Course enrollment (annual total)	$12,000	$12,420	$12,855	$13,305	$13,770	$19,003	$19,668
Instructor fees (annual total)	$3,000	$3,105	$3,214	$3,326	$3,443	$4,751	$4,917
	YEAR 1	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**	**YEAR 6**	**YEAR 7**
Revenues							
Course Enrollment	12,000	12,420	12,855	13,305	13,770	19,003	19,668
Affiliate Program	9,360	9,688	10,027	10,378	10,741	11,117	11,506
Total Revenue	$21,360	$22,108	$22,881	$23,682	$24,511	$30,120	$31,174
Expenses							
Staff Salaries with Benefits	65,000	67,275	69,629	72,067	74,589	77,199	79,901
Instructor Fees	3,000	3,105	3,214	3,326	3,443	4,751	4,917
Total Expenses	$68,000	$70,380	$72,843	$75,393	$78,031	$81,950	$84,818
10% Contingency	$6,800	$7,038	$7,284	$7,539	$7,803	$8,195	$8,482
Net Income	($53,440)	($55,310)	($57,246)	($59,250)	($61,323)	($60,025)	($62,125)

Site Plan Estimates

Each set of financial models is preceded by a site plan estimate that lists the types of space available within the facility and their total area. These numbers were based on the financial model that was developed from the survey results and market and feasibility analysis.

Budget Narrative

A budget narrative precedes each site plan estimate with a note explaining the row to which it corresponds.

Operating Equipment and Rent Structures

Operating use of production equipment use was broken down into four levels: (1) full-time level – tenant uses equipment/space more than 30 hours/week, (2) Rate 1 level – tenant uses equipment/space from 20 to 30 hours/week, (3) Rate 2 level – tenant uses equipment space from 10 to 20 hours/week, and (4) Rate 3 level –tenant uses equipment space for less than 10 hours/week.

Rate 3 level tenants rent at the base rate, Rate 2 level tenants rent at 10% above the base rate, Rate 1 level tenants rent at 20% above the base rate, and full-time tenants rent at 30% above the base rate. The purpose of these incremental increases is to compensate for the higher usage and, consequently, the higher rate of equipment deterioration and depreciation caused by more frequent usage.

Office Use and Rent Structures

Office use was broken down into four levels, just as operating use was: (1) full-time level – tenant uses space more than 30 hours/week, (2) Rate 1 level – tenant uses space from 20 to 30 hours/week, (3) Rate 2 level – tenant uses space from 10 to 20 hours/week, and (4) Rate 3 level –tenant uses space for less than 10 hours/week.

Rate 3 level tenants rent at the base rate, Rate 2 level tenants rent at 10% above the base rate, Rate 1 level tenants rent at 20% above the base rate, and full-time tenants rent at 30% above the base rate. The purpose of these incremental increases is to compensate for the higher usage.

Affiliates Program

An affiliates program is common to many business incubators. The types of programs and fees may vary, but typically non-tenant entrepreneurs are charged either monthly or quarterly for incubator-related facility and service privileges. Facility privileges could include access to conference rooms, administrative space, limited production equipment use, and a mailing address. Service privileges also typically provide access to limited consulting and mentoring services. Affiliates fee was broken down into four levels: (1) full-time level – for those within incubator, (2) Rate 1 level – heavy use of affiliate's services, (3) Rate 2 level – moderate use of affiliate's services, and (4) Rate 3 level – low use of affiliate's services.

Rate 3 level affiliates pay the base rate, Rate 2 level affiliates pay at 30% above the base rate, Rate 1 level affiliates pay at 50% above the base rate, and full-time affiliates pay at twice the base rate. The purpose of these incremental increases is to compensate for the higher usage.

Course Structure and Enrollment

In this financial model, courses are structured on a quarterly basis where each course consists for 10 classes per quarter at one class per week. These classes span 13 weeks, leaving three weeks open each quarter. Students are charged $10 per class, a total course revenue of $100 per student per course. Instructors are paid $25 per class, a total course cost of $250 per course.

Other Revenues and Expenses

These projections are simplified financial models. Not all costs and revenues are reflected in these models due to high variation and/or lack of information. Possible additional revenue sources not included in the models are utility fees (although such fees are often included within rent structures) and storage rental. Possible addition expenses not included in the models are advertising and market costs, insurance fees, taxes, equipment rental and maintenance costs, and communication costs.

Financial Model for Renovated Mixed-Use Facility: Key

INCUBATOR REQUIREMENTS	GUIDELINES AND SPECIFICATIONS
1b.) Private Per Unit Office Space (sq. ft.)	Amount of office space *average* tenant would likely rent from the incubator.
2.) Operating hours/week	Number of operating hours/week applies to the incubator staff and service providers.
3.) Number of full-time tenants	13% of all tenants are full-time tenants.
4.) Number of tenants requiring operating use of production equipment	25% of all tenants require operating use of production equipment.
6.) Number of tenants requiring office space	50% of all tenants require office space.
7.) Number of tenants at Rate 3 level	25% of all tenants requiring equipment use rent at Rate 3 level.
7a.) Rate 3 level rent ($/week)	Rate 3 level rent less than 10 hours per week at the base rate. 5 hours/week was assumed for calculation purposes. Weekly Rate 3 level rent = (base rate) x (5 hours/week).
7b.) Rate 3 level rent (annual total)	Total *annual* Rate 3 level rent = (number of tenants at Rate 3 level) x (weekly Rate 3 rent) x (52 weeks/year).
8.) Number of tenants at Rate 2 level	35% of tenants requiring equipment use rent at Rate 2 level.
8a.) Rate 2 level rent ($/week)	Rate 2 level rent 10-20 hours per week at a 10% higher rent than the base rate. 15 hours/week was assumed for calculation purposes. Weekly Rate 2 level rent = (base rate) x 1.1 x (15 hours/week).
8b.) Rate 2 level rent (annual total)	Total *annual* Rate 2 level rent = (number of tenants at Rate 2 level) x (weekly Rate 2 rent) x (52 weeks/year).
9.) Number of tenants at Rate 1 level	15% of tenants requiring equipment use rent at Rate 1 level.
9a.) Rate 1 level rent ($/week)	Rate 1 level rent 20-30 hours per week at a 20% higher rent than the base rate. 25 hours/week was assumed for calculation purposes. Weekly Rate 1 level rent = (base rate) x 1.2 x (25 hours/week).
9b.) Rate 1 level rent (annual total)	Total *annual* Rate 1 level rent = (number of tenants at Rate 1 level) x (weekly Rate 1 rent) x (52 weeks/year).
10.) Number of tenants at full-time level	25% of tenants requiring equipment use rent at full-time level.
10a.) Full-time level rent ($/week)	Full-time level rent more than 30 hours per week at a 30% higher rent than the base rate. 35 hours/week was assumed for calculation purposes. Weekly full-time level rent = (base rate) x 1.3 x (35 hours/week).
10b.) Full-time level rent (annual total)	Total *annual* full-time level rent = (number of tenants at full-time level) x (weekly full-time rent) x (52 weeks/year).
11.) Number of tenants at Rate 3 level	25% of tenants requiring office space rent at Rate 3 level.
11a.) Rate 3 level rent ($/week)	Rate 3 level rent less than 10 hours per week at the base rate. 5 hours/week was assumed for calculation purposes. Weekly Rate 3 level rent = (base rate) x (5 hours/week).
11b.) Rate 3 level rent (annual total)	Total *annual* Rate 3 level rent = (number of tenants at Rate 3 level) x (weekly Rate 3 rent) x (52 weeks/year).

12.) Number of tenants at Rate 2 level	35% of tenants requiring office space rent at Rate 2 level.
12a.) Rate 2 level rent ($/week)	Rate 2 level rent 10-20 hours per week at a 10% higher rent than the base rate. 15 hours/week was assumed for calculation purposes. Weekly Rate 2 level rent = (base rate) x 1.1 x (15 hours/week).
12b.) Rate 2 level rent (annual total)	Total *annual* Rate 2 level rent = (number of tenants at Rate 2 level) x (weekly Rate 2 rent) x (52 weeks/year).
13.) Number of tenants at Rate 1 level	15% of tenants requiring office space rent at Rate 1 level.
13a.) Rate 1 level rent ($/week)	Rate 1 level rent 20-30 hours per week at a 20% higher rent than the base rate. 25 hours/week was assumed for calculation purposes. Weekly Rate 1 level rent = (base rate) x 1.2 x (25 hours/week).
13b.) Rate 1 level rent (annual total)	Total *annual* Rate 1 level rent = (number of tenants at Rate 1 level) x (weekly Rate 1 rent) x (52 weeks/year).
14.) Number of tenants at full-time level	25% of tenants requiring office space rent at full-time level.
14a.) Full-time level rent ($/week)	Full-time level rent more than 30 hours per week at a 30% higher rent than the base rate. 35 hours/week was assumed for calculation purposes. Weekly full-time level rent = (base rate) x 1.3 x (35 hours/week).
14b.) Full-time level rent (annual total)	Total *annual* full-time level rent = (number of tenants at full-time level) x (weekly full-time rent) x (52 weeks/year).
15.) Number of affiliates at Rate 3 level	Number of affiliates that pay at Rate 3 level.
15a.) Rate 2 level affiliates ($/yr.)	Rate 3 is equal to the base rate for affiliates.
15b.) Rate 3 level affiliates (annual total)	Total *annual* Rate 3 level revenues (annual total) = (number of affiliates at Rate 3 level) x (Base rate for affiliates ($/yr.)).
16.) Number of affiliates ate Rate 2 level	Number of affiliates that pay at Rate 2 level.
16a.) Rate 2 level affiliates ($/yr.)	Rate 3 is equal to the base rate for affiliates x 1.3.
16b.) Rate 2 level affiliates (annual total)	Total *annual* Rate 2 level revenues (annual total) = (number of affiliates at Rate 2 level) x (Base rate for affiliates ($/yr.)) x 1.3.
17.) Number of affiliates at Rate 1 level	Number of affiliates that pay at Rate 1 level.
17a.) Rate 1 level affiliates ($/yr.)	Rate 3 is equal to the base rate for affiliates x 1.5.
17b.) Rate 1 level affiliates (annual total)	Total *annual* Rate 1 level revenues (annual total) = (number of affiliates at Rate 1 level) x (Base rate for affiliates ($/yr.)) x 1.5.
18.) Number of affiliates at full-time level	Number of affiliates that pay at full-time level.
18a.) Full-time level affiliates ($/yr.)	Rate 3 is equal to the base rate for affiliates x 2.
18b.) Full-time affiliates (annual total)	Total *annual full-time* level revenues (annual total) = (number of affiliates at full time level) x (Base rate for affiliates ($/yr.)) x 2.
19.) Number of courses per quarter	A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.
20.) Number of students per course	The number of students per course was calculated by dividing the number of survey respondents, who expressed high levels of interest in attending seminars, by 4 (for quarterly).
21.) Student fees per course	Student fees are $10 per class for 10 classes per course, totaling to $100 per course per quarter for Year 1.
22.) Instructor fees per course	Instructor fees are $25 per class for 10 classes per course, totaling to $250 per course per quarter for Year 1.
	NOTE: Increases in rent, fees, and costs seen in subsequent years are by the rate of inflation (3.5%).

Budget and Financial Projections for a Business Incubator Program Housed Within an Institution

A business incubator program housed within an institution would be a much more simplified operation. This form of incubator program would require the business incubator manager/director be given use of an office at the institution, use of administrative staff and services of the institution, and use of rooms for classes at a reduced or free rate. It would have most of its operational expenses such as utilities, postage, etc. be absorbed by the institutions existing program and infrastructure. Thus its main expense would be the business incubator manager/director salary and benefits.

The revenues that such a program would bring in would depend on the number of classes that the program would be able to run per year and number of affiliates. As the projections show optimistically there will be 20 classes per year, moderately 16 classes per year, and conservatively 12 classes per year. The model does not take into account the cost of renting rooms, as it is assumed that the institution would allow the business incubator program use of its facilities for free or negligible cost. An affiliates program allows entrepreneurs to be charged either monthly or quarterly for incubator-related service privileges, and service privileges usually provide access to consulting and mentoring services.

7-Year Budget for Business Incubator Program Housed within an Institution with 10% Contingency - Optimistic Model

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Revenues							
Course Enrollment	20,000	20,700	21,425	22,174	22,950	23,754	24,585
Affiliate Program	19,200	19,872	20,568	21,287	22,032	22,804	23,602
Total Revenue	$39,200	$40,572	$41,992	$43,462	$44,983	$46,557	$48,187
Expenses							
Staff Salaries with Benefits	65,000	67,275	69,629	72,067	74,589	77,199	79,901
Instructor Fees	5,000	5,175	5,356	5,544	5,738	5,938	6,146
Total Expenses	$70,000	$72,450	$74,985	$77,610	$80,326	$83,138	$86,047
10% Contingency	$7,000	$7,245	$7,499	$7,761	$8,033	$8,314	$8,605
Net Income	($37,800)	($39,123)	($40,492)	($41,910)	($43,376)	($44,894)	($46,465)

7-Year Budget for Business Incubator Program Housed within an Institution with 10% Contingency - Moderate Model

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Revenues							
Course Enrollment	16,000	16,560	17,140	17,739	18,360	23,754	24,585
Affiliate Program	13,920	14,407	14,911	15,433	15,974	16,533	17,111
Total Revenue	$29,920	$30,967	$32,051	$33,173	$34,334	$40,286	$41,696
Expenses							
Staff Salaries with Benefits	65,000	67,275	69,629	72,067	74,589	77,199	79,901
Instructor Fees	4,000	4,140	4,285	4,435	4,590	5,938	6,146
Total Expenses	$69,000	$71,415	$73,914	$76,502	$79,179	$83,138	$86,047
10% Contingency	$6,900	$7,142	$7,391	$7,650	$7,918	$8,314	$8,605
Net Income	($45,980)	($47,589)	($49,255)	($50,979)	($52,763)	($51,165)	($52,955)

7-Year Budget for Business Incubator Program Housed within an Institution with 10% Contingency - Conservative Model

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Revenues							
Course Enrollment	12,000	12,420	12,855	13,305	13,770	19,003	19,668
Affiliate Program	9,360	9,688	10,027	10,378	10,741	11,117	11,506
Total Revenue	$21,360	$22,108	$22,881	$23,682	$24,511	$30,120	$31,174
Expenses							
Staff Salaries with Benefits	65,000	67,275	69,629	72,067	74,589	77,199	79,901
Instructor Fees	3,000	3,105	3,214	3,326	3,443	4,751	4,917
Total Expenses	$68,000	$70,380	$72,843	$75,393	$78,031	$81,950	$84,818
10% Contingency	$6,800	$7,038	$7,284	$7,539	$7,803	$8,195	$8,482
Net Income	($53,440)	($55,310)	($57,246)	($59,250)	($61,323)	($60,025)	($62,125)

Financial Model for Business Incubator Program Housed within an Institution

Optimistic Model

Fixed Variables						
				Inflation	3.5%	
				Fringe Benefits	30.0%	
				Unexpected Costs	10.0%	

Staff Salary Expenses							
Executive Director / Operating Manager	$50,000	$51,750	$53,561	$55,436	$57,376	$59,384	$61,462
Fringe benefits (30% of total salaries)	$15,000	$15,525	$16,068	$16,631	$17,213	$17,815	$18,439
Salary expenses with benefits (annual total)	$65,000	$67,275	$69,629	$72,067	$74,589	$77,199	$79,901

Affiliate Program Revenue							
Number of affiliates at full-time level[18]	6	6	6	6	6	6	6
Number of affiliates at Rate 1 level[17]	4	4	4	4	4	4	4
Number of affiliates at Rate 2 level[16]	8	8	8	8	8	8	8
Number of affiliates at Rate 3 level[15]	4	4	4	4	4	4	4
Base rate for affiliates ($/yr.)	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Full-time level affiliates ($/yr.)[18a]	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Rate 1 level affiliates ($/yr.)[17a]	$960	$994	$1,028	$1,064	$1,102	$1,140	$1,180
Rate 2 level affiliates ($/yr.)[16a]	$720	$745	$771	$798	$826	$855	$885
Rate 3 level affiliates ($/yr.)[15a]	$600	$621	$643	$665	$689	$713	$738
Full-time level affiliates (annual total)[18b]	$7,200	$7,452	$7,713	$7,983	$8,262	$8,551	$8,851
Rate 1 level affiliates (annual total)[17b]	$3,840	$3,974	$4,114	$4,257	$4,406	$4,561	$4,720
Rate 2 level affiliates (annual total)[17b]	$5,760	$5,962	$6,170	$6,386	$6,610	$6,841	$7,081
Rate 3 level affiliates(annual total)[17b]	$2,400	$2,484	$2,571	$2,661	$2,754	$2,850	$2,950
Affiliates Program (annual total)	$19,200	$19,872	$20,568	$21,287	$22,032	$22,804	$23,602

Optimistic Course Enrollment Estimates							
Number of courses per quarter[19]	5	5	5	5	5	5	5
Total courses per year	20	20	20	20	20	20	20
Number of students per course[20]	10	10	10	10	10	10	10
Total students enrolled per year	200	200	200	200	200	200	200
Student fees per course[21]	$100	$104	$107	$111	$115	$119	$123
Instructor fees per course[22]	$250	$259	$268	$277	$287	$297	$307
Course enrollment (annual total)	$20,000	$20,700	$21,425	$22,174	$22,950	$23,754	$24,585
Instructor fees (annual total)	$5,000	$5,175	$5,356	$5,544	$5,738	$5,938	$6,146

Financial Model for Business Incubator Program Housed within an Institution

Moderate Model

Fixed Variables						
				Inflation	3.5%	
				Fringe Benefits	30.0%	
				Unexpected Costs	10.0%	

Staff Salary Expenses							
Executive Director / Operating Manager	$50,000	$51,750	$53,561	$55,436	$57,376	$59,384	$61,462
Fringe benefits (30% of total salaries)	$15,000	$15,525	$16,068	$16,631	$17,213	$17,815	$18,439
Salary expenses with benefits (annual total)	$65,000	$67,275	$69,629	$72,067	$74,589	$77,199	$79,901

Affiliate Program Revenue							
Number of affiliates at full-time level[18]	4	4	4	4	4	4	4
Number of affiliates at Rate 1 level[17]	4	4	4	4	4	4	4
Number of affiliates at Rate 2 level[16]	4	4	4	4	4	4	4
Number of affiliates at Rate 3 level[15]	4	4	4	4	4	4	4
Base rate for affiliates ($/yr.)	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Full-time level affiliates ($/yr.)[18a]	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Rate 1 level affiliates ($/yr.)[17a]	$960	$994	$1,028	$1,064	$1,102	$1,140	$1,180
Rate 2 level affiliates ($/yr.)[16a]	$720	$745	$771	$798	$826	$855	$885
Rate 3 level affiliates ($/yr.)[15a]	$600	$621	$643	$665	$689	$713	$738
Full-time level affiliates (annual total)[18b]	$4,800	$4,968	$5,142	$5,322	$5,508	$5,701	$5,900
Rate 1 level affiliates (annual total)[17b]	$3,840	$3,974	$4,114	$4,257	$4,406	$4,561	$4,720
Rate 2 level affiliates (annual total)[17b]	$2,880	$2,981	$3,085	$3,193	$3,305	$3,421	$3,540
Rate 3 level affiliates(annual total)[17b]	$2,400	$2,484	$2,571	$2,661	$2,754	$2,850	$2,950
Affiliates Program (annual total)	$13,920	$14,407	$14,911	$15,433	$15,974	$16,533	$17,111

Moderate Course Enrollment Estimates							
Number of courses per quarter[19]	4	4	4	4	4	5	5
Total courses per year	16	16	16	16	16	20	20
Number of students per course[20]	10	10	10	10	10	10	10
Total students enrolled per year	160	160	160	160	160	200	200
Student fees per course[21]	$100	$104	$107	$111	$115	$119	$123
Instructor fees per course[22]	$250	$259	$268	$277	$287	$297	$307
Course enrollment (annual total)	$16,000	$16,560	$17,140	$17,739	$18,360	$23,754	$24,585
Instructor fees (annual total)	$4,000	$4,140	$4,285	$4,435	$4,590	$5,938	$6,146

Financial Model for Business Incubator Program Housed within an Institution

Conservative Model

Fixed Variables							
				Inflation		3.5%	
				Fringe Benefits		30.0%	
				Unexpected Costs		10.0%	

Staff Salary Expenses							
Executive Director / Operating Manager	$50,000	$51,750	$53,561	$55,436	$57,376	$59,384	$61,462
Fringe benefits (30% of total salaries)	$15,000	$15,525	$16,068	$16,631	$17,213	$17,815	$18,439
Salary expenses with benefits (annual total)	$65,000	$67,275	$69,629	$72,067	$74,589	$77,199	$79,901

Affiliate Program Revenue							
Number of affiliates at full-time level[18]	4	4	4	4	4	4	4
Number of affiliates at Rate 1 level[17]	2	2	2	2	2	2	2
Number of affiliates at Rate 2 level[16]	2	2	2	2	2	2	2
Number of affiliates at Rate 3 level[15]	2	2	2	2	2	2	2
Base rate for affiliates ($/yr.)	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Full-time level affiliates ($/yr.)[18a]	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Rate 1 level affiliates ($/yr.)[17a]	$960	$994	$1,028	$1,064	$1,102	$1,140	$1,180
Rate 2 level affiliates ($/yr.)[16a]	$720	$745	$771	$798	$826	$855	$885
Rate 3 level affiliates ($/yr.)[15a]	$600	$621	$643	$665	$689	$713	$738
Full-time level affiliates (annual total)[18b]	$4,800	$4,968	$5,142	$5,322	$5,508	$5,701	$5,900
Rate 1 level affiliates (annual total)[17b]	$1,920	$1,987	$2,057	$2,129	$2,203	$2,280	$2,360
Rate 2 level affiliates (annual total)[16b]	$1,440	$1,490	$1,543	$1,597	$1,652	$1,710	$1,770
Rate 3 level affiliates (annual total)[15b]	$1,200	$1,242	$1,285	$1,330	$1,377	$1,425	$1,475
Affiliates Program (annual total)	$9,360	$9,688	$10,027	$10,378	$10,741	$11,117	$11,506

Conservative Course Enrollment Estimates							
Number of courses per quarter[19]	3	3	3	3	3	4	4
Total courses per year	12	12	12	12	12	16	16
Number of students per course[20]	10	10	10	10	10	10	10
Total students enrolled per year	120	120	120	120	120	160	160
Student fees per course[21]	$100	$104	$107	$111	$115	$119	$123
Instructor fees per course[22]	$250	$259	$268	$277	$287	$297	$307
Course enrollment (annual total)	$12,000	$12,420	$12,855	$13,305	$13,770	$19,003	$19,668
Instructor fees (annual total)	$3,000	$3,105	$3,214	$3,326	$3,443	$4,751	$4,917

Affiliates Program

An affiliates program is common to many business incubators. The types of programs and fees may vary, but typically non-tenant entrepreneurs are charged either month or quarterly for incubator-related facility and service privileges. Facility privileges could include access to conference rooms, administrative space, limited production equipment use, and a mailing address. Service privileges usually provide access to limited consulting and mentoring services. Affiliates fee was broken down into four levels: (1) full-time level – for those within incubator, (2) Rate 1 level – heavy use of affiliate's services, (3) Rate 2 level – moderate use of affiliate's services, and (4) Rate 3 level – low use of affiliate's services.

Rate 3 level affiliates pay the base rate, Rate 2 level affiliates pay at 30% above the base rate, Rate 1 level affiliates pay at 50% above the base rate, and full-time affiliates pay at twice the base rate. The purpose of these incremental increases is to compensate for the higher usage.

Course Structure and Enrollment

In this financial model, courses are structured on a quarterly basis, where each course consists for 10 classes per quarter at one class per week. These classes span 13 weeks, leaving three weeks open each quarter. Students are charged $10 per class, a total course revenue of $100 per student per course. Instructors are paid $25 per class, a total course cost of $250 per course.

INCUBATOR REQUIREMENTS	GUIDELINES AND SPECIFICATIONS
15.) Number of affiliates at Rate 3 level	Number of affiliates that pay at Rate 3 level.
15a.) Rate 3 level affiliates ($/yr.)	Rate 3 is equal to the base rate for affiliates.
15b.) Rate 3 level affiliates (annual total)	Total *annual* Rate 3 level revenues (annual total) = (number of affiliates at Rate 3 level) x (Base rate for affiliates ($/yr.)).
16.) Number of affiliates at Rate 2 level	Number of affiliates that pay at Rate 2 level.
16a.) Rate 2 level affiliates ($/yr.)	Rate 3 is equal to the base rate for affiliates x 1.3.
16b.) Rate 2 level affiliates (annual total)	Total *annual* Rate 2 level revenues (annual total) = (number of affiliates at Rate 2 level) x (Base rate for affiliates ($/yr.)) x 1.3.
17.) Number of affiliates at Rate 1 level	Number of affiliates that pay at Rate 1 level.
17a.) Rate 1 level affiliates ($/yr.)	Rate 3 is equal to the base rate for affiliates x 1.5.
17b.) Rate 1 level affiliates (annual total)	Total *annual* Rate 1 level revenues (annual total) = (number of affiliates at Rate 1 level) x (Base rate for affiliates ($/yr.)) x 1.5.
18.) Number of affiliates at full-time level	Number of affiliates that pay at full-time level.
18a.) Full-time level affiliates ($/yr.)	Rate 3 is equal to the base rate for affiliates x 2.
18b.) Full-time level affiliates (annual total)	Total *annual full-time* level revenues (annual total) = (number of affiliates at full time level) x (Base rate for affiliates ($/yr.)) x 2.
19.) Number of courses per quarter	A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.
20.) Number of students per course	The number of students per course was calculated by dividing the number of survey respondents, who expressed high levels of interest in attending seminars, by 4 (for quarterly).
21.) Student fees per course	Student fees are $10 per class for 10 classes per course, totaling to $100 per course per quarter for Year 1.
22.) Instructor fees per course	Instructor fees are $25 per class for 10 classes per course, totaling to $250 per course per quarter for Year 1.
	NOTE: Increases in rent, fees, and costs seen in subsequent years are by the rate of inflation (3.5%).

Incubator Financial Development and Sustainability Plan

Funding Sources

The development, implementation, and successful operation of the incubator depend on finding sufficient funding to support it. Potential sources of funding should be identified at an early stage by an advisory subcommittee, and sought out through discussions with development authorities in the region.

Potential Funding Sources:

U.S. ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) PUBLIC WORKS PROGRAM

The Public Works Program administered by the EDA is committed to funding projects that are focused on developing local economies and promoting innovation and entrepreneurship. The EDA has funded significant research that emphasizes the value of business incubation programs and is historically the largest federal source of incubator funding.

CADILLAC AREA CHAMBER OF COMMERCE

Cadillac Industrial Fund

With the dedication of local business leaders, the Cadillac Industrial Fund has successfully assisted companies with relocation, staffing, financial, and a variety of other services with sensitivity and confidentiality. Through a unique partnership with the City of Cadillac and the Cadillac Area Chamber of Commerce, the Cadillac Industrial Fund serves as the marketing business recruitment and retention arm of the Cadillac industrial community.

U.S. DEPARTMENT OF AGRICULTURE: DEPARTMENT OF RURAL DEVELOPMENT

Rural Business Opportunity Grant (RBOG)

The Rural Business Opportunity Grant program promotes economic development in rural communities by providing business training and business-based technical assistance for entrepreneurs and business development and also helping with the establishment of rural business incubators.

The maximum grant for a project serving a single state is $50,000, and the availability of funds is dependent on the amount that Congress allocates within the Federal Budget. To apply for the RBOG program, contact the USDA Rural Development office in East Lansing, MI.

Rural Business Enterprise Grants (RBEG)

The Rural Business Enterprise Grants fund a broad array of activities to assist with economic development in rural areas. Eligible fund uses include, but are not limited to, acquisition or development of land, construction, renovation of buildings, training and technical assistance, or capitalization of revolving loan funds. The RBEG program specifically supports projects that benefit small and emerging private businesses in rural areas.

Although there is no maximum level of grant funding, grants generally range from $10,000 up to $500,000, and a priority is given to smaller projects. The maximum grant for a project serving a single state is $50,000, and the availability of funds is dependent on the amount that Congress allocates within the Federal Budget. To apply for the RBEG program, contact the USDA Rural Development office in East Lansing, MI.

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION (MEDC)

Michigan Community Development Block Grant Program

The Community Development Block Grant (CDBG) provides federal funding for economic and community development projects to eligible counties, cities, and townships, typically those with populations fewer than 50,000. CDBG gives priority to projects that emphasize job creation and leverage private and public funds. To apply, the business development manager proposes the project and presents it to the Michigan Economic Development Corporation management team, who then authorizes a review of the project. The community is also given a pre-application that is considered before approval and final application submittal. The approval process typically takes between 3-5 months.

Michigan Strategic Fund

The Michigan Strategic Fund (MSF) is a state agency responsible for distributing funding to promote economic and business development, including providing funding directly to local entities that provide specific services to businesses. However, funding for the current incubator may be hard to come by because in early 2011 the MSF distributed $1.3 million toward 10 different incubators on a competitive basis across the state of Michigan.

Economic Development Job Training Program (EDJT)

Projects considered for an EDJT award must be either a Business Response Program (BRP) or a Manufacturing Competitiveness Program (MCP). A BRP competes in either advanced manufacturing of materials, life sciences, technology, homeland security, or alternative energy and also creates high-wage and high-skill jobs. An MCP involves collaborative efforts to increase the competition between multiple companies and provides training in new techniques, systems, processes, and promotes increased cooperation between companies. EDJT awards are discretionary and require that businesses and training providers work closely with an MEDC account manager and workforce development specialist to develop and direct a job training program.

Small Business Credit Initiative

Access to capital funding is available through new opportunities for small businesses in Michigan so they can grow and diversify. On January 14, 2010, Michigan was named the first state in the nation to win approval of approximately $79.1 million in federal capital funding to support the state's cutting-edge Capital Access, Michigan Collateral Support and Michigan Loan Participation programs, part of the Michigan Business Growth Fund (MBGF) efforts.

Biotechnology Business Consultants

Biotechnology Business Consultants (BBC) provides intensive business development, training, and consulting to support early stage life science and technology companies. BBC services are complemented by comprehensive assistance in developing and executing grant funding programs that meet the strategic goals and objectives of the client.

TAX INCREMENT FINANCING (TIF)

Tax Increment Financing allows a local government under the Local Development Finance Authority (LDFA) to finance public facilities by capturing property taxes levied on any increase in the property values within that district, following the establishment of the Tax Increment Finance Authority. Michigan's SmartZone network of business and technology research and incubation centers use TIF financing within their district. These SmartZones are permitted to collect 100 percent of the increased tax revenue, rather than the typical restriction of 50 percent. Funding from a TIF plan is dependent on the property values within the LDFA increasing. This would also be a long-term financing option for continued operation rather than funding for capital, as property values and thus TIF funding is assessed annually.

Other Funding Sources

CHARLES STEWART MOTT FOUNDATION

The Charles Stewart Mott Foundation is a private, grant making foundation based in Flint, MI. Although grants are made worldwide, the Mott Foundation does have a focus on funding projects to further economic development locally in Michigan. In addition to funding a groundbreaking national virtual incubation network in 2011, the Mott Foundation also awarded Kettering University in Flint, MI, $541,966 in 2006 to build a high tech incubator.

To apply for a Mott Foundation grant, a letter of inquiry must be sent prior to a full application. Proof of a tax-exempt 501 (c) (3) status from the IRS is required. The Foundation requests that proposals be submitted at least four months before the proposed grant period.

CORPORATE SUPPORT

The incubation project may be able to gain corporate funding in exchange for a marketing advantage that the company will gain through access to the incubator clients. However, an agreement between the incubation project and a corporate sponsor would have to be examined carefully and holistically to ensure that the funding fits with the incubator's objectives and mission statement.

FUNDING THAT SUPPORTS "GREEN" BUSINESSES

The government and private companies are attempting to eliminate the boundaries facing businesses that attempt to become "green," operating in ways that aim to solve environmental problems. The following resources offer funding to green businesses that create positive value for the environment, either through an energy efficient business facility, an environmentally aware business plan, or the research and development of renewable energy technologies. If implementation of the incubator clearly takes steps to acknowledge the environment, then funding may be offered by these sources:

Kresge Foundation

The Kresge Foundation based in Troy, MI, issues "Challenge" grants for nonprofit capital projects supporting various green building projects. Its Green Building Initiative was designed to assist nonprofit organizations to develop projects that utilized environmentally friendly and energy efficient materials and design principles.

The Department of Energy:

Office of Energy Efficiency and Renewable Energy (EERE), Small Business Innovation Research (SBIR), and Small Business Technology Transfer (STTR)

The Department of Energy EERE provides funding to promote and increase the use of renewable energy and energy efficient technologies. The SBIR and STTR are programs with specific funds set aside for small business that focus on energy production, energy efficiency, and environmental management.

Michigan Energy Efficiency Grants

The Michigan Public Service Commission Energy Efficiency Grant supports the implementation of renewable energy and energy efficiency projects within the state. There are several different proposals to apply for, but the most applicable include a Renewables for Local Governments grant that focuses on nonprofit and public organizations that will design, install, and operate a small scale, on-site energy system using energy efficiency upgrades at local government facilities. Also, Low-Income Energy Efficiency Grants promote nonprofit and public organizations, which implement energy efficient projects to Michigan's low-income residents.

Measurement of Success Criteria/Incubator Evaluation Criteria

The incubator's objectives and mission statements are imperative to directing the incubator's outcomes, including creating jobs, developing growing industries in the Cadillac region, and supporting economic growth. It is important to note that a full incubator facility is not necessarily proof of a successful business incubation program. Over a three to five year time frame, the incubator should have at least fifteen to twenty companies that have graduated from the program. The most common approach to incubator evaluation involves monitoring performance on the economic level of jobs created, client and graduate revenues, and payroll and taxes generated. Client surveys are another way to gather satisfaction data regarding training and mentor programs, facility services, networking events, service provider programs, and incubator staff performance. Establishing a set of measurable objectives and milestones, as well as showing consistent improvement, fuels continued stakeholder support.

We recommend a comprehensive progress evaluation be performed every six months with the results to be reported to the stakeholders and the Board. Some progress indicators could include:

- Number of graduate companies
- Number and percent of graduates still in business
- Number of graduate companies that have stayed in the community or region
- Number and types of jobs created in the region by graduate companies
- Number of applicants to the program
- Revenue generated by incubator clients and graduates
- Local tax revenues generated by incubator clients and graduates
- Number of clients that reach financial sustainability
- Number of clients that left the incubator program early or failed
- Number of patents applied for by clients
- Evaluation of the services provided to clients

Strategies for Handling Setbacks

The incubator could face some setbacks during its implementation and the course of the program, such as lack of community support, insufficient funds, poor management, a struggling business plan, lack of participation, or ineffective services. By implementing the program quickly, the interest conveyed by the survey responses is more likely to be retained, and additional public relations services should be applied upon the establishment of the program to raise community awareness and involvement. Also, by partnering with a Cadillac college, the incubator can use a set budget supplied by the college and appropriate funds to best meet the greatest needs of the clients. Careful and regular review with dedicated directors, partners, mentors, and an advisory board is imperative to ensuring that quality services are provided and the incubator is structured for success.

Exit Strategy

If the incubator proves to be unsuccessful, an exit strategy should be implemented to cut expenses. Without investing in a facility, the program can be more easily phased out, with the incubation program focusing their resources on supporting and attempting to graduate their last clients within a set timeframe before closing. With a facility, the exit strategy becomes much more complicated. The building has to be restructured for another use, a lease contract must be voided, and all clients removed from their office spaces. If the program is in partnership with a Cadillac college, much of the exit strategy depends on how quickly and to what level the college wants the incubator's resources directed toward other departments or projects. An exit strategy should be written down and executed accordingly.

Business Plan Implementation Strategy

Once this business plan has been completed, Phase I (Planning) will be complete. At that point, key stakeholders and the advisory board will decide whether or not to continue with Phase II (Project Implementation and Resource Development).

The advisory board, assuming it decides to move forward, must identify a single person that will take the project through its implementation. The person in this position must take up a great amount of responsibility and put in a great amount of time. Therefore, it is necessary to have someone who is primarily dedicated to the incubator project. It is recommended that before implementation begins, a person working at half-time should be committed to the project.

Phase I: Planning

Expected completion: December 2013

- Identify opportunity
- Create an advisory board to guide project, initiate sub committees
- Acquire funds for a feasibility study of an incubator in the Cadillac region
- Complete feasibility study
- Create a business plan

Phase II: Project Implementation and Resource Development

January 2014 – December 2014

- Commence incubator advisory board sub committees
- Gather key stakeholders to accept business plan
- Identify lead director to advance and facilitate the project
- Establish the governing board
- Finalize mission statement and objectives
- Hire Executive Director
- Finalize decision regarding incubator structure and begin establishing structure
- Develop funding sources for facility creation and seed start-up operation for the first three years
- Enroll professional service providers
- Write leases, agreements, bylaws, etc.
- Finalize service offerings and details
- Finalize lease agreements with anchor tenants
- Implement PR and Marketing plan for clients and other stakeholders

Phase III: Operation

December 2014 - Beyond

- Open facility
- Explore feasibility of developing affiliate client program
- Improve processes
- Continue to cultivate stable revenue
- Evaluate progress every six months

Suggested Incubation Implementation Committees

Once the study is complete, the advisory committee should work to convene incubator implementation sub committees. These committees should work toward setting a solid foundation for the incubator program and or facility. Below is an outline of sub committees, with best practices on each purpose, sample tasks, which the committee aligns with, and sample 6-month goals.

Lead/Chair

Purpose: Serve as go-to person for the incubator project as it moves toward implementation;
Convene meetings, make appointments, and maintain committee momentum and progress;
Coordinate committee cooperative efforts; serve as the face and voice of the incubator project

Tasks:
Finalize committee appointments (Month 1)
Convene monthly meetings of the whole (Month 1 - ongoing)
Assign tasks to committees as needed (Month 1 - ongoing)
Meet with incubator stakeholders/participants/funders and media as appropriate (Month 1 - ongoing)

Works with: All committees

6 month goals: Have virtual incubator programming running; have established relationships with media and potential funders; ensure that committee goals are met

Entrepreneur Committee

Purpose: Establish and maintain contact with potential clients;
Involve potential clients with programming as it develops;
Identify and cultivate new potential clients;
Work with Programming Committee to guide programming choices

Tasks:
Establish contact with Entrepreneurs/Potential Entrepreneurs (Month 1 - ongoing)
Establish contact with Students/Young Professionals (Month 1 - ongoing)
Work with Programming Committee to generate participation in events (Month 1 - ongoing)
Work with Programming Committee to match entrepreneurial needs with service and program resources (Month 2 - ongoing)
Identify and recruit anchor client (Month 3 - ongoing)

Works with: Programming Committee

6 month goals: Have involved active subset of potential clients in virtual incubator and informal outreach programming; have recruited an anchor client

http://www.nbia.org/resource_library/peer/benchmark/resource_library/selecting_clients.php

Programming Committee

Purpose: Establish and maintain contact with potential service and programming providers;
Help Entrepreneur Committee match programming needs with clients;
Develop and facilitate virtual incubation events and programming

Tasks:
Establish contact with EDOs to determine offerings and upcoming events (Months 1 - 2)
Establish contact with PSPs to determine opportunities for services (Months 1- 2 and ongoing)
Establish contact with educational institutions to determine courses/programs (Month 2)
Work with Entrepreneur Committee to match resources with clients (Month 3 - ongoing)
Organize/facilitate regular opportunities, perhaps in conjunction with exiting events (DDA, Chamber of Commerce, etc.) to keep incubator project in public eye (Months 1 - 6)
Develop virtual incubation programming plan (Months 3 - 4)
Hold virtual incubation event/s (workshop, training, presentation, etc.) (Months 5 - 6)

Works with: Entrepreneur, Outreach and Media Committees

6 month goals: Have organized/facilitated at least one virtual incubation opportunity; have facilitated three events/presentations

http://www.nbia.org/resource_library/peer/benchmark/resource_library/serving_clients.php

Outreach and Media Committee

Purpose: Create and implement strategy for keeping incubator in public eye;
Create positive and exciting public image for incubator;
Generate involvement and support for incubator

Tasks:
Develop outreach/media infrastructure (Months 1 - 2), including
Outreach lists for different audiences/purposes (clients, general public, elected, etc.)
Media list
Timetable for regular announcements
Create logo/branding strategy (Months 2 - 3)
Create publicity packet(s) (Months 3 - 4)
Work with Entrepreneur and Programming Committees to publicize upcoming events (ongoing)
Work with Funding and Support Committee to create targeted materials as necessary (ongoing)

Works with: Entrepreneur, Programming, Funding and Support Committees

6 month goal: Have logo, branding strategy, and publicity materials for distribution

http://www.nbia.org/resource_library/peer/benchmark/resource_library/marketing.php

Site Selection Committee

Purpose: Investigate, identify, and recommend incubator site

Tasks:
Review criteria for site (Month 1)
Review list of potential sites (Month 2)
Visit/investigate potential sites (Months 3 - 5)
Create recommendations for incubator site (Months 5 - 6)

Works with: Entrepreneur, Governance and Management, Funding and Support Committees

6 month goal: Bring a site recommendation to the lead/chair

http://www.nbia.org/resource_library/peer/benchmark/resource_library/facilities_management.php

Governance and Management Committee

Purpose: Create conceptual infrastructure for incubator program;
Establish advisory board and staffing infrastructure

Tasks:

Craft Mission Statement (Month 1)
Review and revise Business Plan (Months 2 - 3)
Recruit Advisory Board (Months 3 - 4)
Develop recruitment and hiring process for Incubator Manager (Month 6)

Works with: Funding and Support Committee

6 month goals: Have mission statement, business plan, and advisory board in place; have begun recruitment process for incubator manager

http://www.nbia.org/resource_library/peer/benchmark/resource_library/staffing.php
http://www.nbia.org/resource_library/peer/benchmark/resource_library/governance.php

Funding and Support Committee (see CBAIS funding document)

Purpose: Identify and seek outside funding, through grants, government programs, private investment, and any other sources for incubator program and facility

Tasks:

Review potential funding sources and identify additional funders (Months 1 - 2)
Investigate and cultivate contacts with potential funding sources (Months 2 - 3)
Work with Media and Outreach Committee to craft message and materials for potential funders (Months 2 - 3)
Develop and implement ask strategy for private funders (Months 2 - 3)
Write grants (Months 3 - 6)

Works with: Programming, Media and Outreach, Governance and Management Committees

6 month goals: Have at least one grant drafted for submission

Characteristics, Key Findings, and Recommendations

No single incubator practice, policy, or service is guaranteed to produce incubation program success. Instead, it's the synergy among multiple practices, policies, industries, and services that produce optimal outcomes.

Principle I) The Cadillac Regional Innovation Center should establish a written mission statement and set of objectives.

Strategy I A written mission statement is recommended for all incubators and the Cadillac Regional Innovation Center business incubator is no exception.

Action I: A mission statement provides a documented and defined goal the incubator and its clients can work towards. This is important to enforce on the clients of the incubator, considering 64% of the entrepreneur survey respondents indicated having no current written business plan.

- **Ex:** In the counties of Wexford, Missaukee, Lake, and Osceola, future development and sustainability of local businesses can be achieved through effective planning, strong management, and shared resources.

Strategy II Select clients based on cultural fit.

Action I: Being a mixed use incubator, the Cadillac Regional Innovation Center incubator must select clients with various specialties, as well as anticipate potential chemistry between clients in order to prevent any negative externalities that may arise.

- **Ex**: The Cadillac region received interest from multiple types of manufacturing organizations, as well as entrepreneurs. Locating in a mixed-use facility with manufacturing equipment such as loading docks, as well as flexible office space would be able to accommodate a multitude of industries.

Strategy III Select clients based on potential for success.

Action I: Selecting potentially successful clients will benefit the Cadillac Regional Innovation Center incubator in various important ways.

- **Ex:** If clients are successful, the published progress reports for the incubator itself will be positive, significantly increasing the possibility of the incubator receiving additional funding.
- **Ex:** Successful clients are going to be better equipped to assist fellow incubator clients, allowing additional services to be provided without extra funding.

Strategy IV Review client's needs at entry.

Action I: Even if a client satisfies the criteria for potential success, they will be unsuccessful if the incubator cannot provide the services required to foster success.

- **Ex:** An incubator may have to turn down a potentially successful client if the incubator cannot properly support that client's needs.

Strategy V Showcase clients to the community and potential funders.

Action I: For a less populated area like the Cadillac region, showcasing startup/small clients, as well as available services provided by larger firms to the community is an important factor of success.

- **Ex**: Partnership with local organizations, as well as frequent town hall meetings in the Cadillac area can help showcase these businesses and what they have to offer.

Action II: Establishing an identity within the community is possibly the most important service an incubator can provide that will have a prolonged positive effect. This can be done through various forms of marketing that will make the community aware of how the incubator clients sell their products and expertise.

- **Ex**: As seen in small business development centers in other states, the Cadillac region should adapt these models to ensure the ability for start-up companies to connect with other local organizations in order to increase incubator presence in the community.

Action III: Potential funding sources are vital for a startup, and marketing to investors can help the incubator jump-start a firm while also increasing awareness outside the region. The majority of survey respondents indicated being able to provide relevant connections to investors that could strengthen the economic vitality of the incubator.

- **Ex:** Organizing professional events with potential investors and creating incentives to meet with businesses seeking venture capitalists is a good way to facilitate this process. Preparing business plans and models that funders will be interested in seeing before committing their resources increases the legitimacy of the firms' propositions.

Strategy VI Have a robust payment plan for rents and service fees.

Action I: Incubator budgets are tight and clients that delay rent payments or accept costly incubator services without initial payment can quickly bankrupt the incubator. Having strict payment plans from the start indicates to clients that, although the incubator is there to assist them, its services are not free

- **Ex**: Reference the financial operating plan, and hire a management team capable of keeping an accurate ongoing financial budget analysis, keeping in mind the three projected financial scenarios: conservative, moderate, and optimistic.

Strategy VII Have an agreement requiring clients to graduate after a specific amount of time.

Action I: The report notes that enforcing a graduation date is strongly correlated with an incubator's success. A firm exit deadline not only keeps client businesses on their toes, but it also gives an incubation program a predetermined evaluation period to review a firm's growth and profitability.

Principle II) The composition of the incubator advisory board matters.

Strategy I Having an incubator graduate firm and a technology transfer specialist on the advisory board will be useful in the interest of experience and efficiency.

Action I: Newly created incubators need expertise and experience to navigate through inevitable challenges. Assigning positions within the advisory board is effective for clarity and specialization.

- **Ex**: Possible positions include: Vice President Internal Affairs, VP External, Managing Director, IT Director, Funding Chair, etc.

Strategy II Having accounting expertise, patent law, and general legal expertise on the advisory board will be useful in the interest of experience and efficiency.

Action I: Seeking out legal expertise in the form of a lawyer, a legal service provider who specializes in the assistance of government agencies or state-funded programs that stretch budgetary boundaries is strongly advised.

- **Ex:** These services were indicated by respondents as being strongly desired. Many respondents were able to provide a relevant connection for these aforementioned legal services, but very few stated being able to directly provide assistance with this service to a possible incubator.

Strategy III Government and economic development organization representative presence ensures that the incubator is embedded in the community.

Action I: Help educate critical funding sources about the incubator program and its successes.

Action II: Lobby to support the cause of USDA and CBAIS within state government. It is extremely important to recruit the best possible resources of leadership, which will further increase the chances of incubator success.

- **Ex:** Experienced entrepreneur, Corporate executive, Representative of finance community, Chamber of Commerce representative, University official or access to university resources

Principle III) Most high-achieving incubators are not-for-profit models.

Strategy I Goals of an incubator are most commonly:

Action I: Creating jobs

Action II: Fostering the entrepreneurial climate in the community

Action III: Diversifying the local economy

- **Ex:** An economy with just one cash crop is too unstable and unpredictable to be successful. Risk aversion should be a key principle in the diversification of an economy.

Action IV: Building or accelerating new industries

- **Ex:** Reference Location Analysis section for increasing and decreasing industries in the area.

Action V: Attracting or retaining businesses

- **Ex:** Promoting, advertising, and incentivizing through cheap lease or rent, tax breaks, and subsidies

Strategy II Only one of the top incubators in the study was for profit.

Action I: For-profit models rarely correlate with client success

Principle IV) The Cadillac Regional Innovation Center will likely serve as a mixed-use incubator with a focus on both entrepreneurial and manufacturing services and resources. Services provided by the incubator must have the ability encompass all facets of business to successfully assist the incubator clients. To fully provide for its clients, the CRIC should seek to offer at least five of the following services:

Strategy I Help with business basics

Action I: The geographical logistics note that median household income in the region[20] is $35,818, with 17.65% of the region's population living below the poverty line, and only 12.18% of the region's population reporting receiving a bachelor's degree or higher. The region could help provide more resources to assist with technical training and job searching, with goals to improve the quality of labor and resources.

- **Ex**: Reference Location Analysis: Job Training and Opportunities for available educational and career preparatory sources and programs throughout Wexford, Missaukee, Lake, and Osceola Counties.

Strategy II Networking activities among incubator clients

Action I: Because the Cadillac Regional Innovation Center will be a mixed-use incubator, being able to unite businesses of varying sizes in a mutually beneficial manner is critical to reducing costs and facilitating cooperation. Hiring a staff capable of this is vital.

- **Ex**: Reference Business Operating Plan, and consult the description of an ideal Executive Manager, well-versed in business language and start-up companies.

Action II: Integrating various business practices in the incubator is not essential to its success, but funds and resources will always be limited. Therefore, it is logical and efficient to consider all ways clients can, share their expertise with their fellow businesses within the incubator.

- **Ex**: Survey results indicated that many manufacturer respondents would be willing to provide their services to the incubator facility and its members at a discounted rate.

[20] Region, for the purpose of this report, constitutes Lake, Manistee, Mason, and Oceana Counties in Michigan, and the "regional" reported statistics are derived from the average figures of the 2010 U.S. Census

Strategy III Marketing assistance

Action I: Depending on the businesses accepted into the Cadillac Regional Innovation Center incubator, marketing assistance may or may not be a valuable service to provide. It would require a feasibility study to determine whether or not a marketing campaign would be effective in stimulating the success of incubator clients and the incubator itself. Due to the low income in the region and the sparse population per square mile, marketing may be a risk.

- **Ex**: 35% of entrepreneurial respondents indicated being able to provide assistance with customer relations, advertising, and branding to an incubator

Strategy IV Help with accounting/financial management

Action I: Providing assistance in financial management is essential in the initial phases of the incubator. It is strongly recommended that the Cadillac Regional Innovation Center provide financial management expertise because the majority of Entrepreneurial and Manufacturer survey respondents indicated not being able to do so.

- **Ex**: Starting every client out with a strong financial foundation is the most important pillar for a successful company, and ultimately a successful incubator. As the firms stabilize over time, the amount of money required to support financial management services will decrease.

Strategy V Access to capital and linkages to higher education and/or strategic partners

Action I: The region as a whole needs to provide increased access and support for secondary education opportunities, as well as technical job training as noted in the Education and Job Opportunities and Analysis sections.

- **Ex:** The Cadillac Regional Innovation Center's relationship with the University of Michigan provides some access the resources that higher education can offer.

Action II: Accessing capital and strategic partners is a facet of an incubator that requires extensive research and commitment to execute successfully.

- **Ex:** If the incubator feels confident that a stakeholder, manager, advisory board member, or someone else strongly invested in the success of the incubator can effectively recruit strategic partners, this is definitely a service with the potential to elevate clients to prosperity.

Principle V) Neither the size of an incubator facility nor the age of a program is a strong predictor of client firm success.

Strategy I Staff-to-client ratios, not the size of the incubator itself, are strongly correlated to client success.

Action I: The study found that incubator size was correlated to nine measures of success, but this correlation should not be mistaken for causality. Large incubators by nature require additional staffing, more professional resources, and larger operation budgets, which are all more strongly correlated with success.

Principle VI) High-achieving incubators collect client outcome data more often and for longer periods of time than their peers.

Strategy I Two-thirds of top-performing incubators collect outcome data.

Action I: Outcome data is critical in attracting investors and government grants.

- **Ex:** More than half collect outcome data for two or more years, and over thirty percent collect data for five or more years

Action II: Go back and reevaluate prior knowledge and scrutinize through statistical data analysis.

Strategy II Data includes

Action I: Client and graduate firm revenues and employment

Action II: Firm graduation and survival rates

Action III: Information on the success of specific program activities and services

Strategy III Research suggests that collecting outcome data demonstrates a positive return on investment and ensures continued program funding.

Action I: Incubators with the capacity to collect outcome data also have the resources to implement best management practices and services.

Principle VII) Public sector support also contributes to program success.

Strategy I Only three of the top-performing incubators in the study operate without public sector support from local government agencies, economic development groups, colleges or universities, or other incubator sponsors.

Action I: In order to maximize success, it is important to partner with local agencies, EDOs, and higher education institutions, as well as have strong public support.

- **Ex**: Possible partnership with local universities and organizations listed on page iv of the report.

Strategy II On average, nearly sixty percent of an incubator's budget is accounted for by client rent and service fees.

Action I: Thus, the research suggests that public sector investment strongly correlates to greater incubator outcomes in terms of job creation, graduation rates, etc.

Action II: Achieving public sector support requires outcome data, demonstrated success, a connected advisory board, and most of the above criteria.

Principle VIII) Incubation programs with larger budgets, both revenues and expenditures, typically outperform incubators with budget constraints.

Strategy I Programs with more financial resources can better deliver critical client services and are more stable.

Action I: Fundraisers and seeking/applying for funding is critical to success.

- **Ex**: Since the incubator cannot provide direct funding, it is important for clients to take advantage of the connections within in the area provided by the incubator to ensure they receive adequate funding.

Strategy II Incubators receiving a larger portion of revenue from rent and service fees than any other source of income perform better than other programs.

Action I: Must encourage clients to spend revenue on capital.

Strategy III Expenditures

Action I: The more programs invest in staffing and program delivery relative to building maintenance or debt servicing, the higher probability of client outcomes.

Principle IX) All measures of the growth or size of a host region's economy are poor predictors of incubation program outcomes.

Strategy I Correlation analysis completed in the study suggests that most regional capacity variables have no statistically relevant correlations to incubator client firm outcomes.

Action I: Incubator practices should not be influenced by regional economy predictors, because they operate independently from other establishments.

- **Ex:** Most of the data in the Location Analysis should not be used when determining the likelihood of success of the incubator in the region

Strategy II Management practices are a much better indicator of incubator success than the overall direction, size, or growth of the region's employment or GDP.

Action I: Strong management organization and leadership is more necessary for incubator success, than the status of local employment trends.

- **Ex:** There is no substitute for great management; a great business plan can fall apart easily without it. However, even a weaker business plan can become innovative and effective with the proper management.

Strategy III Stress this point to investors, an incubator can succeed in a struggling economy if properly managed and funded.

Action I: Investors must be aware that incubators under guidance of independent management and funding sources, bolstering great potential for success regardless of the outside state of the economy.

Strategy IV The study found that the regional factor that affects incubator most is average age.

Action I: Look for incubator clients that fit the ideal age group, individuals who can bring innovative business ideas to the incubator.

- **Ex:** The more successful programs mainly hail from areas with a disproportionate chunk of their population between 25 and 54 years of age.

Principle X) Collectively, measures of a region's capacity to support entrepreneurship have limited effect on incubation program outcomes.

Strategy I Compared with incubator quality variables, which predicted 72.9% of the outcomes correctly, regional capacity variables have less predictive power (56.3%).

Action I: Incubators should collect their own progress data, as it typically differs from the regional variable capacities and progress.

Strategy II Among the regional capacity measures studied, only the proxies for urbanization, work force skills, availability of locally controlled capital, and higher educational attainment have moderate influence on incubator client outcomes.

Action I: This can be a valuable point when arguing for funding sources.

Principle XI) The findings provide empirical evidence that business incubation best practices are positively correlated to incubator success.

Strategy I The practices related to the composition of advisory boards, hiring qualified staff, and tracking incubator outcomes result in more successful incubation programs and clients

Action I: Following best practices for hiring staff is a key way to ensure incubator success, as well as being sure to keep track of incubator business and progress.

- **Ex:** Reference Sample Incubator Staff Position Descriptions in the Appendices for appropriate qualifications and responsibilities of each member

Strategy II Adhering to the above best practices is the best way to succeed as an incubator.

Action I: Other factors, like regional capacity, are commonly associated with the success of new businesses, but as this research shows, that is not the case.

- **Ex**: Incubators operate as an individual entity separate from the factors that influence the rest of the local economy. Therefore, in order to make a positive impact on the local community and its economy, the incubator must be sure to focus on solely incubator best practices.

Management and a drive for overall success within the local economy are also crucial to incubation success.

Appendices

Entrepreneur Survey

Please provide your contact information. An * indicates that an answer is strongly encouraged.

Title (check one)	Dr. ___ Mr. ___ Mrs. ___ Ms. ___ Other: _____
Name*	
Street Address	
Street Address II	
City	
State	
Zip Code	
Year of Birth	
Phone*	
Email Address*	

Q1 Is your business currently in operation?

- ❍ Yes (skip to **Q1c**)
- ❍ No, but it will open/reopen in the future (answer **Q1a** and **Q1b**)
- ❍ No, it has closed, but I hope to open a new one in the future (answer **Q1a** and **Q1b**)
- ❍ No, it has closed (skip to **Q17**)

Q1a How long from now do you plan to begin operation?

- ❍ 0-3 months
- ❍ 3-6 months
- ❍ 6-9 months
- ❍ 9-12 months
- ❍ 1-2 years
- ❍ 2+ years
- ❍ Uncertain

Q1b Please give the projected start date if known (mm/dd/yyyy):

_____

Q1c Please fill out the following information regarding the contact information of your business:

Name of Business	
Your Position	
Street Address	
Street Address II	
City	
State	
Zip Code	
Business Phone	
Business Email	
Website	

Q1d How long has your business been in operation?

- ❑ < 1 year
- ❑ Between 1-2 years
- ❑ Between 2-3 years
- ❑ Between 3-4 years
- ❑ Between 4-5 years
- ❑ > 5 years

Q1e Not including yourself, how many employees does your business currently employ?

- ❑ 1-5
- ❑ 6-10
- ❑ 11-25
- ❑ Over 25
- ❑ My company does not have employees other than myself

IMPORTANT! The following questions pertain to financials. All responses to these surveys will be kept strictly confidential. Responses are reported in aggregate only.

Q1f What is the approximate annual sales revenue of your business?

- ❑ $0-$10,000
- ❑ $10,001-$25,000
- ❑ $25,001-$50,000
- ❑ $50,001-$100,000
- ❑ $100,001-$200,000
- ❑ $200,001-$300,000
- ❑ $300,001-$400,000
- ❑ $400,001-$500,000
- ❑ $500,001+

Q1g What is the approximate annual business operation cost of your business?

- ❑ $0-$10,000
- ❑ $10,001-$25,000
- ❑ $25,001-$50,000
- ❑ $50,001-$100,000
- ❑ $100,001-$200,000
- ❑ $200,001-$300,000
- ❑ $300,001-$400,000
- ❑ $400,001-$500,000
- ❑ $500,001+

Q1h What is the financial status of your business?

- ❑ Breaking Even
- ❑ Profiting
- ❑ Losing Money

NOTE: Throughout the survey, 'planned' refers to your plans over the next two years. If you currently own a business, please answer with current information when given a choice. If prompted for both current and planned information, please provide both.

Q2 Do you have a written business plan?

- ❑ Yes (continue to Q3)
- ❑ No (skip to Q4)

Q3 What is the current legal status of your business?

- ❑ Sole Proprietorship
- ❑ Partnership
- ❑ Limited Liability Company
- ❑ C-Corporation
- ❑ S-Corporation
- ❑ Not-for-profit Corporation
- ❑ Not Registered as a Business

Q3b How are you currently financing or planning on financing your business?
Please check all that apply

- ❑ Loans
- ❑ Part-time employment income
- ❑ The business is self-sufficient
- ❑ Savings
- ❑ Full-time employment income
- ❑ Other (Please Specify): _____

Q4 What is planned legal status of your business?

- ❑ Sole Proprietorship
- ❑ Partnership
- ❑ Limited Liability Company
- ❑ C-Corporation
- ❑ S-Corporation
- ❑ Not-for-profit Corporation
- ❑ Not Registered as a Business

Q4a How are you planning on financing your business?
Please check all that apply

- ❑ Loans
- ❑ Part-time employment income
- ❑ The business is self-sufficient
- ❑ Savings
- ❑ Full-time employment income
- ❑ Other (Please Specify): _____

Q5 In what sectors would you classify your current or planned businesses? (Check all that apply)

	Current	Planned
Accommodation/Hotel	❑	❑
Advanced Materials	❑	❑
Aerospace	❑	❑
Agriculture	❑	❑
Arts/Entertainment/Recreation	❑	❑
Bio-science (Life Science)	❑	❑
Building Materials/Landscaping	❑	❑
Computer Hardware	❑	❑
Computer Software	❑	❑
Construction	❑	❑
Defense/Homeland Security	❑	❑
Electronics/Microelectronics	❑	❑
Energy	❑	❑
Environmental	❑	❑
Fashion	❑	❑
Food Service	❑	❑
Health Care Services	❑	❑
Health Care Technology	❑	❑
Information Technology	❑	❑
Internet	❑	❑
Manufacturing	❑	❑
Media	❑	❑
Medical Devices	❑	❑
Nanotechnology	❑	❑
Non-profit Organizations	❑	❑
Professional Services	❑	❑

Real Estate/Rental/Leasing	❑	❑
Retail	❑	❑
Telecommunications	❑	❑
Wireless Technologies	❑	❑
Wood/Forestry	❑	❑
Other (Please Specify):	❑	❑

Q6 Please provide any other relevant information about your business that will help us understand your needs:

_____

Below is a list of services that could be offered to entrepreneurs involved in a business incubation program. They are organized by category. Please rate the level of usefulness/importance of each service on a 5-point scale.

Q7a Basics

	5 – Extremely Important	4 – Very Important	3 - Somewhat Important	2 - Not Very Important	1 - Not at all Important
Business Etiquette	❑	❑	❑	❑	❑
Business Plan Development	❑	❑	❑	❑	❑
Comprehensive Business Training	❑	❑	❑	❑	❑
Linkages to Higher Education	❑	❑	❑	❑	❑
Linkages to Strategic Partners	❑	❑	❑	❑	❑
Loaned Executive	❑	❑	❑	❑	❑
Presentation Skills	❑	❑	❑	❑	❑

Q7b Financial/Accounting

	5 – Extremely Important	4 – Very Important	3 – Somewhat Important	2 - Not Very Important	1 - Not at all Important
Actuarial Accounting	❑	❑	❑	❑	❑
Auditing Services	❑	❑	❑	❑	❑
Business Accounting	❑	❑	❑	❑	❑
Internal Auditing	❑	❑	❑	❑	❑
Management Accounting	❑	❑	❑	❑	❑
Public Accounting	❑	❑	❑	❑	❑
Tax Accounting	❑	❑	❑	❑	❑

Q7c Funding/Banking

	5 – Extremely Important	4 - Very Important	3 – Somewhat Important	2 - Not Very Important	1 - Not at all Important
Access to Angel Investors	❑	❑	❑	❑	❑
Access to Commercial Loans	❑	❑	❑	❑	❑
Access to Non-Commercial Loans	❑	❑	❑	❑	❑
Access to Government Grants	❑	❑	❑	❑	❑
Access to Venture Capitalists	❑	❑	❑	❑	❑
In-house Investment Fund	❑	❑	❑	❑	❑

Q7d Information Technology

	5 – Extremely Important	4 - Very Important	3 – Somewhat Important	2 - Not Very Important	1 - Not at all Important
E-Commerce	❑	❑	❑	❑	❑
Infrastructure Development	❑	❑	❑	❑	❑
Employee Technology Training	❑	❑	❑	❑	❑
Technical Support	❑	❑	❑	❑	❑
Website Development	❑	❑	❑	❑	❑

Q7e Labor & Organization

	5 – Extremely Important	4 - Very Important	3 – Somewhat Important	2 - Not Very Important	1 - Not at all Important
Human Resource Support/Training	❑	❑	❑	❑	❑
Management Team Identification	❑	❑	❑	❑	❑

Q7f Legal

	5 – Extremely Important	4 - Very Important	3 – Somewhat Important	2 - Not Very Important	1 - Not at all Important
General Legal Services	❑	❑	❑	❑	❑
Intellectual Property Protection	❑	❑	❑	❑	❑
Regulatory Compliance	❑	❑	❑	❑	❑

Q7g Marketing/Sales

	5 – Extremely Important	4 - Very Important	3 – Somewhat Important	2 - Not Very Important	1 - Not at all Important
Advertising	❑	❑	❑	❑	❑
Branding	❑	❑	❑	❑	❑
Customer Relations	❑	❑	❑	❑	❑
International Trade	❑	❑	❑	❑	❑
Retail Distribution	❑	❑	❑	❑	❑
Technology Commercialization	❑	❑	❑	❑	❑

Q7h Production/Manufacturing/Real Estate

	5 – Extremely Important	4 - Very Important	3 – Somewhat Important	2 - Not Very Important	1 - Not at all Important
Logistics Management	❑	❑	❑	❑	❑
Product Design and Development	❑	❑	❑	❑	❑
Real Estate	❑	❑	❑	❑	❑

Q7i Please list any other business services that are important to you:

_____

Q8 How would you like to receive the services in which you have an interest? Check all that apply.

❑ One-on-one consultations and training
❑ Workshops, Seminars, and Mini-Courses
❑ Web-based Seminars / Consulting
❑ Mentoring

Q9 What is the maximum you would be willing to pay per month to be involved with a business incubation program that provides the services you are interested in?

❑ Under $50
❑ $50
❑ $100
❑ $200
❑ $300
❑ $400+
❑ Would not pay but would participate
❑ Would not participate

Q10 Below is a list of facility amenities that could be offered to entrepreneurs involved in a business incubator. Please rate your level of interest in accessing each amenity on a 5 point scale (5 = Extremely interested > 1 = Not at all interested)

	5 – Extremely Interested	4 - Very Interested	3 –Somewhat Interested	2 - Not very Interested	1 - Not at all Interested
Broadband / High-speed Internet	❑	❑	❑	❑	❑
Conference Rooms	❑	❑	❑	❑	❑
Copy / Fax / Print Machines	❑	❑	❑	❑	❑
Fork Lifts / Carts / Dock Pallets	❑	❑	❑	❑	❑
Heating / Ventilation / Air Conditioning	❑	❑	❑	❑	❑
Loading Dock	❑	❑	❑	❑	❑
Material Handling	❑	❑	❑	❑	❑
Parking/Security Services	❑	❑	❑	❑	❑
Special Electrical Power	❑	❑	❑	❑	❑

Q10a Other important amenities to you:

_____

_____

Q11 Would you be interested in renting office space in an incubator facility? If you are still interested in storage or production space please select "No."

- ❑ Yes (continue to **Q11a**)
- ❑ No (skip to **Q12**)

Q11a Approximately how much office space (in square feet) would you be interested in renting?

- ❑ . 50 sq. ft.
- ❑ 100 sq. ft.
- ❑ 200 sq. ft.
- ❑ 400 sq. ft.
- ❑ 600 sq. ft.
- ❑ 800+ sq. ft.

Q11b What is the maximum you would be willing to pay annually per square foot of office space?

- ❑ $5
- ❑ $10
- ❑ $15
- ❑ $20
- ❑ $25
- ❑ $30
- ❑ $35+

Q11c Approximately how many hours per week would you utilize the office space?

- ❑ 6 hours
- ❑ 12 hours
- ❑ 18 hours
- ❑ 24 hours
- ❑ 30 hours
- ❑ 36 hours
- ❑ 40+ hours

Q12 Would you be interested in renting storage space in an incubator facility?

- ❑ Yes (continue to **Q12a**)
- ❑ No (skip to **Q13**)

Q12a Approximately how much storage space (in square feet) would you be interested in renting?

- ❑ Under 100 sq. ft.
- ❑ 500 sq. ft.
- ❑ 1000 sq. ft.
- ❑ 1500 sq. ft.
- ❑ Over 1500 sq. ft.

Q12b What is the maximum you would be willing to pay annually per square foot of storage space?

- ❑ $1
- ❑ $2
- ❑ $3
- ❑ $4
- ❑ $5

Q13 Would you be interested in renting production space in an incubator facility?

- ❑ Yes (continue to **Q13a**)
- ❑ No (continue to **Q14**)

Q13a Ideally, approximately how much production space (in square feet) would you be interested in renting?

- ❑ 100 sq. ft.
- ❑ 200 sq. ft.
- ❑ 400 sq. ft.
- ❑ 600 sq. ft.
- ❑ 800 sq. ft.
- ❑ 1000+ sq. ft.

Q13b What type of production space would your business require?

- ❑ Equipped Laboratory Space
- ❑ Machinery
- ❑ Studio
- ❑ Kitchen

Please answer the applicable question(s) based on your previous answer; leave all others blank.

Q13c What is the maximum you would be willing to pay for **Equipped Laboratory Space**? (The cost is measured annually per square foot)

- ❑ $100
- ❑ $200
- ❑ $300
- ❑ $400
- ❑ $500+

Q13d What is the maximum you would be willing to pay for **Machinery Space**? (The cost is measured annually per square foot)

- ❑ $1
- ❑ $2
- ❑ $3
- ❑ $4
- ❑ $5
- ❑ $6+

Q13e What is the maximum you would be willing to pay for **Studio Space**? (The cost is measured annually per square foot)

- ❑ $5
- ❑ $10
- ❑ $15
- ❑ $20
- ❑ $25
- ❑ $30

Q13f What is the maximum you would be willing to pay for **Kitchen Space**? (The cost is measured in dollars per hour*)
*Kitchen spaces in incubator facilities are typically calculated by the number of hours used.

- ❑ $5
- ❑ $10
- ❑ $15
- ❑ $20
- ❑ $25
- ❑ $30
- ❑ $35+

Q13g Approximately how many hours per week do you believe you would utilize the production space?

- ❑ Under 6 hours
- ❑ 6 hours
- ❑ 12 hours
- ❑ 18 hours
- ❑ 24 hours
- ❑ 30 hours
- ❑ 36 hours
- ❑ 40+ hours

Q14 Please list specific equipment and amenities to which you would need access in order to run your business. For each, how much would you be willing to pay per hour of use? If you have more than four answers there is more space on page **30.**

Equipment/Amenity_____
Estimated Use (in hours) _____ Price Willing to Pay Per Hour _____
Equipment/Amenity_____
Estimated Use (in hours) _____ Price Willing to Pay Per Hour _____
Equipment/Amenity_____
Estimated Use (in hours) _____ Price Willing to Pay Per Hour _____
Equipment/Amenity_____
Estimated Use (in hours) _____ Price Willing to Pay Per Hour _____

Q15 How far would you be willing to travel to reach the business incubator program/ facility?

- ❑ Under 5 miles
- ❑ 6-10 miles
- ❑ 11-20 miles
- ❑ 21-40 miles
- ❑ 40+ miles

The technology commercialization process begins with identifying the potential of a business to apply technology to create new or enhance existing services and products. When a business is identified as a high-potential candidate for technology commercialization, Baker College is notified to determine whether technology is available that fits well with the business's plans, goals, product or services, and structure.

Q16 I give permission to the University of Michigan staff to contact me to discuss my business and help determine its preparedness for technology commercialization.

- ❑ Yes
- ❑ No

Business incubator programs give entrepreneurs the ability to connect with professional service providers, as well as attend consulting sessions, seminars, workshops, and mini-courses.

Q17 Please indicate how strongly you agree with each statement

	Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
I believe my region could benefit from a business incubator.	❑	❑	❑	❑	❑
I would enroll in a business incubator program if it was accessible to me.	❑	❑	❑	❑	❑
I would rent from a business incubator facility if I had the opportunity.	❑	❑	❑	❑	❑
I would be willing to provide mentorship to other entrepreneurs within the incubator program.	❑	❑	❑	❑	❑

By asking the following questions, we would like to know if you are willing to provide mentorship to our business incubator clients (for free, discounted or standard rates) in the fields you have expertise.

If you are not interested in acting as a mentor in any form please skip to (**Q20**).

Q18a In what business sectors or industries do you have experience or expertise, and how would you be willing to provide mentorship in these sectors/industries? Please check all appropriate boxes:

	I'm willing to personally provide mentorship.	I'm willing to provide virtual mentorship (online).	I cannot mentor personally but am willing to provide a relevant connection.
Accommodation/Hotel	❑	❑	❑
Advanced materials	❑	❑	❑
Aerospace	❑	❑	❑
Agriculture	❑	❑	❑
Arts/Entertainment/Recreation	❑	❑	❑
Bio-science (life science)	❑	❑	❑
Building Materials/Landscaping	❑	❑	❑
Computer Hardware	❑	❑	❑
Computer Software	❑	❑	❑
Construction	❑	❑	❑
Defense/Homeland Security	❑	❑	❑
Electronics/Microelectronics	❑	❑	❑
Energy	❑	❑	❑
Environmental	❑	❑	❑
Fashion	❑	❑	❑
Food Service	❑	❑	❑
Health Care Services	❑	❑	❑
Health Care Technology	❑	❑	❑
Information Technology	❑	❑	❑
Internet	❑	❑	❑
Manufacturing	❑	❑	❑
Media	❑	❑	❑

Medical Devices	❑	❑	❑
Nanotechnology	❑	❑	❑
Non-profit Organizations	❑	❑	❑
Professional Services	❑	❑	❑
Real Estate/Rental/Leasing	❑	❑	❑
Retail	❑	❑	❑
Telecommunications	❑	❑	❑
Wireless Technologies	❑	❑	❑
Wood/Forestry	❑	❑	❑

Q18b Please indicate which business services, if any, you would be able to assist in or provide mentorship in. They are broken into multiple sections. If you cannot or do not want to provide mentorship in a business service, simply leave it unchecked.

Q18c Basics

	I'm willing to personally provide mentorship.	I'm willing to provide virtual mentorship (online).	I cannot mentor personally but am willing to provide a relevant connection.
Business Etiquette	❑	❑	❑
Business Plan Development	❑	❑	❑
Comprehensive Business Training	❑	❑	❑
Linkages to Higher Education	❑	❑	❑
Linkages to Strategic Partners	❑	❑	❑
Loaned Executive	❑	❑	❑
Presentation Skills	❑	❑	❑

Q18d Financial/Accounting

	I'm willing to personally provide mentorship.	I'm willing to provide virtual mentorship (online).	I cannot mentor personally but am willing to provide a relevant connection.
Actuarial Accounting	❑	❑	❑
Auditing Services	❑	❑	❑
Business Accounting	❑	❑	❑
Internal Auditing	❑	❑	❑
Management Accounting	❑	❑	❑
Public Accounting	❑	❑	❑
Tax Accounting	❑	❑	❑

Q18e Funding/Banking

	I'm willing to personally provide mentorship.	I'm willing to provide virtual mentorship (online).	I cannot mentor personally but am willing to provide a relevant connection.
Access to Angel Investors	❑	❑	❑
Access to Commercial Loans	❑	❑	❑
Access to Non-Commercial Loans	❑	❑	❑
Access to Venture Capitalists	❑	❑	❑

Q18f Information Technology

	I'm willing to personally provide mentorship.	I'm willing to provide virtual mentorship (online).	I cannot mentor personally but am willing to provide a relevant connection.
E-Commerce	❑	❑	❑
Infrastructure Development	❑	❑	❑
Employee Technology Training	❑	❑	❑
Technical Support	❑	❑	❑
Website Development	❑	❑	❑

Q18g Labor & Organization

	I'm willing to personally provide mentorship.	I'm willing to provide virtual mentorship (online).	I cannot mentor personally but am willing to provide a relevant connection.
Human Resource Support/Training	❑	❑	❑
Management Team Identification	❑	❑	❑

Q18h Legal

	I'm willing to personally provide mentorship.	I'm willing to provide virtual mentorship (online).	I cannot mentor personally but am willing to provide a relevant connection.
General Legal Services	❑	❑	❑
Intellectual Property Protection	❑	❑	❑
Regulatory Compliance	❑	❑	❑

Q18i Marketing/Sales

	I'm willing to personally provide mentorship.	I'm willing to provide virtual mentorship (online).	I cannot mentor personally but am willing to provide a relevant connection.
Advertising	❑	❑	❑
Branding	❑	❑	❑
Customer Relations	❑	❑	❑
International Trade	❑	❑	❑
Retail Distribution	❑	❑	❑
Technology Commercialization	❑	❑	❑

Q18j Production/Manufacturing/Real Estate

	I'm willing to personally provide mentorship.	I'm willing to provide virtual mentorship (online).	I cannot mentor personally but am willing to provide a relevant connection.
Logistics Management	❑	❑	❑
Product Design and Development	❑	❑	❑
Real Estate	❑	❑	❑

Q18k Please list any other business services you would be willing to provide assistance with, or are able to provide a relevant connection/resource for:

_____

Q19 For each of the services you would be willing to provide assistance with, please indicate what kind of compensation fee you would expect.

	Pro-bono	Discounted Fee	Graduated Fee (Increasing over a period of time)	Standard Fee
Business Etiquette	❑	❑	❑	❑
Business Plan Development	❑	❑	❑	❑
Comprehensive Business Training	❑	❑	❑	❑
Linkages to Higher Education	❑	❑	❑	❑
Linkages to Strategic Partners	❑	❑	❑	❑
Loaned Executive	❑	❑	❑	❑
Presentation Skills	❑	❑	❑	❑
Actuarial Accounting	❑	❑	❑	❑
Auditing Services	❑	❑	❑	❑
Business Accounting	❑	❑	❑	❑
Internal Auditing	❑	❑	❑	❑
Management Accounting	❑	❑	❑	❑
Public Accounting	❑	❑	❑	❑
Tax Accounting	❑	❑	❑	❑
Access to Angel Investors	❑	❑	❑	❑
Access to Commercial Loans	❑	❑	❑	❑
Access to Non-Commercial Loans	❑	❑	❑	❑
Access to Venture Capitalists	❑	❑	❑	❑
E-Commerce	❑	❑	❑	❑
Infrastructure Development	❑	❑	❑	❑
Employee Technology Training	❑	❑	❑	❑

	Pro-bono	Discounted Fee	Graduated Fee (Increasing over a period of time)	Standard Fee
Technical Support	❑	❑	❑	❑
Website Development	❑	❑	❑	❑
Human Resource Support/Training	❑	❑	❑	❑
Management Team Identification	❑	❑	❑	❑
General Legal Services	❑	❑	❑	❑
Intellectual Property Protection	❑	❑	❑	❑
Regulatory Compliance	❑	❑	❑	❑
Advertising	❑	❑	❑	❑
Branding	❑	❑	❑	❑
Customer Relations	❑	❑	❑	❑
International Trade	❑	❑	❑	❑
Retail Distribution	❑	❑	❑	❑
Technology Commercialization	❑	❑	❑	❑
Logistics Management	❑	❑	❑	❑
Product Design and Development	❑	❑	❑	❑
Real Estate	❑	❑	❑	❑

Q20 If you know of anyone else who might be interested in a business incubator program and facility, please fill in their contact information below to the best of your ability:

Title (check one)	Dr. ___ Mr. ___ Mrs. ___ Ms. ___ Other: _____
Name*	
Name of Business	
Position	
Street Address	
Street Address II	
City	
State	
Zip Code	
Year of Birth	
Phone*	
Fax	
Email Address*	
Website	

If you have any other input, please provide it below:

_____

Please feel free to contact the City of Cadillac to share any comments or concerns.

City of Cadillac
Marcus Peccia, City Manager
Jerry Adams, Community Development Director
200 North Lake Street, Municipal Complex
Cadillac, MI 49601
231-775-0181

Thank you for your participation!

[redacted]

Manufacturer Survey

Hello!

Thank you very much in advance for taking a few minutes to complete this survey! We will use the information we gather to inform and guide local efforts to assist manufacturers in the counties of Wexford, Missaukee, Lake, and Osceola. If you have any questions, please contact:

Marcus Peccia
City Manager
City of Cadillac
200 N. State Street
Cadillac, MI 49601
mpeccia@cadillac-mi.net | 231.775.0181

1. Before starting the survey, please provide your name and contact information below. Your contact information will enable us to contact you regarding potential opportunities and resources addressed in this survey that would benefit your company.

   Name: _____
   Company Name: _____
   Job Position: _____
   Address: _____
   Address 2: _____
   City: _____ State: _____ Postal Code: _____
   Phone Number: _____
   Email Address: _____
   Website: _____

2. In what year was your firm established?
   Year: _____

3. In which county is your firm headquartered?
- ○ Wexford
- ○ Missaukee
- ○ Lake
- ○ Osceola

4. Please indicate the number of manufacturing facilities your company has in the following geographic areas: within Wexford, Missaukee, Lake, and Osceola Counties.

	within Wexford, Missaukee, Lake, and Osceola Counties	Within Michigan but outside the 4 county area	Outside Michigan but within the Midwest	Outside the Midwest but within the US	Outside the US.
1	○	○	○	○	○
2	○	○	○	○	○
3-5	○	○	○	○	○
More than 5	○	○	○	○	○

5. What kind of manufacturing does your company do? Please select the most appropriate options from the ones below. Note: The figures in brackets represent the NAICS codes for that particular category of manufacturing.

- o Food Manufacturing(311)
- o Beverage and/or Tobacco Manufacturing(312)
- o Textile Mills(313)
- o Textile Product Mills(314)
- o Apparel Manufacturing(315)
- o Leather and Allied Products Manufacturing(316)
- o Wood Product Manufacturing(321)
- o Paper Manufacturing(322)
- o Printing and Related Support Activities(323)
- o Petroleum and Coal Product Manufacturing(324)
- o Chemical Manufacturing(325)
- o Plastics and Rubber Manufacturing(326)
- o Nonmetallic Mineral Manufacturing(327)
- o Primary Metal Manufacturing(331)
- o Fabricated Metal Product Manufacturing(332)
- o Machinery Manufacturing(333)
- o Computer and Electronic Product Manufacturing(334)
- o Electrical Equipment, Appliance, and Component Manufacturing(335)
- o Transportation Equipment Manufacturing(336)
- o Furniture and Related Product Manufacturing(337)
- o Miscellaneous Manufacturing(339)

6. If you know your NAICS code/codes, please provide it/them here.

_____

7. How many employees does your firm have?
- 1-10
- 11-20
- 21-50
- 51-100
- 101-150
- 151-250
- 251-350
- 351-500
- Over 500(Please indicate the approximate number below)

_____

8. Have your sales increased decreased or remained constant over the last 3 years?
- Significant decrease in sales/ revenue
- Somewhat lower sales/ revenue
- Constant
- Somewhat higher sales/ revenue
- Significant increase in sales/ revenue

9. Does your firm have any plans for hiring new employees? If yes, please indicate below.

	Within the next 12 months	Within 2 - 3 years	Unsure
1 - 5 employees	○	○	○
6 - 10 employees	○	○	○
11 - 20 employees	○	○	○
21 - 50 employees	○	○	○
Over 50 employees	○	○	○

10. Please indicate whether you plan on increasing, decreasing or keeping production constant over the following time scales.

	Within 6 months	Between 6 months and 1 year	Between 1 - 3 years
Increasing	❍	❍	❍
Decreasing	❍	❍	❍
Constant	❍	❍	❍

11. Please indicate whether you plan on increasing, decreasing or keeping constant the number of job shifts.

	Within 6 months	Between 6 months and 1 year	Between 1 - 3 years
Increasing	❍	❍	❍
Decreasing	❍	❍	❍
Constant	❍	❍	❍

12. Please indicate whether you have enough manpower in terms of the following skill sets to meet your capacities and capabilities.

	I have enough manpower	I do not have enough manpower
Management/ Supervision	❍	❍
Skilled Labor	❍	❍
Unskilled Labor	❍	❍

13. We would like to know the geographic distribution of your current workforce. Estimate the percentage of your current workforce that comes from each region.

	Management/Supervision	Skilled Labor	Unskilled Labor
Lifelong resident	**Percentage**	**Percentage**	**Percentage**
Former resident (prior ties to MI)			
Out-of-state (No prior ties to MI)			
Lifelong resident			

14. Do your employees undergo any form of mandatory or optional training after joining your firm?
- o Mandatory
- o Optional
- o No training is provided

15. Please answer the following questions regarding workforce training and development programs in your company.

Internal training refers to training provided in house by your own company

	What kind of training do your employees receive?		How satisfied are you with the quality of existing training program?					There are enough workforce providers available to provide specialized workforce training and development programs to your firm.				
	Internal	External	Completely	Mostly	Moderately	Barely	Not satisfied at all	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Basic computer skills	○	○	○	○	○	○	○	○	○	○	○	○
Basic math skills	○	○	○	○	○	○	○	○	○	○	○	○
Basic written communication skills.	○	○	○	○	○	○	○	○	○	○	○	○
Machining/ metal forming	○	○	○	○	○	○	○	○	○	○	○	○
Welding	○	○	○	○	○	○	○	○	○	○	○	○
Automation	○	○	○	○	○	○	○	○	○	○	○	○
Technology & Engineering	○	○	○	○	○	○	○	○	○	○	○	○
Automation	○	○	○	○	○	○	○	○	○	○	○	○
Construction	○	○	○	○	○	○	○	○	○	○	○	○
Die Casting	○	○	○	○	○	○	○	○	○	○	○	○
Fabrication	○	○	○	○	○	○	○	○	○	○	○	○
Fluid Power	○	○	○	○	○	○	○	○	○	○	○	○
Lean	○	○	○	○	○	○	○	○	○	○	○	○
Mechatronics	○	○	○	○	○	○	○	○	○	○	○	○
Quality	○	○	○	○	○	○	○	○	○	○	○	○

	Internal	External	Completely	Mostly	Moderately	Barely	Not satisfied at all	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Transporting, Distributing, & Logistics	○	○	○	○	○	○	○	○	○	○	○	○
IT skills	○	○	○	○	○	○	○	○	○	○	○	○
Specialized software skills (CAD/CNC/ERP etc.)	○	○	○	○	○	○	○	○	○	○	○	○
Other	○	○	○	○	○	○	○	○	○	○	○	○

16. Please indicate any external collaborators (economic development groups, community colleges, specialist training firms, other businesses) for the current training conducted in your firm.

- ○ Economic development group (List below)
- ○ Community colleges (List below)
- ○ Specialist training firms (List below)
- ○ Other businesses (List below)

_____

17. What improvements in external workforce development and training programs would be beneficial to your firm?

_____

_____

Please answer the following questions if NO training is provided to the employees of your firm

18. Workforce training is offered by certain external firms, community colleges and economic development groups to better prepare new or experienced employees for their specific job functions. What kind of training would you want your employees to receive?

- o Basic computer skills
- o Basic math skills
- o Basic written communication skills.
- o Machining/metal forming
- o Welding
- o Automation
- o Technology & Engineering
- o Automation
- o Construction
- o Die Casting
- o Fabrication
- o Fluid Power
- o Lean
- o Mechatronics
- o Quality
- o Transportation, Distribution, & Logistics
- o IT skills
- o Specialized software skills(CAD/CNC/ERP etc.)
- o Other

19. Please describe the current products/services your firm offers.

_____

20. Please list any companies in the counties of Wexford, Missaukee, Lake, and Osceola you are aware of that are not currently--but may be interested in--procuring your existing products/services?

_____

_____

21. We would like to know the geographic distribution of your **CUSTOMER NETWORK** and **SUPPLY NETWORK**.
Estimate the percentage of your customer network that comes from each region.

	Percentage	
	Customer Network	**Supply Network**
Within your county		
State of Michigan excluding your county		
Midwest excluding Michigan		
USA excluding the Midwest		
Outside the US		

22. How much foreign competition does your firm face?
- None at all
- Only a little
- Moderate amount
- Significant amount

23. Over the past 3 years, has foreign competition increased, decreased or stayed constant?
- Decreased significantly
- Decreased somewhat
- Constant
- Increased somewhat
- Increased significantly

24. Please describe any additional products/services your firm plans to offer in the future.

_____

25. Regarding these future products/ services, please list any companies in the counties of Wexford, Missaukee, Lake, and Osceola you are aware of that may be interested in buying them.

_____

26. If known, please list any other companies you are aware of in your county that manufacture products similar to yours or who share procurement needs similar to yours.

_____

27. Diversification refers to the business practice of developing a new product or a entering a new market. Please indicate what stage your company is in regarding diversification:

- o Have completed diversification
- o Currently diversifying the company
- o Looking at options for diversification
- o Other(Please describe below) _____
- o NONE

28. What kind of diversification experience does your company have? Please select all that apply.

- o Have developed new products
- o Currently developing new products
- o Looking at options for developing new products
- o Have expanded into new markets
- o Currently expanding into new markets
- o Looking at options to expand into new markets
- o Other(Please describe below) _____
- o Not applicable

29. Please describe how you are identifying and locating customers either for new products or in new markets

_____

_____

30. There are sufficient external service providers available in your region to provide assistance with diversification.
- o Strongly agree
- o Agree
- o Neither Agree nor Disagree
- o Disagree
- o Strongly Disagree

31. How satisfied are you with the quality of diversification assistance programs in your region?
- o Very Dissatisfied
- o Dissatisfied
- o Neutral
- o Satisfied
- o Very Satisfied

32. What improvements in diversification assistance programs and initiatives would be most beneficial to your company?

_____

_____

33. What experience does your company have with applying new technology to manufacturing processes and/or products?

- o Have applied new technology to manufacturing process
- o Currently applying new technology to manufacturing process
- o Looking at options for applying new technology to manufacturing process
- o Have successfully commercialized new technology to manufacture/ modify products
- o Currently commercializing new technology to manufacture/ modify products
- o Looking at commercialization options for new technology to manufacture/ modify products
- o NONE

34. Intellectual Property (IP) is a term that refers to the exclusive rights given to the creator of an idea. These properties include brands, patents, trademarks, industrial design rights, trade secrets, etc.

    Please indicate whether your company:

- o Owns any intellectual property that it is licensing to other firms/organizations
- o Licenses intellectual property from others
- o We are not working with IP in either capacity

35. Is your company interested in learning more about licensing intellectual property to other firms/organizations?

- o YES, we would like to learn more about this process
- o NO, we already have this expertise in-house
- o NO, we are not interested in licensing IP at this time

36. Is your company interested in learning more about licensing intellectual property from other firms, research universities, federal research labs, or federal agencies?

- o YES, we would like to learn more about this process
- o NO, we already have this expertise in-house
- o NO, we are not interested in licensing IP at this time

37. From what sources would you prefer to license intellectual property?

- o Individual entrepreneurs
- o Start-up firms
- o Small & medium sized enterprises
- o Research universities
- o Other higher education institutions
- o Federal research labs
- o Federal government agencies

38. There are sufficient external service providers available to provide assistance with technology commercialization and intellectual property.
- o Strongly agree
- o Agree
- o Neither Agree nor Disagree
- o Disagree
- o Strongly Disagree

39. How satisfied are you with the quality of technology commercialization and intellectual property assistance programs in your region?
- o Dissatisfied
- o Somewhat Dissatisfied
- o Neutral
- o Somewhat Satisfied
- o Satisfied

40. Please describe any improvements in technology commercialization and intellectual property programs that would benefit your company.

_____

_____

41. The Wireless Integrated MicroSensing and Systems Research Center at the University of Michigan, Ann Arbor develops micro-sensors, sensing systems and sensor networks that employ nanotechnology and miniaturization and works with Michigan companies. Would you like them to contact you regarding opportunities for potential collaboration?

- o Yes
- o No

A business incubator is a program designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services, offered both in the incubator facility and through its network of contacts. An incubator could provide legal and financial services, equipment and storage space and other benefits.

42. What experience has your company had with a business incubator?

	Receiving/ Accessing Services	Providing services
Business plan development	○	○
Product development	○	○
Facilities/ Real estate	○	○
Attracting talent/ labor	○	○
Financial/ Accounting	○	○
Capital/ Funding/ Banking	○	○
Information technology	○	○
Marketing/ Sales	○	○
NO EXPERIENCE WITH INCUBATORS	○	○

43. If the opportunity was made available, how interested would you be in providing support and services (for e.g., logistics management, financial counseling, etc.) to start-up companies through an incubator? You would be at liberty to charge for your services.

- o Very Interested
- o Interested
- o Somewhat Interested
- o Not Very Interested
- o No Interest

44. What kind of manufacturing related services would you be able to provide startup companies with in an incubator program?

- o Leasing excess manufacturing equipment
- o Leasing excess manufacturing space/capacity
- o Product Design and Development
- o Logistics Management
- o Industrial Services
- o Industrial Internet Marketing
- o ERP and other software implementation
- o Purchasing
- o Employee Recruiting and Training
- o Other(Please describe) _____
- o None

45. For each of the services provided, please indicate what price model you would offer clients in a business incubation program.

	Pro bono	Discounted rate	Graduated rate (Gradually increasing to standard rate)	Standard rate	N / A
Leasing excess manufacturing equipment	○	○	○	○	○
Leasing excess manufacturing space/capacity	○	○	○	○	○
Product Design and Development	○	○	○	○	○
Logistics Management	○	○	○	○	○
Industrial Services	○	○	○	○	○
Industrial Internet Marketing	○	○	○	○	○
ERP and other software implementation	○	○	○	○	○
Employee Recruiting and Training	○	○	○	○	○
Purchasing	○	○	○	○	○
Other	○	○	○	○	○

46. How would you be willing to provide these services?

	One on One Consultation	Seminar/Workshop	Series of Seminars	Other	Not Applicable
Leasing excess manufacturing equipment	○	○	○	○	○
Leasing excess manufacturing space/capacity	○	○	○	○	○
Product Design and Development	○	○	○	○	○
Logistics Management	○	○	○	○	○
Industrial Services	○	○	○	○	○
Industrial Internet Marketing	○	○	○	○	○
ERP and other software implementation	○	○	○	○	○
Employee Recruiting and Training	○	○	○	○	○
Purchasing	○	○	○	○	○
Other	○	○	○	○	○

47. Please indicate whether you would like to provide these services onsite or offsite.

Onsite would imply that your services would be available on your office premises.
Offsite would imply that your services would be available on the incubator premises.

	Offsite (at the incubator)	Onsite (at your firm)
Leasing excess manufacturing equipment	○	○
Leasing excess manufacturing space/capacity	○	○
Product Design and Development	○	○
Logistics Management	○	○
Industrial Services	○	○
Industrial Internet Marketing	○	○
ERP and other software implementation	○	○
Employee Recruiting and Training	○	○
Purchasing	○	○
Other	○	○

48. Would you be willing to provide mentorship for incubator clients?
Please indicate what services you would be willing to provide mentorship for.

	I would be willing to provide mentorship personally.	I would be willing to provide mentorship virtually (online).	I would not be willing to provide mentorship.
Leasing excess manufacturing equipment	○	○	○
Leasing excess manufacturing space/capacity	○	○	○
Product Design and Development	○	○	○
Logistics Management	○	○	○
Industrial Services	○	○	○
Industrial Internet Marketing	○	○	○
ERP and other software implementation	○	○	○
Purchasing	○	○	○
Employee Recruiting and Training	○	○	○
Other	○	○	○

49. Do you know anyone else that might be interested in providing professional services and/or technical assistance to new businesses through a business incubator program? If so, please list below.

Name: _____
Organization: _____
Address: _____
City: _____ State: _____ Postal Code: _____
Phone Number: _____
Email: _____

Name: _____
Organization: _____
Address: _____
City: _____ State: _____ Postal Code: _____
Phone Number: _____
Email: _____

Name: _____
Organization: _____
Address: _____
City: _____ State: _____ Postal Code: _____
Phone Number: _____
Email: _____

Thank you for completing our survey. We greatly appreciate your time and input. If you have not done so, please provide us with your contact details at the beginning of the survey so that we may contact you regarding potential opportunities addressed in this survey that will benefit this company. Please feel free to contact the City of Cadillac to share any comments or concerns.

Marcus Peccia
City Manager
City of Cadillac
200 N. State Street, Municipal Complex
Cadillac, MI 49601
mpeccia@cadillac-mi.net | 231.775.0181

[redacted]

Economic Development Organization Survey

Hello!

Thank you very much in advance for taking a few minutes to complete this survey! We will use the information we gather to inform and guide local efforts to assist manufacturers in the counties of Wexford, Missaukee, Lake, and Osceola. If you have any questions, please contact:

Marcus Peccia
City Manager
City of Cadillac, Municipal Complex
200 N. State Street
Cadillac, MI 49601
mpeccia@cadillac-mi.net | 231.775.0181

Business incubation programs are designed to help entrepreneurs' grow their businesses from the start-up phase to full sustainability. Typically, a business will graduate from an incubator program within three years. These programs will sometimes operate within a facility (see below), but do not necessarily have to. A program that operates without a facility may be referred to as a 'virtual incubator' or 'virtual business incubation program.' To promote entrepreneurial success, a business incubation program will offer entrepreneurs a multitude of services by connecting them with local accountants, business consultants, lawyers, and other professionals, as well as community partners, industry partners, and each other. To complement these services, business incubation programs also offer entrepreneurs training, one-on-one consulting, seminars, mini-courses, and workshops, many of which will be sponsored and facilitated by local professionals. Business incubation facilities are buildings that are constructed or reconfigured to accommodate the needs of an entrepreneurial community. The incubation facility can offer office space, specialized production space, and equipment. The rent for the facility and production space is often reduced, since it is offset by the sharing of space and equipment. Generally, an incubator manager will provide onsite assistance and facilitation of services to businesses housed in the facility. The primary goal of incubation is to create new jobs and to foster an entrepreneurial culture. The survey you are about to take will be used to gauge the entrepreneurial interest in your area in order to determine whether an incubator program or facility is appropriate for your community. Your participation is completely voluntary, and you may skip any question you do not feel comfortable answering. You also may withdraw at any time. Your contact information will be fully protected. Thank you for choosing to participate in this survey in the interest of your community. It will take approximately 15 minutes to complete.

1. Please provide your personal contact information:

Name: _____

Title: _____

Organization: _____

Address: _____

Address 2: _____

City: _____ State: _____ Postal Code: _____

Phone Number: _____

Fax: _____

Email Address: _____

Website: _____

2. Please indicate the types of resources and services your organization is able to provide to entrepreneurs. Check all that apply:

- ❑ **Financial/Accounting**
  - ❑ Actuarial Accounting
  - ❑ Auditing Services
  - ❑ Business Accounting
  - ❑ Internal Auditing
  - ❑ Management Accounting
  - ❑ Public Accounting
  - ❑ Tax Accounting
- ❑ **Funding/Banking**
  - ❑ Access to Angel Investors
  - ❑ Access to Commercial Loans
  - ❑ Access to Non-Commercial Loans
  - ❑ Access to Government Grants
  - ❑ Access to Venture Capitalists
- ❑ **Information Technology**
  - ❑ E-Commerce
  - ❑ Infrastructure Development
  - ❑ Employee Technology Training
  - ❑ Technical Support
  - ❑ Website Development
- ❑ **Labor & Organization**
  - ❑ Human Resource Support/Training
  - ❑ Management Team Identification
- ❑ **Legal**
  - ❑ General Legal Services
  - ❑ Intellectual Property Protection
  - ❑ Regulatory Compliance
- ❑ **Management**
  - ❑ Business Etiquette
  - ❑ Business Plan Development

- ❑ Comprehensive Business Training
- ❑ Linkages to Higher Education
- ❑ Linkages to Strategic Partners
- ❑ Loaned Executive
- ❑ Presentation Skills

❑ **Marketing/Sales**

- ❑ Advertising
- ❑ Branding
- ❑ Customer Relations
- ❑ International Trade
- ❑ Retail Distribution
- ❑ Technology Commercialization

❑ **Production/Manufacturing/Real Estate**

- ❑ Logistics Management
- ❑ Product Design and Development
- ❑ Real Estate

❑ **Other** (Please Specify) _____

3. **Please specify the means you would use to provide these services. Check all that apply.**

	One-on-one Consultation	Seminars / Workshops	Series of Seminars / Mini-Courses	I would not be willing to provide this service to business incubator clients	Other
Actuarial Accounting	❑	❑	❑	❑	❑
Auditing Services	❑	❑	❑	❑	❑
Business Accounting	❑	❑	❑	❑	❑
Internal Auditing	❑	❑	❑	❑	❑
Management Accounting	❑	❑	❑	❑	❑
Public Accounting	❑	❑	❑	❑	❑
Tax Accounting	❑	❑	❑	❑	❑
Access to Commercial Loans	❑	❑	❑	❑	❑
Access to Non-Commercial Loans	❑	❑	❑	❑	❑
Access to Government Grants	❑	❑	❑	❑	❑
Access to Venture Capitalists	❑	❑	❑	❑	❑
E-Commerce	❑	❑	❑	❑	❑
Infrastructure Development	❑	❑	❑	❑	❑
Employee Technology Training	❑	❑	❑	❑	❑
Technical Support	❑	❑	❑	❑	❑
Website Development	❑	❑	❑	❑	❑
Human Resource Support/Training	❑	❑	❑	❑	❑
Management Team Identification	❑	❑	❑	❑	❑
General Legal	❑	❑	❑	❑	❑

Services					
Intellectual Property Protection	❑	❑	❑	❑	❑
Regulatory Compliance	❑	❑	❑	❑	❑
Business Etiquette	❑	❑	❑	❑	❑
Business Plan Development	❑	❑	❑	❑	❑
Comprehensive Business Training	❑	❑	❑	❑	❑
Linkages to Higher Education	❑	❑	❑	❑	❑
Linkages to Strategic Partners	❑	❑	❑	❑	❑
Loaned Executive	❑	❑	❑	❑	❑
Presentation Skills	❑	❑	❑	❑	❑
Advertising	❑	❑	❑	❑	❑
Branding	❑	❑	❑	❑	❑
Customer Relations	❑	❑	❑	❑	❑
International Trade	❑	❑	❑	❑	❑
Retail Distribution	❑	❑	❑	❑	❑
Technology Commercialization	❑	❑	❑	❑	❑
Logistics Management	❑	❑	❑	❑	❑
Product Design and Development	❑	❑	❑	❑	❑
Real Estate	❑	❑	❑	❑	❑
Other	❑	❑	❑	❑	❑

3a. For each of the services you would be willing to provide, please indicate whether or not you would be willing to provide the service virtually (using the internet):

	Yes	No
Actuarial Accounting	❑	❑
Auditing Services	❑	❑
Business Accounting	❑	❑
Internal Auditing	❑	❑
Management Accounting	❑	❑
Public Accounting	❑	❑
Tax Accounting	❑	❑
Access to Commercial Loans	❑	❑
Access to Non-Commercial Loans	❑	❑
Access to Government Grants	❑	❑
Access to Venture Capitalists	❑	❑
E-Commerce	❑	❑
Infrastructure Development	❑	❑
Employee Technology Training	❑	❑
Technical Support	❑	❑
Website Development	❑	❑
Human Resource Support/Training	❑	❑
Management Team Identification	❑	❑
General Legal Services	❑	❑

Intellectual Property Protection	❑	❑
Regulatory Compliance	❑	❑
Business Etiquette	❑	❑
Business Plan Development	❑	❑
Comprehensive Business Training	❑	❑
Linkages to Higher Education	❑	❑
Linkages to Strategic Partners	❑	❑
Loaned Executive	❑	❑
Presentation Skills	❑	❑
Advertising	❑	❑
Branding	❑	❑
Customer Relations	❑	❑
International Trade	❑	❑
Retail Distribution	❑	❑
Technology Commercialization	❑	❑
Logistics Management	❑	❑
Product Design and Development	❑	❑
Real Estate	❑	❑
Other	❑	❑

4. For each of the services you would provide, please indicate the price model you would be willing to offer to clients in a business incubation program:

	Pro-bono	Discounted	Gradual Rate (Gradually Increasing to Standard Rate)	Standard Rate
Actuarial Accounting	❑	❑	❑	❑
Auditing Services	❑	❑	❑	❑
Business Accounting	❑	❑	❑	❑
Internal Auditing	❑	❑	❑	❑
Management Accounting	❑	❑	❑	❑
Public Accounting	❑	❑	❑	❑
Tax Accounting	❑	❑	❑	❑
Access to Commercial Loans	❑	❑	❑	❑
Access to Non-Commercial Loans	❑	❑	❑	❑
Access to Government Grants	❑	❑	❑	❑
Access to Venture Capitalists	❑	❑	❑	❑
E-Commerce	❑	❑	❑	❑
Infrastructure Development	❑	❑	❑	❑
Employee Technology Training	❑	❑	❑	❑
Technical Support	❑	❑	❑	❑
Website Development	❑	❑	❑	❑
Human Resource Support/Training	❑	❑	❑	❑
Management Team Identification	❑	❑	❑	❑
General Legal	❑	❑	❑	❑

Services				
Intellectual Property Protection	❑	❑	❑	❑
Regulatory Compliance	❑	❑	❑	❑
Business Etiquette	❑	❑	❑	❑
Business Plan Development	❑	❑	❑	❑
Comprehensive Business Training	❑	❑	❑	❑
Linkages to Higher Education	❑	❑	❑	❑
Linkages to Strategic Partners	❑	❑	❑	❑
Loaned Executive	❑	❑	❑	❑
Presentation Skills	❑	❑	❑	❑
Advertising	❑	❑	❑	❑
Branding	❑	❑	❑	❑
Customer Relations	❑	❑	❑	❑
International Trade	❑	❑	❑	❑
Retail Distribution	❑	❑	❑	❑
Technology Commercialization	❑	❑	❑	❑
Logistics Management	❑	❑	❑	❑
Product Design and Development	❑	❑	❑	❑
Real Estate	❑	❑	❑	❑
Other	❑	❑	❑	❑

By asking the following questions, we would like to know if you are willing to provide mentorship for our business incubator clients.

5. Please list any other business services you would personally be willing to provide assistance with, or are able to provide a relevant connection/resource for:

6. What compensation do you expect in return for your mentorship? Please describe:

7. Please list any other economic development groups that might be interested in collaborating with a business incubator:

   Name: _____

   Address: _____

   Address 2: _____

   City: _____ State: _____ Postal Code: _____

   Phone Number: _____

   Fax: _____

   Email Address: _____

   Website: _____

Name: _____

Address: _____

Address 2: _____

City: _____ State: _____ Postal Code: _____

Phone Number: _____

Fax: _____

Email Address: _____

Website: _____

Name: _____

Address: _____

Address 2: _____

City: _____ State: _____ Postal Code: _____

Phone Number: _____

Fax: _____

Email Address: _____

Website: _____

8. Additional Comments/Questions/Concerns:

_____

That concludes our survey. We greatly appreciate your time and input! Please feel free to contact the Project Managers to share any comments or concerns.

Thank you for completing our survey.

We greatly appreciate your time and input. If you have not done so, please provide us with your contact details at the beginning of the survey so that we may contact you regarding potential opportunities addressed in this survey that will benefit this company. Please feel free to contact the City of Cadillac to share any comments or concerns.

Marcus Peccia
City Manager
City of Cadillac,
200 N. State Street
Cadillac, MI 49601
mpeccia@cadillac-mi.net | 231.775.0181

[redacted]

Professional Service Provider Survey

Hello!

Thank you very much in advance for taking a few minutes to complete this survey! We will use the information we gather to inform and guide local efforts to assist manufacturers in the counties of Wexford, Missaukee, Lake, and Osceola. If you have any questions, please contact:

Marcus Peccia
City Manager
City of Cadillac
200 N. State Street
Cadillac, MI 49601
mpeccia@cadillac-mi.net | 231.775.0181

Business incubation programs are designed to help entrepreneurs' grow their businesses from the start-up phase to full sustainability. Typically, a business will graduate from an incubator program within three years. These programs will sometimes operate within a facility (see below), but do not necessarily have to. A program that operates without a facility may be referred to as a 'virtual incubator' or 'virtual business incubation program.' To promote entrepreneurial success, a business incubation program will offer entrepreneurs a multitude of services by connecting them with local accountants, business consultants, lawyers, and other professionals, as well as community partners, industry partners, and each other. To complement these services, business incubation programs also offer entrepreneurs training, one-on-one consulting, seminars, mini-courses, and workshops, many of which will be sponsored and facilitated by local professionals. Business incubation facilities are buildings that are constructed or reconfigured to accommodate the needs of an entrepreneurial community. The incubation facility can offer office space, specialized production space, and equipment. The rent for the facility and production space is often reduced, since it is offset by the sharing of space and equipment. Generally, an incubator manager will provide onsite assistance and facilitation of services to businesses housed in the facility. The primary goal of incubation is to create new jobs and to foster an entrepreneurial culture. The survey you are about to take will be used to gauge the entrepreneurial interest in your area in order to determine whether an incubator program or facility is appropriate for your community. Your participation is completely voluntary, and you may skip any question you do not feel comfortable answering. You also may withdraw at any time. Your contact information will be fully protected. Thank you for choosing to participate in this survey in the interest of your community. It will take approximately 15 minutes to complete.

Q1 Please provide your personal contact information:

Name: _____

Street Address: _____

Street Address (Line 2): _____

City: _____

State: _____

Zip Code: _____

Telephone: _____

Fax: _____

Email: _____

Organization: _____

Website: _____

Q2 Do you give us permission to disclose your contact information to future incubator program management?

- ❍ Yes
- ❍ No

Q3 Under what categories would you describe your services? And what specialized services do you typically provide to your clients. Please check all that apply.

- ❑ **Financial/Accounting**
  - ❑ Actuarial Accounting
  - ❑ Auditing Services
  - ❑ Business Accounting
  - ❑ Internal Auditing
  - ❑ Management Accounting
  - ❑ Public Accounting
  - ❑ Tax Accounting
- ❑ **Funding/Banking**
  - ❑ Access to Angel Investors
  - ❑ Access to Commercial Loans
  - ❑ Access to Non-Commercial Loans
  - ❑ Access to Government Grants
  - ❑ Access to Venture Capitalists
- ❑ **Information Technology**
  - ❑ E-Commerce
  - ❑ Infrastructure Development
  - ❑ Employee Technology Training
  - ❑ Technical Support
  - ❑ Website Development
- ❑ **Labor & Organization**
  - ❑ Human Resource Support/Training
  - ❑ Management Team Identification
- ❑ **Legal**
  - ❑ General Legal Services
  - ❑ Intellectual Property Protection
  - ❑ Regulatory Compliance
- ❑ **Management**
  - ❑ Business Etiquette
  - ❑ Business Plan Development
  - ❑ Comprehensive Business Training
  - ❑ Linkages to Higher Education

- ❑ Linkages to Strategic Partners
- ❑ Loaned Executive
- ❑ Presentation Skills

❑ **Marketing/Sales**

- ❑ Advertising
- ❑ Branding
- ❑ Customer Relations
- ❑ International Trade
- ❑ Retail Distribution
- ❑ Technology Commercialization

❑ **Production/Manufacturing/Real Estate**

- ❑ Logistics Management
- ❑ Product Design and Development
- ❑ Real Estate

❑ **Other** (Please Specify) _____

Q4 If you are willing to provide your services to business incubator clients, please indicate how you would be willing to provide each service.

	One-on-one Consultation	Seminars / Workshops	Series of Seminars / Mini-Courses	I would not be willing to provide this service to business incubator clients	Other
Actuarial Accounting	❑	❑	❑	❑	❑
Auditing Services	❑	❑	❑	❑	❑
Business Accounting	❑	❑	❑	❑	❑
Internal Auditing	❑	❑	❑	❑	❑
Management Accounting	❑	❑	❑	❑	❑
Public Accounting	❑	❑	❑	❑	❑
Tax Accounting	❑	❑	❑	❑	❑
Access to Commercial Loans	❑	❑	❑	❑	❑
Access to Non-Commercial Loans	❑	❑	❑	❑	❑
Access to Government Grants	❑	❑	❑	❑	❑
Access to Venture Capitalists	❑	❑	❑	❑	❑
E-Commerce	❑	❑	❑	❑	❑
Infrastructure Development	❑	❑	❑	❑	❑
Employee Technology Training	❑	❑	❑	❑	❑
Technical Support	❑	❑	❑	❑	❑
Website Development	❑	❑	❑	❑	❑
Human Resource Support/Training	❑	❑	❑	❑	❑
Management Team Identification	❑	❑	❑	❑	❑
General Legal	❑	❑	❑	❑	❑

Services					
Intellectual Property Protection	❑	❑	❑	❑	❑
Regulatory Compliance	❑	❑	❑	❑	❑
Business Etiquette	❑	❑	❑	❑	❑
Business Plan Development	❑	❑	❑	❑	❑
Comprehensive Business Training	❑	❑	❑	❑	❑
Linkages to Higher Education	❑	❑	❑	❑	❑
Linkages to Strategic Partners	❑	❑	❑	❑	❑
Loaned Executive	❑	❑	❑	❑	❑
Presentation Skills	❑	❑	❑	❑	❑
Advertising	❑	❑	❑	❑	❑
Branding	❑	❑	❑	❑	❑
Customer Relations	❑	❑	❑	❑	❑
International Trade	❑	❑	❑	❑	❑
Retail Distribution	❑	❑	❑	❑	❑
Technology Commercialization	❑	❑	❑	❑	❑
Logistics Management	❑	❑	❑	❑	❑
Product Design and Development	❑	❑	❑	❑	❑
Real Estate	❑	❑	❑	❑	❑
Other	❑	❑	❑	❑	❑

Q5 For each of the services you would be willing to provide, please indicate whether or not you would be willing to provide the service virtually (through the internet).

	Yes	No
Actuarial Accounting	❑	❑
Auditing Services	❑	❑
Business Accounting	❑	❑
Internal Auditing	❑	❑
Management Accounting	❑	❑
Public Accounting	❑	❑
Tax Accounting	❑	❑
Access to Commercial Loans	❑	❑
Access to Non-Commercial Loans	❑	❑
Access to Government Grants	❑	❑
Access to Venture Capitalists	❑	❑
E-Commerce	❑	❑
Infrastructure Development	❑	❑
Employee Technology Training	❑	❑
Technical Support	❑	❑
Website Development	❑	❑
Human Resource Support/Training	❑	❑
Management Team Identification	❑	❑
General Legal Services	❑	❑

Intellectual Property Protection	❑	❑
Regulatory Compliance	❑	❑
Business Etiquette	❑	❑
Business Plan Development	❑	❑
Comprehensive Business Training	❑	❑
Linkages to Higher Education	❑	❑
Linkages to Strategic Partners	❑	❑
Loaned Executive	❑	❑
Presentation Skills	❑	❑
Advertising	❑	❑
Branding	❑	❑
Customer Relations	❑	❑
International Trade	❑	❑
Retail Distribution	❑	❑
Technology Commercialization	❑	❑
Logistics Management	❑	❑
Product Design and Development	❑	❑
Real Estate	❑	❑
Other	❑	❑

Q6 For each of the services you would provide, please indicate the price model you would be willing to offer to clients in a business incubation program.

	Pro-bono	Discounted	Gradual Rate (Gradually Increasing to Standard Rate)	Standard Rate
Actuarial Accounting	❑	❑	❑	❑
Auditing Services	❑	❑	❑	❑
Business Accounting	❑	❑	❑	❑
Internal Auditing	❑	❑	❑	❑
Management Accounting	❑	❑	❑	❑
Public Accounting	❑	❑	❑	❑
Tax Accounting	❑	❑	❑	❑
Access to Commercial Loans	❑	❑	❑	❑
Access to Non-Commercial Loans	❑	❑	❑	❑
Access to Government Grants	❑	❑	❑	❑
Access to Venture Capitalists	❑	❑	❑	❑
E-Commerce	❑	❑	❑	❑
Infrastructure Development	❑	❑	❑	❑
Employee Technology Training	❑	❑	❑	❑
Technical Support	❑	❑	❑	❑
Website Development	❑	❑	❑	❑
Human Resource Support/Training	❑	❑	❑	❑
Management Team Identification	❑	❑	❑	❑
General Legal	❑	❑	❑	❑

Services				
Intellectual Property Protection	❑	❑	❑	❑
Regulatory Compliance	❑	❑	❑	❑
Business Etiquette	❑	❑	❑	❑
Business Plan Development	❑	❑	❑	❑
Comprehensive Business Training	❑	❑	❑	❑
Linkages to Higher Education	❑	❑	❑	❑
Linkages to Strategic Partners	❑	❑	❑	❑
Loaned Executive	❑	❑	❑	❑
Presentation Skills	❑	❑	❑	❑
Advertising	❑	❑	❑	❑
Branding	❑	❑	❑	❑
Customer Relations	❑	❑	❑	❑
International Trade	❑	❑	❑	❑
Retail Distribution	❑	❑	❑	❑
Technology Commercialization	❑	❑	❑	❑
Logistics Management	❑	❑	❑	❑
Product Design and Development	❑	❑	❑	❑
Real Estate	❑	❑	❑	❑
Other	❑	❑	❑	❑

Q6a If you are willing to provide the services **pro-bono**, would you like to be the mentor for our incubator clients? Or do you know a relevant connection/resource to provide mentorship?

- ❍ I can personally provide mentorship
- ❍ I can provide a relevant connection/resource

Q6b If you are willing to provide the services **at a discount**, would you like to be the mentor for our incubator clients with compensation? If not, do you know a relevant connection/resource to provide mentorship?

- ❍ I require compensation to assist an entrepreneur with this service

  Compensation: _____
- ❍ I can provide a relevant connection/resource

Q7 Please list any other economic development groups that might be interested in collaborating with a business incubator:

Name: _____

Address: _____

Address 2: _____

City: _____ State: _____ Postal Code: _____

Phone Number: _____

Fax: _____

Email Address: _____

Website: _____

Name: _____

Address: _____

Address 2: _____

City: _____ State: _____ Postal Code: _____

Phone Number: _____

Fax: _____

Email Address: _____

Website: _____

Name: _____

Address: _____

Address 2: _____

City: _____ State: _____ Postal Code: _____

Phone Number: _____

Fax: _____

Email Address: _____

Website: _____

That concludes our survey. We greatly appreciate your time and input! Please feel free to contact the Project Managers to share any comments or concerns.

Thank you for completing our survey.

We greatly appreciate your time and input. If you have not done so, please provide us with your contact details at the beginning of the survey so that we may contact you regarding potential opportunities addressed in this survey that will benefit this company. Please feel free to contact the City of Cadillac to share any comments or concerns.

Marcus Peccia
City Manager,
City of Cadillac,
200 N. State Street
Cadillac, MI 49601
mpeccia@cadillac-mi.net | 231.775.0181

Best Practices for Successful Business Incubators - *Case Studies*

Listed below are samples of current established incubators that are relevant to certain aspects and goals that the Cadillac region has for a possible future business incubator. While the Cadillac region will not necessarily adopt one of these models, there is much to be learned from the success and development of these various incubator models.

Similar Demographic to Cadillac: Franklin Business Incubator
Location: Franklin, VA
Year founded: 2005
Website: http://www.franklinsouthamptonva.com/page/franklin-business-incubator/

- Franklin is 600 square miles in rural southwestern Virginia. It has a population of 8,582 and is not a college town, but does contain Paul D. Camp Community College. The incubator is a mixed use facility, with manufacturing and agriculture being the keystone industries in Franklin. They are able to help find capital, refine business plans, and provide office space.

Highly Successful: Enterprise Center of Johnson County
Location: Lenexa, KS
Year Founded: 1989
Website: http://www.ecjc.com/

- Lenexa, Kansas has a population of 48,190 and has two small college branches in the area, Friends University and Brown Mackie College. This is a largely suburban town with not many prospects for growth, but it is not in a bad economic state. The mixed-use incubator has 30 clients (technology, business, etc.) who together generated $18 million in revenue last year. They focus primarily on "early stage, high return," and the incubator reports a very high success rate and has received many awards.

Manufacturing: Kalamazoo Enterprise Center
Location: Kalamazoo, MI
Year Founded: 1985
Website:kalamazooenterprisecenter.com

- Kalamazoo has a population of 74,262 and is home to many higher education institutions such as, Western Michigan University, Kalamazoo College, Kalamazoo Valley Community College, and Davenport University. This is a mixed use incubator, but focuses primarily on manufacturing, with 60,000 square feet of manufacturing space, and 10,000 square feet of office space. It also has a close proximity to 1-94 interstate and highway US-131.

Manufacturing: Inovateus Business Center
Location: Cassopolis, MI
Year Founded: N/A
Website: http://inovateusbusinesscenter.com/

- Inovateus Business Center has a 55,000 sq. ft. facility in Cassopolis, a small town with a population of 1,764. The incubator has a focus on manufacturing, since many of its services and facilities are tailored towards small manufacturers. The center also boasts an 80% success rate for participating incubator clients.

Mixed-use: Albion Incubator
Location: Albion, MI
Year Founded: Early 1980s
Website: http://albionedc.org/incubator.htm

- This is a mixed-use incubator located in Albion, Michigan, which has a population of 8,616. It is home to Albion College, and also conveniently located directly off of the I-94 interstate. The incubator is aiming to focus primarily on technology, manufacturing, and sustainability, offering access to office space and loading docks. They are able to provide help with business consulting and industry research assistance. A client's success is determined by how many jobs they are able to create in the community.

University Affiliated: Auburn Business Incubator
Location: Auburn, AL
Year Founded: 2011
Website: auburnbusinessincubator.com

- This is a newly developed incubator facility is located in Auburn, Alabama, a city with a population of 53,380, marked by rapid growth. Auburn, home to Auburn University, is the fastest growing city in Alabama and nineteenth fastest in the United States. The incubator is operated by the Auburn Research and Technology Foundation (ARTF), which is a university-affiliated, non-profit corporation chartered to support the mission of Auburn University, particularly in research and economic development. The incubator is located on university property and contains a wide array of amenities and resources including teleconferencing and audiovisual capabilities.

Sample Incubator Staff Position Descriptions

Cadillac Regional Business Incubator
Cadillac, Michigan

Title: Executive Director (Incubator Manager)

Position Overview:

The executive director is responsible for managing and developing the community's business incubator by attracting clients, assembling community resources, and providing the necessary professional services to produce a sustainable entrepreneurial environment.

Qualifications:

The person appointed must demonstrate skill and experience with the common problems that small businesses face, as well as significant motivation to direct and develop the incubator. The executive director should also be able to set up successful marketing and publicity campaigns for the incubator.

The primary qualifications for the executive director are as follows:

1. Business, marketing, and financial planning expertise
2. Experience in managing a small business venture
3. Ability to communicate effectively with government officials, corporate executives, and funding source representatives
4. Excellent communication skills to build and maintain public and community relations
5. Ability and discretion to handle sensitive materials
6. Bachelor's degree or equivalent in business administration, accounting, finance, marketing, or a related field
7. Knowledge of several industries and up to date knowledge on local and national economic development movement

Responsibilities:

The executive director will have the responsibility of overseeing the day-to-day operations of the program, including, but not limited to, the following:

1. Attracting potential clients through marketing of the incubator
2. Screening potential clients and making recommendations accordingly to the board of directors
3. Identifying and pursuing potential funding sources
4. Overseeing management and staff
5. Coordinating the delivery of the program's services to clients
6. Participating in other community business events and being a catalyst to encourage small business networking
7. Providing administrative support services such as assistance to the board of directors
8. Supervising the facility itself if the project chooses to establish a central facility

In addition to primary responsibilities, the executive director will assist the board of directors in the following major functions:

1. Developing, adopting, and implementing policies regarding the delivery of services to incubator clients
2. Developing, adopting, and implementing leasing contracts, services, and networking events tailored to clients
3. Managing and appropriating funding towards services and initiatives that benefit both the clients and the incubator program as a whole
4. Seeking and pursuing new sources of funding

Salary:

Depending on the candidate's background and experience, a complete package of benefits will be offered at a salary between $70,000 and $80,000. The position can be based on a yearly contract.

Application process:

Please submit the following materials:

1. Letter of application identifying previous experience and prerequisites
2. Application.
3. Resume including evidence of qualifications

Selection:

Application materials will be reviewed by the board of directors to determine those most qualified for the position. Those most qualified will be invited for further assessment and interviews.

Cadillac Regional Business Incubator
Cadillac, Michigan

Title: Program Manager

Position Overview:

The program manager is responsible for developing the community's business incubator by managing services provided and by assisting with the day-to-day operations of the incubator under the executive director. The program manager will also take on the responsibilities of the Executive Director in the case of his or her absence.

Qualifications:

The program manager is vital to the success of a growing incubation program, providing additional guidance and direction for the program in conjunction with the executive director.

The primary qualifications for the program manager are as follows:

1. Business, marketing, and financial planning expertise
2. Experience in managing a small business venture
3. Ability to communicate effectively with professional service providers
4. Skill in public and community relations and communications
5. Ability and discretion to handle sensitive materials
6. Bachelor's degree or equivalent in business administration, accounting, finance, marketing, or a related field

Responsibilities:

The program manager will have the responsibility of overseeing the day-to-day operations of the program, including, but not limited to, the following:

1. Scheduling programs and managing services for clients
2. Coordinating the delivery of the program's services to clients
3. Providing administrative support services, including support to the Board, necessary for operation of the incubator program
4. Having monthly meetings with clients to obtain updates on their business progress and advising them appropriately if they are facing road blocks. This effectively implies a position as an "external board member" for each business in the incubator.
5. Supervising not only a virtual incubator program, but also the integration of an incubator facility into the program if the project chooses to establish an incubator facility in addition to an incubator program
6. Filling the role of executive director in the case of his or her absence

Salary:

Depending on the candidate's background and experiences, a complete package of benefits will be offered at a salary between $50,000 and $60,000. The position can be based on a yearly contract.

Application process:

Please submit the following materials:

1. Letter of application identifying previous experience and qualifications
2. Application
3. Resume including evidence of qualifications

Selection:

Application materials will be reviewed by the board of directors and possibly the executive director to determine those most qualified for the position. Those most qualified will be invited for further assessment and interviews.

Cadillac Regional Business Incubator
Cadillac, Michigan

Title: Administrative Assistant

Position Overview:

The administrative assistant is responsible for organizing meetings and events as well as providing administrative assistance to the incubator and client companies. This person is also responsible for greeting visitors, answering phones, managing office supplies, and providing other basic administrative services.

Qualifications:

The administrative assistant is a key resource for clients and the program to ensure smooth operation and successful implementation of services.

The primary qualifications for the administrative assistant are as follows:

1. Experience in administration within a business environment
2. Strong computer literacy
3. Knowledge of organization, planning, records management, and general administration
4. Ability and discretion to handle sensitive materials
5. Competency in use of general office equipment, including but not limited to computers, copiers, telephone system, and facsimile machines
6. Ability to communicate well and work independently or as part of a team

Responsibilities:

The administrative assistant will be responsible for overseeing the day-to-day administrative operations of the program, including, but not limited to, the following:

1. Overseeing general office coordination
2. Maintaining an office calendar to coordinate work flow, meetings, etc.
3. Providing assistance to clients on a fee-per-service basis
4. Monitoring and assisting with maintenance of the organization's website
5. Interacting with clients, vendors, and visitors
6. Answering telephones and transferring calls to appropriate staff members
7. Opening, sorting, and distributing incoming correspondence
8. Conducting research, compiling data, and preparing papers for consideration and presentation to the executive director, staff, and board of directors as necessary
9. Setting up and coordinating meetings and conferences
10. Arranging for repair and maintenance of office equipment
11. Assisting with special events, such as fundraising activities or annual meetings

Salary:

A salary of $30,000 plus benefits, per year will be offered for this position.

Application process:

Please submit the following materials:

1. Letter of application identifying previous experience and qualifications
2. Application
3. Resume including evidence of qualifications

Selection:

Application materials will be reviewed to determine those most qualified for the position. Those most qualified will be invited for further assessment and interviews.

Sample Business Incubator Client Application Form

Cadillac Regional Business Incubator
Cadillac, Michigan

All information submitted is considered confidential

Company Information

Company Name: _____

Company Address: _____

Contact: _____ Title: _____

Company Phone: _____ Contact Phone: _____

E-mail: _____ Website: _____

When and where was the company incorporated?

Date of incorporation: _____ State of incorporation: _____

What is the legal status of the company? (Circle one)

LLC LLP C- Corporation S- Corporation General Partnership Sole Proprietorship

Contact information for major shareholder(s)/principal partner(s)

Name: _____ Title: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Primary Phone: _____ Secondary Phone: _____

Email: _____ Ownership %: _____

Name: _____ Title: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Primary Phone: _____ Secondary Phone: _____

Email: _____ Ownership %: _____

Name: _____ Title: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Primary Phone: _____ Secondary Phone: _____

Email: _____ Ownership %: _____

Contact information for other employees

Name: _____ Title: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Primary Phone: _____ Secondary Phone: _____

Email: _____ Full/Part Time: _____

Name: _____ Title: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Primary Phone: _____ Secondary Phone: _____

Email: _____ Full/Part Time: _____

Name: _____ Title: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Primary Phone: _____ Secondary Phone: _____

Email: _____ Full/Part Time: _____

Future Employee Estimates

One year from now: Full-time Employees: _____ Part-time Employees: _____

Two years from now: Full-time Employees: _____ Part-time Employees: _____

Does your company have a business plan? (Circle one) Yes No

Briefly describe your business: what products/services it offers, what demand it fulfills, what its target market is, etc.

Do you hold licenses/patents for any products/services you are developing?

Circle all that apply: Yes No In progress

Please itemize and quantify your operating costs for the first six months.

Describe how your business will be funded for the next six months.

What is/was the initial capitalization of your business? (Circle one)

$0-$50,000 $50,000-$100,000 $100,000-$250,000 >$250,000

Have you secured any of the following to capitalize your business? If so, for how much?

Government grant/contract: $_____ From which agency? _____

Angel investments: $_____ Venture capital investments: $_____

Corporate partner Investment: $_____ Self-funded: $_____

Other: $_____ Source(s): _____

Does your company require space in an incubator facility? (Circle one) Yes No

If so, how much space will your company need? _____ square feet

What type of space will be needed? _____

Will your company require any special facility accommodations? If so, please specify:

Please describe assistance that may be requested from the incubator:

Accounting: _____

Financial: _____

Production: _____

Legal: _____

Marketing: _____

Technical: _____

Management: _____

Other: _____

Do you currently have any of the following services?

Attorney's name: _____ Firm: _____

Accountant's name: _____ Firm: _____

Marketing/PR Agent: _____ Firm: _____

Bank name: _____ Location: _____

Which of the following do you have at the bank? (Circle all that apply)

Savings Account Checking Account Line of Credit Credit Card

Would you be interested in utilizing co-op students or interns? Yes No

If so, in what capacity? _____

My signature below indicates that I have completed the above form truthfully and accurately.

I authorize the Cadillac Regional Business Incubator to verify information contained in this form by contacting bank, trade, or other sources as it deems appropriate.

I understand that this application, when submitted, becomes property of the Cadillac Regional Incubator Initiative and will be retained whether or not the application is approved.

Signature: _____ Date: _____

Name: _____ Title: _____

To submit this application:

1. Save the form on your own computer first
2. Attach the application to an e-mail to (Incubator director): incudirect@email.com (sample)
3. Or mail the completed application to:

Incubator Manager
Cadillac Regional Business Incubator
12345 Address Drive
City, State 12345