

# **Feasibility Study**

for establishing

## **A mixed-use business incubator**

*Prepared for:*

**Department of Economic Development and Planning  
Tioga County, New York**

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## Executive Summary

Traditionally, there has been a great deal of interest in the experience of communities that have established business development centers/incubators as part of their local economic development strategy. Over the years communities have reported that a business development center/incubator offers two important benefits to start-up and high-growth oriented existing businesses:

- One, the construction and equipping of a business center/incubator provides entrepreneurs with production facilities tailored to meet the needs of a new or emerging company and the opportunity to start and expand their business without the often prohibitive cost of office overhead - support staff, office machines, etc.
- Second, the “incubator approach” offers these entrepreneurs access to training, capital and technical assistance - three essential ingredients to the success and growth of any start-up or existing business.

Established incubators have also benefited their host communities by:

- Providing new markets for local products and establishing critical rural-urban links that can help stabilize and improve local income.
- Creating the employment opportunities that always accompany successful small business start-up and growth strategies.
- Creating products that celebrate what is unique and best about a community – it’s local natural resources, ethnic traditions and creative populace – while keeping a greater percentage of base industry dollars circulating in the local economy.

When business incubation is undertaken properly both the community and its businesses benefit.

Encouraged by existing incubators that drive new business formation, create jobs and have the potential for operational self-sufficiency, a growing number of communities have investigated the viability of creating their own incubators by carefully examining the lessons learned, best operating practices, etc. of the established facilities. These lessons can then be cast against local market research in designing a facility that both meets local needs and benefits from industry experience. This process was undertaken in developing the study for Tioga County.

The first step in determining if a business development center/incubator facility could benefit the Tioga County, New York area was to make a market determination. This determination establishes the demand for the facility and evaluates whether certain key economic factors crucial to the project’s success are present within the study area boundaries. It was based on both primary and secondary data. Primary data was gathered from the area’s community stakeholder organizations and service providers, as well as, from potential tenants by both survey and personal interview. Secondary demographic information was also gathered and analyzed within the facility’s effective drawing area.

### Market Demand highlights:

- Assessing the industrial structure and other community assets, Tioga is well positioned to incubate new enterprises in a variety of sectors. The secondary data analysis, stakeholder

interviews, and entrepreneur surveys indicate that light manufacturing, service based businesses, as well as, businesses engaged in arts and crafts are ripe for incubation and should be the focus of any incubator developed in Tioga County.

- Sufficient demand did not exist for the creation of a food incubator (including product manufacturing, catering, or animal slaughter). Only eight kitchen users were identified. This clearly reinforces a market study performed last March for Tioga County that shows a food incubator is not feasible with the market demand indicated.
- Demand for a defense/technology based incubator was present, however, the development of technology incubators at SUNY Binghamton and Cornell, in conjunction with the existing technology incubators around Corning, dictate that the Tioga incubator develop partnerships with these incubators to share resources, board members, and collaborate on client placement, rather than developing their own facility.
- Creating a special “affiliates” program for those engaged in tourism businesses was investigated. Given the substantial support already in place for tourism businesses, a special incubator-based program was deemed unwarranted.
- The area’s human capital and the many entrepreneurial business support and services organizations in the region, create an environment with substantial possibility for supporting the formation and success of new enterprises.
- The synergy created by the combination of the technically skilled and innovative nature of the workforce, the many higher educational institutions in the area, and the growing arts community, can help propel the region back to economic growth.
- The creation of a rural entrepreneurial center with a business incubator can help mitigate many of the impediments to entrepreneurial success in the area as identified by key stakeholders.
- The incubator tenant’s need for high speed Internet access dictates that the facility be located in a manner mindful of the area’s high speed carrier’s availability, however, a teleconferencing center is not recommended for the facility due to a variety of reasons. These reasons include, cost to development the teleconferencing center and acquire equipment, cost to source programming content and operate the facility, and the preference of entrepreneurs for live classes. The availability of inexpensive and appropriate training from the area’s institutions of higher learning and service training organizations dictate that a teleconferencing center does not make economic sense at this time.
- The quantity (196 surveys) and quality (20% reported as “in business” while 46% reported they had 2 or more years business experience) of survey responses shows a substantial and positive market demand for the incubator project.

- Survey results show the potential to lease 25 bays and 46 offices/cubicles. 30 users demonstrated desire to use arts room or cluster.
- Survey respondents demonstrate a need for a facility – 52% conduct their businesses from locations including home, rented facilities, trucks, and a barn.
- Many businesses (17% of respondents) are, or wish to be, full time businesses.
- The businesses identified represent a significant and stable base of revenue generators (98 potential users out of 196 surveys) of both existing and potential small businesses that would benefit greatly from incubation services.
- On the downside, no business that could rightly be described as an “anchor tenant” was identified through the data gathering process. However, the inability to identify a true anchor tenant is mitigated completely by the quantity and quality of the survey responses.
- Interested bay tenants (25) produce a wide array of products that are appropriate for a light manufacturing bay in an incubator environment. Others (46) expressed interest in leasing offices and cubicles. These businesses as well were appropriate for office space in an incubator facility.
- Survey respondents clearly embrace the “incubator approach” as survey respondents identified 491 shared services of which they wish to take advantage. Many chose one or more services they would utilize with Internet (122), copy/office machines (102) and reception (72) being noteworthy.
- Respondents need for additional business training was also evident. Preparing a business plan (122) was the most frequent class requested, while Developing markets for new products (53), Starting a business legally (43) and Marketing assistance (39) were also noteworthy.
- Respondents too showed a need for capital and loan classes, with banking knowledge the most often requested: Preparing a SBA or bank loan application (44) and Obtaining and using credit (18). Introduction to business accounting (20) and Accounting basics (21) were also significant requests.

Given the quantity and quality of the survey responses and the support from community stakeholders, a positive market determination was made, indicating the project should proceed to the next step.

Several design and budget recommendations are noted in the study, highlighted as follows:

**New Construction \$2,960,600** Cost to develop a fully functioning, business incubator of approximately 25,000 square feet. The layout would include 14 light manufacturing bays of

about 1,000 square feet each; a 1,500 square foot arts room; 10 rentable offices of 140 square feet each; one slightly larger office for the incubator manager; a conference room of 1,000 square feet; a break room of 670 square feet; 6 cubicles in an area of 900 square feet; as well as, ancillary building rooms – a mechanical room of 1,120 square feet; and an upstairs record storage area of 1,300 square feet. It is recommended that the building be sited within the Tioga Industrial Park.

**Renovation \$3,019,000** Cost to acquire an existing building and renovate it appropriate to the purpose of a mixed-use business incubator and as described above. The Owego-Apalachin Middle School located in Owego, New York is used here as an example of a renovation approach.

The facility can either be managed by Tioga County, or the county can enter into an operating agreement with an existing or to be formed non-profit organization to manage the facility. The facility must be developed without incurring debt. Debt service has not been included in the financial projections that show an operating budget that achieves breakeven by year three.

## **Feasibility Conclusions**

**The number of prospective tenants is represented by a pool that is significant.** Tioga County's pool of prospective tenants was truly significant. While studies in rural areas typically yield prospective user surveys well under 100, the Tioga County response was almost 200 prospective users. The pool is also significant in that it contains a large number of prospects within the respondent pool. Significantly, the potential to lease exists for 25 bays and 46 offices and cubicles. Over 30 arts users were identified for the arts room.

**There are many users who are interested in pursuing manufacturing.** This group typically uses an incubator facility for a substantial number of years. It is important to identify a number of these users prior to equipping the facility to meet normal manufacturing requirements. Significantly, 25 potential bay tenants have been identified.

**A Business Development Center/Incubator is financially viable.** Pro forma operating statements show that under the conditions set forth herein, a joint office / light manufacturing facility configuration of approximately 25,000 square feet proves to be viable. The facility can break even by its third year of operation.



**The project can provide a positive impact to the community.** Job Creation is a positive impact to the community and a very important element of this project. As noted in the Industry Research section, the National Association of Business Incubation (NBIA) data indicates that rural incubators often create in arrange of 10 to 30 jobs annually over the first five years of operation. On a conservative basis it is highly likely that this project could create a number of jobs comparable to that national average. The proposed Tioga County incubator may well produce more than 10 jobs annually, as did the Panhandle Area Council incubator noted in the study. The PAC is located in rural North Idaho and has created on average 42 jobs per year since its inception in 1988.

Job creation is important because many federal and other funding sources use job creation as a basis for granting funds. Applying one federal government standard of \$35,000 of grant funds for every job created, the number of jobs necessary for a grant of \$2.6 million (the amount necessary to fund the proposed Tioga County project) would be 74 jobs over the first five years. It seems likely that the Tioga County incubator could create 74 jobs over its first five years thus supporting a grant request sufficient to fund the project. To create 74 jobs, the Tioga Incubator would need to create 15 jobs per annum, which is on the low side of the national jobs created per year range (10 – 30).

Developed as detailed herein, the business incubator project in Tioga County, New York will provide a firm foundation for the success of the small business interests that avail themselves of its rental space and tenant development program, and, prove to be a valuable community asset providing a facility where new jobs can be developed and nurtured in the area.

## Background and Study Purpose

Tioga County developed a Tioga County Agricultural and Farmland Protection Plan in 1998. A detailed agricultural business retention and expansion survey was conducted and analyzed as part of that plan. It was apparent from the survey results and the plan in general, that farmers of all types were struggling in Tioga County. It was also revealed that there was a growing trend toward alternative types of agricultural such as herb, salsa organic mushroom, honey butter and other types of value-added processing/ production. From that time on, Tioga County has searched for a way to study the feasibility of shared-use commercial kitchen processing facility that could include all types of services and equipment such as recipe testing, cooking/baking, packaging, labeling, distribution and the gamut of small business development services. Many attempts at creating and sustaining shared-use commercial kitchens in New York State have failed, although most of these entailed simply use of limited shared equipment, with no support services offered. Nevertheless, the overwhelming failure rate of prior shared-use kitchen attempts hindered pursuit of the project.

The Tioga County Department of Economic Development and Planning next developed the idea of studying the shared use kitchen as part of an overall mixed use incubator / facility concept. Research showed that this more comprehensive approach has a greater chance at success as the general business (service, manufacturing) incubator tenants tend to sustain the kitchen portion of an incubator. Mixed-use incubators of this type have run successfully in Denver Colorado, Athens Ohio, Grand Junction Colorado, and Sandpoint, Idaho. Tioga County EDP sought and received funds from the United States Department of Agriculture to have a consultant develop a feasibility study and business plan for a mixed-use / kitchen incubator.

By commissioning this study, Tioga County has exercised leadership to analyze the viability of establishing a mixed-use incubator, including a shared-use community/commercial kitchen as an economic development tool. Enhancing the development of small-scale entrepreneurial businesses, including those that use locally grown goods to produce value added products, can help to create jobs, diversify the local economy, including production of unique local products. In addition, the study is intended to reveal other potential opportunities that could exist with a viable community kitchen concept to enhance workforce training in the food service industry and culinary arts in exploring relationships with local colleges that offer such industry training. Exploring the feasibility of the kitchen “incubator” concept is also appealing for its mentoring component and support of fledgling businesses to develop the skills and acumen necessary for success. The feasibility study is intended to provide valuable insight regarding the viability of a mixed-use incubator, including a shared-use commercial/community kitchen, for our region that can serve as the foundation for community partners who may be interested in advancing the concept.

Tioga County solicited several key leaders within the community to serve on the Tioga Rural Entrepreneurship Center Study Oversight Committee, and commissioned the group to provide oversight of the study. The study commenced in January 2003. In February 2004 the county commissioned studies to augment the primary feasibility study. One was to determine if Tioga county’s tourism businesses could benefit from formal inclusion in the incubator. The other pertained to establishing an agricultural-based Cooperative Distribution and Marketing center.

## **Organizational Matters and Study Methodology**

The study is presented in ten sections: Industry Research, Planning Information, Budget Information, Feasibility Conclusions, Preliminary Concept Layout, Management Plan, Marketing Plan, Project Impact, Next Steps, and Appendix. The following is presented to familiarize the reader both with the contents of the ten major sections of the study, and with the methodology employed in each section to present findings and support conclusions.

### **Industry Research**

Secondary research was undertaken to better understand the nature and success indicators of rural incubators. A report of rural incubation issued by the National Business Incubation Association (NBIA) is the most recent and definitive work on the successes of rural incubation. The report yielded much information based on existing rural incubators across the nation. This research provided important information upon which the feasibility of the Tioga County incubator could be charted and gauged. Characteristics of successful rural incubators, appropriate industry best practices, lessons learned, practices to avoid, and so on are important when considering the establishment of a new incubator. These industry lessons encompass both the successes and the failures of existing incubators.

### **Planning Information**

The Community Map for Tioga County was prepared through both secondary and primary research.

Secondary research was undertaken to determine local area characteristics. Industry experience has shown that certain community factors are important indicators that when present can indicate success when determining the feasibility of a new incubator. Equally important, certain characteristics of Tioga County were also researched and contrasted against these same national and regional indicators.

In addition to secondary research, the study team also engaged in primary research. Research within the incubator industry also shows that a strong network of community stakeholders can enhance the success of a new incubator. Community stakeholders were determined and interviewed to ascertain their commitment and ability to serve this project.

Another important primary research finding is determined through direct survey of potential tenants. This type of primary market research is very important as it provides much needed information for the report sections that follow. Indeed, this research is in many ways the lynchpin of the report; from it stems the budgets (project and operating) and the preliminary concept design. The survey of potential tenants determines much about their facility, service and training needs, what they are willing to pay for and not for pay, and so forth.

It is important to understand the prospective tenant pool in terms of several factors: the product(s) they wish to produce, or the services they wish to provide, facility considerations, special equipment needs, anticipated usage of incubator services, existing or start-up business status, projected business goals, etc. Market research was conducted in a variety of ways including users surveys (stakeholder solicitation and mail), personal and telephone interviews,

and interviews with community service providers to develop a sound understanding of the prospective tenant pool.

Local market research and the resultant understanding of prospective tenant needs, provide the beginnings of the budgetary process and the preliminary concept layout.

While this primary market data is useful, it is also important to “weigh in” regarding national experience. By applying the experience of the study’ team’s understanding of existing rural incubators to the local market data, a more reasoned and experientially seasoned budgeting process can occur. In a similar manner, the preliminary concept is informed by the market data, which is subject to the authentication and interpretation by the expertise of the experienced incubator managers on the study team and from industry best practice.

## **Budget Information**

The budget section is broken into two budgets: the project budget and the operating budget.

The project budget is a turn-key budget that reflects the development cost to open a facility that is ready for occupancy. It has four primary categories. The first is land. This is the estimated cost of securing land within the greater Tioga County area. This estimate provides for the acquisition of the land and makes it construction ready. The second component is building. This is the estimated cost to construct the building as detailed in the Preliminary Concept Layout section. In this instance two scenarios have been presented. The first is new construction – building the incubator to suit. The second scenario is renovating an existing building. In this instance the land and building is purchased and the building renovated to meet the specifications of a business incubator. The third component in both scenarios is architectural and engineering fees. As the floorplan included in this feasibility study is conceptual only, considerable A & E fees are anticipated in the final design phase and construction of the project, and so incorporated here. The final category of the budget relates to the pre-opening expenses and cash reserves that are both prudent and proper precedents to projects of this nature. This last category of budget expense applies to both new construction and renovation.

The operating budget is similarly based on local market research tempered with industry experience and the expertise of the study team. The expected utilization of prospective tenants is factored given the experience of other projects of this nature. This experience is invaluable in determining the number of tenants likely to use the facility based on the research. As with any financial forecasting technique this task involves rendering best estimates from hard facts. These best guesses are all developed through the filter of past experience and current expertise. All assumptions of the operating budget are noted.

Also included in this section are topics related to cash flow and a financing strategy. The cash flow considerations section details the pre-opening expenses and cash reserves deemed appropriate on the project. The financing strategy segment memorializes the efforts of the study team in determining sources of funding that can be approached to fund this project.

## **Feasibility Conclusions**

This section is a presentation of the feasibility conclusions for the project. Based on the market research as tempered by industry experience and the expertise of the study team, conclusions are drawn and presented concerning the viability of the project.

## **Preliminary Concept Layout**

In many ways the preliminary concept layout and the budgeting process are concurrent and mutually referring. Changes to components of either force changes to the other. The preliminary concept layout is one that the study team determined would “best fit” the overall needs of prospective tenants in terms of layout, workflow and facility use. Experience shows that specialized or expensive equipment cannot be secured for the sole use of one or two tenants. Similarly, special design elements that benefit a few are best avoided. These two important lessons, learned from the experience of existing incubator managers, were incorporated into the preliminary design.

There is not one single “correct” layout. Many times the feasibility conclusions support a range of choices in design and configuration. For instance, the site that is determined for the project will have great influence on the final design and layout.

Another factor that influences the preliminary concept and, in particular, facility design, concerns new construction in an existing neighborhood. In this case, the facility design may have to be altered to fit into an existing neighborhood, or met the design criteria/covenants of an established business park or other jurisdiction.

Given these facts, one appropriate, potential layout was determined that would work for the project. That concept is presented in this section through narrative and visually with building renderings and floor plans for both the new construction and renovation scenarios.

## **Management Plan**

The management plan is an overview. It contains information that should be considered as the project is further explored.

The first section of the management plan is concerned with facility issues. This includes incubation strategy, operations, personnel and staffing issues, and issues that pertain to risk management.

The second section is devoted to tenant services issues. This section contains a program for developing and supporting emerging and growing businesses, and it takes a look at some of the preliminary tenants that have expressed interest in the incubator.

## **Marketing Plan**

As with the management plan section, the marketing section is an overview that contains information that should be considered in the facilities start-up marketing plan. It is not the intention of this section, nor is it within the scope of this study to present an all inclusive, comprehensive marketing strategy. The intention here is to provide an overview of best practices

gleaned from existing incubator managers in terms of successful marketing strategy and implementation.

This section will provide a practical starting point via recommendations on actions from which proper and appropriate incubator marketing policy and strategy can be developed.

The marketing plan is comprised of two parts. The first part is concerned with start-up marketing issues. It is comprised of the following: Understanding the Market, Understanding the Product, Understanding Facility/Service Pricing, Understanding Facility/Service Placement, and, Understanding Promotion. Each section contains background information, as well as practical segments on challenges, strategy, and implementation.

On-going marketing is the second part of the marketing plan section. It presents marketing ideas that have proven effective after an incubator is open and operating. It is comprised of the following: Preparing an Annual Marketing Plan, Problems in Developing an Annual Marketing Plan, and, Specific On-going Promotional Strategies That Work.

## **Jobs Impact**

This section discusses job creation, the most important impact of the proposed project. Job creation is important because much government and private funding is based on the ability of the project to create jobs.

## **Next Steps**

This section presents the next steps for this project. Based on this initial determination of feasibility, certain tasks should follow. It is important that the non-fundraising tasks be concurrent with those tasks that directly determine the ability to obtain funding for this project. When the specific fundraising activities are combined with the simultaneous implementation of the other tasks in the Next Steps section, a comprehensive business plan can be developed. With this business plan will come a more thorough understanding of the project. This further understanding is required if the facility is to go forward.

## **Appendices**

This section contains the following appendices: Glossary of Incubator Terminology, Interview Protocol for Key Stakeholders, Entrepreneurial Resources: Governmental, Non-Governmental Organizations and Educational Institutions, User Survey (Survey instrument, Press Releases Stakeholders Letter And Flier), Oversight Committee, Sample Operating Forms, Bibliography and Study Team Profiles.

## Industry Research

### Rural Incubators

Considering the number of studies on business incubation over the last fifteen years, the scarcity of research available about rural incubators may surprise some. However, rural incubators are decidedly in the minority among incubator programs. The National Business Incubation Association (NBIA), the trade association for incubators around the world, reports that of the approximately 1,100 incubators in North America (US and Canada) in the NBIA database, only 90 programs considered their location rural. NBIA's web site ([www.nbia.org](http://www.nbia.org)) reports that "44 percent of incubators draw their clients from urban areas, 31 percent from rural areas and 16 percent from suburban areas." So, while very few incubators self identify as rural (8%), many urban incubators draw populations from rural areas (31%).

However, the scarcity of research on rural incubation changed in 2001 with the publication of *Incubating In Rural Areas: Challenges and Keys to Success*, published by NBIA Publications. This work provides much valuable insight about rural incubators. The publication, authored by Dinah Adkins (Executive Director of NBIA), Hugh Sherman (Associate Director, Voinovich Center for Leadership and Public Affairs, Ohio University) and Christine A. Yost (Ohio University, College of Business) combined Focus Groups, Direct Survey, and Telephone Interviews to develop their findings concerning rural incubation. The process included contact with 48 rural incubator managers.

### Major Findings in Rural Incubation

The report demonstrated 12 Major Study Findings, as follows:

1. High-performing incubators were organized differently than the low-performing incubators, to achieve higher performance and client outcomes.
2. High-performing incubators studied in this particular sample all represented incubator networks or were organizing networks.
3. High-performing incubators reflected high compliance with generally accepted incubator practices.
4. High-performing incubators were organized through their network structure and, in one case, through significant support from an institution of higher education.
5. High-performing incubators' managers had higher salaries than lower-performing programs.
6. High-performing incubators had larger budgets and more employees than low-performing programs.
7. High-performing incubators' managers spent more time working on incubator activities and more time developing client businesses than their counterparts at lower-performing programs.
8. There was no significant correlation between community size and incubator performance so long as the incubator program was organized to deal with the challenges inherent in serving a low-population service area.
9. High-performing incubator programs had clearly identified mission and program goals.
10. High-performing incubators were based on incubator feasibility studies, all of which were highly predictive of the size and composition of their client base as well as the

incubator's revenue and expenses. These studies also identified prospective incubator clients.

11. The lowest-performing incubators faced constant funding difficulties and had difficulty gaining community acceptance and understanding of their importance to community economic development.
12. Low-performing incubator sponsors paid more in subsidy costs for programs that performed less well.

### **Best practices in Rural Incubation**

Equally important, the study developed 8 best practices for rural incubation programs:

1. The incubator regularly collects information on client outcomes.
2. The incubator engages in wide-ranging, effective marketing of its program and achievements.
3. The incubator's staff salaries are at a level necessary to attract and retain people capable of running a model program.
4. The incubator's board/sponsoring agency recognizes that managements primary responsibility is to help the incubator's clients in order to ensure their success.
5. If the incubator were to lose a major funder, it could identify a replacement funder in order to continue operations at the same or higher level.
6. The incubator's governance structure contributes to rather than detracts from effective program operations and client service.
7. The incubator keeps elected leaders informed of its needs and achievements.
8. This incubator incorporates program changes as the result of thorough systematic evaluation.

The study team paid particular attention to the 12 major findings and to the 8 listed best practices in developing the feasibility study for Tioga County, New York. The sections herein developed to guide the Tioga County incubator group on management and marketing issues kept these national trends and lessons learned mindful. For instance, the marketing section clearly points out effective ways to market the facility programs, services and successes. Also, the facility designed is large enough to develop self-sufficiency through rents generated so the incubator and its managers/board need not be reliant on sustained sponsorship or continued local, state or federal grant funding. Equally important, members of the study team were experienced and recognized experts on running rural incubation programs. Their expertise was also incorporated in developing the various sections - budget, design, management and marketing.

### **Job Creation**

Some of the most crucial information that can be gained from the experience of rural incubators is about job creation. Because many federal funders base grant dollars on the projects' likelihood of creating jobs, the proposed Tioga County incubator must have a good chance of creating the jobs necessary for grant funding to be considered feasible.



***Incubating In Rural Areas: Challenges and Keys to Success***, reports job creation (graduate employment) in the range of 50 to 150 jobs for the high-performing rural incubators. In speaking with NBIA's JoAnn Rollins concerning the rural report, she stated that job creation is highly variable statistic in both rural and urban incubation programs. Using NBIA information, Ms. Rollins stated that a typical rural incubator would create jobs in the range of 50 to 150 over its first five years of operation. This equates to a range of 10 to 30 jobs annually.

### **Neighboring Incubation Programs**

The NBIA was consulted for a list of rural and non-technology incubators in the Tioga County, New York area. The NBIA database showed no rural incubator within 200 miles of Tioga County, New York.

### **Other Rural Incubation Programs: Lessons Learned from Study Team**

Given the lack of rural incubators in close proximity to Tioga County, successful rural incubators managed by members of the study team were investigated for information relevant to the Tioga project. The study team includes Jim Deffenbaugh, Executive Director of the Panhandle Area Council (PAC) located in rural North Idaho. Jim, and PAC have been national recognized by the NBIA as well other community development organizations such as the National Association of Development Organizations (NADO) as a model program of rural incubation. Given the lack of rural incubation programs in the immediate area of Tioga County, and to better understand salient factors of a model rural incubator, selected information concerning PAC is presented below. Jim Deffenbaugh was also instrumental in the founding of the Bonner Business Center (BBC), an even more rural incubator located in Sandpoint Idaho. Information of this program is presented as well.

### **Panhandle Area Council**

11000 N. Airport Drive  
Hayden, ID 83835  
Jim Deffenbaugh, Executive Director

PAC's location in the City of Hayden is centrally positioned within the five northern counties of Idaho. PAC began as a Council of Governments in 1972. In the early stages of the organization, PAC worked extensively with the U.S. Department of Housing and Urban Development (HUD) under their 701 Comprehensive Planning programs. PAC also worked with the Environmental Protection Agency (EPA) on a study for water quality issues within the region. As a designated Economic Development District, PAC prepares the Comprehensive Economic Development Strategy (CEDS) on an annual basis, which provides information about the region's cities and counties, local economic development groups, and business organizations. The CEDS also prioritizes the elements for future projects.

The Panhandle Area Council is the lead economic development agency in North Idaho. It centers its outreach in three areas: Economic Development, Small Business Loans, and Grant Administration. The services PAC provides include project planning, grant writing, grant administration, low interest loans to small businesses, government procurement assistance, employment training, census data depository, and business counseling.

PAC services include:

- Council of Governments (COG)
- Certified Development Company - SBA 504
- Business Loans - Information on Small Business Micro Loans, SBA 504 Loans, Intermediary Relending Loans, and Revolving Loans
- Government Procurement
- Grant Writing and Administration
- International Trade Associate Office
- Economic Development and Planning
- Off Campus Small Business Training Facilities for North Idaho College
- North Idaho Workforce Investment Board
- Business Incubator Center
- Free Business Counseling
- Census Information

The PAC incubator is small compared to more recent rural incubators. It has 13,00 square feet of light manufacturing space (8 bays) and several offices and cubicles. With the success of developing other in-house (revenue generating) programs, PAC currently leases 3 offices and 6 cubicles “in-house”. PAC is currently at 100% occupancy and reports a waiting list.

To reach breakeven and develop continued viability, PAC implemented other in-house programs that assist the overall budget of the facility (see above). This multifaceted approach has worked well for PAC. The program is highly successful and has received national recognition from its peers, and from national organizations as a program to emulate.

### **Bonner Business Center**

804 Airport Way  
Sandpoint, ID 83864  
Laurie Katana , Manger

The Bonner Business Center (BBC) is a small business incubator created to encourage and assist the development of new businesses in North Idaho. The BBC will help by providing affordable, ready-to-go facilities and a place where new and/or early stage businesses can operate and be prepared for long-term success. The BBC consists of 10,700 square feet of light manufacturing and office space. It also includes an approximate 1,500 square feet fully licensed, shared-use food production facility to assist entrepreneurs in the specialty foods industry.

Kitchen tenants have access to commercial ovens, steam kettle, hot water bath, jar filler, and other special equipment that is often unavailable to early stage businesses. Support services are available to provide assistance with recipe, labeling and packaging, and safety and sanitation needs. Kitchen users join North Idaho Specialty Foods Association, a non-profit kitchen cooperative established to assist in the development and preparation of specialty foods.

In addition to affordable space, the BBC also offers the following support services as part of the base rent: reception services, business counseling, business library, janitorial services, conference room, and lounge. Other professional services that are available on a fee-for-use basis include: secretarial services, copy and datafax machines, computer, laser printer, business classes, and World Wide Web home pages.

The Bonner Business Center welcomes tenants who meet the Incubator's criteria and who feel they can benefit from services offered. Eligible businesses include, but are not limited to: light manufacturing, assembly, wholesale distribution, research and development, manufacturer's representatives, and service companies.

The Incubator is not designed for retail or firms requiring high walk-in traffic. Added encouragement is given to the specialty food producers. New businesses needing the resources of the BBC to support further growth are considered. Tenants are considered on a case-by-case basis using the following criteria: merit of business proposal, experience of principals, and growth and job creation potential.

At just under 11,000 square feet the BBC is also somewhat small compared to more recently developed rural incubators. This size does not allow for enough tenants to create the revenue necessary for the incubator to breakeven, even with its kitchen component.

The BBC is currently at 63% occupancy, with 2 of its 6 bays open, and 4 of its 10 offices open. The Sandpoint incubator, however, is not breaking even and could not operate on a stand alone basis. Because of its smaller size and lack of other in-house revenue generating programs, the BBC will need the city subsidy to keep its doors open.

### Job Creation

Incubator	Date Opened	Jobs Created	Jobs Created / Year
Panhandle Area Council	1988	622 full time	41.8
Bonner Business Center Not counting kitchen component	1992	110 full time	10

## **Lessons Learned**

The experience of these two rural incubators in North Idaho and the experience of other members of the study team that manage rural incubators, is presented here. Understanding characteristics and lessons from successful rural incubation can provide insight into the feasibility of establishing an incubator in Tioga County.

### **Leaseable area important in reaching breakeven**

Incubators in the North Idaho region have had difficulty reaching cost-recovery or break-even. In the case of both the Hayden and the Sandpoint incubators, the amount of leaseable space is not sufficient to reach breakeven.

### **Sponsorship required**

The BBC in Sandpoint Idaho does not breakeven and requires annual support from the City of Sandpoint. Most telling the incubator in Sandpoint, even at full occupancy, would still require sponsorship of the City. The BBC has not developed any additional revenue sources to fund the incubator or its programs. PAC, also at a size that would not allow breakeven at full occupancy, has developed grants and other unique program income to achieve self-sufficiency.

### **Multifaceted approach or larger size**

If an incubator is to achieve breakeven it must be of sufficient size to develop the revenue necessary to cover its operating costs, or, must aggressively develop other in-house programs that add revenue to the overall incubator budget.

### **Job Creation**

The experience of these rural incubators echo national experience somewhat. The Sandpoint incubator has created about 11 jobs per year since opening. PAC on the other hand has created jobs significantly higher than the NBIA reported national average for rural incubators (10 to 30 per year). It should be noted that both the Hayden and the Sandpoint incubators easily created sufficient jobs to close out the state and federal grants that funded the majority of the incubators costs and required job creation.

## **Planning Information Community Map**

### **Introduction**

In 2002, the County of Tioga received a grant from the U.S. Department of Agricultural to conduct a feasibility study for a rural entrepreneurship center. This award was provided to the County in support of the regional efforts to assuage economic decline resulting from deteriorating farm income, loss of manufacturing employment, and out migration. The purpose of the grant was to assess the feasibility of developing a business incubator(s) in the County, with a potential focus on agricultural-related businesses, technology entrepreneurship, light manufacturing, woodcrafts, as well as arts and crafts.

For the past year, through a bottom-up approach, the research team has been working with the County Department of Economic Development and Planning, the study oversight committee, area economic development organizations, private sector interests, and the entrepreneurs who are the potential client base to analyze the feasibility of any proposed business incubator(s). The study team envisions one mixed-use incubator that incorporates some specific infrastructure to support the arts and crafts entrepreneurs, light manufacturing capacity, and (potentially) food-related businesses. This report discusses the proposed incubator and provides a complete feasibility analysis in terms of the market, sectoral focus, management of facility, as well as a preliminary estimate of the budget and cash flow.

The community map provides background data and analysis on Tioga County and the proposed incubator service area. This area includes Tioga and its six adjacent counties — Broome, Chemung, Tompkins, and Cortland counties in New York as well as Bradford and Susquehanna counties in Pennsylvania. The report presents details on the region's industrial and occupational structure and discusses how the mixed-use incubator can enhance the ongoing transition of the regional economic development strategy and assuage decades of employment and population decline in Tioga County.

### **Tioga County Region and the Proposed Incubator's Role**

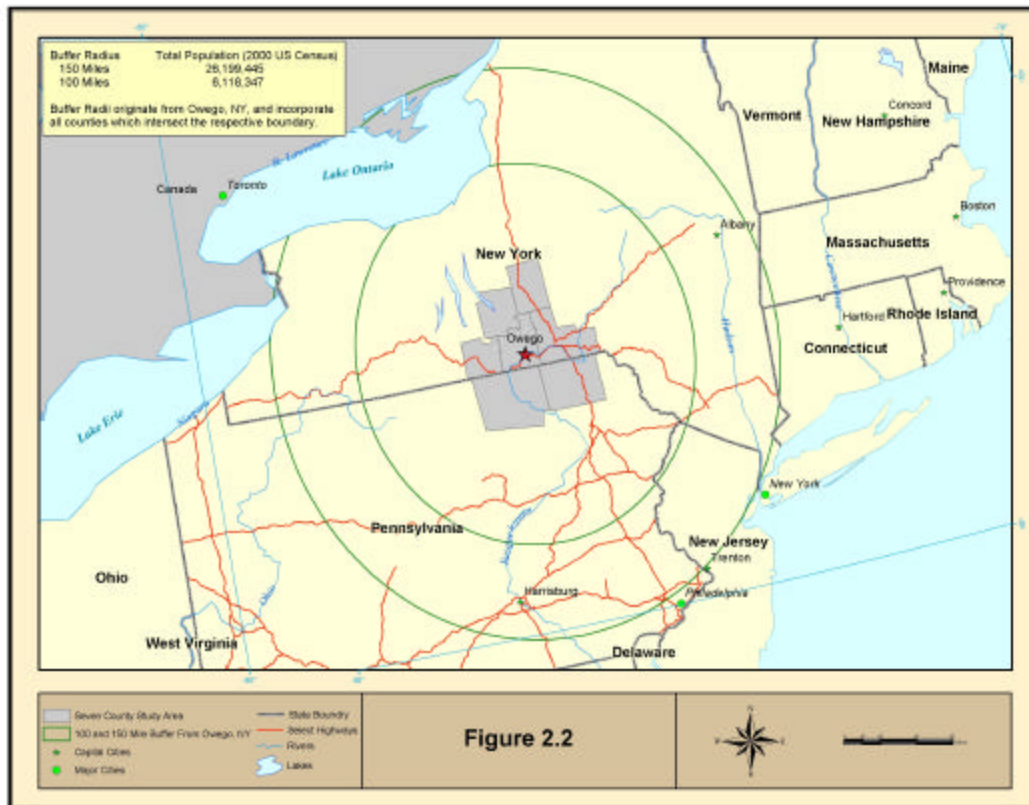
Although Tioga County will serve as the host county for the proposed mixed-use incubator, the proposed incubator will be able to service a larger region, encompassing Tioga County and all or parts of neighboring Broome, Tompkins, Cortland, and Chemung counties in New York as well as Bradford and Susquehanna in counties Pennsylvania (Figure 2.1). The character of the study region is predominantly rural, though the Binghamton, New York Metropolitan Statistical Area is the primary economic driver. Residents in rural areas are accustomed to driving greater distances to secure goods and services compared to their counterparts in more urban areas. Thus, the catchment area for potential incubator clients extends beyond the borders of Tioga County and the larger Binghamton MSA in which Tioga County is situated.



**Table 2.1**  
**Tioga County Rural Entrepreneurship Center Study Area Characteristics**  
Source: U.S. Census of Population Survey 1990 and 2000

	Square Miles	Population		% Change		% Urban	% Farm	MMH In- come	Per Cpta In- come	% below povty line
		1990	2000	1990	2000					
United States	3,538,988	248,709,873	281,421,906	13.2	80.0	79.0	1.06	41,994	21,587	12.4
New York	47,214	17,990,455	18,976,457	5.5	401.9	87.5	0.32	43,393	23,389	14.6
<b>Tioga County</b>	<b>519</b>	<b>52,354</b>	<b>51,784</b>	<b>-1.1</b>	<b>99.8</b>	<b>34.9</b>	<b>1.77</b>	<b>40,266</b>	<b>18,673</b>	<b>8.4</b>
Broome County	284	210,227	199,267	-5.5	707.0	73.8	0.40	35,347	19,168	12.8
Tompkins County	476	93,991	96,500	2.6	202.7	54.9	0.98	37,272	19,659	17.6
Cortland County	500	48,939	48,599	-0.7	97.3	54.9	1.78	34,364	16,622	15.5
Chemung County	408	94,986	91,070	-4.3	223.1	73.8	0.45	36,415	18,264	13.0
Bradford County	1,151	60,941	62,761	2.9	54.5	27.8	3.04	35,038	17,148	11.8
Susquehanna County	823	40,295	42,238	4.6	51.3	18.5	2.77	33,622	16,435	12.3
Binghamton MSA	803	262,580	251,051	-4.4	312.8	66.0	0.68	36,331	19,069	11.9
<b>Study Area</b>	<b>4,161</b>	<b>601,732</b>	<b>592,219</b>	<b>-1.6</b>	<b>142.3</b>	<b>57.5</b>	<b>1.18</b>	<b>36,017</b>	<b>18,449</b>	<b>13.3</b>

Within the roughly 4,161 square miles of the study area is a total population of 601,732 with an average density of 142.3 persons per square mile (Table 2.1). While this density is less than the State of New York as a whole, it is nearly double the national average and the Binghamton MSA (Broome and Tioga Counties) density approaches that of the State of New York. In addition, the study area's location sits just to the west of the Northeast Corridor, which means that over 30,000,000 people live within a 4-hour drive of the region. With the heart of the New York City MSA, Manhattan, less than 200 miles southeast of Owego, it also means that a tremendous range of industry, financial resources, human capital, and a diversified market is also located within a few hours travel time (Figure 2.2).



Though located near the major eastern seaboard megalopolis, Tioga County and the entire Southern Tier region did not share equally in the longest ever peace-time economic expansion through the mid and late 1990s. As a result of defense contracting reductions and consolidation, the reorganization and shifting locational calculus of other manufacturing sectors, and the continuing stress on farm income, Tioga County (and most of its neighbors) and the study region as a whole lost population as well as high paying manufacturing jobs over this period. Most distressing has been the out-migration of younger talented individuals, impeding renewed economic growth (BCPlan 2003, U.S. Census, 1990 and 2000, and STERPDB 2002a). This reality has created an imbalance in the sources of regional income. All counties in the study region depend on social security and other retirement income at a rate significantly higher than the rest of New York or the Nation. For the Binghamton MSA and the study region these two sources of income represent 15.1% and 14.5% of the total income respectively while for New York State the rate is 9.8% and the nationally it is 10.3% (see Table 2.2).



**Table 2.2: Sources of Income in the Study Region**  
**Source of Income or Earnings (all data in percentage of total)**  
Source: U.S. Census of Population 2000

Location	Wage & Salary	Self-Employment	Interest, Dividends & Rent	Social Security	Supplemental Security	Public Assistance	Retirement	Other Types	% of Earnings from Self-Employment
<b>United States</b>	74.58	5.86	6.76	5.13	0.49	0.18	5.13	1.86	7.29
<b>New York</b>	75.37	5.60	6.72	4.91	0.59	0.29	4.84	1.68	6.92
<b>Tioga County</b>	<b>74.90</b>	<b>4.29</b>	<b>4.43</b>	<b>6.85</b>	<b>0.55</b>	<b>0.12</b>	<b>6.85</b>	<b>2.01</b>	<b>5.42</b>
<b>Broome County</b>	70.42	4.17	6.89	7.93	0.63	0.23	7.53	2.20	5.59
<b>Chemung County</b>	70.75	3.86	6.11	8.41	0.76	0.23	7.36	2.51	5.17
<b>Cortland County</b>	73.21	4.94	6.21	7.15	0.79	0.24	5.27	2.20	6.32
<b>Tompkins County</b>	72.05	6.46	7.88	4.93	0.51	0.11	6.13	1.95	8.23
<b>Bradford County</b>	68.21	6.89	6.16	8.44	0.76	0.18	7.17	2.20	9.18
<b>Susquehanna County</b>	65.46	9.90	6.49	8.37	0.76	0.13	6.33	2.57	13.13
<b>Binghamton MSA</b>	71.3	4.2	6.4	7.7	0.6	0.2	7.4	2.2	5.6
<b>Study Region</b>	70.8	5.3	6.6	7.4	0.7	0.2	6.9	2.2	6.9

Proximity to the wealth and growth of New York City has failed to result in major spillover benefits for the region and particularly Tioga County. The other painful realities for Tioga County is that in recent years the loss of defense contracting jobs and other manufacturing employment in the County has increased the commutation rate of the workforce out of the County to work and a decline in the average wage as the service sector creates the vast majority of the new employment opportunities (NYSDOL 2003). Currently, approximately 55% of the workforce leaves the County to commute to work (REAP 2000).

The workforce movements are related to two other factors impeding development in the county: the transportation infrastructure and the pull of urban localities surrounding Tioga County. The County transport infrastructure is limited, particularly its east-west connections. The primary access to Tioga County is via the limited access four-lane Route 17 which runs east-west along the Susquehanna River and connects to Interstates 81 and 88 to the east in Binghamton. The current upgrade of Route 17 to Interstate 86 and the completion of the Freedom Bridge replacement in downtown Owego should improve access along the county's southern edge. Other major automotive connections are U.S. Route 220 in the southwest and New York State Routes 34, 38, 96, and 434, all accessible from Route 17. However, the majority of these roads run north-south in the valleys with east-west connections limited by the topography the north-south running rolling hills and numerous stream beds. The County also has limited bus service for intra-county transport provided by Progressive transportation which manages the County's "T-Tran" system.

Freight rail also serves the southern part of the County through Owego and Waverly, as well as Spencer, Campville, and Tioga Center. The freight connection also extends north through the Newark Valley, via Flemingville, Newark Valley, Berkshire, and Richford. This rail route is also used for passenger excursion that draws a regional tourist crowd to enjoy historic flavor of the scenic views in the valley and small towns discussed above.

While the county lacks a commercial airport, Broome County to the east, Chemung County to the west, and Tompkins County to the north all have commercial airports accessible to county residents and businesses as well as the rest of the study area. Each of these airports have recently expanded and renovated their terminals, though in the post-September 11<sup>th</sup> era, airline service to these smaller places has decline. Of the three regional airports, only the Elmira Airport has seen expanded services.

Binghamton/Vestal, Ithaca, Elmira/Corning, and Sayer, PA pull at the center of Tioga County's fabric and sense of place. Each of these more urban localities attract Tioga County residents for work, recreation, and shopping. Just as important, these metro-centers serve as the media outlets for the various sub-regions in the County. The combination of the commuter flow, the transport linkages, shopping opportunities and media connections serve to promote those sub-regions to identify more with the urban places outside of the county. For example, Candor in northern Tioga County major circulating newspaper is the Ithaca Journal, while Waverly/Barton is more connected to Sayer, PA and Spencer shares its school district's administrative boundaries with its cross-county neighbor Van Etten. Furthermore, the County does not have a television station, a countywide daily paper, hospital, or higher educational institution for which Tioga County residents can identify as theirs. The development of the rural entrepreneurial center serving the greater Tioga region, could help promote a Tioga County and facilitate the development a countywide focal point.

Further complicating the economic development of the region has been the historic lack of cooperation across different administrative units in the region. This trend has shown recent changes that are beginning to ameliorate the differences among the regional economic development community. Both interviews and recent planning documents indicate this transition. Stakeholders cited the cooperation that catalyzed the attraction of the Best Buys warehouse to Lounsberry, the growing Municipal Electric and Gas Alliance, the Rural Area Economic Partnership process and activities, the BCPlan, and the expansion of Broome Community College courses to be taught in Tioga County as examples of the developing cooperation. It also should be noted that several of these activities had their critics as well, but on balance the movement towards regional cooperation was applauded and relatively well received.

Accompanying the slow process of building a collaborative economic development strategy has been the transition towards a more balanced approach. The emphasis on exogenous growth, through industrial recruitment, is waning with a reinvigorated effort on endogenous growth through the expansion and retention of existing enterprises as well as the encouragement of the formation of new businesses. This entrepreneurial economic development strategy follows the national trend, which has in many communities resulted in favorable outcomes (Eisinger 1988 and Lewis 2003).

The movement towards regional cooperation and an economic development strategy more focused on endogenous growth dovetails well with the goals of the proposed rural entrepreneurial center with a mixed-use business incubator. A business incubator is an economic development tool designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services. A business incubator's main goal is to produce successful firms that will leave the program financially viable and freestanding. Once a fledgling client business is financially viable—and the individual entrepreneur has developed the necessary survival skills—it is hatched into the open market. In theory, these incubator "graduates" create jobs, revitalize neighborhoods, commercialize critical new technologies, and strengthen local and national economies (Lewis 2001).<sup>2</sup>

The research on the performance of business incubators supports the public investments in this economic development tool, because the theory has proven itself in practice. Incubated firms have higher survival rates than non-incubated firms, with estimated survival rates ranging from 72% to 86% for graduates, which is approximately double to national average for all new enterprises (Lewis 2003, Allen and Bazan 1990, and Campbell 1998). In addition, these graduated firms have a high propensity to locate in the metropolitan region in which they were incubated (Lewis 2003). Not only do incubated firms survive and locate locally at higher rates than non-incubated firms, they mature faster and have greater access to non-traditional sources of investment capital as a result of the incubation process (Shahadi 1998, Culp 1996, Allen and Bazan 1990). The faster maturation of incubated firms, their high survival rate and propensity to locate locally has resulted low public sector cost per job created and a high return on the public investment (Campbell 1988, Molnar et al. 1997, and DiGiovanna and Lewis 1997). The return on public investment has been estimated to be between two dollars for every one dollar of public investment returned in the form of taxes paid by the firms and their employees to local and state governments to as high as five to one (Lewis 2001 and Molnar et al. 1997).

Paramount to any definition of a business incubator is the provision of on-site management, which develops and orchestrates business, marketing and management resources tailored to a company's needs. Some of the most important services an incubator commonly provides include business plan development, legal assistance, help with accounting and financial planning, access to appropriate rental space and flexible leases, shared basic office services and equipment, marketing assistance, and assistance in obtaining the financing necessary for company growth. For the purposes of this research, a business incubator provides these services within a multi-tenant facility with common office equipment and a shared conference room.<sup>3</sup>

The concept of a business incubator addresses some of the fundamental issues impeding entrepreneurial success in Tioga County, as identified by stakeholders.<sup>4</sup> The stakeholders agreed

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<sup>2</sup> See Appendix A for a glossary of incubator terms.

<sup>3</sup> For details regarding optimal physical layouts, common physical needs, evaluating re-use of existing buildings, and other "brick and mortar issues" see NBIA (1992) and Gerl (2000). The distinction between incubation programs commonly called "incubators without walls" and those with a multitenant facility needs to be made because prior research has concluded that the interactions between the tenants and the tenants with the manager have demonstrable positive effects on the client firms. To paraphrase a Small Business Development Center (SBDC) veteran, incubation without walls is more analogous to the SBDC's mission and practice than incubation programs that have the advantages of a physical space.

<sup>4</sup> See Appendix B for stakeholder interview protocol.

that: (1) area entrepreneurs did not know where to locate the services they need; (2) the provision of entrepreneurial business assistance was not seamless across the many different organizations that provided these services; and (3) there needs to be a focal point for the delivery of these services. The proposed incubator would serve as a focal point for the delivery of entrepreneurial business assistance, advertise these services to the potential client base, and could help to improve communication across the various provider organizations. For optimal performance of the entrepreneurial center and to foster inter-organization cooperation, we recommend investigating the co-location of some of provider agencies at the entrepreneurial center.

### **County Profile Summary**

Tioga County and its surrounding region did not share in the economic expansion on the late 1990s, despite its relatively close proximity to New York City. In fact, defense downsizing, the reorganization and location of other manufacturing sectors, and declining farm prices led to a loss of good paying jobs and population. In the aftermath, the region has begun to address the economic malaise by improving cooperation across counties and by developing a new strategy that places more emphasis on endogenous growth through the retention and expansion of existing enterprises and the encouragement of entrepreneurship. The proposed rural entrepreneur center, with a business incubator, dovetails well with this new economic development strategy and should serve the goal of improved regional cooperation.

### **Industrial Characteristics: Shaping the Sectoral Focus**

Until recently, Tioga County's economy has been buoyed by the defense and other government contracts to its major employers. Lockheed Martin (formerly IMB Federal Systems and Loral) has been the largest private employer in the County for decades, with currently over 3,000 employees (STEREDPB 2002a). The other major private sector employers, with employment ranging from 200 to over 1,000 workers, are Sanmina (printed circuit boards), Ensco (computer software development), and Ben Weitsman and Sons Upstate Shredding (metal recycling). In the Binghamton MSA, the largest employment sector is services (29%) followed by government (20%) then manufacturing (18%) and retail trade (17%). All other sectors provide less than 5% of employment opportunities (STERPDB 2002a). Forecasts suggest that the region will continue to see the decline of the manufacturing sector, however there is positive news. The Binghamton MSA experienced record employment gains from January 1999 to 2002 with local businesses adding over 9,800 jobs mostly in the service (4,500), retail trade (3,100), construction (1,000) and finance-insurance-real estate (900) sectors. Furthermore, until 2002, Tioga County has had an unemployment rate lower than that of the state as whole and has a higher median household income than its neighbors, the study region, and approaches that of the State of New York and the nation (see table 2.1).

Though unemployment has been low and there are some indications of job growth, the reality is that many of these new jobs do not compare the lost employment opportunities and in many cases they fail to provide a living wage. The County's per capita income lags behind the state and the nation. Furthermore, in the late 1990's and early this decade, the majority of new employment opportunities are the result of turn over, not new hires (NYSDOL 2003). However, recent reports indicate that nationally small firms hiring freeze may be lifted which for the study region could produce significant job growth as the regional economic development strategy focuses more on the needs of these enterprises. In Tioga County more than 90% of all

establishments have 20 or fewer employees, with nearly 60% have five or fewer, which is considerably higher than the national average (86% and 54% respectively) and slightly higher than the rest of the State of New York (88% and 59% respectively) (CBP 2001).

### **Industrial Clusters**

Table 2.3 measures the relative importance of each industry to Tioga County, the Binghamton MSA and the study area in comparison to New York and the nation. Immediately evident is that despite the decline of the manufacturing sector in the County and the region, it remains the single largest employment sector in Tioga County, while for the Binghamton MSA and the study region the manufacturing sector is among the top three largest sectors. At all three scales, manufacturing remains an important industrial cluster with its location quotient greater than one and for Tioga County it is the single largest cluster relative to both the state and the nation (See Table 2.4). The evidence from the stakeholder interviews and the survey of the regions entrepreneurs also support the conclusion that this sector is ripe for incubation.

**Table 2.3**  
**Employment by Industry in the Study Region**  
**Source: U.S. Census of Population 2000**

<b>Industrial Sector</b>	<b>United States</b>	<b>New York</b>	<b>Tioga</b>	<b>Binghamton MSA</b>	<b>Study Region</b>
Total Employment	129,721,512	8,382,988	<b>24,701</b>	116,041	273,174
Agriculture, forestry, fishing and hunting, and mining:	1.87	0.65	<b>2.31</b>	0.95	2.30
Agriculture, forestry, fishing and hunting	1.49	0.59	<b>2.24</b>	0.87	1.94
Mining	0.38	0.05	<b>0.07</b>	0.08	0.36
Construction	6.78	5.17	<b>6.14</b>	5.33	5.17
Manufacturing	14.10	10.01	<b>24.00</b>	18.75	17.39
Wholesale trade	3.60	3.38	<b>3.68</b>	3.97	3.09
Retail trade	11.73	10.47	<b>10.58</b>	11.44	10.93
Transportation and warehousing, and utilities:	5.20	5.49	<b>3.74</b>	4.56	4.07
Transportation and warehousing	4.29	4.77	<b>2.88</b>	3.28	3.09
Utilities	0.91	0.72	<b>0.86</b>	1.27	0.98
Information	3.08	4.06	<b>1.69</b>	2.47	2.38
Finance, insurance, real estate and rental and leasing:	6.89	8.79	<b>3.71</b>	4.79	4.00
Finance and insurance	5.00	6.67	<b>2.89</b>	3.88	3.02
Real estate and rental and leasing	1.89	2.12	<b>0.81</b>	0.90	0.98
Professional, scientific, management, administrative, and waste management services:	9.30	10.13	<b>7.27</b>	7.18	6.47
Professional, scientific, and technical services	5.86	6.89	<b>4.04</b>	3.93	3.97
Management of companies and enterprises	0.05	0.03	<b>0.04</b>	0.05	0.03
Administrative and support and waste management services	3.39	3.21	<b>3.19</b>	3.21	2.46
Educational, health and social services:	19.92	24.33	<b>22.76</b>	25.13	28.87
Educational services	8.77	10.40	<b>11.53</b>	11.89	16.07
Health care and social assistance	11.16	13.92	<b>11.23</b>	13.23	12.80
Arts, entertainment, recreation, accommodation and food services:	7.87	7.29	<b>5.61</b>	6.89	6.94
Arts, entertainment, and recreation	1.78	1.86	<b>0.83</b>	1.12	1.10
Accommodation and food services	6.09	5.43	<b>4.79</b>	5.77	5.84
Other services (except public administration)	4.87	5.05	<b>4.81</b>	4.41	4.36
Public administration	4.79	5.17	<b>3.70</b>	4.14	4.04

**Note: All data expressed in percent of total employment.**

**Table 2.4**  
**Location Quotients for Employment by Industry in the Study Region**

Note: A Location quotient greater than 1 indicates a concentration of that industry.

Industrial Sector	Relative to the US				Relative to New York		
	New York	Tioga	Binghamton MSA	Study Region	Tioga	Binghamton MSA	Region
Ag, forestry, fishing, hunting, and mining:	0.35	<b>1.24</b>	1.23	0.51	<b>3.56</b>	1.47	3.55
Ag, forestry, fishing & hunting	0.40	<b>1.51</b>	1.31	0.58	<b>3.78</b>	1.46	3.27
Mining	0.14	<b>0.18</b>	0.93	0.22	<b>1.25</b>	1.54	6.51
Construction	0.76	<b>0.90</b>	0.76	0.79	<b>1.19</b>	1.03	1.00
Manufacturing	0.71	<b>1.70</b>	1.23	1.33	<b>2.40</b>	1.87	1.74
Wholesale trade	0.94	<b>1.02</b>	0.86	1.10	<b>1.09</b>	1.17	0.91
Retail trade	0.89	<b>0.90</b>	0.93	0.97	<b>1.01</b>	1.09	1.04
Trans and warehg, and utilities:	1.06	<b>0.72</b>	0.78	0.88	<b>0.68</b>	0.83	0.74
Transportation and warehousing	1.11	<b>0.67</b>	0.72	0.76	<b>0.60</b>	0.69	0.65
Utilities	0.80	<b>0.95</b>	1.09	1.41	<b>1.19</b>	1.77	1.36
Information	1.32	<b>0.55</b>	0.77	0.80	<b>0.42</b>	0.61	0.58
Finance, ins, real estate and rental and leasing:	1.28	<b>0.54</b>	0.58	0.69	<b>0.42</b>	0.54	0.46
Finance and insurance	1.33	<b>0.58</b>	0.60	0.78	<b>0.43</b>	0.58	0.45
Real estate and rental and leasing	1.12	<b>0.43</b>	0.52	0.48	<b>0.38</b>	0.43	0.46
Professional, scientific, mgmt, admin, and waste management servs	1.09	<b>0.78</b>	0.70	0.77	<b>0.72</b>	0.71	0.64
Professional, scientific, and technical services	1.18	<b>0.69</b>	0.68	0.67	<b>0.59</b>	0.57	0.58
Management of companies and enterprises	0.57	<b>0.75</b>	0.55	0.86	<b>1.31</b>	1.50	0.96
Admin and support and waste mgmt services	0.95	<b>0.94</b>	0.73	0.95	<b>0.99</b>	1.00	0.77
Educational, health and social services:	1.22	<b>1.14</b>	1.45	1.26	<b>0.94</b>	1.03	1.19
Educational services	1.19	<b>1.31</b>	1.83	1.36	<b>1.11</b>	1.14	1.55
Health care and social assistance	1.25	<b>1.01</b>	1.15	1.19	<b>0.81</b>	0.95	0.92
Arts, entertainmt, recreation, accomod and food services:	0.93	<b>0.71</b>	0.88	0.88	<b>0.77</b>	0.95	0.95
Arts, entertainment, and recreation	1.05	<b>0.46</b>	0.62	0.63	<b>0.44</b>	0.60	0.59
Accommodation and food services	0.89	<b>0.79</b>	0.96	0.95	<b>0.88</b>	1.06	1.08
Other services (except public administration)	1.04	<b>0.99</b>	0.90	0.91	<b>0.95</b>	0.87	0.86
Public administration	1.08	<b>0.77</b>	0.84	0.87	<b>0.72</b>	0.80	0.78

### **Technology Incubation**

The technological capacity of some of the regions manufacturers when combined with the regional higher educational institutions presents an opportunity for some technology business incubation. However, interviews with area stakeholders, including representatives of Cornell and SUNY Binghamton indicate that both of these institutions are in the planning stages of developing technology incubators on their campus to leverage the faculty talent for economic development and to develop new revenue streams. In addition, just beyond the study area boundary, in Alfred and Painted Post two world-class technology business incubators are located. The research is also clear that technology incubators derive important benefits from being closely associated with and located on an academic campus (Lewis 2003, Mian 1996, Smilor and Gill 1986, and Tornatzky et al. 1996).

Based on these factors it appears that there will be over capacity in this incubator sector if the rural entrepreneurship center focuses on technology entrepreneurship. A more feasible approach to accommodating the needs of these entrepreneurs would be to provide the entrepreneurial services and office space, in the short-term, while establishing working partnership with the other technology incubators in the region. This partnership could develop a cross-referencing of clients and the rural entrepreneurship center could act as a pre-incubator for technology enterprises as they refine their business plans, marketing strategy and master other business basic skills. Once the pre-incubated tech-entrepreneurs are ready, require dedicated specialized space to advance their technology development, and space is available in one of the other incubators, they can transition their business to one of these other partners. These incubator partners could also develop common boards, share business mentoring strategies and volunteers, and in the long perhaps develop a common revolving seed fund.

### **Agriculture Still Matters**

Other important sectors for the region in terms of size include education, healthcare and social service; retail trade; professional, scientific, management, administrative, and waste management services; as well as arts, entertainment, recreation, accommodation and food services. Analyzing the location quotients (LQ) indicate, in addition to manufacturing and relative to the nation and the state, the County and the study region have a competitive advantage in agriculture, forestry, fishing and hunting, and mining; educational, health and social services; as well as, its sub-sector educational services. Tioga County and the study region's LQ indicates the agricultural sector is more than 3 time more concentrated in the region relative the New York State and 50% more than the nation.

Within the agricultural sector there are roughly 495 farms with an average approximate acreage of 220. Within the farming sector 88% of farms in the County were family owned, but there is a growing trends towards part-time farming and the need for income patching for full-time farmers (CA 1997). Sales of dairy products from Tioga County farms is roughly seven times greater than sales of all crops, including nursery and greenhouse operations. However, the growth of nursery sales nearly doubled from \$720,000 to \$1.3 million from 1987 to 1997 while dairy sales declined by 8.2% to slightly over \$21 million. Another important trend is that sales fruit and vegetable sales have also experience decline in the recent years.



As previously mentioned the trend the agriculture sector has been one of decline with the total number of farms declining from approximately 580 to 495 over the decade from 1987 to 1997. A more subtle analysis is needed to reveal a more complete picture. There has been stability in the size of the average size fluctuating between 227 acres/farm to 217/aces/farm over the period from 1978 to 1997 (STERPDB 2002a), which suggests that total acreage farmed has declined, while the aggregate sales of farm products from the county has increased. From 1978 to 1997 farm products sales increased 13% to \$27.5 million, though this masked the substantial decline from the peak sales in 1992 of \$30.9 million and a similar dip in sales in 1982 (CA 1997). The average sales per farm and the number of farms in Tioga County that have sales exceeding \$100,000 follow a similar oscillating trend. The increase in total sales and the average sales per farm of the past two decade indicate farm production has become more efficient, increasing the yield per acre. However, the improved farm production techniques and increased competition from the global markets has also created an over supply and driven prices for farm products down over the same time period. In addition, the increase farm efficiency in Tioga County was less than 50% of the statewide average increase over the same time period, which is related to the dominance of dairy farming which has experience less dramatic increases in productivity relative to that field crops, or fruit and vegetable farming. The farm community has in some ways become a victim of its own success through raising crop yields and increasing productivity thus, a search for new markets, transitioning to value added on farm production, and adjusting to fickle consumer trends may provide the key to the survival of smaller farms (Adelaja 1996).

The pressures facing the food production and processing industries have resulted in a significant loss of jobs, resulting in severe economic challenges for the many Southern Tier communities that have depended historically on the food industry for their survival. The decline of the agricultural sector has also threatened the supply of locally produced food, as more and more farms are lost other uses. The state's food production and processing industries represent a necessary focus in planning for the development and stability of both the regional and state economy. The economic importance, the recent industry trends, and the potential for penetrating untapped markets in the New York City as well as the entire Northeast Corridor underscores the potential of this sector for incubation. However, we agree with the findings of Yellow Wood Associates (2003), that an incubator dedicated solely to a shared-used kitchen linked to agricultural production is not feasible. While stakeholder interviews and the regional economic analysis indicates that some shared-used kitchen facility may be appropriate to consider as part of a larger mixed-used incubator, the entrepreneur surveys indicate that this is not economically feasible.

### **Industrial Innovation**

The hosts of higher educational institutions in this relative rural area are key economic drivers that not only improve the quality of life in the area, but provide an competitive advantage though increasing the cultural diversity, interaction and generating new ideas and technologies that enrich the market place (Lewis 2003). In addition, the presence of higher educational institutions and their graduates are positively correlated with entrepreneurial activity (Lewis 2003).

The relative competitiveness of industrial clusters in the new economy is reflected in the rate of innovation (Florida 2002). Analyzing the U.S. Office of Patents and Copyrights data reveals that Tioga County and the study region are accelerating the generation of new patents (see Table

2.5). Controlling for population differences, the number of patents per 10,000 residents rises significantly for Tioga County, the Binghamton MSA, and the study between 1990 and 1999. The region also produces more patents per 10,000 residents than the State of New York, though its rate is considerably less than the nation. The rapid increase in the generations of new industrial patents suggest a high quality workforce has responded to the challenges of the new economy and an abundance of human capital in the County and the region.

**Table 2.5**  
**U. S. Utility Patent Grants 1990-1999**

Area	1990	1995	1999	% Change 1990 1999	Patents Per 10,000 Residents	
					1990	1999
<b>Tioga</b>	<b>12</b>	<b>18</b>	<b>46</b>	<b>283.33</b>	<b>2.32</b>	<b>8.88</b>
Binghamton MSA	106	123	190	79.25	4.22	7.57
Study Region	259	221	321	23.94	4.37	5.42
New York	4,061	4,689	6,119	50.68	0.16	0.22
United States	47,482	55,813	83,994	76.90	26.39	44.26

Source: <http://www.uspto.gov/web/offices/ac/ido/oeip/taf/county.pdf>

### Summary of Industrial Characteristics

Tioga County and its surrounding region share equally in the economic expansion of the mid to late 1990s and has been hard hit by the recent change in economic fortunes across the country. Defense sector consolidation, manufacturing decline, and the market squeeze on the agricultural sector severely dampened the economy of the region, which has depended on these sectors. The prospects for renewed growth may continue to be tied to these sectors, which should be bolstered by the concentration of higher educational resources that improve the quality of life in the region, catalyze industrial innovation and strengthen the workforce capacity. Furthermore, as the region hones its regional economic development strategy, the presence of the higher educational institutions should spawn increased entrepreneurial activity and these institutions can provide critical resources to support the growth on new enterprises and the proposed rural entrepreneurship center.

### Human Capital in the Region

The study region has a high-skilled workforce bolstered by the strong presence of higher educational institutions, which has been manifested in the rapid growth in the rate of industrial patents produced in the region. The educational attainment data somewhat obscures this reality. However, the New York State Department of Labor projections for categorical occupation growth underscores the abundance of human capital in the region. In addition, the Tioga County arts and crafts community exhibits the creative forces of the new economy and is an important

cultural and economic asset (Florida 2002). The growing arts and crafts community is drawn to the high quality of life in the region and in a symbiotic relationship enhances the community's liability.

Regional education attainment lags the State of New York and the nation in most of the study area counties in terms of college and graduate/profession degrees (see Table 2.6). However, Tompkins exceeds the both the nation and the State of New York in the percentage of residents over 25 with at least a bachelors degree by 19% and 15% respectively. For relative number of graduate and professional degrees Tompkins County is nearly triple the national average and almost double the State average. The potential of Tompkins combined with Broome County to drive the regional labor demands and lead the region back to prosperity through creating industrial innovations is evident. These high-skilled people also can contribute their knowledge to the advisory board of the proposed entrepreneurial center, act as mentors for the clients firms, and are potential clients.

**Table 2.6**  
**Educational Attainment in Study Region (population >25)**

Area	<HS	Some HS	HS	Some College	Assoc. Degree	Bachelors Degree	Grad. / Proff.
United States	5.9	10.5	29.5	21.5	6.5	16.6	9.5
New York	5.8	10.2	29.0	17.0	7.6	16.9	13.5
<b>Tioga County, New York</b>	<b>3.6</b>	<b>11.4</b>	<b>37.7</b>	<b>17.8</b>	<b>10.0</b>	<b>11.8</b>	<b>7.7</b>
Broome County	4.8	10.7	33.4	18.4	10.3	12.5	9.9
Chemung County	4.3	10.9	37.3	19.3	9.2	10.6	8.4
Cortland County	5.1	12.0	36.1	17.2	10.9	10.7	8.1
Tompkins County	2.0	6.6	23.8	14.3	8.1	20.0	25.2
Bradford County	4.9	13.4	47.4	13.7	6.0	8.9	5.8
Susquehanna County	4.4	13.0	47.3	15.4	6.7	8.1	5.2
Binghamton MSA	4.5	10.9	34.2	18.3	10.3	12.4	9.4
<b>Study Region</b>	<b>4.2</b>	<b>10.7</b>	<b>35.5</b>	<b>17.0</b>	<b>9.1</b>	<b>12.5</b>	<b>11.0</b>

Source: U.S. Census of Population 2000

Other than Broome and Tompkins Counties, the rest of the study region significantly lags in advance degree areas, but have higher percentages of high school graduates and Associate degree holders and/or have attended some college relative to the state and the nation. The skills are critical to attracting and retaining high-end manufacturing employers like Lockheed Martin. In addition, each individual county and the study region have relatively fewer people who have not completed high school compared to the nation and the State. This underscores the potential to revitalize the manufacturing sector and/or attract its former workers into a center with space dedicated to helping them succeed as entrepreneurs.

Analysis of the occupation data of the County's, the Binghamton MSA's, and the study region's reveals a that the workforce is high skilled with a broad range of capacity (see Table 2.7). The County, the Binghamton MSA and the study region have relatively higher concentrations relative the U.S. as whole of their workforce in management, professional and related occupation including architecture and engineering; computer and mathematical; drafters, engineering, and mapping technicians; and farm and farm management (see Table 2.8). At the regional scale and the Binghamton MSA level, there is an occupational cluster of education, training, and library as well as life, physical, and social science occupations reflecting the strong presence of higher educational institutions. Healthcare related occupations are another significant cluster along with production workers, and production, transportation, and material moving occupations.

**Table 2.7**  
**Occupations by Sector for the Study Region**

Source: U.S. Census of Population 2000

Note: All data expressed in the percentage of total.

Occupation	United States	New York	Tioga County	Binghamton MSA	Study Region
Total number of workers:	129,721,512	8,382,988	24,701	139,532	273,174
Management, professional, and related occupations	33.6	36.7	34.2	40.0	35.4
Management, business, and financial operations occupations	13.5	13.5	10.8	11.8	11.2
Management occupations, except farmers and farm managers	8.6	8.7	6.8	7.9	7.1
Farmers and farm managers	0.6	0.3	1.0	0.4	1.0
Business and financial operations occupations	4.3	4.6	3.0	3.5	3.1
Business operations specialists	2.1	2.1	1.2	1.8	1.5
Financial specialists	2.2	2.5	1.8	1.7	1.6
Professional and related occupations:	20.2	23.2	23.4	28.2	24.2
Computer and mathematical occupations	2.4	2.3	3.9	3.4	2.5
Architecture and engineering occupations	2.1	1.6	4.8	2.6	2.5
Architects, surveyors, cartographers, and engineers	1.5	1.2	3.6	2.0	1.9
Drafters, engineering, and mapping technicians	0.6	0.4	1.2	0.6	0.7
Life, physical, and social science occupations	0.9	0.9	0.5	2.2	1.5
Community and social services occupations	1.5	1.9	1.6	2.0	1.9
Legal occupations	1.1	1.6	0.6	0.7	0.6
Education, training, and library occupations	5.7	6.7	6.0	10.4	8.4
Arts, design, entertainment, sports, and media occup.	1.9	2.9	1.1	2.1	1.7
Healthcare practitioners and technical occupations:	4.6	5.2	5.0	4.8	5.1

Health diagnosing and treating practitioners and technical occupations	3.2	3.9	3.0	3.4	3.5
Health technologists and technicians	1.4	1.3	2.0	1.4	1.6
Service occupations	14.9	16.6	13.9	15.6	15.8
Healthcare support occupations	2.0	3.0	2.4	2.4	2.6
Protective service occupations	2.0	2.8	1.2	1.6	1.8
Fire fighting, prevention, and law enforcement workers, including supervisors	1.2	1.7	0.7	0.9	1.2
Other protective service workers, including supervisors	0.8	1.1	0.5	0.7	0.6
Food preparation and serving related occupations	4.8	4.5	4.5	5.8	5.5
Building and grounds cleaning and maintenance occupations	3.3	3.4	3.7	2.9	3.0
Personal care and service occupations	2.8	2.9	2.1	2.9	2.9
Sales and office occupations	26.7	27.1	23.3	25.2	24.2
Sales and related occupations	11.2	10.8	9.4	10.0	9.9
Office and administrative support occupations	15.4	16.3	14.0	15.1	14.3
Farming, fishing, and forestry occupations	0.7	0.3	1.1	0.4	0.8
Construction, extraction, and maintenance occupations:	9.4	7.6	8.9	6.4	7.8
Construction and extraction occupations:	5.5	4.3	4.5	3.8	4.4
Supervisors, construction and extraction workers	0.7	0.5	0.4	0.5	0.6
Construction trades workers	4.7	3.8	4.0	3.2	3.7
Extraction workers	0.1	0.0	0.1	0.1	0.2
Installation, maintenance, and repair occupations	3.9	3.2	4.4	2.6	3.4
Production, transp, and material moving occups:	14.6	11.7	18.6	12.3	15.9
Production occupations	8.5	6.4	11.8	7.5	9.7
Transportation and material moving occupations:	6.1	5.3	6.8	4.9	6.3
Supervisors, transportation and material moving workers	0.2	0.2	0.1	0.1	0.1
Aircraft and traffic control occupations	0.1	0.1	0.1	0.1	0.1
Motor vehicle operators	3.0	3.1	3.1	2.7	3.2
Rail, water and other transportation occupations	0.3	0.3	0.3	0.2	0.2
Material moving workers	2.6	1.7	3.3	1.8	2.7

**Table 2.8**  
**Occupations by Sector for the Study Region (LQ relative to the US)**  
Source: U.S. Census of Population 2000

<b>Occupation</b>	<b>United States</b>	<b>New York</b>	<b>Tioga County</b>	<b>Binghamton MSA</b>	<b>Study Region</b>
Architects, surveyors, cartographers, and engineers	1.49	0.80	2.43	1.36	1.27
Architecture and engineering occupations	2.05	0.78	2.34	1.29	1.24
Drafters, engineering, and mapping technicians	0.56	0.72	2.11	1.09	1.17
Farmers and farm managers	0.60	0.43	1.74	0.61	1.66
Computer and mathematical occupations	2.44	0.96	1.59	1.40	1.04
Farming, fishing, and forestry occupations	0.73	0.40	1.45	0.61	1.15
Health technologists and technicians	1.42	0.95	1.40	0.97	1.12
Production occupations	8.49	0.75	1.39	0.88	1.14
Material moving workers	2.55	0.67	1.28	0.70	1.05
Production, transportation, and material moving occupations:	14.62	0.80	1.27	0.84	1.09
Healthcare support occupations	2.00	1.49	1.20	1.21	1.31
Professional and related occupations:	20.20	1.15	1.16	1.40	1.20
Building and grounds cleaning and maintenance occupations	3.28	1.03	1.13	0.89	0.93
Installation, maintenance, and repair occupations	3.94	0.82	1.12	0.67	0.86
Transportation and material moving occupations:	6.14	0.87	1.11	0.79	1.02
Healthcare practitioners and technical occupations:	4.61	1.13	1.08	1.04	1.10
Education, training, and library occupations	5.66	1.19	1.06	1.83	1.48
Community and social services occupations	1.51	1.26	1.04	1.32	1.25
Motor vehicle operators	2.97	1.04	1.03	0.90	1.08
Management, professional, and related occupations:	33.65	1.09	1.02	1.19	1.05
Construction, extraction, and maintenance occupations:	9.45	0.80	0.94	0.68	0.82
Service occupations:	14.86	1.12	0.94	1.05	1.07
Health diagnosing and treating practitioners and technical occupations	3.19	1.21	0.94	1.07	1.10
Food preparation and serving related occupations	4.82	0.94	0.92	1.20	1.13
Office and administrative support occupations	15.44	1.05	0.90	0.98	0.93

Sales and office occupations:	26.69	1.02	0.87	0.94	0.91
Construction trades workers	4.71	0.80	0.86	0.68	0.78
Rail, water and other transportation occupations	0.31	1.07	0.84	0.60	0.71
Sales and related occupations	11.25	0.96	0.83	0.89	0.88
Financial specialists	2.19	1.16	0.82	0.79	0.73
Construction and extraction occupations:	5.51	0.78	0.82	0.69	0.80
Extraction workers	0.09	0.22	0.82	0.96	1.65
Management, business, and financial operations occupations:	13.45	1.01	0.80	0.87	0.83
Management occupations, except farmers and farm managers	8.57	1.01	0.79	0.92	0.83
Supervisors, transportation and material moving workers	0.18	0.99	0.77	0.71	0.63
Personal care and service occupations	2.80	1.04	0.77	1.03	1.03
Business and financial operations occupations:	4.29	1.07	0.70	0.82	0.72
Other protective service workers, including supervisors	0.78	1.42	0.64	0.88	0.82
Protective service occupations:	1.97	1.43	0.62	0.82	0.94
Fire fighting, prevention, and law enforcement workers, including supervisors	1.18	1.43	0.61	0.78	1.02
Arts, design, entertainment, sports, and media occupations	1.92	1.51	0.60	1.08	0.87
Business operations specialists	2.10	0.98	0.57	0.85	0.71
Supervisors, construction and extraction workers	0.70	0.75	0.56	0.70	0.82
Life, physical, and social science occupations	0.93	1.00	0.51	2.39	1.58
Legal occupations	1.09	1.51	0.51	0.68	0.58
Aircraft and traffic control occupations	0.12	0.42	0.50	0.64	0.59

Looking to the future, the New York State Department of Labor estimates that the region will have significant growth in many of the high skilled occupations that already have established clusters in the Southern Tier (see Table 2.9). While these projections are for the Southern Tier as a whole, this larger region is a relatively good approximation of the characteristics of the study area with a few notable caveats. The most critical is that there is a higher concentration of higher educational capacity in the study relative the Southern Tier as a whole. In addition, the presence of Lockheed Martin other high tech manufactures in Tioga and Broome Counties have greater need for the professional and managerial occupation. As a result of the combination of these two

factors, one would anticipate much of the growth some of higher-skilled occupation will occurs within close proximity to Tioga County and many of these worker could locate in the County.<sup>5</sup> This assumption is supported by the New York State Department of Labors evaluation of the Binghamton MSA's workforce, which still dilutes the impact of Cornell University in Tompkins County's influence on the study area. Roughly 12% of the new hires in the Binghamton MSA were in the professional, technical and managerial occupations, which is anticipated to rise to 15% of new hires in future (NYSDOL 2002). These jobs typically require post secondary education and pay above the median wage in the region (NYSDOL 2002). These positive signs are dampened by the fact that service occupation, which general pays less are anticipated to grow faster as blue collar work estimated to decline as a percent of new hires in the regions (NYSDOL 2002).

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<sup>5</sup> There is also a university/high-tech cluster in Corning, New York just to the west of the study region.



**Table 2.9**  
**Projected Occupation Outlook for the Southern Tier Region\***

<b>Occupational Category</b>	<b>Employment Base Year</b>	<b>Employment Projected YR 2008</b>	<b>% change</b>
Professional & technical occupations	74770	89320	19.46
Service Occupations	53670	62630	16.69
Agriculture, forestry & fishing	3700	4310	16.49
Marketing & sales occupations	37430	42980	14.83
Operators, fabricators & laborers	46620	52960	13.60
Managers & administrators	18950	21430	13.09
Precision production, craft & repair occupations	32400	36060	11.30
Administrative support occupations	58970	63670	7.97
<b>20 Sub-categories with Largest Projected Growth</b>			
Computer & mathematical occupations	5910	7780	31.64
Health service occupations	8960	11460	27.90
Social scientists, recreation, religion	5640	7210	27.84
Engineers & related occupations	9730	12150	24.87
Personal service occupations	8100	9700	19.75
Health practitioners & technicians	16720	19800	18.42
Teachers, librarians & counselors	20180	23510	16.50
Hand working occupations, including assemblers	10560	12270	16.19
Sales occupations, goods	27990	32240	15.18
Construction trades & extractive occupations	8050	9230	14.66
Transportation & material moving machine operators	9790	11200	14.40
Industry-specific support occupations	9580	10930	14.09
Helpers, laborers & hand movers	7390	8360	13.13
Mechanics, installers & repairers	11820	13370	13.11
Managerial & administrative occupations	18950	21430	13.09
Management support occupations	6980	7880	12.89
Food & beverage service occupations	21480	24180	12.57
Marketing/sales supervisors	6830	7600	11.27
Cleaning & building service workers, except private household	7360	7800	5.98
Secretarial & general office occupations	32450	34060	4.96

Source: New York State Department of Labor, Occupational Outlook for Regions:  
[http://www.labor.state.ny.us/labor\\_market/lmi\\_business/projections/default.htm](http://www.labor.state.ny.us/labor_market/lmi_business/projections/default.htm)

\*Southern Tier includes the following counties: Broome, Chemung, Chenango, Delaware, Otsego, Schuyler, Steuben, Tioga, Tompkins

Three of the four occupational categories projected to grow the fastest in the Southern Tier region have direct links to the university community and high-tech manufacturing at locations like Lockheed Martin. These include: 1) computer & mathematical occupations; 2) social scientists, recreation, religion; and 3) engineers & related occupations. In addition to these high skilled occupations, rigorous growth in industry specific support, marketing/sales supervisors, managerial & administrative, and hand working occupations suggest the region will continue to attract and retain high skilled workers. In addition, the growth of these occupations will produce both potential clients for the proposed entrepreneurship center and create additional capacity for the critical entrepreneurial support services the incubator should provide.

Though the occupation and industrial data did not capture the arts and crafts cluster forming in Tioga County, based on the stakeholders interviews this is probably a result of the fact that many of the individuals who are engaged in this community are also employed in other sectors of the economy. The Tioga Council of the Arts has over 300 members and indicated that between 50 and 75 are art entrepreneurs. In Owego at 180 Front Street, Tioga County also hosts a world-renowned video production company, Experimental Television Center Limited, which produces documentaries. There are also numerous wood carvers in the County, some with international reputations. The stakeholder interviews in combination with the entrepreneur surveys suggested the proposed incubator should anticipate a significant number of these entrepreneurs seeking tenancy and should provide the necessary space and services for them.

### **Summary of Human Capital**

Tioga County and its neighbors enjoy a high quality of life with significant higher educational capacity that has attracted and helped retain a high skilled workforce. Occupational projections for the future indicate that this trend will hold, increasing the potential client pool and the capacity to provide the key entrepreneurial service fundamental to the success of a business incubator. The arts and crafts community is another community asset that contributes to the quality of life and provides an economic stimulus. The combination of workforce skills, industrial clusters, and innovative capacity exhibited in industrial innovation and arts community could serve as a catalyst for creation of new enterprises. In addition, there is a potential synergy between the revitalization of food production, retail trade, and building of a tourism industry through fostering the development of art entrepreneurs and specialty food producers. The products produced by the art entrepreneurs may create a critical mass that can serve to market the existing antique shops, arts and craft boutiques, the farmers markets and other regional attractions such as the Strawberry Festival, the Hickory Smoked Blues Festival, and the scenic train excursions. We recommend that the proposed incubator dedicate some space and services designed to encourage art entrepreneurship, light manufacturing and service based businesses. Finally, the technological capacity of the region could be fostered by the proposed entrepreneurial center, though the market saturation in this segment of the incubator industry in the area dictates the collaborative partnerships with the existing incubators in the Corning area and the proposed technology incubators at SUNY Binghamton and Cornell would be a more optimal arrangement.

## Stakeholder Perspectives

Interviews with the Study Oversight Committee, entrepreneurial business service providers, and other community stakeholders support the majority of the conclusions reached by reviewing the secondary economic and demographic data. The stakeholders indicated that agriculture, light manufacturing, technology/defense and the arts as part of mixed-use incubator where the appropriate sectors to target. The stakeholders' understanding of the challenges Tioga County entrepreneurs must overcome, suggests that establishing a mixed-use business incubator potentially could mitigate the barriers to entrepreneurial success. In addition, there was also consensus that the move towards regional cooperation and the transitioning of the regional economic development strategy would be forwarded by the creation of the proposed rural entrepreneurship center. Ultimately, the majority of the views of the stakeholders were supported by the survey of and interviews with the region's entrepreneurs discussed in the next section.

## Barriers to Entrepreneurial Success in Tioga County

The majority of the impediments that stakeholders indicated inhibited the success of Tioga County entrepreneurs are addressed by the concept of business incubators (see table 2.10). Business incubators deliver value-added services that include business plan development, market research, legal advice, increased access to capital, networking opportunities with like firms and business service providers, and other business basics that have demonstrable positive success on the survival and growth rates of client firms (Lewis 2003, Smilor and Gill 1986, Molnar et al. 1997, and Mian 1996). In addition, incubators can reduced start-up costs and reduce operating costs for new enterprises through below-market rents, shared office equipment, shared administrative support, reducing time to locate and the cost to access needed expertise as well as increasing access to capital markets (Lewis 2001, Allen and Bazan 1990, Mian 1996, Conte 1998 and Shahadi 1998). Though the research is limited, there is some antidotal evidence that incubators also produce spillover benefits that include increasing entrepreneurial activity, raising community spirit through providing a vision of hope, and positively impacts hosts neighborhoods where the benefits are directly observable (Allen and Bazan 1990).

**Table 2.10**  
**Barriers to Entrepreneurship in Tioga County**

<b>Barriers to Entrepreneurial Success</b>	<b>Responses</b>
Entrepreneurs need to network with area resources, but lack of knowledge/information regarding sources of the services.	9
Broome County receives most of the resources.	6
Access to capital	7
Lack of coordination of activities	4
Marketing	3
Education/entrepreneurship training	5
Internet resources	3
Out migration of skilled workforce 18-34	3
Lack of business planning and assessment	5
Regional income	1
Weather/climate	1

Note: There were seventeen stakeholder interviews conducted

The creation of a rural entrepreneurial center in Tioga County should increase awareness of the entrepreneurial services provided by the incubator and its partners. Through having a focal point for the delivery of these services, the provision of the services could evolve into a more seamless operation. The collocation of some of the service providers at the proposed entrepreneurial center would increase the potential for more optimal delivery of services and reduce the fiction of distance between the providers, perhaps catalyzing better inter-organizational communications.

The real or perceived imbalance in the distribution of business resources and the need for better Internet access for entrepreneurs would also be addressed by the creation of the center, if it implements best practices. Best practice includes the provision of high-speed broadband internet access, which is one of the site location requirements we examine later in the report. The best practices also included the delivery of the value-added services discussed above. Therefore, there would be an opportunity attract service providers to locate in the facility as well as the potential exists to deliver more services through online applications and a teleconferencing center located in the facility.

### **Regional Incubation Opportunities**

Area business service providers, bankers, academics, economic development professionals, elected officials, and other stakeholders understanding of the industrial mix in Tioga County and the study area confirmed the findings of secondary data analysis regarding the sectoral focus the proposed incubator should strive for (see Table 2.11). Given the connection that many of the interviewed stakeholders had with the entrepreneurial community, it is no surprise that their comments reflected the industrial potential of the region and foreshadowed the responses from the entrepreneur survey. Light manufacturing, technology /defense firms, agricultural businesses and arts were the primary sectors the key stakeholders believe have the greatest potential for incubation in Tioga County. However, as previously mention we suggest that the incubator focus on the light manufacturing and arts sectors while considering how to partner with other technology incubators in the region.

**Table 2.11**  
**Sectors That Might Be Incubated**

<b>Sector</b>	<b>Responses</b>
Ag/food products	8
Light Manufacturing/furniture	6
Mixed	5
Tech/defense	4
Arts	4
Tourism	3
E-commerce	1
Service (consulting)	1
Retail	1

Note: There were seventeen stakeholder interviews conducted.

## **Entrepreneurial Assets in the Region**

Beyond the high quality of life in the region, there are many organizations that provide the services to entrepreneurs, be they existing small businesses or start-ups. Many of the services and/or the provider organizations are hosted within the County. However, some of the providers are not located in the County and may not do any outreach to existing and potential clients in Tioga County. This creates a fiction of distance that catalyzes the perception, if not the reality, that Tioga County is underserved by some key entrepreneurial services organizations. In the totality, if the stakeholders can improve the communications between the service providers, the service providers become more accessible to Tioga County entrepreneurs, increase their visibility to the community and become more seamless across organizations, then the potential for entrepreneurial success should increase in the region (see Appendix C for list of organizations).

Estimating the number of start-ups enterprises and/or enterprises seeking the services of the numerous provider organizations is very difficult. While each of the organizations has records of their clients, some with more details than others, there is little or no cross-referencing of clients. Thus simply aggregating the number of clients served by each organization would result in significant double counting of entrepreneurs in the region. The data provided by a number of the organizations, indicates that there is significant entrepreneurial activity in the region. This conclusion is verified by the disproportionately high number of businesses with less than 20 and less than 5 employees and the extremely high number of responses to the entrepreneur survey.

Within the County there are a number of organizations that provide services either directly or indirectly to entrepreneurs. The Tioga County Department of Economic Development and Planning in collaboration with its partners Tioga County Industrial Development Agency (TCIDA) and Tioga County Local Development Corporation provide a variety of services to all types of businesses. The services include workforce development, technical assistance, real estate assistance, and creative incentive packages highlight the free and confidential services offered. It is estimated that they extend these services to new enterprises at an average rate of between one and two per month.

The Tioga County Chamber Commerce also provides an array of services to County businesses. The Chamber's membership is approximately 250 and has been stable for the past few years. Some of the more important services it provides is the opportunity to network with other entrepreneurs and business service providers through programs like the "Business After Hours" mixers and a major business show the first Thursday in October, which involves over 100 businesses showcasing their services and products. In addition, the Chamber publishes a monthly newsletter containing business related information that is sent out to all members.

The Chamber also provides meeting space for service organizations with a regional cliental that Tioga County is part. For example, the Small Business Development Center (SBDC), located at Binghamton University in Broome County and has a seven county services area, partners with the Chamber to provide counseling at the Chamber offices on a confidential basis for potential and existing businesses. The SBDC serves over 800 businesses per year, which has been growing last five years, though it has hit a plateau in the last two. The SBDC could well provide business consulting and training opportunities through the incubator.

Another organization that works closely with Tioga County and the Tioga Chambers is Service Corps of Retired Executives (SCORE). SCORE has branch location in both Binghamton and Elmira, but not in Tioga County. Recently SCORE has been conducting outreach in Tioga after a two years hiatus. The organization provide business counseling and mentoring to it clients based which is approximately 550 annually across the region with roughly 25 to 30 are located in Tioga County.

Another key organization that includes Tioga in its service area, but is not located in the County is the Excellence Center for Entrepreneurial Leadership (EXCEL) located at Broome County Community College in Binghamton. ExCEL serves as a resource center for the entrepreneurial and established business communities in and around the study region. The services range from providing entrepreneurs networking opportunity through a list serve with over 200 members and organizing the Entrepreneurial Society, to counseling entrepreneurs and providing opportunity for learning as well as producing a variety of resource materials. The client base has ranged from 500 to 1,000 in the past few years, with about 85% of the client based in Broome County.

There are many other organizations that provide services to entrepreneurs in the study region. The Minorities and Women Business Enterprise Development Center; Partnership 2000; Tier Information and Enterprise Resources, Inc; Broome-Tioga Board of Cooperative Education Services; and the Educational Services for Individuals with Disabilities all devote considerable resources for assisting start-ups as well as existing small businesses. More details regarding these agencies can be found in Appendix C.

## **Telecom and Teleconferencing Issues**

### **Telecommunication Resources**

There are many variables to consider when selecting a location for the entrepreneurship center. Among the most important will be broadband high-speed Internet access, which has been documented to enhance the performance of incubator client firms (Lewis 2003; Adkins et al. 2001; and Gerl 2000). In the case of rural incubators, Internet access combined with teleconferencing service can minimizes the friction of distance in the global economy, resulting in better access to markets (both for sales and inputs), partners, training, and capital for the client firms (Storper 1997 and Castells 1996). Potentially, teleconferencing capacity in the center can serve as a focal point for community. The teleconferencing center can be used to increase revenue through renting the facility, serve as a location for distance learning (assuaging the lack of higher educational institutions in the county), and provide a training resource for client firms. Furthermore, when used by the broader community the teleconferencing center it will market the incubator to potential clients as well as other stakeholders.

The critical need for high quality telecommunications capacity for the entrepreneurship center limits the range of potential site location because of the lack of such services in Tioga County (REAP 2002, STERPDB 2003a). Interviews with community stakeholders indicated that this is a major factor impeding economic development in the County. Complicating the issue is that the two major service providers (Time Warner Cable, Road Runner Internet Service, and Verizon Online DSL Internet Services) and interviews with stakeholders indicate that there is no comprehensive mapping of the locations of such services in the County. Furthermore, the best information regarding the availability of these services is often subject to change.

The Broome-Tioga BOCES Luminet Distance Learning Fiber Optic Network does serve various locations in the eastern portion of Tioga County with a hub in Owego at the Owego Free Academy. The Owego Free Academy hub site also has satellite downlinks (STERDPB 2003a). Beyond the limited service area this system has also been criticized by some stakeholders as “inadequate, antiquated, and costly to upgrade.”

Discussions with Time Warner Cable suggest that the firm’s service area data is relatively reliable. Through its subsidiary, Road Runner, Time Warner supplies business class services through two-way cable internet access to most major population centers in the county (see following table). In addition, the rate schedule includes reduced fees for services to non-profit organizations. For an account that has the capacity for 3 Mbps x 1 Mbps with five static IPs and five e-mail addresses with a one-year contract, the cost is \$319 annually which 20% less expensive for non-profits relative to a corporate account (Melville 2003). While this is significantly less capacity than the entrepreneurial center will demand, the sliding rate schedule indicates the willingness of Road Runner to accommodate the fiscal constraints of non-profit organizations (see Appendix C for a rate Road Runner rate schedule).

The availability of Digital Subscriber Line (DSL) business class services through Verizon Online is much less predictable. When the data was requested regarding the service areas in Tioga County, the response was it “changes daily. In addition, Verizon indicated that it could not definitively determine if DSL services are available at any given property until they physically test the line to ensure that it is less than 18,000 cable feet from switching center that provides service to the address and on a cooper wire system (Neal 2003). Once a line is tested and capacity to provide DSL confirmed, it is still possible that a given customer would not be able purchase the desired service. This would be determined by current use on the line, other potential purchases of the service, equipment changes, and services area changes. Thus, the best Verizon could do was to indicate communities that have DSL available, but not necessarily to the entire town (see table below). Finally, the cost of the service was highly variable and without more information regarding the size of the facility and the number of clients, quoting a price was considered too speculative.

Town	Zip Code	Verizon Business Class DSL	Verizon DS-1 Loop	Road Runner Business Class
Apalachin	13732	variable	N	Y
Barton	13734	variable	N	N
Berkshire	13736	variable	N	N
Candor	13743	variable	N	Y
Lockwood	14859	variable	N	Y
Newark Valley	13811	variable	N	Y
Nichols	13812	variable	N	Y
Owego	13827	variable	Y	Y
Richford	13835	variable	N	N
Smithboro	13840	variable	N	N
South Apalachin*	13732	variable	N	Y
Spencer	14883	variable	N	N
Tioga Center	13845	variable	N	N
Wavery	14892	variable	Y	Y
Willseyville	13864	variable	N	N

Sources: Doresy 2003, Neal 2003, and Melville 2003

Another alternative for Internet access is a direct T-1 line often referred to as a DS-1. A dedicated T-1 line has greater bandwidth than two-way cable service or DSL. In addition, T-1 lines are secure as well as relatively more reliable. The cost of providing a T-1 line is comparable to two-way cable, but the services reliability and capacity difference suggests that T-1 service is the best option. We recommend that the entrepreneurial center provide Internet service for its clients and staff through dedicated T-1 lines.

Discussions with Linda Dorsey, a telecommunication vendor at TeleConnection Services, indicates that only Wavery and Owego have T-1 capacity, though in Owego the loop is considerably larger providing greater locational flexibility. As a vendor, TeleConnection Services, compared telecommunication service availability and price across a variety of providers including Verizon, Sprint, and ACC Business among others. Based on the preliminary estimates, the provision of a T-1 line, along the 18 mile Owego loop on the Verizon Network would cost \$754 per month for a two to three year term. The projected capacity needs suggests that the Center would need a minimum of two T-1 lines, though three lines would provide additional capacity for expansion. The draw back of three lines at start-up the center may have to pay for services that are initially underutilized. The total monthly charge would be \$2,262.

Other internet access options, such as satellite or other wireless telecommunications or through existing copper telephone and a modem, but in our opinion, less than adequate alternatives. Though both available virtually anywhere, wireless connections has the drawbacks of higher costs and are less reliable. Similarly, connecting through a modem and existing copper telecommunication infrastructure is available almost anywhere, this type of connection has only the capacity for narrow band internet access at much lower speeds than desired (Bochay 2003).

### Telecommunication Recommendations

1. Reviewing the state-of-the-art business incubation practices within the context of the proposed incubator in Tioga County we recommend that if the County decides to pursue the



development of the entrepreneurial center, that it have high-speed broadband internet capacity even though this will restrict the potential locational choices of the facility

2. The most desirable internet access choice would be the Broome-Tioga BOCES Luminet Distance Learning Fiber Optic Network, but in the event that a site cannot be identified that will satisfy other locational constraints, then next best alternative is to be on the Verizon's or Sprint's DS-1 loop in Owego. Two-way cable and business class service DSL are other options, though they are less than optimal.

3. Because of the importance of high speed Internet access to new and growing businesses, and, the inadequacy of dial-up and wireless internet connectivity, it is recommended that the incubator's ultimate placement be made in a manner mindful of the DS-1 service area or Time Warner Cable's and Verizon's DSL high-speed access availability.

### **Teleconferencing: Distance Learning Opportunities**

Enhancing the community visibility of the entrepreneurial center and the quality of services delivered to the clients can be achieved through the inclusion of a teleconferencing center in the facility. With the expansion of online trainings, higher education classes and degrees, business conferencing, and other e-services it is impossible to catalogue all the possibilities. Be it brief, we explored some of the more promising potential relationships with some of the region's universities and colleges that could significantly increase the value of the entrepreneurial center to both clients and the Tioga County community as a whole. Though not located in Tioga, the study area boasts an impressive capacity in higher education including world-renowned institutions like Cornell University and SUNY Binghamton University. This is also a wealth of next tier colleges that includes SUNY Cortland, Elmira College, and Ithaca College. In addition, there are two community colleges in the study region that serve Tioga County's population and businesses: Broome County Community College and Tompkins Cortland Community College. Finally there are a number of other institutions offering programs ranging from nursing to business training (see table below).

## Higher Education Institutions in the Study Region

School	Location	Highest Degree
SUNY Binghamton University	Binghamton	Ph.D
Cornell University	Ithaca	Ph.D
SUNY College at Cortland	Cortland	MA/MS
Elmira College	Elmira	MA/MS
Ithaca College	Ithaca	MA/MS
Arnot-Odgen Medical Center School of Nursing	Elmira	BSN/LPN
Arnot-Odgen Medical Center School of Radiologic Technology	Elmira	BS
Broome Community College	Binghamton	AS
Tompkins-Cortland Community College	Dryden	AS
Elmira Business Institute	Elmira	AS
Ridley-Lowell Business and Technology Institute	Binghamton	NA
Broome-Delaware-Tioga BOCES Program in Practical Nursing	Binghamton	NA
Schuyler-Chemung-Tioga Practical Nursing Program	Elmira	NA
Triple Cities School of Beauty Culture	Binghamton	NA

Source: Institutional Characteristics Survey 1997-98, U.S. Department of Education

The search of existing Internet programs offered by these institutions focused on the degree-granting schools in the areas that would be of greatest value to the client firms. This process clearly overlooks many other possibilities, but provides an overview of the potential for the teleconferencing center to offer value to the community and clients.

Cornell University and the Cooperative Extension Program are endowed with many resources that could enhance the value of a teleconferencing center in the proposed incubator. With slightly over 33,000 students (13,725 undergraduates and 20,225 graduate/professional schools), over 3,000 faculty members, and located just 30 miles north in Ithaca, this elite higher educational with global reach has recently been focusing more attention the economic and social well being of its host region (Cornell University 2003). The mission of Cornell includes the application of the faculty, staff and students “endeavors in service to our alumni, the community, the state, the nation, and the world.” The research, education and community outreach conducted by the Cornell Cooperative Extension (CCE), the Community and Rural Development Institute (CaRDI), and eCornell are three division within the university that provide expertise critical to the success of the entrepreneurial center. For example, CaDRI delivers training in non-profit management; the relationship between community food and agriculture; and CaDRI in partnership with CCE also has programs in community and economic vitality (CaDRI 2003). eCornell delivers an array of online management courses. In addition, Cornell has online continuing education programs and the Cornell Cyber Tower that is an open learning environment in a host of subjects (Cyber Tower 2003). The continuing education program offers instruction in both credit and non-credit classes across a broad range of subject areas (SCE

2003.) A comprehensive list of distance learning opportunities at Cornell University can be viewed at <<http://www.cit.cornell.edu/computer/instruct/distlearn/>>.

The State University of New York at Binghamton recognizes its economic development role in the region and is exploring ways to enhance this important social goal (Carr 2002). Binghamton University's (BU) roughly 15,000 (13,099 undergraduate and 2,771 graduate) students receive one of the best values in public higher education as rated by Kiplinger's Personal Finance Magazine and the Fiske Guide to Colleges 2003 (SUNY Binghamton 2003). The university hosts the Small Business Development Center (SBDC), an integral partner in this research and to the success of the proposed entrepreneurial center. In addition, BU has developed a user friendly online resource to connect the regional community to university resources with sections dedicated to career development, business and industry, non-profit support, and education, among others (BUConnects 2003). BUConnects' "directory provides a comprehensive guide to the outreach programs and services offered by Binghamton University to the community. A variety of programs, services and activities are described in the directory, ranging from professional development opportunities to corporate and industrial services" (BUConnects 2003).

The SBDC offers free one-to-one business counseling to small business owners or managers offering information relating to business planning, marketing research, financial statement creation and interpretation as well as workshops in business training targeting small business owners and start-up entrepreneurs. The workshops include sessions on finance, insurance, accounting, legal issues, taxes, and other problem areas encountered by small business owners/operators (SBDC 2003) (for more details see Appendix B). There exists the potential for these workshops to be conducted via the teleconferencing facility.

Other BU online resources include opportunities to enroll in degree credit classes, continuing education certificate courses, as well as non-credit personal enrichment courses. Some of the more pertinent course offerings are entrepreneur and business courses that assist students through developing expertise to "jump-start and grow your own accounting service, child care center, consulting practice, eBay enterprise, acting career, backyard nursery, online storefront, sales career, construction firm, songwriting career, or other small or home-based business" (OEC 2003). There are also course offerings in business administration/management, digital design, new media marketing, as well as internet design and use classes. For a more comprehensive list of Binghamton University web resources see the Online Education Center's home page at <<http://continuinged.binghamton.edu/onlinehome.lasso>>.

Broome County Community College (BCCC) is another excellent resource for entrepreneurial training services. With over 6,500 students (4,135 full-time and 2,411 part-time) and services expanding to teach courses off campus in Owego, now is an optimal time to develop a partnership for teleconferenced courses and trainings (BCC 2003). BCCC is also host to the Excellence Center for Entrepreneurial Leadership (EXCEL) which serves as a resource center for the entrepreneurial and established business communities in and around the study region (see Appendix B for more details). EXCEL's leadership in the entrepreneurial arena offers an excellent opportunity for source material for distance learning through the teleconferencing center. BCCC also offers a variety of online courses for credit and non-credit students.

The abundance of entrepreneurial educational services in the regional available from a variety of sources presents the opportunity to delivery the service direct, from a live instructor in the center, and speaks against developing a teleconferencing center. Prior experience at the NxLevel Education Foundation, suggests that the target audience for these types of courses (i.e. business owners and entrepreneurs) preferred the live method of instruction. This conclusion is based on exit interviews with a sample of the over 35,000 participants and instructors engaged with the program in over 42 states. Furthermore, the type of instruction needed by the fledging entrepreneurs is not very technical in nature, requires much discourse between the instructor and student, as well as, student to student interface to accelerate the students along the learning curve. These “live course” factors maximize the educational value of the course.

The cost to design, outfit, and maintain the teleconferencing equipment is significant, which at this stage of development these resources would have a higher return if investment in the direct delivery of these services. The hardware cost to development a reliable system for use by a minimum of 20 clients at a time ranges from to . Beyond the upfront costs to install a reliable video conferencing center, there are cost associated with sourcing content. There is tremendous variation in content costs, depending on the provider, licensing fees, and the location of the provider (Obrien 2003). Furthermore, ExCEL, one of the providers of the types of training the Center should target currently does not provide video conferencing training or have content developed for this format. The Small Business Development Center also does not currently have content developed for videoconferencing. Doug Boyce, the SBDC Director, stated that “he would prefer to provide service to Tioga County Entrepreneurs directly (i.e. live format) and this would be less expensive and time consuming” (Boyce 2003). Mr. Boyce, also agrees with NxLevel’s finding regarding the preference of the entrepreneurs for live instruction versus distance learning opportunities.

The brief discussion of the benefits, partnership opportunities and source material for distance learning, entrepreneurial training and community access to higher educational resources is by no means exhaustive of the regions assets. SUNY Cortland, Tompkins Cortland Community College, Elmira College, Ithaca College also offer distance learning opportunities. Beyond the region, there are countless opportunities to access unique expertise through distance learning, teleconferencing, and online research that can add value to the services provided to clients as well as endow the community with a plethora of new possibilities for life long learning and enrichment. The Distance Learning Clearing House at the University of Wisconsin-Extension (<http://www.uwex.edu/disted/>) and the American Distance Education Consortium (<http://www.adec.edu/>) are two sources that serve as a distance learning resource guide.

Comparing alternatives for servicing the teleconferencing room indicate that most reliable and cost effective method would be the use of a PRI line with 23 channels off a DS-1 service. The reliability, bandwidth and speed of this service all outperform any BRI line, cable system or DSL (Dorsey 2003). The cost of this service would be approximately \$1,082 monthly with a onetime installation fee of \$325 dollars with a three-year service agreement. Renting the facility to other users, which will also market the Entrepreneurship Center to a broader audience, can offset part of the monthly service fee. However, rental for similar types of space at BCC are \$25 for the first hour and \$20 or each additional hours plus the expense of paying for an audiovisual

technician to set up the equipment (Obrien 2003). Given this, the prospects of recovering a significant amount of the costs are limited.

While a teleconferencing center would have a number of spillover benefits, the initial sunk cost to develop the room, the cost of delivering content and the national experience with these types of centers in similar regions suggests that is not a good investment at this time. In addition, the proximity of the higher educational institutions, the overwhelming desire of participants in similar programs for live instruction relative to any form of distance learning argues for the forging of relationships with the educational institutions, the Small Business Development Center, the Excel program, and Cornell Cooperative Extension to encourage the delivery of their services onsite.

### **Distance Learning Recommendations**

1. A teleconferencing center should not be part of the facility's telecommunications capacity at this time.
2. The incubator management develop a relationships with the SBDC, ExCEL (and Broome County College), CaDRI, Cornell Cooperative Extension, and SUNY Binghamton University to access existing programs and services as well as to develop future programming for the clients and the County residents that can be delivered live, onsite a large conference room. Properly configured, the conference room in the Entrepreneurship Center could serve as a classroom for Broome County College to expand its presence in the County and suggests that the management of the incubator seek out these opportunities.
3. If the teleconferencing center is created at a later time, then the incubator management should seek external users who may desire to rent the facility to develop a supplemental revenue stream to cover a portion of the telecommunications service costs and attempt to recover a portion of the sunk costs.

### **Community Map Summary**

Tioga County and its surrounding region are transitioning their economic development strategy and developing more cooperative response to the economic downturn that is the result of defense industry consolidation and downsizing, a reorganizing manufacturing sector and declining farm income. The emerging regional economic development strategy focuses more energy and resources on endogenous growth through industrial retention policy and encouraging the formation as well as support of new enterprises. The evolution in the County's and regional economic development policy dovetails well with the concept and practice of business incubators. In addition, the creation of a rural entrepreneurial center with an business incubator can help mitigate many of the impediments to entrepreneurial success faced by area entrepreneurs as identified by key stakeholders.

Assessing the industrial structure and other community assets, Tioga is well positioned to incubate new enterprises in a variety of sectors. The secondary data analysis, stakeholder

interviews, and entrepreneur surveys (detailed in the next section) indicate that light manufacturing, service based businesses, as well as arts and crafts businesses, are ripe for incubation and should be the focus of any incubator developed in Tioga County. The other sector with high potential for incubation is the defense/technology businesses. However, we anticipate that the development of technology incubators at SUNY Binghamton and Cornell in conjunction with the existing technology incubators around Corning dictate that the Tioga incubator develop partnerships with these incubator to share resources, board members, and collaborate on client placement. The Tioga incubator may also develop a pre-incubator program for tech-entrepreneurs, acting as a feeder system for the technology incubators with dedicated spaces for technology development. In regards to the food related businesses, the secondary and primary data conflict, thus we do not recommend at this time that the incubator expend a lot of resource cultivating this sector.

Forecast suggests that the region will experience growth in occupations that will coincide with an increased in the regional human capital stock. The upgrading of the already skilled workforce will increase the capacity of the region to support business incubation as well as increase the potential client pool. The human capital and the many entrepreneurial business services organization in the region create an environment will substantial possibility for supporting the formation and success of new enterprises.

Also, the high quality of life in the region remains an asset which should encourage the continued in migration if creative people. One of the major contributing factors to the high quality of life is the strong presence of higher educational institutions. In combination of the technically skilled and innovative nature of the workforce, the higher educational institutions, and the growing arts community, the synergy of these groups can propel the region back to economic growth. The influx of creative people also improves the region's quality of life, creating a positive effect on the economic development prospects of the community. With growing regional cooperation and a more entrepreneurial development strategy the potential for renewed growth through entrepreneurship and innovation is boundless.

Finally, while the incubator tenant's need for high speed Internet access dictates that the facility be located in a manner mindful of the area's high speed carrier's availability, however, a teleconferencing center is not recommended for the facility due to a variety of reasons. These reasons include, cost to development the teleconferencing center and acquire equipment, cost to source programming content and operate the facility, and the preference of entrepreneurs for live classes. The availability of inexpensive and appropriate training from the area's institutions of higher learning and service training organizations dictate that a teleconferencing center does not make economic sense at this time.

## Market Demand

A critical element to designing and operating a successful business development center/incubator is a thorough understanding of local market demand. As defined for the purposes of this study, market demand is based on having sufficient, identifiable industry need or desire to use the proposed facility. This need should be significant enough to generate tenant revenues to cover operations and management within a reasonable time period (usually 3 to 5 years).

It is important to bear in mind that while the market demand assessment that follows is valid as a feasibility tool, it should only be considered a snapshot in time and is subject to change over time. The information presented in this report will change in terms of tenant mix, product mix, etc. as businesses relocate or rescale production, prospective tenants utilize space, and, overall economic conditions change.

Market demand was gauged in two basic ways. The first was thorough a user survey, where (1) prospective users were profiled concerning select characteristics (e.g. product(s)/service(s) being/wishing to produce, existing business or start-up, etc.) and, (2) facility usage could be chronicled (e.g. specific facility needs, anticipated number of tenants, etc.). The second method employed to gauge market demand revolved around data gathering tools other than the written survey. Prospective tenants, interested stakeholder organizations and area service providers knowledgeable about area small businesses, and others were interviewed.

The results of the stakeholder interviews were presented in the community map section. Following here is the results of the survey gathering efforts.

Finally, it is important to point out that the data was gathered mindful of Tioga County's request that some potential industries clusters be identified and explored in this study, including:

1. Rural, mixed use general incubation (typically light manufacturing, service and limited retail; emphasis on arts and crafts, telecommunications and high tech)
2. A shared use commercial kitchen/value-added agricultural processing facility.
3. A slaughterhouse.

It is important in a small business incubator to "follow the data". Just because a certain cluster seems appealing or "a natural" for the area, it does not necessarily follow that local entrepreneurs exist in these areas or are willing to start these types of businesses.

## **Users Survey & Results**

### **Survey Design**

The Incubator Needs Survey was designed by the study team calling on industry experience and the expertise of the team members. It is presented in Appendix D.

### **Data Gathering**

The survey was distributed to prospective users through direct contact (press releases and newspaper articles) and by solicitation through the stakeholders network (stakeholders meeting, letters and follow up). The stakeholder network is typically the best source of referrals when investigating the potential of an incubator. Additional contacts were made by “word of mouth” referrals. Additionally, the survey was mailed to area entrepreneurs identified through the Binghamton office of the Small Business Development Center.

The following is a synopsis of the data gathering efforts by the study team, working with the Tioga County Department of Economic Development and Planning, the project’s Oversight Committee and the Binghamton office of the Small Business Development Center, as appropriate:

- Conducted 10 site visits.
- Developed an information dissemination plan outlining survey origination and distribution, relying on stakeholder organization awareness and press releases to print and broadcast media. Distributed surveys to stakeholders. Attended public meetings to discuss the project and identify key interests.
- Originated stakeholders letter (explains process, study, requests assistance in “getting the word out” and obtaining completed surveys).
- Prepared and sent out Press Release.
- Lead stakeholders meeting - Wednesday, January 29, 2003 at 9:00 a.m. in the Auditorium at the Tioga County building. Discussed the incubator feasibility project.
- Users Survey – prepared survey to identify needs of potential users of the facility.
- Press Release – prepared press release related to the study.
- Press Release sent to area media outlets.
- Coordinated mailing of survey and letter to existing SBDC clients of the Binghamton SBDC office.
- Conducted stakeholder interviews to discuss the project, gather public input / support. Documented interest and performed follow-up.
- Conducted follow-up telephone interviews with potential stakeholders, fielded calls from interested parties, as well as potential tenants.



- Reviewed inventory of potential sites to develop appropriate site selection criteria.

### **Survey Results**

All surveys addressed the desirability of the proposed facility, service and equipment needs, expected usage, product(s)/service(s) mix, and the desire for business counseling, technical assistance, and financing. The following tables detail the responses to the survey questions.

Respondents were allowed to mark as many responses as were applicable, so All Respondents will not total similarly on all questions. Also, as survey respondents did not answer all questions, the All Respondents for each question will not be constant.

The total number of survey respondents was 211. Surveys that expressed interest from individuals and companies that could assume tenancy totaled 196. Surveys that expressed no interest, or had a response that was not directed at using the incubator, totaled 15.

Survey questions and responses follow.

**Question 1.**

What best describes your existing business or new business?

Kitchen Users	Service	Processing or Light Manufacturing	Retail
This category includes users that would be housed in the kitchen food-processing center. A total of 13 respondents identified food services as their primary business.	2 In this category, service includes catering and delivery businesses.	8 Businesses in this category include processors of specialty foods, meat handlers a milk processor and baked goods.	3 All businesses in this category wanted storefront space to operate a restaurant.
<i>Potential users of sponsored kitchen facilities.</i>	2	6	0
Arts			
This group of respondents was primarily collected by a special survey, which was distributed by the Tioga County Council on the Arts. Although many crossover in their approach, that is, manufacture their own art products and sell them with other art. In this group there were a total of 36 respondents.	9 This includes individuals that would assist in decorating space (in homes, office or public), repair art items, and provide framing services.	12 Respondents in this category primarily plan to produce art items for sale but do not anticipate retail selling the items as part of their business approach.	15 This is a mixed category of individuals creating artwork and selling their own creations; individuals creating and selling their products as well as others and individuals simply selling art items. All have the requirement for retail space.
<i>Potential users of sponsored art facilities.</i>	5	10	15
Bay Tenants			
This group of respondents includes respondents that need larger space to operate their business. These may include small manufacturers or service firms. A total of 25 respondents qualified for the need of bay space.	8 Businesses that intend to offer service as their primary approach include auto repair, fitness center, surveying services, construction office and a wholesale office distributor.	17 Respondents in this category primarily plan to produce specialty items such as awnings, cosmetic products, wood signs, cabinets and stone etching.	0 In our review process no bay tenants were considered if they wanted to operate a retail business.
<i>Potential users of sponsored bay facilities.</i>	8	17	0

Office Space users	Service	Processing or Light Manufacturing	Retail
This category includes users that would be housed in office or cubical space that may help provide an economy of scale to the central services at the incubator. Some responses include businesses in the early stages of development that will eventually need bay space.	83 In this category most services included business that provide assistance to other businesses. Internet development, insurance, accounting, and delivery services.	34 These are businesses that expect to need a bay after they develop their marketing plan and secure financing.	3 Internet service businesses.
<i>Potential users of office facilities.</i>	28	18	0

**Total of 25 potential bay users, 46 office space users, and 30 art users (of which 5 could use bay space to manufacture their products). 8 users are ready to use the kitchen space.**

Question 2.

Please list your products or services?

Business Type	Category	Number of this type
Direct marketing	Service	2
Pet grooming	Service	4
Vending machine	Service/retail	1
Janitorial	Service	1
Rental servicing	Service/retail	1
Construction	Manufacturing	10
Software engineering	Development	5
Business consulting	Service	5
Healthcare service	Service	12
Auto care	Service	4
Event planning	Service	1
Café	Food production	1
Home remodeling	Manufacturing	2
Landscaping	Service	7
Software training	Service	3
Wine making	Food/manufacturing	1
HVAC service	Service	1
Plumbing	Service	3
Raise insects for collectors	Service	1
Printing	Manufacturing	3
Antiques	Retail	1
Child care	Service	3
Car Wash	Service	1
DJ Business	Service	2
Computer servicing	Service	1
Massage	Service	1
Retail Jewelry sales	Retail	3
Bird house	Manufacturing	1

Security services	Service	1
Children's clothing	Retail	1
Photography	Service/retail	3
Specialty soaps	Retail	1
Engineering	Service	3
Delivery service	Service	1
Golf course development	Service	1
Tow truck	Service	2
Phone installing	Service/manufacturing	1
Bookkeeping	Service	2
Gymnastics	Service	1
Trucking	Service	1
Flight training	Service	1
Architect	Service/manufacturing	1
Tire repair	Service/retail	1
Paintball games	Service/retail	1
Jars	Manufacturing	1
Knife manufacturing	Manufacturing	1
General retail sales	Retail	8
Funeral Home	Service	1
Healthcare consulting	Service	5
General Food service/catering	Retail	4
Bakery	Retail/manufacturing food	1
Electrical contractor	Manufacturing	1
Auto repairs	Service	2
Beauty products	Manufacturing	2
Awnings	Manufacturing	1
Carpet cleaning	Service	1
Stone etching	Manufacturing	1
Wood products	Manufacturing	1
Furniture restoration	Service	1
Furniture	Manufacturing	1
Screen printing	Manufacturing	1
Film Production	Manufacturing	1
Art production	Manufacturing	15
Art Sales	Retail	11
Art restoration	Service	4
Food retail	Retail	8
Food production	Manufacturing	5

Question 3. Is your business a?

START-UP	EXISTING BUSINESS	NOT IN BUSINESS	Number of Responses
63	39	94	196

Start-up                    32%  
 Not in Business        48%  
 Existing                    20%  
 Total respondents      100%

How many years have you been in business?

YEARS IN BUSINESS	Number of Responses
0 - 1	55
OVER 1 - 2	35
OVER 2 TO 3	2
OVER 3 TO 4	
OVER 4 TO 5	4
OVER 5 TO 6	2
OVER 6 TO 7	1
OVER 7 TO 8	
OVER 8 TO 9	
OVER 9 TO 10	1
OVER 10 YEARS	2
Total Responses	102

Question 4. Including yourself, how many employees does your business currently employ?

NUMBER OF EMPLOYEES	Number of Responses
1	86
2	9
3 - 4	4
5 - 10	2
11 - 25	
Over 25	
Total Responses	102

Question 5. What facilities are you currently using to conduct your business?

CURRENT FACILITIES	Number of Responses
N/A: Not in business yet	94
Home	33
Carport	
Rented facilities	39
Other	24
Barn	1
Truck	4
Office at friend	1
Total Responses	196

Question 6. Who are your customers, or what type of customers are you or do you plan to target?

TARGET CUSTOMERS	Number of Responses
General public	132
Wholesalers	29
Farms	4
Homeowners	78
Automobile owners	6
Food stores	2
Schools	3
Total Responses	254

Question 7. Do you consider your business?

TYPE OF BUSINESS	Number of Responses
Full-time	33
Part-time	139
Supplemental income	20
Hobby	4
Other	
Total Responses	196

Question 8. How do you currently market or in the future plan to market your products or services?

MARKETING INTENTION	Number of Responses
Local newspaper	33
Regional newspaper	43
Billboards	2
Trade magazine	5
Radio	2
Television	5
Hire a marketing firm	2
Attend trade shows	5
Farmers markets	26
Flea markets	22
Yellow pages	9
Mass mailing	12
Chamber of Commerce	5
Telemarketing	1
Internet	58
Other	
Total Responses	223

Question 9. Would you attend any of the following seminars or classes if offered at no or nominal fee by the Business Incubator (Check as many as apply)?

BUSINESS SKILLS CLASSES	Number of Responses
Preparing a business plan	122
Starting a business legally	43
Marketing assistance for a business	39
Micro-enterprise and self-employment opportunities	12
Developing markets for new products	53
Label design and Product packaging	
Other	
Internet use	25
Total Responses	294

Question 9 (continued). Capital and Loan Issues

CAPITAL & LOAN CLASSES	Number of Responses
Preparing an SBA or bank loan application	44
Obtaining and using credit	18
Accounting basics: cash flow, Profit & Loss, and balance sheets basics	21
Introduction to business accounting: taxes, payroll, capital expenses, etc.	20
Other	
Total Responses	103

Question 9 (continued). Do you have any special technical Assistance needs to develop or market your products/services?

TECHNICAL ASSISTANCE NEEDS	Number of Responses
Marketing on the internet	19
Computer services	11
Total Responses	30

Question 11. What shared services would you be interested in?

SHARED SERVICES	Number of Responses
Secretarial	54
Receptionist	72
Phone answering / messages	39
Copy machine	102
Fax machine	82
Internet access	122
Other	
Shared space	12
Kitchen equipment	8
Total Responses	491



## Phase 1: Special Industry Sectors

Tioga County requested that some industry clusters that may have potential benefit in the incubator environment be explored in this study, including:

1. Light manufacturing, service and limited retail with emphasis on arts and crafts, telecommunications and high tech.
2. A shared use commercial kitchen/value-added agricultural processing facility.
3. A slaughterhouse.

Interviews with stakeholders and a review of the survey data made clear the industry sectors that were appropriate for incubation.

- Significant response was noted from potential tenants for a traditional mixed-use business incubator. Limited retail was noted, however light industrial and service based businesses both drew significant response. Much of the incubators design, budget, management and marketing sections are based on meeting the needs of these two very important sectors.
- Interviews with area institutions of higher learning made it clear that high tech and telecommunications industries were not appropriate for incubation by the proposed Tioga County incubator. Rather, it was suggested that the Tioga County group link with these educational institutions as they develop their incubation strategies.
- The response for any type of agricultural based incubator was extremely limited. The study teams has considerable previous experience in performing value-added agricultural or kitchen incubator feasibility studies. This experience shows that communities often have between 75 and 150 potential tenants willing to complete surveys and document their intended use of and need for such a facility. The Tioga County response to agricultural incubation (value-added products, catering and slaughtering activities) totaled 8. This is substantially less than necessary to consider incubating this sector.
- One sector, arts and crafts, did receive considerable response. Over 30 arts and crafts entrepreneurs documented their intended use for a facility and program based in arts and crafts. As such, additional information was developed about incubating this sector.

## **Arts Sector Incubation**

### **History**

The concept of business incubation for the arts was first put into practice in Chicago in 1987. Since that time, several arts-related incubators have been established across the country. In researching arts incubators in the United States the National Business Incubation Association publication, *Incubating the Arts*, was quite helpful. This guide on establishing a program to help artists and arts organizations become operating businesses was printed in October 2000 and reflects the contributions of many individuals and organizations, but primarily the six members of the Arts Incubator Alliance.

In the Arts Incubator Alliance programs, non-profit cultural groups and arts entrepreneurs are equipped with the skills, tools, and business environment necessary to meet short- and long-range objectives. Integrated facility and organizational development are the characteristics that distinguish arts incubators from cooperative arts space.

In further review of the Arts Incubator Alliance, much of their effort seemed to be on fund raising - from charitable giving to grant writing. All of the Alliance members incubate non-profit arts organizations and some incubate individual artists. Their organizations appear to depend heavily on volunteers and programs for volunteer development.

### **Arts Incubator Alliance - Annual Operations**

All non-profit organizations generate funds to support day-to-day operations in a variety of ways. They conduct membership drives, collect income from events and special fundraisers, and seek grants and private donations. Arts incubators follow some of the same paths. But, they also create revenue streams by subleasing gallery and performance space, holding workshops, obtaining ongoing corporate sponsorships, and charging incubator residents for using facility space and program services.

Arts incubators have also developed various innovative ways to bolster annual coffers. For instance, the revenue-generating components of Louisiana ArtWorks include a retail sales shop, guided tours, educational events, and café income.

An aside here concerning self-sufficiency is warranted. Many business incubators strive to achieve financial independence from public grantors, i.e., their objective is to meet annual operating expenses with rental and program revenues, not public subsidies. Even so, *Impact of Incubator Investments*, a 1997 survey of business incubators in North America, showed that a majority of respondents said they could not continue to offer the same level of services without public subsidy.

The Sponsoring Organizations for the Alliance and their missions are as follows. A snapshot of the size, scope, and services that characterize each of the six members of the Arts Incubator Alliance follows this section on sponsorship and incubator rent/fees.

### **Sponsorship**

AS Sponsor: ArtServe, Inc., a private 501 (c) (3) arts service organization

Mission - to strengthen and serve the cultural community by providing comprehensive facilities and advanced training, professional consulting, technology and information services to individual artists, cultural groups, and the community

ABIP Sponsor: Arts Bridge, a private 501 (c) (3) arts service organization

Mission - to strengthen the economic viability of Chicago's nonprofit arts community by connecting emerging and underserved cultural groups with arts management expertise and a professional business environment, and to provide artistically and culturally diverse groups access to an extensive network of business services which prepares them for success in the arts market

MODE Sponsor: Cultural Arts Council of Houston Harris County, a private 501 (c) (3) arts service organization

Mission - to nurture, fund, and promote participation in the arts of Houston and Harris County

Entergy ABC Sponsor: Arts Council of New Orleans, a private 501 (c) (3) arts service organization

Mission - to create an arts management resource center and a professional business environment that serves the creative and administrative growth of visual and performing artists and arts organizations

SJAI Sponsor: City of San Jose, OCA, Department of Conventions, Arts & Entertainment, a public agency

Mission - to promote the development of San Jose as a regional arts center which nurtures the artistic expression of all its diverse people

ADC Sponsor: MetroArts of the Capital Region, a private 501 (c) (3) arts service organization

Mission - to create and nurture a rich and diverse landscape of arts and culture in Central Pennsylvania through arts education

### **Incubator Rent/Program Fees**

ArtServe - \$105 TO \$325 per month; offices are 143 square feet to 300 square feet. \$105 per month cubicles, 120 square feet.

Arts Bridge - \$300 to \$410 per month; offices are 50 square feet to 150 square feet

Entergy - \$100 TO \$675 per month; offices are 140 square feet to 180 square feet, with most clients occupying one or two offices and one using five offices

MetroArts – varies, depending on client and service packaging; offices are 100 square feet to 156 square feet

Mode - \$125 per month

San Jose - \$300 TO \$350 per month; offices are 100 square feet to 125 square feet

The services offered through most of these organizations include furnished or unfurnished office space, administrative support services, office equipment, meeting room, resource library, cooperative marketing, peer support, individual counseling, and professional development services/workshops.

All of these organizations report they rent their facilities and facility square footage ranges from 1,000 to 19,000. In all but SJA, the Incubator houses the sponsoring organization. The lowest number of housed clients was two, and the highest was ten.

### Arts Incubator Alliance Comparative Data

The following is a snapshot of the size, scope, and services that characterize the programs of the six Arts Incubator Alliance members:

<b>Incubators</b>	<b>Date Opened</b>	<b>Budget</b>	<b>Incubator Income</b>	<b>Building Type &amp; Location</b>	<b>User Profile</b>
ArtServe (AS)	1994	Approx. \$180,000	40% from Service fees; remaining from foundation, corporate government, and individual funding sources	Type: Originally a main library; now houses ArtServe and branch library; Centrally located and surrounded by business district and residential neighborhoods	Non-profit cultural organizations; other nonprofit groups; individual artists, corporate members
Arts Bridge Incubator Program (ABIP)	1987	\$200,000	30-40% from service fees, remaining from foundation, corporate, government, and individual funding sources	Multi-purpose arts complex – 3 theaters, offices, events space, rehearsal space; Located in a business and residential area in Chicago’s Lakeview neighborhood	Nonprofit arts groups
Management Assistance & Organizational Development Enterprise (MODE)	1994	\$55,000 plus staff expenses	15-20% from service fees; remaining underwritten by the Arts Council and other MODE earned income	Historic; additional tenants are theatre, preservation society and chorus; Located in an area that is under development; major nonprofits, high end apartments, and several private corporations	Individual artists; nonprofit arts groups

<b>Incubators</b>	<b>Date Opened</b>	<b>Budget</b>	<b>Incubator Income</b>	<b>Building Type &amp; Location</b>	<b>User Profile</b>
Entergy Arts Business Center (EABC)	1992	\$180,000	15-20% from membership & usage fees; remaining from community development block grant and corporate and private funding	Office Building; Located in the business district of New Orleans	Individual artists – performing, literary and visual; nonprofit arts organizations; for profit arts businesses (galleries, etc.)
San Jose Arts Incubator (SJA), Office of Cultural Affairs (OCA)	1991	\$300,000	25% from program participation fees, remaining from City and grant from State Arts Council	Ground floor of office building; Located near downtown San Jose business district	Arts groups as program participants including downtown arts series (200 seats and Performing Arts Series (525 seats)
Arts Development Center of MetroArts (ADC)	1994	\$60,000 (many costs are absorbed into overall MetroArts Budget)	30-35% from service fees, remaining from foundations, corporate, government and individual funding sources	Refurbished old Georgian brick home; Located in a business and residential area in Harrisburg's Midtown district	Cultural groups (more grass roots oriented, loosely structured); other nonprofit organizations; individual artists

## Other Arts Incubation Programs

### The Torpedo Factory

In discussing Arts Incubation with the Appalachian Regional Commission staff, the Torpedo Factory in Alexandria, Virginia was mentioned as exemplary (although, it is not operated as an incubator). This Art Center is a self-governing community. The Founders and original artists pass along to newer artists a proprietary sense of pride. This rather large facility was actually a torpedo factory during the war. There was a joint effort among the City and founding artist groups to transform the building to an Arts Center.

Some 160 artists work at the Center. Approximately 1,500 artists have exhibited in the gallery. One location can accommodate standing capacity of up to approximately 700. The following are some interesting tidbits about this facility:

- A graduation policy is not enforced
- Monthly membership dues are charged
- Facility is rented after normal operating hours for special events
- A few artists are self sustaining, but most rely on other income
- Some 800,000 people visit the Center each year, 681,000 of whom are from out of town

The Torpedo Factory has work areas, galleries, crafts, print art, painting, photo work, fiber work, Enamellist Gallery, Art League School and Gallery, and it operates a gallery, a fine arts school, and a supply store.

### **The Chicago Southland Enterprise Center**

The Chicago Southland Enterprise Center, which draws from a 30 mile radius, is a three-floor facility. Incubator Business Clients occupy the first and second floors. The third floor is for Art Clients and an Arts Gallery. The gallery has been in operation since 1995. They have fourteen working studios ranging from 125 square feet to 600 square feet. In the larger studios, they allow more than one artist to share the same space. There is an 1,800 square foot gallery where the Center hosts 5-6 exhibits each year and an 1,800 square foot multi-purpose room. The Center offers a small darkroom and sink for photographers.

A part-time coordinator, Karen LeLugh, serves as liaison between the Business Incubator Director, the artists, and the community. Grants have been relatively small while corporate, private, and community donations have been good. Karen recommended a ground level building if possible for startup arts incubators/galleries. She also recommended lots of windows, sky lights and adequate water/sewage space. Karen felt that added value was realized by the clients in the networking and business opportunities they received.

Roberta DeYoung, former Director at the Enterprise Center was also interviewed. Roberta indicated there was a good working relationship between incubator business clients and the arts clients. In fact, business clients sometimes sponsored gallery shows for the arts clients. Roberta felt that the greatest value the incubator provided over home based was recognition. They could show and package their product at the local gallery and this allowed them to more easily access other galleries and buyers. Training components as well as shipping (e.g. proper packaging) were additional assets.

Roberta pointed out that a few artists moved from the Center and became self sustaining, but she stressed that it is very difficult to be a self-sustaining artist. She indicated that most artists are not heavily business minded, and not accustomed to paying market rent. She felt the gallery was essential to the artists' success because it allowed revenue and a source of exposure for them. According to Roberta, it took about three years to have the arts wing completed to satisfaction. The Center does not have a graduation requirement and existing artists play a role in selecting any new clients.

### **The Jubilee Project**

The Jubilee Project is located in extremely rural Tennessee. The facility is an old grocery store (about 7,500 sq. ft.) Approximately 6,000 sq. ft. of this has been designated for arts and crafts. This is a shared, cooperative use facility for about twelve clients according to Manager Steve Hodges. Most of these maintain their primary studios at home. The incubator serves as a meeting place and as a retail outlet. The Center recently lost a leather-working client and their members have not grown in a while. The facility is being subsidized by the Methodist Missionary Outreach, and by grants and donations.

Basically, no added value was available to clients other than normal incubator services. There is an effort to secure a building on the main highway to serve as a shared retail outlet for their

clients. There is also a small kitchen incubator about 15 miles away that would share use of the retail outlet.

By incorporating the lessons learned from existing arts incubators with the survey responses from the Tioga County Incubator survey, appropriate conclusions about incorporating an arts segment into the proposed Tioga County incubator can be drawn.

## Lessons Learned

Five prime lessons learned from the experience of existing incubator facilities are:

1. **Business training is especially important for this sector.** Most artists need all the business-oriented help they can get because they are not inclined toward or knowledgeable about business practices and are unlikely to have little equipment needed to conduct a business.
2. **A shared space with affordable rents is appropriate.** Many, if not most, artists cannot produce enough revenue to sustain a full-time occupation as an artist, therefore, an incubator must be prepared to understand this condition and provide the special support this implies such as flexible hours, weekend support, lowest possible rents.
3. **The types of artists determine the space and layout.** The various types of art necessitate the provision of a variety of facilities by the incubator, e.g., photographers need a darkroom with sink/sewer access, painters need natural light, galleries need specialized and specific location lighting, dancers need mirrored rooms and absolutely even floors, musicians need soundproof rooms of various sizes to accommodate soloists to small bands. It may, therefore, be necessary to make decisions in advance of establishing an incubator concerning what type of art and artists the facility will serve. This may also determine whether it is feasible to restructure an existing building or to build a new facility.
4. **Art incubators typically require sponsorship.** Decisions must also be made in advance concerning the method of and stability of funding. Because of the very nature of most art-oriented activity, it takes longer than for other businesses to establish a stable base of funding and the incubator must take this into account when making its own funding decisions. Most arts-related incubators appear to depend on grants, either corporate or federal, or on donations from the community or from charitable organizations. In some instances, the artists themselves depend on grants or contributions.

## Survey Responses

In reviewing the thirty-eight surveys responding to arts usage, three were not included, because they were not sufficiently complete.

Of the 35 reviewed, 32 were home based, located in a room, shed, or basement. Two either owned or rented shop space for millwork, cabinets, or refinishing. One rented its studio. Twenty eight answered the question of how long had they been in business. Twenty-seven of the 28 have been in business for two or more years. Thirty-four responses were given to the question as to how they viewed the time they invested in their business; twelve viewed their business as a full-time vocation, 12 part-time, 6 as a hobby, and 4 as a supplemental income.

Several respondents requested participating in more than one arts activity.

Topic	Responses
Painting / Prints	16
Framing	6
Illustrating books, cards or poetry	4
Wood carving	4
Either would or do teach	3
Weaving	2
Glass	2
Mixed media	2
Photographs	2
Music composition	1
Tin	1
Pottery	1
Sculpture	1
Art Appraisal – design	1
Graphic designs	1

Painting/prints, would appear to constitute the greatest opportunity for potential clients with wood related opportunities being next. It is not clear how many of these would leave their home-based business to come to an incubator. The number of potential artists not reached by the survey is also unknown. The principal question for many of the home-based businesses pertains to added value, or, what value can the incubator offer beyond what the home based business offers? Added value could be in the form of business and technical equipment training, packaging, presentations show preparation, or distribution channels for their products such as an on-site coordinator, as well as networking with other clients. Another source of added value could be a gallery, or perhaps a dark room with running water and deep sinks that allow for color photo processing or digital processing. Still other values for some artists would be natural light, group purchasing of supplies, and sponsored exhibits or displays.

## Conclusions

- Depending on the type of value-added features offered, a gallery or performing arts program can draw well beyond Tioga County.
- Even in large cities, most arts related incubators have no graduation policy, require continued subsidies, and very few artist are totally self-sustaining.
- With the areas limited population and only 35 usable surveys, it would be difficult to recommend developing a full arts wing.
- As such, a shared-use of 1,500 square feet should allow sufficient space for arts incubation and allow for synergism between tenants.
- For those that require dedicated or private space, the incubator’s normal office or bay space would be available.



## **Phase 2: Special Industry Sectors**

Upon completion of the first phase of the Tioga County Incubator Study in the fall of 2003, the Tioga County Entrepreneurial Center Study Oversight Committee believed that three important industry groups may have been left out of the initial study process. The reasoning was based both on the stakeholder interviews conducted by the study team in the initial investigation process and from Tioga County having received input from local agricultural-based entrepreneurs and from other stakeholding organizations that represent those agricultural-based entrepreneurs.

In early 2004 the Oversight Committee agreed that three industry sectors or areas needed further study.

Those sectors or areas were:

- 1) Agritourism
- 2) Agricultural-based Cooperative Distribution and Marketing
- 3) Tourism

### **Agritourism Sector Study**

Monica Roth, Tompkins County CCE, was chosen by the Oversight Committee to undertake the Agritourism Sector Study.

***Reader Note: The following summary from the above mentioned study was provided by Monica Roth. It is being provided here for informational purposes only – the study team was only peripherally involved in this work and therefore neither refutes nor warrants the following information:***

### **The Evolution of Agritourism**

Agritourism as a strategy to increase farm income has been evolving across the country for past 10-15 years. It is an outgrowth of farm direct marketing enterprises, primarily associated with u-pick fruit farms that realized customers were coming more for the farm experience and buying less product. Over the past decade direct market farms have evolved from u-pick and farm stand operations to adding attractions, events, enterprises and new products that encourage customers to stay longer and spend more. This bundle of amenities has resulted in destination farms that draw tens of thousands of customers from a primary target area of an hours drive. Common features at agritourism farms include: farm product sales, u-pick opportunities, bakeries, food concessions, gift shops, seasonal displays, farm tours, wagon rides, educational programs, farm animals, goat walks, trails, farm lodging, and for the more adventuresome-kid corrals, corn mazes, pumpkin catapult, haunted houses, trains, company picnics, weddings and reunions, and major events from craft shows to country music festivals.

Many farms have successfully transitioned from farm market to destination farm. Obviously this transition does not happen overnight, and it is not for everyone. To be successful in this transition, it requires knowing the trade area and the potential for agritourism; it requires close contact with the consumer to respond to what they want; it requires creativity and constant

innovation; and it requires a sizeable investment of time and money. What it does for the farmer is to create the opportunity to stay in farming and for family members to become involved in the enterprise, and for a community it can create a significant number of jobs associated with the enterprise as well as offer a tourism attraction that draws many visitors to an area benefiting other establishments along the way.

Agricultural and rural tourism, as well as, educational and ecotourism, are areas of increasing tourism interest. The packaging of attractions offers the visitor the opportunity to step out of their daily routine and reconnect with land, farms, food, and nature, as well as, experience beautiful scenery, taste fresh foods, smell real air, delight in new discoveries, and feel renewed.

### **Agritourism in Tioga County**

Agritourism is well established in Tioga County. The county has 14 farm enterprises that offer a variety of experiences from casual drop-in farm tours to organized school or motorcoach tours; product tasting and sales, pancake breakfasts; seasonal displays that range from pumpkin fairyland to haunted houses; specialty plant sales; farm animals; educational programming and events. Two of the county's farms have received the Governor's Agritourism Award—making Tioga County the only county in the state with this distinction. Having a well established and well recognized base for agritourism development provides the opportunity to incubate other farm and related rural tourism enterprises that increase the viability of farms in the county and expand the county's tourism potential.

### **Inventory of Agritourism Experiences offered by Tioga County Farms**

*Farmgate sales* – cheese, eggs, honey, maple; meats are mostly sold on order

*U-pick* – mostly berries but also some vegetables when the farmer grows both

*Farm stands* – sell produce they grow or buy from other farmers/areas

*Food Service at Farms* – pancake breakfasts, concessions, teas

*CSA Farms* – this concept has not fully taken off in the county but there are 4 producers that offer produce, meats, cheese, and eggs

*Farmers' Markets* – Owego has a long established but foundering market with only a few vendors; several other locations have been tried or are being considered

*Greenhouses* – sell spring bedding plants and perennials as well as a full range of plants for gardens including specialty plants like waterlilies

*Nurseries* – 2 wholesale nurseries including retail sales offering a large selection

*Full service Garden Centers* – In addition to Agway there are only a few businesses that would be considered full service garden centers offering plants, products and landscape services for the gardener

*Christmas tree farms* – retail operations where customers cut their own trees

*Halloween displays* – three businesses set up major Halloween displays and offer activities to attract families

*School/group tours* – several farms regularly host school/group tours; many others including dairy farms will host an occasional school tour upon request

*Animal agriculture* – farms with specialty animals like dairy goats, llamas and alpacas are integrating opportunities for visitors to see the animals and learn about products made from these animals

*Horse farms* – there are only a few riding stables open to the public

*Farm History* – Bement Billings Farmstead is an established attraction that offers tours and educational programs for school groups and individuals

*Related rural tourism activities and enterprises* – Fish Farm, Hunting Preserves, Forest industry

### **Assets for Agritourism and Rural Tourism Development**

- The unspoiled countryside and scenic rural routes are uncommon in today's developed landscape. In the populated eastern US, rarely does one have the opportunity to drive miles of roads without seeing a billboard or even a house. This is a Tioga County asset that needs to be appreciated, promoted and protected.
- There is an established agritourism industry in the county – there are several well-known farm enterprises that host a wide variety of visitors including shoppers from the county and nearby counties, school groups and some group travelers. This is a solid base upon which to grow agritourism.
- The many small diverse farm enterprises provide opportunities to visit a variety of types of farms in one area. Not many counties can claim to be home to the largest fallow deer farm in New York. And there is every other type of livestock as well as a numerous small berry and vegetable farms, and plant growers.
- The diversity of farming enterprises makes it possible to promote agritourism throughout the year starting with maple syrup, bedding plants, bees and honey, strawberries, vegetables, raspberries and blueberries, pumpkins, and ending up with Christmas trees. Animal attractions offer year-round interest. By focusing on the seasonal cycle of farming and farm products, a palette of attractions could be offered from maple syrup pancake breakfasts at B&B's to community pumpkins display contests or pumpkin farm trails.
- The primary visitors to farms are families or adults (parents and grandparents) with children. This is an important tourism segment to cultivate. Economical kid-friendly food establishments, bathroom facilities, entertainment and educational programming, and good signage are necessary services that make the county a family friendly destination. Some families are also active recreationists that could be enticed to stay in the area to enjoy rural trails for biking, snowmobiling, horses, boating, camping, etc., as well as farms.
- There is interest among some farmers and rural landowners to explore and enhance their income through agritourism and rural tourism attractions. Some attractions being contemplated by farm families include farm-based lodging (B&B's, camping, cabins), trails, and new enterprises including added value products, educational programming, events and food service.
- Some farmers are adding value to their products in unique ways that makes it possible to expand their marketing options.
- The rural nature of the county provides a setting for development of hunting preserves, camps and lodges. Some attract hunters from throughout the country with money to spend. Opportunities exist to develop more facilities and services to meet the needs of this audience.

### **Agricultural/Rural Tourism Limitations**

- The population density within the county is too low to support the county's farm enterprises from direct marketing sales alone. To compensate, these enterprises sell

products off the farm through a variety of channels or they use strategies to draw customers from the nearby-populated communities Binghamton, Ithaca, and Elmira.

- Farm direct sales for most farmers fail to generate the funds needed to upgrade facilities, improve products and promote the business to a broader customer base.

### **Resources in Need of Development to Grow Agritourism in Tioga County**

Agritourism development involves a serious commitment of effort on the part of the interested members of the farm community and on the part of the county's leadership in supporting tourism marketing and economic development efforts. Both groups have limited funds, therefore, to launch a comprehensive agritourism development program considerable business and marketing support is needed. Additional funding, enthusiasm emerging from a common sense of purpose, and a collaborative approach is needed to address the needs and develop the opportunities that have been identified by the farm community.

*The business needs that fit within the framework of an incubator facility are identified below.*

#### One-One Business Level Assistance

- Help farm businesses involved in direct marketing develop strategies to attract more customers and grow their current enterprise so that it becomes more profitable.
- Services that could be provided include analysis of the current customer base—where they come from, why, what else they might want to buy, and their farm experience. Using census information, identify the potential for attracting more customers from within the region (1 hours drive) to help producers develop a more targeted outreach plan. Based on customer input, recommend additional actions to increase sales such as product diversification, hours/convenience, etc.
- Provide a business assessment service for those farmers that want to increase the numbers of customers and visitors to their farm. The purpose of the service would be to provide farmers with a plan and timeline for upgrading facilities, products, and services for customers. The assessment service would involve an appraisal of the assets available for agricultural and rural tourism development including farm operations, natural areas, family interest and personal skills.
- Using information from customer profiles and business assessments, help farmers develop business plans that provide an accurate appraisal of the vitality of established businesses and that provide direction for new business ventures.
- The need for food and lodging facilities was identified in the larger tourism study as well as in this agritourism study. For farms with facilities and resources appropriate for food service or lodging enterprises, special efforts could be made to facilitate the development of these facilities.
- Work with farmers to develop financial packages that enable them to make investments identified in business plans. Farmers tend not to be familiar with non-farm funding sources such as revolving low interest loan funds and grants and will need assistance identifying and accessing these funds.

Services that could be offered to benefit all farm businesses

- Farm business operators new to agritourism may need training on hosting visitors at their farm...what the visitor expects and how to deliver on their expectation.
- The cost of liability insurance was identified as a limiting factor for most farmers considering whether or not to host visitors. An incubator function could be to serve as the “broker” to identify lower cost alternatives for producers. Group purchasing through the incubator might be one way to lower the cost.
- Hiring labor outside of the family was another factor limiting business growth. In some cases, farmers did not want to hassle with the paperwork, in other cases finding workers was an issue. Farmers need training on what is involved in becoming an employer so the paperwork seems less overwhelming. An incubator function might involve establishment of a farm employment service where individuals interested in working on farms could find out about farm work opportunities. This service could perhaps be coordinated through the County Workforce Development agency or through a temp agency that could arrange for employee training and provide payroll services.
- Another need of direct farm marketers was to expand their reach to potential customers in the surrounding major media markets of Binghamton and Elmira as well as Ithaca and northern Pennsylvania. The cost of advertising in these markets is prohibitive for most small farmers yet this is where the customers are. Cooperative advertising and promotional strategies could be offered through an incubator facility.
- Websites are an important tool for promoting a business, yet many small farmers do not have the money or expertise to develop their own site and manage it. Training in website development could be offered to farmers who want to establish their own site. A service that would be more cost effective and have greater total impact is to offer an on-line Tioga farm tourism and products site that includes all businesses in one location with individual pages describing each farm business.
- Several business opportunities were identified to expand the appeal of the county as an agritourism destination. These included: food service, lodging, horse farms/trail riding, Amish/Mennonite farms, berry farm wineries, and horticultural specialty enterprises. To grow these efforts various strategies are needed from recruitment to training. A *farmer recruitment program* could be started by first identifying real estate available for sale that might be suitable for these enterprises. These could be listed on a county website. Efforts could be made to reach out to realtors, the Amish/Mennonite community, the Cornell Vet School, Horticulture Department and others to attract new farm enterprises to the county. Secondly, *training* could be offered on the specifics of establishing a food or lodging facility on farms, on developing a farm winery or specialty horticultural enterprise. *Business planning assistance* could be provided to those individuals serious about pursuing the opportunities.
- There is interest in improving the Owego Farmers' Market, in establishing a market in Waverly, as well as other small communities. The challenge is to draw sufficient customers to make it worthwhile for farmers to attend. An incubation function could be to assist Owego and other communities with growing their market. New formats may need to be considered, additional vendors are needed, and promotional efforts must be ongoing.
- The forest industry is a large sector of the county's rural economy and opportunities to grow the industry should be pursued. First, a thorough assessment of the industry and its

needs must be undertaken. This assessment should reveal business and product development needs, as well as, opportunities for nature-based/forest eco-tourism. An incubator might be the logical lead agency on a grant to accomplish this assessment.

### **Summary**

Farm enterprises involved in agritourism would not be seeking space in an incubation facility, but they could be an active user of business services targeted at meeting specific needs.

The contribution of an incubator facility to furthering the development of agritourism in Tioga County should first be focused on increasing the viability of farm and rural enterprises by increasing the customer base from within an hours drive. Business assessment and planning services are the principal tools for accomplishing this goal.

The second contribution would be to offer programs and services that meet the collective needs of the farm community such as investigating insurance options, labor training and recruitment, cooperative advertising and websites. A final contribution would be to pursue efforts to further develop agritourism by recruiting certain types of farm operations complementary to the existing mix. This could include: Amish/Mennonite families, horse farms, horticultural specialties, berry farm wineries, on-farm food service and lodging enterprises, and more viable farmers' markets. Each of these enterprises has unique needs that could be addressed by the incubator staff including business planning assistance, financing, marketing assistance or specialized training. The incubator staff could also be instrumental in accessing grants to conduct research on areas of special interest and common need.

An incubator is one effective model for providing business assistance. With or without walls, a staff member could serve as the catalyst or coordinator to implement strategies identified in the analysis of the business sectors in Tioga County.

If the county is not able to make the investment in an incubator facility, it could realize some of the benefit by encouraging coordination among existing service providers and, where relevant, by providing adequate funding for agencies and organizations to carry out this work on behalf of the county.

Monika Roth, Agriculture Development and Marketing Educator  
Cornell Cooperative Extension, South Central NY Agriculture Program  
Tompkins County CCE, Ithaca, NY

## **Agricultural-based Cooperative Distribution and Marketing Area**

Karen Karp, Karp Resources was chosen by the Oversight Committee to undertake the Agricultural-based Cooperative Distribution and Marketing study.

***Reader Note: The following summary from the above mentioned study was provided by the Karp group. It is being provided here for informational purposes only – the study team was only peripherally involved in this work and therefore neither refutes nor warrants the following information:***

In April 2004 Karp Resources was contracted by the Tioga County Department of Economic Development and Planning to study the potential for cooperative marketing and distribution activities as a method of business expansion for the area's agricultural producers. This commission was a result of the outcome of a previous inquiry into agricultural business incubation through a community (or shared-use) kitchen facility, which revealed little interest among the area farmers. The report, "Preliminary Feasibility Assessment for a Commercial Shared-Use Kitchen Facility in Tioga County" was prepared by Yellow Wood Associates, Inc. and dated March 2003. The work of Karp confirmed the findings of Yellowwood and Associates and picked up where the community kitchen study left off.

Following is a brief outline and summary of findings from the Karp research into potential agriculture-related incubation activities. The complete result of that work on marketing and distribution opportunities is dated November 2004 and is available under separate cover. The Karp report provides an analysis of primary and secondary research findings and recommendations for the County on ways it can support area farmers for greater success in the marketplace.

### **Research Questions**

1. Is there sufficient interest among area farmers (market demand) to develop an incubator facility - either free standing or in conjunction with the proposed mixed-use business incubator?
2. If sufficient interest exists among area farmers and agriculturists, how would the facility be designed (size, layout and site analysis) so that the needs of area farmers would be incorporated into the facility design?
3. In addition to the facility infrastructure, what service program (describe agriculture specific program) would meet the needs and benefit the incubator tenants?
4. Is the facility feasible – develop the capital budget (and funding plan) for the proposed facility and develop operating budgets that show the facility can be self-sustaining over time (typically within a three or five year period)?
5. If building a physical structure is not feasible, could the area farmers benefit from a program of services designed to meet their specific needs and if so, how would this program of services be designed and funded.

### **Research Methods**

The research approach included studying the types of farmers in the area, their current production and marketing activities, issues with these activities, market and price trends of the current activities, the farmers' own ideas about their future as agricultural producers and their

response to a variety of ideas for expansion of their revenue via cooperative marketing and distribution activities.

The study team employed both primary and secondary research methods. Primary research was conducted via 56 extensive interviews with area farmers. We comprised a list of the “universe” of area farmers from multiple sources, including Tioga and Broome County CCE offices, lists compiled of Tioga County farmers by the Soil and Water Conservation District, the Tioga County Department of Economic Development and Planning and the study team’s own lists from prior research, along with recommendations from Advisory Committee members. Interview subjects were randomly selected from this universe of area farmers.

Further primary research was conducted via site visits and interviews with more than 20 other stakeholders involved in the area’s agriculture sector, as advisors, educators and the area of agriculture support services. These include area dairy processors, food distributors, agriculture economic development and advisory groups, entrepreneurs working on early- and mid-stage food business strategies, Cornell Cooperative Extension agents and farmers outside the region who are exploring or already working on similar initiatives.

**Primary Research** - Of a total of 113 farmers selected for interview, 57 interviews were completed. All but nine of these were with farmers who identified themselves as dairy or livestock/other meat producers. We completed our rounds of farmer interviews at 57 due to the similarity of responses among participants in each sector, combined with the difficulty of getting farmers to take a 45 to 60 minute interview on the telephone during the summer season. The study team believed time could be better spent talking with individuals, organizations and businesses that could become participants in any new marketing and distribution efforts for the area’s farmers, feeling confident that we knew what the farmers’ primary issues were. Additional primary research was conducted via site visits and interviews with more than 20 other stakeholders involved in the area’s agriculture sector, as advisors, educators and the area of agriculture support services. These include area dairy processors, food distributors, agriculture economic development and advisory groups, entrepreneurs working on early- and mid-stage food business strategies, Cornell Cooperative Extension agents and farmers outside the region who are exploring or already working on similar initiatives.

**Secondary Research** – This research included studying agriculture incubator models around the US; local, regional and national branding programs which have been employed as an economic development strategy for agricultural producers; the proximity of the area’s farmers to local and regional markets and the current means of distribution; trends and market demands for agricultural products that are currently produced in the region or are a logical extension of current production and skill level of the area’s farmers; understanding of key economic factors within the County, such as current output and potential capacity of County agriculture producers, and the willingness of producers to learn and work in a cooperative structure; and a review of existing agricultural-based cooperative models within demographically similar areas, both in New York State and the Northeast.



## Summary

In Tioga the strong sector diversity—dairy, livestock and other meats, and crops and inputs—within a relatively small geographic area present several challenges to discussions and plans for change. For example, there are the long-standing traditions of production and marketing among the dairy farmers in the form of yearly contracts with cooperatives and processors. Livestock and other meat producers who have been in business 20 years or more are also somewhat “resigned” to “the way things are”—the lack of a USDA processing plant nearby cripples their opportunities for marketing differently. Vegetable and fruit farmers are too few in number at present to be considered a strong sector in the area, and input farmers are considered outside of mainstream thinking about marketing opportunities—their markets are for the most part internal to themselves or their sector. This diversity within a small region creates challenges for economy of scale when discussing investment for new production and marketing concepts, if the majority of the sector is not involved.

This does not mean that interest is absent from the area in staying on the farm and having new markets to sell to. Our interviews revealed that the lack of new production activities was due to a lack of “awareness about marketing or where to find markets [for the products]”, “unfamiliarity with the method for making value-added product”, “little capital to invest [in processing equipment]”, and, for dairy farmers, contract issues with cooperatives or processors to whom they are now obligated to ship 100% of their milk, and fear of risk-taking.

For Livestock and meat producers the reasons cited consistently included “a lack of local slaughterhouse or processing facility”, “credit issues” with neighbor-customers, “awareness about marketing or where to find markets [for the products]”, “little capital to invest [in processing equipment]” and “difficulty with distribution” of both live and finished product. Vegetable farmers were concerned about the limited “good” farmers markets in the area, such as the Ithaca Farmers Market, and that any “expansion—here or by other local farmers—would create too much competition to participate” there. Their focus was on other direct-retail (e.g. CSA) methods because wholesale was thought to provide “not enough return” and they are “unaware of distributors that would handle [our] product”.

The inability among farmers to visualize or tangibly understand how they would participate in an incubator facility (e.g. where it would be located and what it would cost them) yielded negative response to this concept. If an incubator facility were developed that could incorporate, by expansion or slow, “organic” development, services for farmers or processing facilities that could accommodate a fraction of their production (to minimize risk), with a dedicated champion to continue the efforts begun in this report, farmers would experiment with participation. The consistent remarks about disinterest in working collaboratively, led the study team to focus on other kinds of marketing and distribution activities, ones that farmers could take advantage of independently. These will be addressed in the full report to the Department in November 2004.

## Conclusion

The result of our inquiry regarding agriculture activities within an incubator facility are as follows:

1. There was not sufficient interest expressed by area farmers to develop an incubator facility. This is based on several factors, which include:

- a. Fragmented agriculture sectors—dairy, livestock and other meats, and small sub-sector of fruit and vegetable crops or value added product—with little overlap or, by virtue of output types, ability to combine production efforts in a single incubator facility;
  - b. Few farmers willing or able to contribute capital or on-going monthly (e.g. rental) expenses in a facility to produce products untested to date in the marketplace; and,
  - c. Lack of experience, and confidence, in working collaboratively on new ventures that would require risk-taking.
2. Some interest was expressed among Dairy farmers regarding a new processing facility, which could be structured as an incubator. However, a stand-alone processing facility (rather than an incubator) was more the concept and image that was discussed.
  - a. Participation would be dependent on the ability to shift some—and not commit all—of their milk production to this new facility, to be made into a “branded product” (either in their own name or as part of an existing or new brand) such as bottled milk, yogurt or ice cream.
3. A service program that would meet the needs of many farmers, which could take place within a mixed-use incubator facility, was responded to favorably in some cases.
  - a. The opportunity to take advantage of sales and marketing advice, including product development services, which may be offered at an incubator, was desired. Some farmers would avail themselves of these services if the facility was “close-by to my farm”.
  - b. An interest in aggregation or collective point for distribution was expressed among some farmers as well as wholesale buyers/distributors, which could function out of a mixed-use facility, or be a stand-alone venue.
    - i. Some regional produce distributors indicated clear interest in handling more local farm products, especially fruit and vegetables. Having a central, or single, pick up location for these items is desired.
    - ii. A location for courier service drop-offs/pick-ups such as UPS, FedEx, DHL and others could also be located in a mixed-use facility, but farmers already using these services did not see this as an added benefit.
4. Since sufficient interest was not expressed among area farmers and agriculturists, there is little need at this time to outline how a facility would be designed, and therefore capital and operating budgets are moot.
  - a. If one or several 1,500-2,000 square foot spaces within the facility remained available while a program of services were further tested and developed, it is possible that some agriculture activities (as above) could take place within a mixed-use incubator.
5. While not necessarily part of a mixed-used incubator, a curriculum of services to support farmers’ business development efforts, as described above (sales, marketing and perhaps other business development services) is recommended as part of a *business development process* that includes:
  - a. Funding a committed and trustworthy “champion” to build and run a solid program, coordinate and oversee business development efforts for the farmers, both within an actual incubator facility, or as part of a non facility-based incubator program. This builds on the recommendation made in the Tioga County

- Agriculture & Farmland Protection Plan, November 1998 to hire an Agriculture Economic Development Specialist for Tioga County;
- b. Making sure this champion has agriculture and food product development, marketing and business experience, as well as a keen understanding of the area, its farmers and their needs, and is knowledgeable about potential buyers, consumer demand and particular qualities of products that must exist in order to meet that demand;
  - c. A stated serious commitment among a critical group of farmers for participation;
  - d. A solid stream of funding to cover any capitalization and operating expenses during start-up years (one to three years) and subsidization for operations or services for perhaps up to ten years;
  - e. The potential for incorporation of existing programs to the local area. There are many such programs available in the area, through Cornell University and other, private programs. A full list will be provided in the Final Report;
  - f. Minimal financial requirements for participants, either as investment (capital) or in costs to participate; and, as important supplemental activities,
  - g. A public awareness campaign to communicate the historic, cultural and economic value of agriculture in the area. This would create an important, complimentary momentum for these activities.
6. A curriculum of services could be funded through a variety of sources that includes (a more complete list, which is relevant to the cooperative marketing and distribution activities outlined and recommended for area farmers is provided in the Final Report):
- a. New York State Department of Agriculture and Markets (NYSDAM): business development, crop development and marketing grants; Pride of NY grants;
  - b. USDA and SARE grants;
  - c. Kellogg Foundation, and other agriculture/food security/local food systems private foundations;
  - d. Cornell University and its funding sources for pilot and business development projects;
  - e. New York State Department of Economic Development, in partnership with NYSDAM

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## **Tourism Sector Study**

The committee engaged the study team to investigate the Tourism sector as a continuation of this feasibility analysis. The primary purpose of this additional sectoral analysis was to determine if tourism businesses in Tioga County could benefit from incubation services.

### **Understanding “Affiliates” Programs - Linking Tourism Businesses to the Incubation Process**

Recently, some incubator programs have begun expanding the role and services available under traditional business incubation. While, “Incubator Without Walls” type programs have existed for several years, innovative managers of existing incubators have developed new programs in an attempt to provide valued incubator services to businesses that have not traditionally been included in incubator programs – business like those in the tourism industry. Recently, these innovative incubator managers have added programs like “Pre-Incubator Institute” and “Incubator Linkages or Affiliates” programs to expand their economic impact in local economies. These incubation programs, combined with new “Incubator Follow-up or Graduates” programs have extended the outreach incubators can provide in their locales in industries typically thought as not tenable for business incubation services.

The purpose of these new incubation programs is to provide valued incubator services to businesses that have not traditionally been included in incubator programs – business like those in the tourism industry typically thought as not tenable for business incubation services.

For the purposes of this study, the term “affiliates program” will be used. In the most encompassing sense it includes all incubator services and training programs being made available for those businesses not literally and permanently housed in the incubator facility.

### **Quality Center for Business, San Juan College**

One well known “affiliates” program is the one designed and operated by Jasper Welch, Director of the Enterprise Center located at San Juan College. The Quality Center for Business is housed at the college which is located in Farmington, New Mexico.

The Affiliates Program is based on the candidate business having successfully completed 3 phases of training. Phase 1 is concerned with developing a business plan, the foundation of all successful businesses. During Phase 1 assistance is given the client in developing a business plan. Some clients sign incubator leases and become formal tenants located within the incubator. Others enter into an arrangement to receive services although physically located outside of the incubator. Phase 1 is concluded when the company, through the assistance of incubator staff, has developed a business plan that is ready to implement.

Phase 2 involves implementing the business plan. In this phase incubator staff and other staff of key strategic partners of the incubator (e.g. Small Business Development Center, chambers, college faculty, etc.) assist the client in implementing the plan as written.

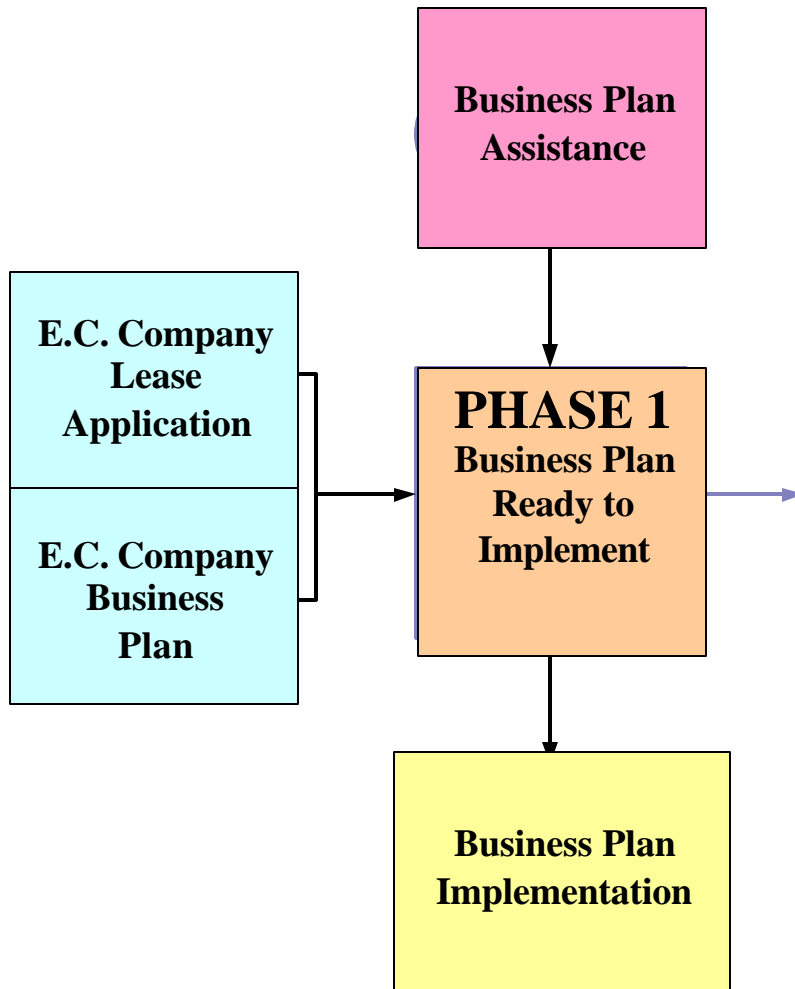
Phase 3 involves business sustainability. In this crucial phase business financing is structured and secured and on-going assistance is provided during the businesses start-up and early growth

times, which have traditionally been difficult times for most businesses. Continued assistance in this phase is considered crucial to help businesses make it to that difficult to reach next level.

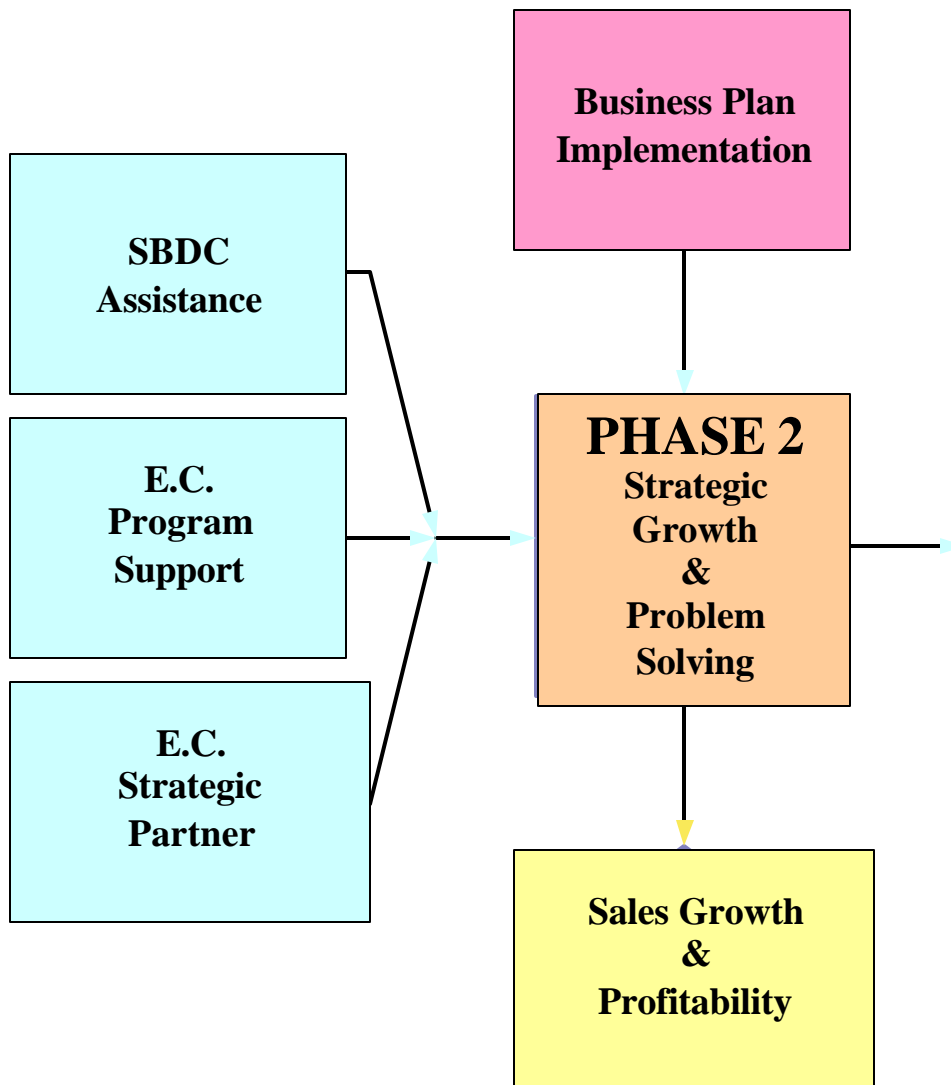
Completing Phase 3 would mark a businesses formal “graduation” into the Affiliates Program, although much assistance has been given the business up to this point. The Affiliates Program allows client businesses to continue to receive assistance as their businesses grow – which is often as difficult as, or more difficult than, the initial start-up.

The 3 Phases of the program can be depicted graphically as follows:

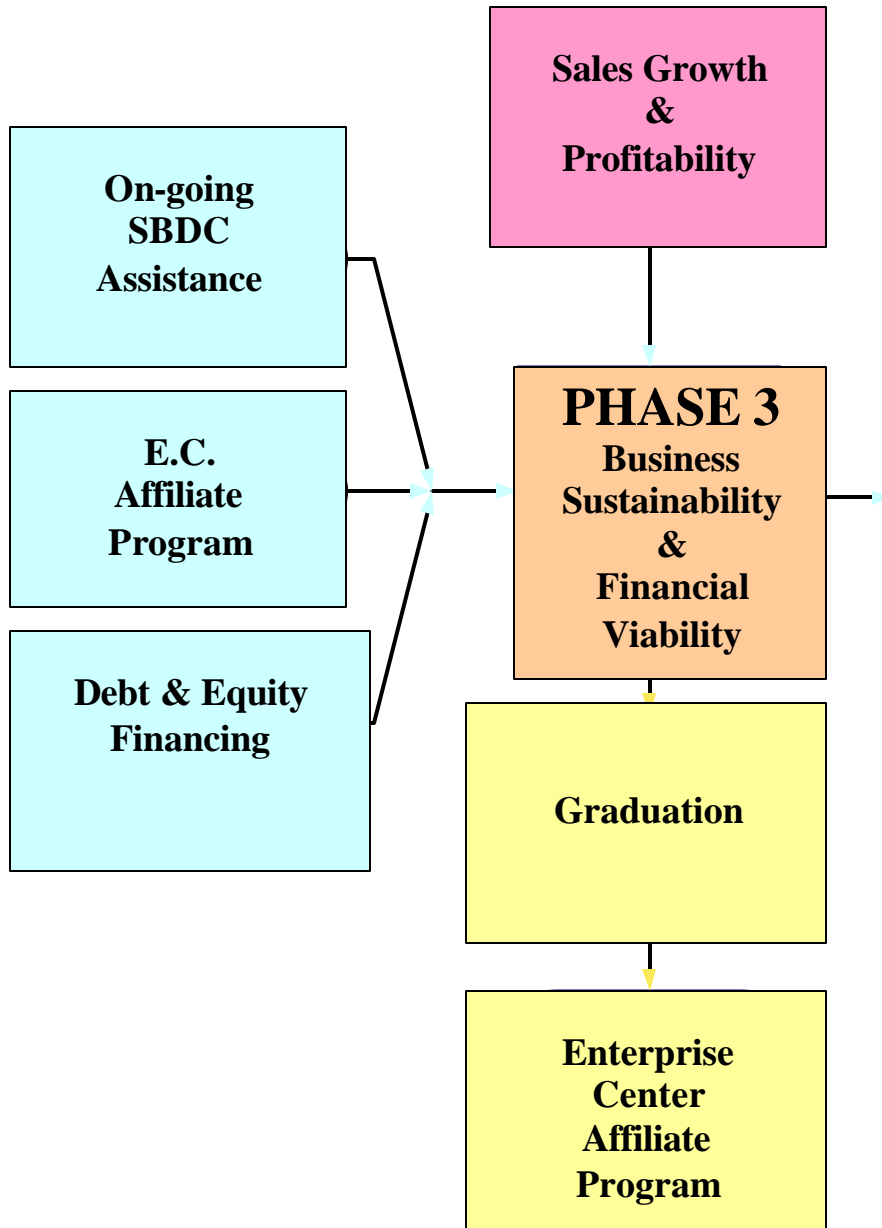
## Phase 1: Business Plan



## Phase 2: Strategic Growth and Problem Solving



### Phase 3: Business Sustainability





The primary purpose of the Affiliates Program is to offer business assistance to enterprises that are not physically located at the incubator. Mr. Welch stated the program offers the following benefits:

- Business plan development assistance
- Access to additional business seminars and workshops (e.g. marketing, pricing, export/import, etc.)
- On-going, individual business counseling (SBDC, College of Business)
- Peer group support
- Networking opportunities with other businesses
- Access to office support services on a “as needed” basis (e.g. accounting, telephone answering, fax, copy machine, etc.)

Mr. Welch reported that the Affiliates Program has met with some success, but less than initially hoped. Mr. Welch noted the following problems:

- 1) Businesses that want incubation services most often chose to become an incubator tenant.
- 2) Some businesses in certain industries do not feel incubation services are needed.
- 3) Given the limited personnel at the incubator, Mr. Welch and his assistant are often tied up assisting traditional incubator tenants. He stated he just doesn't have enough time to devote to this “secondary” incubator program.

### **Venture Out program**

Another recent “affiliates program” that has been successful is one designed and implemented by the New Century Venture Center (NCVC) of Roanoke, Virginia. The center is operated by Lisa Ison, President. Ms. Ison is a two term board member of the National Business Incubation Association (NBIA). She reported that the Venture Out program represents three years of investigative work among incubators providing services to non-tenants under “Incubator Without Walls” and “Affiliates” programs. The New Century Venture Center staff and directors spent considerable time developing a program based on the best practices of these other programs.

The NCVC is an award winning program. Ms. Ison and her staff recently received the **Randall M. Whaley Incubator of the Year award**, presented by the National Business Incubation Association at its annual convention this May. This award, which recognizes overall excellence in business incubation programs, is dedicated to the memory of Dr. Whaley, NBIA's chairman of the NBIA board from 1985-88.

The New Century Venture Center webpage (<http://www.ncvc.com/VentureOut.php>) offers the following on how the Venture Out program works:

“The Center is now accepting clients for its new affiliates program, “Venture Out,” a program designed to extend comprehensive business services and resources to small businesses not physically located in the incubator. Venture Out offers business owners high quality services at an affordable price.

These services include dedicated computer workstations, high speed T1 Internet access, telephone answering service with onsite receptionist and voice mail capability, conference and training rooms equipped with audio-visual equipment, UPS shipping and mail services, website hosting, e-mail, fax service, copying service, secretarial services, and reduced registration fees for Center-sponsored seminars and events. Participants have the option to enjoy the total package for a low monthly fee of \$150 or have the flexibility to select from a fee-per-use-based a la carte menu of these services.

Home-based businesses are ideal candidates for this program and would benefit greatly from the available services and resources that they do not have at their residence but for which they have a need. Other types of businesses such as retail operations, contractors or other start-up companies whose space needs exceed the Center's accommodations are also ideal candidates."

The Venture Out program is priced as follows:

<b>Service</b>	<b>Monthly</b>	<b>A La Carte</b>
Small Conference Room	6 hours per month combined \$10 each additional hour	\$50/half day \$100/day
Medium Conference Room	6 hours per month combined \$10 each additional hour	\$75/half day, \$125/day
Large Conference Room	6 hours per month combined \$10 each additional hour	\$125/half day \$200/day
Computer Workstation Access	20 hours per month (\$10 each additional hour)	\$10/hour \$25/half day \$50/day
T1 / Internet Access	20 hours per month (\$10 each additional hour)	\$50 first hour \$20 for each additional hour
Telephone Answering Service	Included up to 100 calls \$.50 each additional call(set-up fee - \$45)	\$75 for 100 calls and .50 each additional call (set-up fee - \$45)
Voice Mail (With Answering Service Only)	\$5 per month	\$6 per month
Voice Mail Only With Cellular or Pager Notification	Unavailable	\$50 per month
Secretarial / Clerical Services	\$12.50 per hour	\$14 per hour
Photocopying (email submission available)	.10 per copy .75-1.25 per color copy	.10 per copy .75-1.25 per color copy
Fax Service (sending or receiving)	\$.50 per page plus long distance charges	\$.75 per page plus long distance charges
UPS Service	Published Charge	Published charge plus \$1 handling fee

Postage Meter	Cost of postage	Cost of postage plus 10% handling fee
Website Host	\$10 per month	\$15 per month with approval
Seminars	\$25 per person	\$69 per person
LCDProjector (without computer)	Included	\$150/day
Overhead Projector	Included	\$10/day
TV / VCR	Included	\$10/day
Flip Chart	Included	\$10/day
Notary Service	Included	Free of Charge
Resource& Referral (No Advisory Team)	Included	Not Available

Ms. Ison reported many of the same benefits were derived from the Venture Out affiliates program as did Mr. Welch previously in his Affiliates Program. Ms. Ison did stress that the Venture Out program is aimed directly at what might be called “part-time tenants”, as many of the services (cubicles, Internet access, business machines, etc.) require that the client businesses spend some time in the incubator.

Ms. Ison did report one interesting by-product of the new Venture Out program. In many instances prospective clients for Venture Out became actual tenants of the incubator upon learning of the myriad services available to resident clients. Potential Venture Out clients that learned more about the benefits of traditional business incubation became sold on the traditional incubator program and become tenants.

On the whole, Ms. Ison reported that their affiliates program was less successful than they had hoped. After 3 years in the planning the 16 month old program has only 6 regular clients and 10 ala carte clients. Given the amount of time spent researching and planning, Ms. Ison had hoped for a far more reaching program, both in number of clients and in revenue generation for the incubator. Ms. Ison echoed the sentiments of Mr. Welch in warning other programs to weigh carefully the time and reward factor. With limited personnel and resources the incubator must spent that time and its resources in assisting regular tenants. This is the program’s first objective and primary source of revenue needed to reach break-even operations and project sustainability.

### **Affiliates Program for Tourism Businesses**

As part of the initial investigation of the proposed incubator’s feasibility, interviews were conducted with community stakeholding organizations, government entities and service providing organizations in the area. When queried about industry sectors that would be appropriate to investigate and those important to the local economy, tourism came up repeatedly as an unsolicited response. While community stakeholders did not see tourism as an industry that is traditionally considered as open to incubation, 13 (the highest response of any sector) felt that

tourism was very important to the area and an industry that could be important to the revitalization of the local economy.

As the community stakeholders rightly ascertained, tourism is not a traditional component of business incubation programs. In fact, tourism was not among the listed industries that Tioga County requested be investigated for the study (light industrial, service based, food and agriculture, arts, and high tech/telecom). And as expected, tourism businesses did not come through the survey process as well represented. Local start-up and high growth existing tourism businesses, and the entrepreneurs who own and operate these businesses, were not identified through the process.

The fact that tourism businesses did not show up in the survey process is not surprising to the study team. In the experience of the team members, many being experienced incubator managers and others having conducted numerous incubator feasibility studies, tourism businesses to do normally show up in the feasibility process. This is due to the fact that survey gathering techniques are designed to capture businesses in sectors that have traditionally been involved in business incubation, and these techniques do not capture those that wish to start or expand tourism businesses.

The study team employed a variety of methods to better understand the tourism industry in Tioga County and to ascertain the appropriateness of developing a special incubation program for those engaged in that industry. This included addressing both community stakeholder organizations and operators of tourism businesses.

### **Identification of Tourism Industry Community Stakeholders**

Clearly, the **Tioga County Tourism Office** is the lead agency to bring together the major public or private organizations that have a stake in a developing and implementing tourism strategies. Some examples of the organizations that should be considered stakeholders are as follows:

Tioga County Chamber of Commerce – a countywide chamber with representing private sector interests.

Tioga County Council of the Arts – the Council conducts festivals, concerts, and art exhibits annually for both the citizens and visitors. It also operates an art gallery in the Old Owego Bank building.

Tioga County Historical Society – the Society operates a museum and gift shop on Front Street. It also organizes and presents exhibits and programs highlighting the County's history.

Ti-Ahwaga Performing Arts Center – a 150-seat cabaret style theatre. Five (5) productions a year: musicals, comedies, and dramas. Concerts and children's programming in the summer. Each production runs for 3 weeks.

Waverly Opera House - an 1872 restored and renovated tiered 55-seat storefront theatre allowing aspiring performing arts members to exercise their talents on a small stage. The

Opera House is available for groups, banquets, parties and special occasions as well. The Opera House second floor holds an Art Gallery, Studio and opportunity for arts members to rehearse.

Historic Owego Marketplace – an organization representing the retail specialty shopping and dining interests in the Village of Owego’s historic downtown.

State Forest Representative – the County has a number of state forests or nature preserves that play a major role in providing outdoor recreation opportunities to citizens and visitors alike.

Waterman Conservation Center – a private, nonprofit nature center with hiking trails, exhibits, birding, Indian artifacts, and artisans from past history.

Hiawatha Island Boar Club – a private club offering competitive rowing on the Susquehanna River.

Ahwaga Canoe Club – a group of recreational paddlers that organizes paddle trips on various rivers in the region, including the Susquehanna.

Tioga Sportsmen Association – membership organization that operates a facility for target practice as well as educational and hunter safety classes.

Wilderness Way School – a school with 40-acres of forestland that teaches the ancient skills of earth living.

Leisure Livin’ Camping and Resort – a RV park with full hook-ups for the RVing traveler.

Tioga County Extension Service – the cooperative extension service representing and providing assistance to the County’s agricultural sector.

### **Organizational Structure for Tourism**

The president of the County’s Economic Development department serves as the President of the Local Development Corporation (LDC), a 501c4 organization created in 1994 to serve small businesses with revolving loan funds. As such, the president has direct responsibility for the Tioga County Tourism Office. There are two full time employees, the Interim Director and Administrative Assistant. They rent office space on Riverrow in downtown Owego from the Tioga Chamber of Commerce, at 188 Front Street.

### **Conclusion**

Based on the research among incubator programs providing affiliates programs and research in the tourism industry in Tioga County, it is being recommended that the proposed incubator not engage in an affiliates program from its inception. This is based on the following:

- 1) While many incubation programs have embraced affiliates programs recently, experienced and successful incubator managers report that incubators must not deviate from their primary purpose – providing services and training to tenants physically housed at the incubator.
- 2) With limited personnel and resources the incubator must spend its limited time and resources in assisting regular tenants. This is the program's first objective and primary source of revenue needed to reach break-even operations and project sustainability.
- 3) Two well established and nationally recognized incubator programs have had limited success with the affiliates concept.
- 4) Affiliates type programs have traditionally been marketed to home-based businesses and other types of businesses such as retail operations, contractors or other start-up companies whose space needs exceed the incubator's accommodations. Tourism businesses have not been reported as types of businesses that respond or benefit from affiliates programs.
- 5) The **Tioga County Tourism Office** is the lead agency with respect to Tioga County's tourism businesses. As such it ought to bring together the myriad community stakeholder organizations in a developing and implementing Tioga County tourism strategies – including the program of support for Tioga County's tourism businesses.
- 6) The president of the County's Economic Development department serves as the President of the Local Development Corporation (LDC), a 501c4 organization created in 1994 to serve small businesses with revolving loan funds. As such, the president has direct responsibility for the Tioga County Tourism Office. Coordinating the activities of the County, the revolving loan fund and the regional office of the Small Business Development Center should provide adequate and tailored assistance for Tioga County's tourism businesses.
- 7) Adding yet another layer to the already crowded group of "tourism stakeholding organizations" would further obfuscate the landscape and likely confuse both those organizations attempting to direct and assist Tioga County tourism businesses, as well as, the tourism-based entrepreneurs seeking assistance.

The Tioga County incubator has sufficient cubicles and access to business machines to accommodate any tourist based enterprise that would wish to use incubator services on a per fee basis. Also, incubator services and training as detailed in this report are designed so that any business could avail themselves of these services and trainings as they so desire.

The study team developed considerable information on Tioga County tourism and its businesses as a result of this inquiry. It is detailed in an additional report titled, **Tioga County Tourism Study**, which was presented to the Oversight Committee.

## Market Feasibility Conclusions

Based on the results of personal interviews with community organizations and individuals, secondary research and the written survey results, certain conclusions about market demand for the proposed incubator can be reached. The volume of survey responses was dramatic and is significantly superior to other successful communities that demonstrated market feasibility for their incubator projects.

Given the quantity and quality of the survey responses and the support from community stakeholders, the development of a community business incubator should proceed to the next step – market feasibility is clearly evident.

### Highlights of the market demand analysis:

- Assessing the industrial structure and other community assets, Tioga is well positioned to incubate new enterprises in a variety of sectors. The secondary data analysis, stakeholder interviews, and entrepreneur surveys indicate that light manufacturing, service based businesses, as well as, businesses engaged in arts and crafts are ripe for incubation and should be the focus of any incubator developed in Tioga County.
- Sufficient demand did not exist for the creation of a food incubator (including product manufacturing, catering, or animal slaughter). Only eight kitchen users were identified. This clearly reinforces a market study performed last March for Tioga County that shows a food incubator is not feasible with the market demand indicated.
- Demand for a defense/technology based incubator was present, however, the development of technology incubators at SUNY Binghamton and Cornell, in conjunction with the existing technology incubators around Corning, dictate that the Tioga incubator develop partnerships with these incubators to share resources, board members, and collaborate on client placement, rather than developing their own facility.
- Creating a special “affiliates” program for those engaged in tourism businesses was investigated. Given the substantial support already in place for tourism businesses, a special incubator-based program was deemed unwarranted.
- The area’s human capital and the many entrepreneurial business support and services organizations in the region, create an environment with substantial possibility for supporting the formation and success of new enterprises.
- The synergy created by the combination of the technically skilled and innovative nature of the workforce, the many higher educational institutions in the area, and the growing arts community, can help propel the region back to economic growth.
- The creation of a rural entrepreneurial center with a business incubator can help mitigate many of the impediments to entrepreneurial success in the area as identified by key stakeholders.

- The incubator tenant's need for high speed Internet access dictates that the facility be located in a manner mindful of the area's high speed carrier's availability, however, a teleconferencing center is not recommended for the facility due to a variety of reasons. These reasons include, cost to development the teleconferencing center and acquire equipment, cost to source programming content and operate the facility, and the preference of entrepreneurs for live classes. The availability of inexpensive and appropriate training from the area's institutions of higher learning and service training organizations dictate that a teleconferencing center does not make economic sense at this time.
- The quantity (196 surveys) and quality (20% reported as "in business" while 46% reported they had 2 or more years business experience) of survey responses shows a substantial and positive market demand for the incubator project.
- Survey results show the potential to lease 25 bays and 46 offices/cubicles. 30 users demonstrated desire to use arts room or cluster.
- Survey respondents demonstrate a need for a facility – 52% conduct their businesses from locations including home, rented facilities, trucks, and a barn.
- Many businesses (17% of respondents) are, or wish to be, full time businesses.
- The businesses identified represent a significant and stable base of revenue generators (98 potential users out of 196 surveys) of both existing and potential small businesses that would benefit greatly from incubation services.
- On the downside, no business that could rightly be described as an "anchor tenant" was identified through the data gathering process. However, the inability to identify a true anchor tenant is mitigated completely by the quantity and quality of the survey responses.
- Interested bay tenants (25) produce a wide array of products that are appropriate for a light manufacturing bay in an incubator environment. Others (46) expressed interest in leasing offices and cubicles. These businesses as well were appropriate for office space in an incubator facility.
- Survey respondents clearly embrace the "incubator approach" as survey respondents identified 491 shared services of which they wish to take advantage. Many chose one or more services they would utilize with Internet (122), copy/office machines (102) and reception (72) being noteworthy.
- Respondents need for additional business training was also evident. Preparing a business plan (122) was the most frequent class requested, while Developing markets for new products (53), Starting a business legally (43) and Marketing assistance (39) were also noteworthy.



- Respondents too showed a need for capital and loan classes, with banking knowledge the most often requested: Preparing a SBA or bank loan application (44) and Obtaining and using credit (18). Introduction to business accounting (20) and Accounting basics (21) were also significant requests.

## Budget Information

### Pro Forma Capital Budget

Cost to develop a fully functioning business incubator

#### New Construction

##### Funds used for:

Land <sup>(1)</sup>	\$ 100,000
Building costs <sup>(2)</sup>	2,600,000
Architectural and Engineering fees <sup>(3)</sup>	185,600
Pre-opening Expense & Start-up Cash Reserve <sup>(4)</sup>	<u>75,000</u>
<b>Total Capital Budget</b>	<b>\$ 2,960,600</b>

#### Renovate Existing Building

Purchase land and building <sup>(5)</sup>	\$ 300,000
Renovation costs <sup>(6)</sup>	2,450,000
Architectural and Engineering fees <sup>(3)</sup>	194,000
Pre-opening Expense & Start-up Cash Reserve <sup>(4)</sup>	<u>75,000</u>
<b>Total Capital Budget</b>	<b>\$ 3,019,000</b>

#### Note

In determining the capital budget several local individuals were consulted who are knowledgeable with prices and conditions in Tioga County. Maureen Wilson, Pyramid Brokerage Company provided valuable knowledge about the existing inventory of land and buildings in Tioga County, as did Jeff Stoke, Deputy Director of Tioga County's Department of Economic Development and Planning. Leann Tinney, Tioga County IDA, was consulted about the Tioga Industrial Park located just two miles outside Owego, New York on Route 38. Contractor Dick Peneck, RPI Construction was helpful as he was the builder of the Broome County incubator building. Finally, Jason Demarest, of Tallman & Demarest Architects, LLP, was very knowledgeable and helpful in determining local building costs.

One common problem echoed by all was where to locate the incubator. Tioga County is hilly and has little buildable land. A 25,000 sf incubator would require 3 to 4 (flat) acres. As no retail is expected for the incubator, much of the land in Owego would be too expensive and not appropriate for a business incubator. Jeff Stoke noted that the current inventory of industrial land doesn't have much that matches this requirement. He reported that much of the available land is either too large, too expensive or has no infrastructure availability (city water/sewer, gas and electric and high speed Internet connectivity).

Two approaches have been selected for the incubator. One, a build to suit approach, is based on siting the incubator on county owned land (Tioga Industrial Park). The other approach is based on acquiring an existing building and providing appropriate renovations. The Owego-Apalachin Middle School in Owego will soon be de-commissioned as an active school. It was chosen as the renovation example.

- 1) Acquisition of 4 acres of land at the Tioga Industrial Park. (4 acres at \$25,000 per acre.) The cost of the land is negotiable and may indeed be the source of the local match often required by grant sources. Utilities are to be at the site and ready for hookup.
- 2) Construction expense estimated at follows: Class A Office - \$115 per square foot times 11,000 square feet (\$1,265,000). This will provide for Class A office space that is air conditioned. Manufacturing bays/light commercial - \$90 per square foot times 14,000 square feet (\$1,260,000). This will be sufficient to provide for site preparation, paving and striping of parking lot and construction of the building. Prevailing wage rules considered here for construction expense. \$75,000 has been included for office furniture and fixtures, office equipment and telephone system.
- 3) Estimated at 8% of land and building or building acquisition and renovation expense.
- 4) Discussed in the **Cash Flow Considerations** section.
- 5) The Owego-Apalachin Central School District estimates that the Owego-Apalachin Middle School, and the surrounding xx acres of land, can be acquired for approximately \$1,800,000 – ready for occupancy. (Note – it is assumed here that the asbestos abatement will have been completed.) The portion of the school that would be used for the incubator accounts for approximately 30% of the total school, or a “buy-in” value for the incubators portion of the school of about \$300,000.
- 6) Renovation expense can vary greatly between individual properties. Often, the actual renovation expense can not be determined with certainty until renovations begin. This estimate of renovation expense consists of: alterations to HVAC system, drop ceiling and lights, interior renovations on walls and new windows. Renovation is estimated at \$80 to \$110 per square foot for office and \$70 to \$100 per square foot for the industrial section. A conservative average figure of \$95 per square foot is used here due the substantial renovation required and the fact that much of the actual renovation expense would be unknown until the renovation actually began. The actual cost of these renovations could be considerably higher than estimated here. Jason Demarest, AIA said he often used a cost per square foot for renovations that was equal (or near equal) to new construction given the unknown nature of renovation. Prevailing wage rules considered here for renovation expense. \$75,000 has been included for office furniture and fixtures, office equipment and telephone system.

## Pro Forma Operating Budget Proposed Lease Rates

Some rural incubators can offer low lease rates because they are subsidized by state, county or city government, or, because of other grant funds or programs subsidizing the incubator operation as a whole. The following proposed rates are based on no such subsidy and are set to develop operational feasibility and financial viability. The rates are based on similar rural incubators and local lease rates.

Type of Lease	Income per Month
Bays	\$500 – 600 per month
Offices	\$125 – 125 per month
Cubicles	\$ 75 – 100 per month
Arts cluster	\$ 75 – 100 per month

### Determining Usage

The incubator has the following spaces:

- 11 offices (approximately 140 sf each)
- 6 cubicles
- 14 light industrial bays (approximately 1,000 sf each)
- 1,500 sf of the Arts room

The following estimated usage is based on the tremendous response noted in the user surveys showing the potential to lease to 25 bay tenants, 46 office tenants and 30 arts cluster tenants. Given this response it is anticipated that the incubator could be reach full occupancy upon completion. However, the following rent and revenue schedule is more conservatively developed.

Of the 11 available offices, one office will be set aside for the manager. It is assumed that the Arts cluster users will rent the use of the arts room (areas to manufacture, storage areas, etc.) for \$75 per month per user. If this arrangement proves untenable, an hourly rental rate could be developed. This would be more cumbersome to tract however.

Type and Number Available	Actual Number Leased	Amount per Month	Monthly Revenue	Annual Revenue
14 Bays	12	\$550 / mo	6,600	79,200
Arts cluster	10	\$75 / mo	750	9,000
10 Rental Offices	8	\$125 / mo	1,000	12,000
1 In house Offices				
6 Cubicles	4	\$ 75 / mo	300	1,200
<b>Year One Revenue</b>			<b>Total</b>	<b>\$101,400</b>
14 Bays	13	\$550 / mo	7,150	85,800
Arts cluster	15	\$75 / mo	1,125	13,500
10 Rental Offices	9	\$125 / mo	1,125	13,500
1 In house Offices				
6 Cubicles	5	\$ 75 / mo	375	4,500
<b>Year Two Revenue</b>			<b>Total</b>	<b>\$117,300</b>
14 Bays	14	\$550 / mo	7,700	92,400
Arts cluster	20	\$75 / mo	1,500	18,000
10 Rental Offices	10	\$125 / mo	1,250	15,000
1 In house Offices				
6 Cubicles	6	\$ 75 / mo	450	5,400
<b>Year Three Revenue</b>			<b>Total</b>	<b>\$130,800</b>

Maureen Wilson, Pyramid Brokerage Company, Binghamton, NY was consulted regarding the above rent structure. It is important that incubator rents be in line with local conditions. Ms. Wilson reported that half way through 2004 has found an improving local market, characterized with an increasing demand for space. She noted that lease rates are going up. Ms. Wilson felt that \$500 - \$600 per month for the bays was in line for local conditions given several factors. One, it is difficult to find such a small light manufacturing space. Typically, a 1,000 sf light manufacturing space would not be available. Two, if the facility was built new as proposed at the Tioga Industrial Park, the space would have proper manufacturing traits, including adequate parking and dockage area, location on a good transportation corridor, proper lighting and power availability, and the valuable common areas open to bay tenants like the conference room. Finally, the services available, including reception, access to office machines, and convenient business training would not be available even if one could locate an extremely small manufacturing area. Ms. Wilson also felt that given the availability of services and training, a monthly rental rate of \$125 - \$150 for the offices and \$75 - \$100 for the cubicles was both reasonable and in line with local conditions.

### Three-Year Operating Budget – Phase 1

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<b>Projected Revenue</b>			
<b>Annual Lease Income</b>	<b>\$ 101,400</b>	<b>\$ 117,300</b>	<b>\$130,800</b>
Income - Internet Access	(\$3,696)	\$1,104	\$7,104
Income – Offices services	<u>\$3,500</u>	<u>\$4,000</u>	<u>\$5,000</u>
<b>Total Income</b>	<b>\$ 101,204</b>	<b>\$ 122,404</b>	<b>\$ 142,904</b>
<b>Less Expenses</b>			
Personnel			
Salaries	69,000	72,450	76,072
Fringe (25%)	<u>17,250</u>	<u>18,112</u>	<u>19,018</u>
Total	86,250	90,562	95,090
Utilities (elec, watr, etc.)	18,000	18,900	19,845
Buildg. Maint & Repair	2,000	2,500	3,000
Equip. Maint & Repair	500	1,000	3,000
Marketing	0	5,000	5,000
Supplies	1,000	1,200	1,400
Membership & Advertising	1,000	1,000	1,000
Postage	500	400	400
Telephone	3,000	3,000	3,300
Insurance	6,000	6,000	6,500
Taxes	<u>500</u>	<u>500</u>	<u>500</u>
Total Expenses	\$ 118,750	\$ 130,062	\$ 139,035
<b>Net Operating</b>	<b>(\$17,546)</b>	<b>(\$7,658)</b>	<b>\$3,869</b>

## Three-Year Operating Budget:

### Assumptions

The operating budget is based on the following:

#### ***Funding:***

The facility is built and equipped using grant funds; no debt service is calculated in the forecast.

#### ***Revenue:***

Lease income – as discussed and determined earlier.

Income - Internet connection. This is the anticipated income from providing a high speed Internet connection. Income: At \$100 / month, Year 1 – 12 users (\$14,400); Year 2 – 16 users (\$19,200); and Year 3 – 21 users (\$25,200). Expense: 2 lines at \$754 per month each or \$18,096 per year.

Net: Year 1: (-\$3,696); Year 2: (\$1,104); Year 3: (\$7,104).

Note – If the Internet needs of the tenants prove to be less demanding than anticipated and a T-1 line is not needed, less expensive service could be provided through Cable. Both T-1 and Cable service are available at the Tioga Industrial Park.

Income – Office services. This income comes from tenant use of shared-use elements (copy machine, fax, etc.) of the incubator.

#### ***Expense:***

***Personnel:*** Staffing is based on two full time positions: a Manager and a Receptionist / Administrative Assistant, who will be housed at the incubator's reception station. Manager @ \$45,000 per year and reception @ \$24,000 annually.

Salaries would increase 5% per year.

Fringe includes payroll taxes and payroll insurance, health insurance and is estimated at 25%.

***Utilities:*** Utilities include energy, water and sewer service, snow removal, and garbage collection. Based on local power rates utility expense (annual heat, A/C, and lighting expense) estimated at \$1.25 / square foot / year; or approximately and conservatively \$15,700 annually (10,475 sf times \$1.50). This expense is for shared-use and common portions of building, bays will be metered separately and bay tenants will pay their utility expense directly. Water, sewer, garbage and snow removal budgeted at \$2,300 annually.

Utility expense is budgeted to increase at 5 % annually.

***Building Maintenance & Upkeep:*** The maintenance and upkeep of the building is budgeted based on the building being a renovated building.

*Equipment Maintenance & Repair:* Year 1. It is assumed that equipment will be on warranty, with little or no cost for maintenance and repair. Year 2 and 3 equipment maintenance & repair increases as equipment warranties expire.

*Marketing:* Marketing is an important expense for the start-up and on-going success of the facility. The first year marketing expense is budgeted at zero, as first year marketing expenses will be covered in the capitalized, start-up expense category (see cash flow considerations section). Marketing expense for years two and three increase accordingly.

*Supplies:* Basic supplies paid for by facility include paper towels, soaps & detergents, sanitizer supplies, floor cleaner.

*Membership and Advertising:* It is assumed that first year expenses will be higher than subsequent years due to the required advertising and promotion of the facility not necessarily covered in the capitalized marketing budget. Membership and advertising includes brochures, stationary, business cards, memberships, etc.

*Postage and, Telephone:* Estimated postage is for incubator management, tenants pay their own postage. Telephone includes incubator management usage and the cost to bring in high speed Internet access to facility (Direct Wave satellite system – \$1,200 annually).

*Insurance:* Insurance estimate includes Property and Casualty, Business Personal Property, General Liability, Product Liability (if required and ancillary to tenant's coverage), at \$3,500 annually, and Mechanical Breakdown ("Boiler and Machinery") at \$2,000 annually, with contingency - \$6,000 annually. Insurance rates for an incubator facility of this type are highly dependent on the size and rating of the fire protection district. Rates are also dependent on the actual businesses (especially manufacturing) that become tenants, which is not determinable until the project is built. Pratt Insurance Agency, a local insurance group was consulted.

*Taxes:* The business development center/incubator is assumed to be owned by the county and therefore exempt from property tax. If the county did not wish to operate the incubator, it could lease the building to a 501c3 for a nominal sum (often a \$1 / year), and the non-profit would operate the facility and program.



## Cash Flow Considerations

### Pre-Opening Development Expense

It would be advantageous to hire the Incubator Coordinator prior to the facility being renovated and opened. By employing the individual early on in the process, certain institutional knowledge can be developed thereby building capacity within the group as the next steps of facility development occur. Interim tasks would include; 1) project design & construction coordination, 2) start-up facility marketing, including working with prospect tenants, establishing pre-leases, etc, 3) coordinate equipment procurement, and, 4) coordinate regulatory and licensure compliance.

4 Months of Incubator Coordinator salary plus fringe	\$ 12,500
Other pre-opening expense (marketing, etc.)	<u>12,500</u>
<b>Total pre-opening development expense</b>	<b>\$ 25,000</b>

### Start-up Cash Reserve

Industry experience has also shown that these facilities “ramp up” over time. That is to say that both number of users and number of hours of facility use tend to increase over time. Although the first year projection does indicate a good chance of creating a small overage, it is a prudent practice to begin operations with a cash reserve to cover expenses as revenue ramps up.

### Cash Reserve Calculation

A cash reserve should be established that is sufficient to meet operating expenses during the initial months of start-up operations.

A conservative cash reserve would include:

Several months operating expenses (covering initial 2 yr. operating losses plus additional reserve)	\$ 50,000
Total Pre-opening Development Expense (above)	<u>\$ 25,000</u>
<b>Total Pre-opening Development Expense &amp; Cash Reserve</b>	<b>\$ 75,000</b>

## **Financing and Development Strategy**

Tioga County Economic Development and Planning has worked with the study team to establish a preliminary funding strategy for the creation of the mixed-use business incubator facility in Owego, NY. Funding will be solicited from a variety of public and private sources, and will include solicitations for cash, equipment, services and various other project costs.

The funding plan includes the following components:

### **Identification of Project Costs**

Funds will be required for the following aspects of the project's development and operation.

- Pre-Development Expenses & Seed Money
- Capital Expenses (including equipment)
- Program Development
- Technical Assistance
- Operating Support During "Rent-Up" Phase
- Ongoing / Operating Support

### **Public Funding Sources**

Tioga County will seek the majority of project funding from public sources. Federal sources include the United States Departments of Commerce (Economic Development Administration), Housing and Urban Development, and Agriculture, as well as, the Appalachian Regional Commission. Funding through the State of New York will also be sought for the project.

Public funds will provide a significant match against which to secure private foundation support. Funding will be secured for activities relating to economic development, community development and job creation. Tioga County will work collaboratively with both new and established contacts at all levels of government in order to take full advantage of all available public resources.

### **Private Foundation Support**

Various aspects of the project are suitable for funding from private foundations. The fund development plan will seek funding from regional and national private foundations for items and activities such as construction, program development, organizational start-up and operating support and a variety of other project costs.

### **Corporate Support / Contributions**

Project stakeholders will seek support from private sector corporations within the region. Corporate support is often available to incubator projects in the forms of loaned executive assistance, donated services, equipment and fund development assistance.

### **Equipment Acquisition**

Project stakeholders will investigate regional corporations, equipment manufacturers, Federal and local governments, universities, and restaurant suppliers as sources of used and new equipment and supplies. Various government agencies have surplus equipment that Tioga County would be eligible to acquire.

### **Levering Non-Cash Support**

Non-cash contributions have contributed to incubator development in the form of expenses such as land, buildings, equipment, services and materials. Tioga County and project developers will identify and solicit potential non-cash contributions.

### **Support of On-Going Operations**

Tioga County intends to fund long-term operations from program revenue. Prior to breaking even, Tioga County will fund operational shortfalls with funds built into the development budget

### **Providing Tenant Services**

Small business incubators commonly seek donations or rate reductions for professional services such as legal, accounting, bookkeeping, product development, and marketing for their development and for the development of small business start-ups. Contracts for these services will be structured so that the provider's donation represents a tax-deductible contribution.

Depending on other services offered, discretionary funds may also be available through a variety of Federal and State funding programs.

## Feasibility Conclusions

The feasibility conclusions that follow are based on the following: 1) the study team's expertise and understanding of successful rural incubators, and, 2) primary and secondary market research involving user surveys and individual personal interviews, mail, and telemarketing of many individuals, area businesses and other organizations within the target area of Tioga County. The local market research yielded valuable information regarding prospective tenants, product(s) wishing to be produced, length of time in business (or start-up), anticipated usage, etc.

By considering this information in light of best industry practices as well as those practices and policies to be avoided, a pro forma capital (project) budget was developed. In a similar vein, market data tempered by the realistic experience of the study team yielded a pro forma operating budget that showed the facility can break even on an operational basis within three years.

### Feasibility Conclusions:

**The number of prospective tenants is represented by a pool that is significant.** Tioga County's pool of prospective tenants was truly significant. While studies in rural areas typically yield prospective user surveys well under 100, the Tioga County response was almost 200 prospective users. The pool is also significant in that it contains a large number of prospects with business backgrounds or experience. Significantly, the potential to lease exists for 25 bays and 46 offices and cubicles. Over 30 arts users were identified for the arts room.

**There are many users who are interested in pursuing manufacturing.** This group typically uses an incubator facility for a substantial number of years. It is important to identify a number of these users prior to equipping the facility to meet normal manufacturing requirements. Significantly, 25 potential bay tenants have been identified.

**A Business Development Center/Incubator is financially viable.** Pro forma operating statements show that under the conditions set forth herein a joint office / light manufacturing facility configuration of approximately 25,000 square feet proves to be viable. The facility can break even by its third year of operation.

There is adequate evidence to support the feasibility of the proposed Business Development Center/Incubator in the Tioga County area and to move forward with the project's implementation. The initial design must include a mix of light manufacturing bays and office spaces, and an arts cluster. Programmatically, the facility must provide training, technical assistance and access to financing for its tenants. Developed as such, it will provide a strong foundation for the success of the small business interests associated with the project.

## Preliminary Concept Layout

In many ways the preliminary concept layout and the budgeting process are concurrent and mutually referring. Changes to components of either force changes to the other. In determining the preliminary concept layout the study team met with community stakeholders, and used their expertise in determining a layout that would “best fit” the overall needs of prospective tenants in terms of layout, workflow and equipment. Experience shows that specialized or expensive equipment cannot be secured for the sole use of one or two tenants. Similarly, special design elements that benefit a few are best avoided. These two important lessons, learned from the experience of existing incubator managers, were incorporated into the preliminary design.

There is no one “best” layout and equipment specification. Many times the feasibility conclusions, mix of tenants and their intended uses support a range of choices in design and equipment. Given these facts, *one* appropriate, potential layout was determined that would work for the project.

## Site Selection

Given Tioga County’s scarcity of flat buildable land, and a shortage of empty buildings that meet the desired specifications, the first choice for an appropriate site should be given to a new construction approach.

The following criteria are general characteristics of the site, the building, available utilities, etc. that are appropriate for a mixed-use rural, business incubator based on the experience and knowledge of the study team.

### Site Selection Criteria

**Size** – the size of the land should be no less than three acres or more than four acres, which is sufficient to site an incubator building of approximately 25,000 square feet. Incubators smaller than 25,000 square feet have too little space to generate sufficient rental income to reach breakeven. Small incubators have two basic approaches to break even – higher rents (which can inhibit the incubator’s very mission of assisting start-up and growing businesses) or generating outside sources of income (continual grant writing, support from area governmental jurisdictions - city, county or state, etc). The larger building size will allow the project to reach breakeven, without outside sources of funding.

**Utilities** – Ideally the building will have electric (three phase power a plus) and city water and sewer. Gas would also be desirable but is not necessary.

**Parking / Loading Dock** – Incubators use about the same amount of parking as do typical buildings that house service businesses and light manufacturers. Nothing in the survey results indicate that code parking would be insufficient. The building will need a loading dock with both semi and light truck access for shipping and delivers.

**Place** – Incubators work best close to population centers. The survey demand did not indicate that there was need for more than one incubator in Tioga County, nor that tenants would not

drive to the population center (Owego). The most appropriate place for a rural, mixed-use business incubator in Tioga County would be Owego and this location would, in the experience of the study team, yield the greatest chance for the project's success.

In the past many business incubators were developed to save a particular building, or, a building was chosen in a particular area to anchor that area's revitalization. This happened many times in the 1970's. Most of these incubator projects failed, not surprisingly, because the project was based on a building or a specific area of the community, rather than being based on the data supporting an appropriate location and size.

The developers of the Tioga County incubator are strongly advised not to be "building or area centric". Rather, site the incubator in an area that follows the data and makes logical sense for the project.

Another important consideration in locating the project is "local match". Typically to receive government funding, local sponsors of incubators will need to provide a match against grant funds. Often cities and counties that sponsor projects of this nature, utilize land that is already owned by the jurisdiction for their match. In this instance, local jurisdictions then do not have to outlay cash to purchase property to be used as the match.

Tioga County already owns land in the Tioga Industrial Park. The park, located on Route 38 approximately two miles from Owego, would be appropriate in this instance for two reasons. First, incubators are often located in industrial parks because these areas meet the requirements of the tenants and in many instances the site requirements. The land is appropriate industrial/commercial property. The site has the desired utilities - city water and sewer, power, etc. No significant retail activity is noted in the survey responses, and therefore expensive downtown land need not be used for the project. Second, Tioga County has already expended the development cost for this park and owns the land. The county could provide its match without coming "out of pocket".

## **Summary**

Given the above, in the opinion of the study team the most appropriate place to site the incubator is in the Tioga Industrial Park.

## Facility Design

### Mixed-use Business Incubator

The facility design was based in part on the local market data and the experience of the study team, including individuals who actually operate business incubators. All parameters of workflow, tenants characteristics, regulatory authority requirements, were considered in the following concept layout.

### General

Because the design did not have to fit an existing building, the design was free to fit the needs of the tenants and management. In general, long buildings with designs that are spread out and place all important services and shared rooms on one floor are best.

This results in the following approximate square footages:

Area	Square Feet
Bays	14,000
Offices	1,870
Arts room	1,500
Break room	670
Cubicle area	900
Reception area	550
Roaming area	1,650
Bathrooms	440
Conference	1,000
Storage	1,300
Mechanical room	1,120
<b>Total</b>	<b>25,000</b>

The layout would include 14 light manufacturing bays of about 1,000 square feet each; a 1,500 square foot arts room; 10 rentable offices of 140 square feet each; one slighter larger office for the incubator manager, a conference room of 1,000 square feet; a break room of 670 square feet; 6 cubicles in an area of 900 square feet; as well as, ancillary building rooms – a mechanical room of 1,120 square feet; and an upstairs record storage area of 1,300 square feet.

### Administrative, Office and Cubicle Area

#### Offices

Ten Offices of about 140 square feet each have been included in the design for rental. One larger office has been reserved for the incubator manger.

#### Cubicles

Six Cubicles are included and available for rent. Cubicles are excellent spaces for those that are “pre-venture”, or investigating establishing a business.

### **Conference**

An easily accessible conference room of about 1,000 square feet has been created convenient to both management and tenants. The conference room was designed to meet a dual usage for both management and tenants, as well as use for training.

### **Other**

The design includes bathrooms, a mechanical room of 1,120 square feet, and a record storage area of 1,300 square feet.

### **Light Manufacturing Area**

#### **Tenant Bays**

Each of the 14 tenant bays are designed for light manufacturing, although a particular bay could be fitted for office or a service environment. The bays will be finished for a manufacturing environment with little attention paid on high finishes. The approximate size of the manufacturing bays is 1,000 square feet.

### **Arts Room**

The only sector or group that would require special considerations in terms of building design would be the arts and crafts cluster. Arts Room or Cluster. The basic space would be 1,500 square feet, including a tenant production area as well as tenant storage.

### **Arts Room Layout Considerations**

In facility design section a layout for the arts cluster room is provided. It provides one possible version of an “arts area” within the building to house both start-up or existing businesses producing and selling artwork and craft items. This concept includes two sections of the space which may be expanded individually or jointly as required.

The smaller area is dedicated to storage for artists artwork and crafts such as paintings, drawings, photography, etc., while the larger is dedicated as a production area. The space is designed to allow several clients to simultaneously utilize the facility as implied by the furnished survey. Roof-top skylights and windows along the two sides of building are included to maximize natural lighting. Double-pane glass or Plexiglas would allow internal blinds to be used for light control. Artificial, daylight lighting would supplement natural lighting. Several small ventilating fans are included to remove fumes and odors. A deep basin sink is provided for clean-up of brushes, palettes, tools, etc. A dark room, equipped with a sink and cabinets, is included for film and print processing.

Other than woodworking crafts, the survey suggests that three or four single workstations would accommodate the remaining crafts, woodworking, glass and tin work. The loading dock is located on the side to facilitate raw material unloading as well finished product loading. Woodworking is isolated, as much as possible, because of dust generation. A deep basin sink provides a supply of water and clean-up facilities for pottery and sculpture. Water and drains are concentrated in the middle of the building. The facility has been designed to provide as much natural light as possible. A small office is included to house arts council personnel or as a space for visiting artists.



### **Observations of Owego-Apalchin Middle School Facility**

If the school becomes available, the Tioga County Council on the Arts (TCCA) is interested in negotiating for use of the auditorium and a couple of rooms. Ample space would also be available to explore the feasibility of a gallery. The two shops could be used for regular incubator clients or wood related arts clients. One or two rooms could be considered to accommodate potential arts clients. It would need to be designed with high flexibility.

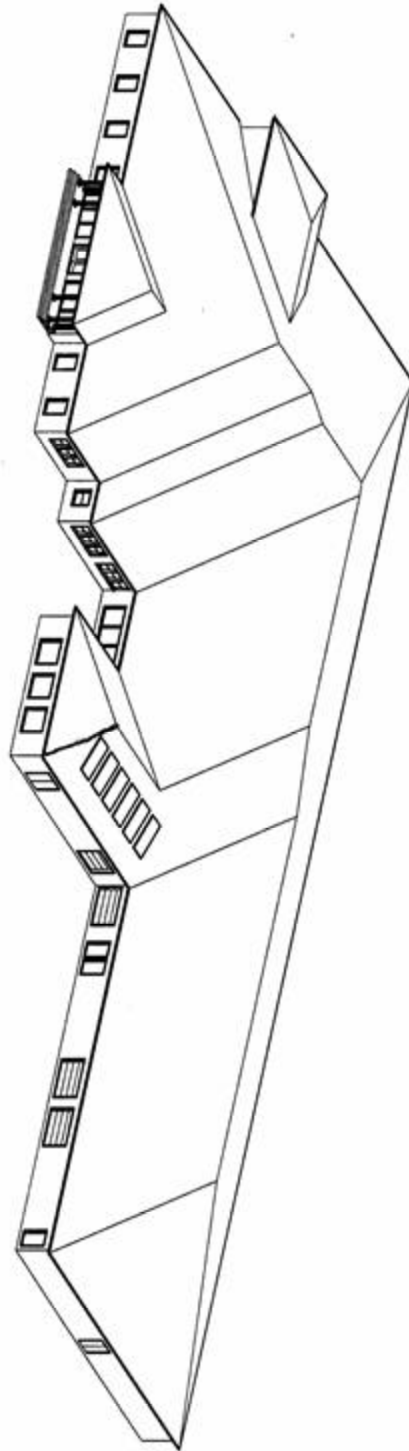
### **Build to Suit**

The new facility could be designed so that the conference room could double as a gallery at designated events during the year. A shared use room could be designed to accommodate a variety of artists and they would be part of the incubator. The training and education opportunities could be extended to the community. The Arts Council may be able to lease the auditorium and accompanying rooms for their activities.

### **Note on Owego-Apalachin Middle School Remodel**

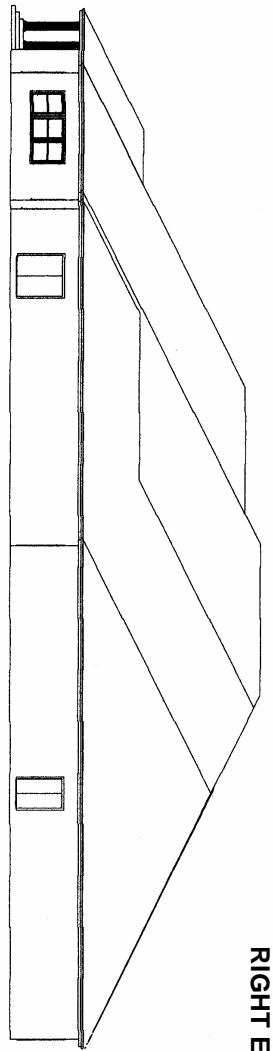
The remodel of the middle school includes the existing kitchen and cafeteria. The area is included to offer a place for meals to be prepared and served. Incubator tenants would have use of the kitchen and cafeteria areas, or perhaps a catering company would setup operations based on the food needs of the tenants.

## New Construction Overall Facility Design

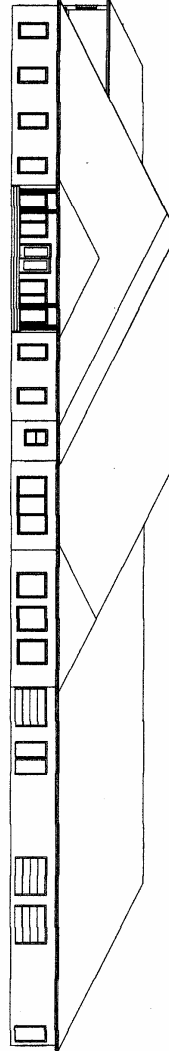


*Illustration Purposes Only - Not To Scale*

# New Construction Elevations



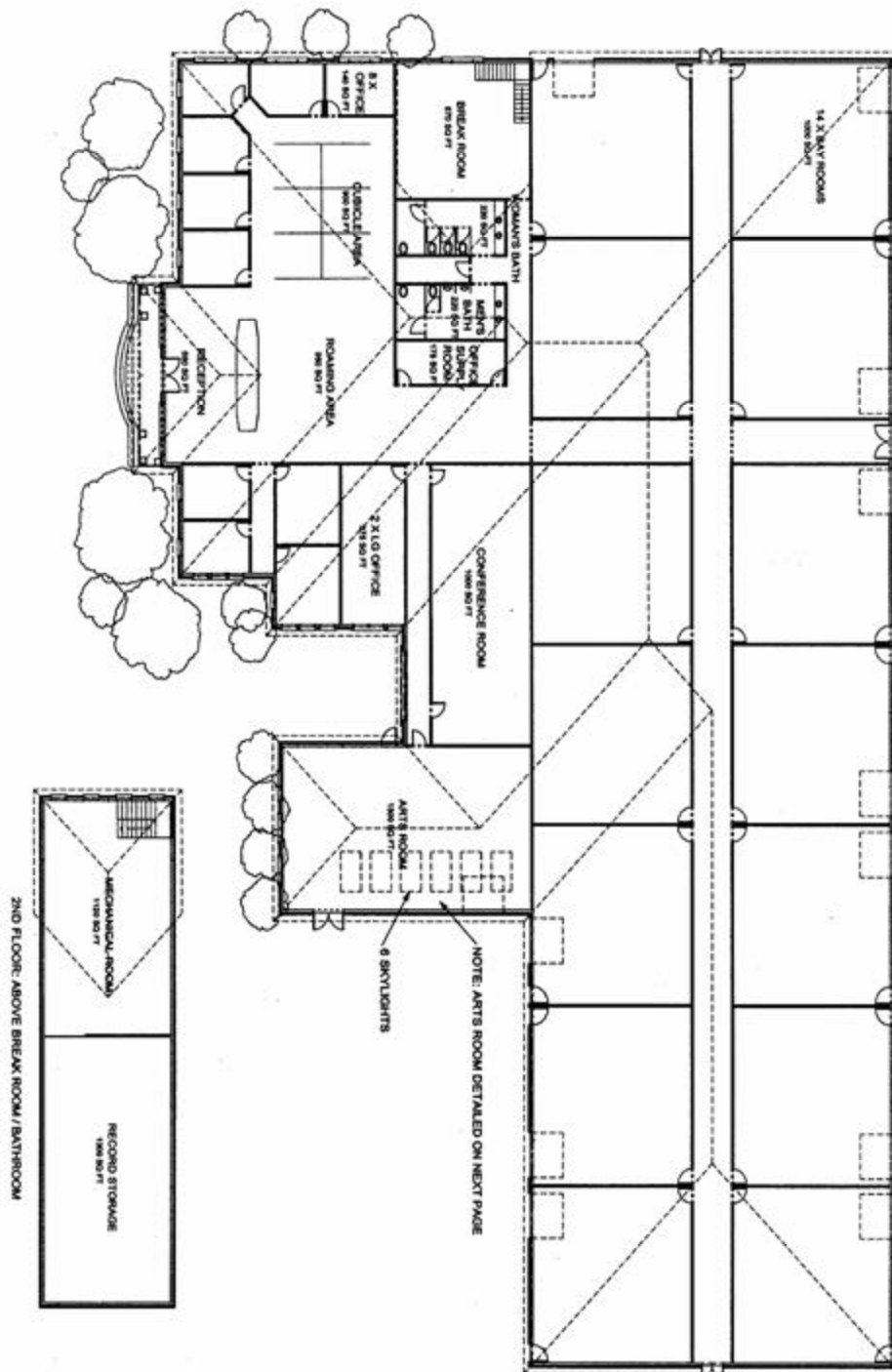
**RIGHT ELEVATION**



**FRONT ELEVATION**

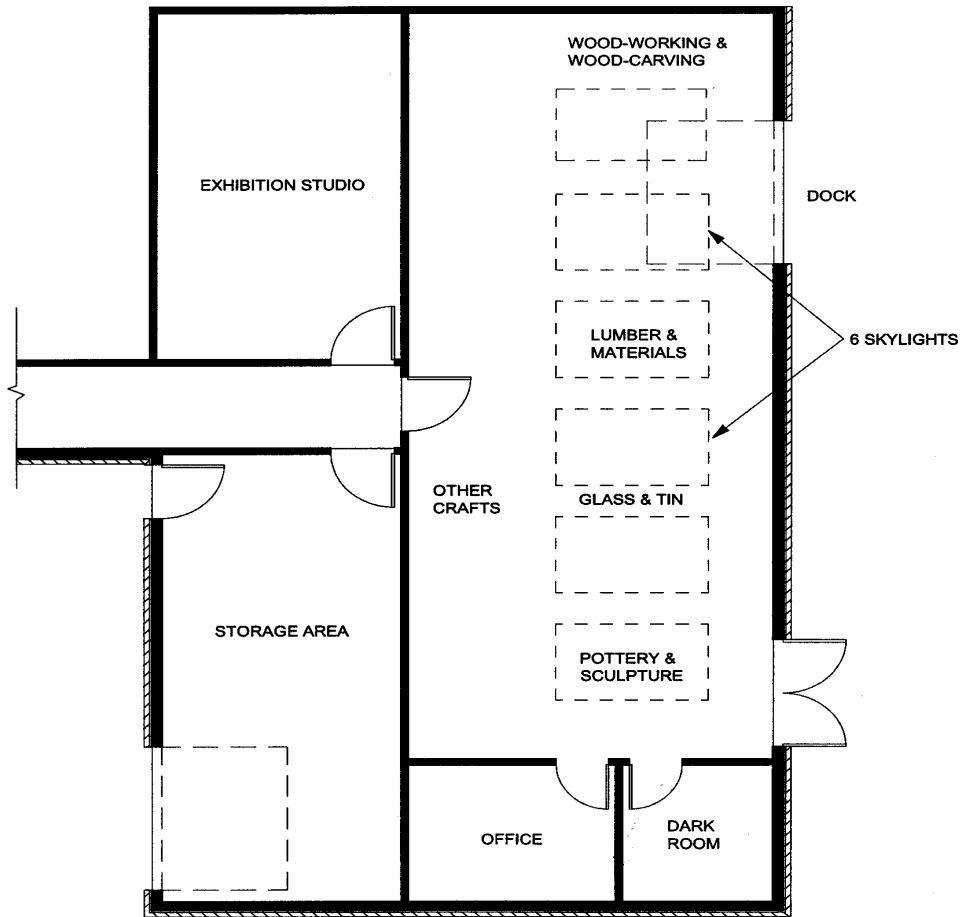
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# New Construction Floor Plan



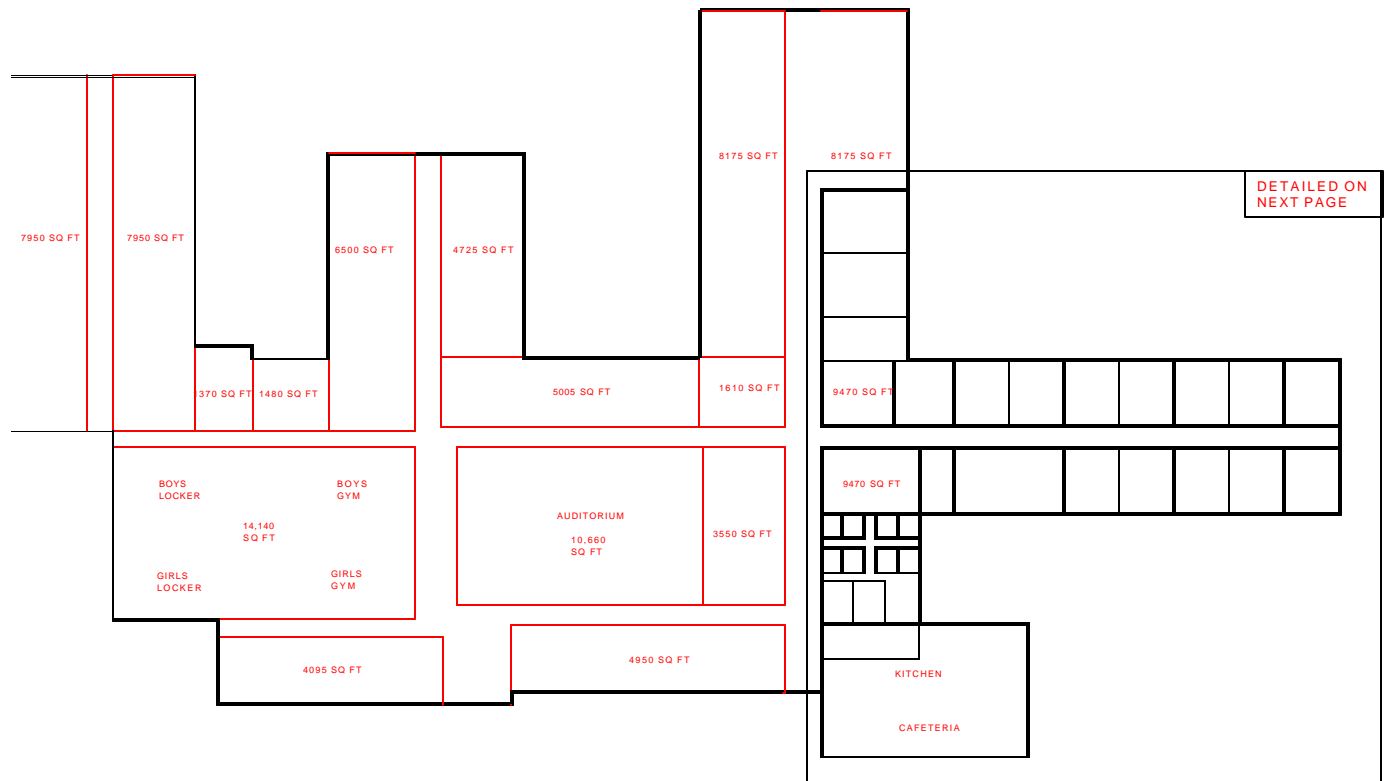
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# New Construction Arts Room



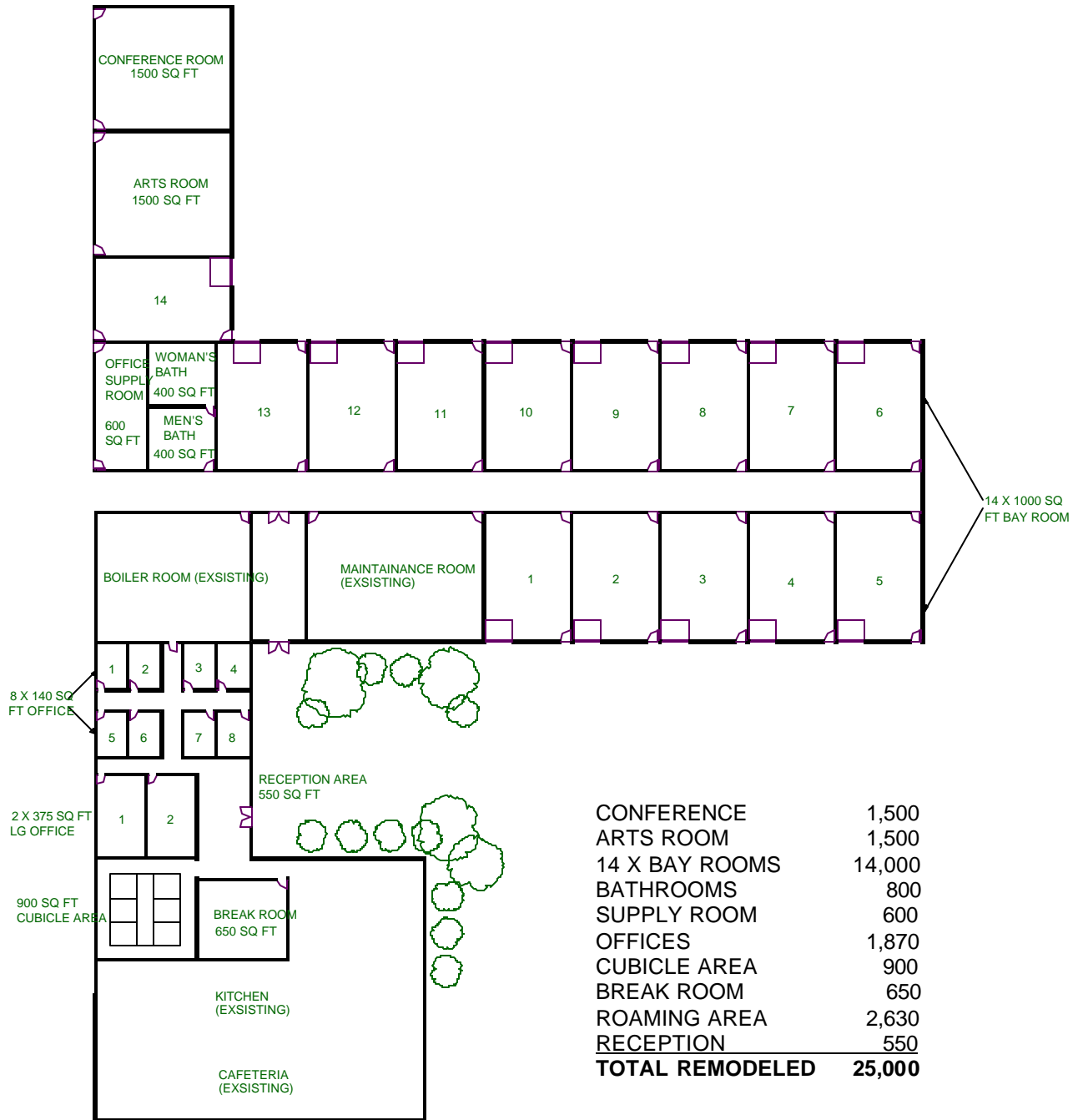
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# Renovation Owego-Apalachin Middle School – Existing



*Illustration Purposes Only - Not To Scale*

# Renovation Owego-Apalachin Middle School – Proposed Renovation



*Illustration Purposes Only - Not To Scale*

## **Management Plan**

The management plan is an overview. It contains general information that will serve as a guide as the actual management strategies are developed for the proposed incubator. It is not the intention of this section, nor is it within the scope of this study to present an all inclusive, comprehensive management strategy. The intention here is to provide an overview of best practices gleaned from existing incubator management as practical starting point from which appropriate management policy for the facility can be developed.

Management styles and implementation varies widely among incubators depending on a variety of factors including, tenant mix, regulatory environment (based on requirements that vary with the type of tenant industries) and the preferences of the local incubator management and board. As this project continues it will be the task of the local governing body to develop a management plan that is consistent with all concerned parties. The management plan must reflect the requirements of the community, the needs of the tenants, as well as, the management intentions of the proposed incubator's staff, directors and advisors.

The management plan is comprised of two main sections. The first section presents important issues that relate to the management of the facility, and is named Facility Issues. It contains the following parts: Strategy, Operations, Personnel, and Risk Management.

The second section relates to those management issues that pertain to tenant services. This section is called Tennant Services Issues. These issues are developed and presented within the proposed Tenant Program Development Plan for supporting emerging and growing businesses, which includes: Incubator Model, Training, Technical Assistance, Access to Capital and Sharing Community Resources.

## **FACILITY ISSUES**

### **Strategy**

Many incubator managers might start a discussion on Strategy with a discussion on breaking-even. It is important to weigh financial considerations into any strategic planning that incubator management undertakes. However, whether a facility breaks even or doesn't, is not always the primary motivator in strategic thinking. There are other important factors to consider.

Centering Incubator strategy on "tenant issues", rather than the "real estate", is the best approach. While real estate issues and break-even ability are important issues, strategy, incubators that focus on serving the needs of their clients have, for the most part, fared better than those that focus strictly on facility issues. Tenant focused strategies ensure the success of the facility by developing healthy tenant companies. Facility-focused strategies can favor the incubator's short-term goals to the exclusion of their tenants betterment, which is always shortsighted.

Consider the following steps to developing an effective tenant-focused strategy.



### **Develop an effective and useful network of “stakeholders”**

Nothing will insure the success of the facility more than determining an effective network of “stakeholders” – those willing to provide advisory services and act as service providers to the tenants that will occupy the facility. Stakeholders by their nature are tenant-focused.

Industry experience and the experience gained by incubator managers, has clearly shown that operations and management thinking be directed by certain important aspects. Accordingly, stakeholders are best organized around these three critical functions: business training, technical assistance, and access to capital. These three ingredients are vitally important to the success of small businesses, and thereby, vitally important to the incubator. Again, experience indicates that in incubators where management has not been concerned in developing their tenant’s capacities in these three key areas, those facilities have had difficulty in developing stable tenant bases, and with that lack of stable cash flow, a financially viable facility. The important elements of training, technical assistance and access to capital are addressed in the upcoming tenants services section.

### **Develop an effective and useful governing body and advisory committees from the stakeholder network**

The network of stakeholders is the natural group from which to recruit both board members and other individuals that can serve in an advisory capacity. Often the important goal of fundraising is one of the primary tasks of the governing board of directors. The problem faced by many incubators, especially rural ones, is the development of establishing ongoing and stable revenue streams. This makes the fundraising task a crucial one, and one that needs to be addressed the board level.

Many individuals within the stakeholders network will be involved with fundraising in their own organizations or groups, and may not wish to take on another responsibility in this area. It is recommended that advisory committees or boards be established that are not part of the formal governance of the incubator, but rather report to the board. These committees are excellent places for individuals to serve the incubator when they are not wanting full board involvement. These committees can take on a number of tasks, including, providing general input on incubator policy and operations, investigating special areas or projects that the board wishes studied making appropriate findings and recommendations to the board, and, other duties or tasks that the board may assign from time to time.

The point is to obtain as wide as possible input from stakeholders and potential helpers in the community. By including a wide and diverse range of attitudes and ideas, the incubator will be better served. Include individuals from the stakeholder group both in the governing board and on advisory committees.

### **Develop a well thought out Mission Statement**

One of the most important things a board can do is to establish the overall strategic policy that will guide the incubator. A good first step to this is by first developing a concise and well thought out mission statement. With the mission statement in place, short and long term goals and objectives can be “bounced off” the statement, making sure that organization goals, and the programs needed to implement them, are consistent.

It's been said that every great community development organization has a great mission statement. Consider the following definition of a mission statement?

**Mission statement:** *A written statement, in the broadest terms, describing what the organization hopes to do and be.*

Understanding your incubator's mission is important to your incubator's success. Great incubators not only have great mission statements, but they develop their programs and services on a *mission-related* basis as well. That means that the incubator is operated (including *all* the programs and services provided) from the point of view of their organization's mission statement. In well operated incubators the products and services being provided "fit" into the predetermined goals and objectives of the incubator.

Incubators can have several possible "missions." Consider the following:

**Possible incubator missions**

- ◆ Wealth creation
- ◆ Job creation
- ◆ Revitalize the community
- ◆ Bring new technology to the community
- ◆ Develop technology infrastructure in the community
- ◆ Empowerment for low to moderate income individuals
- ◆ Develop value-added opportunities for local companies
- ◆ Develop a community niche in incubating a specific kind of (sectoral) business

**The proposed incubator should develop a mission statement along these lines:**

*ABC Incubator's mission is to help launch healthy, successful graduate companies into the community's business environment by providing shared space and services during the business' development stages. ABC Incubator incorporates tools by which resident companies can be evaluated, supported and mentored so that they have greater potential for ongoing viability when "graduated" from the incubator environment. In addition to physical space and office services, ABC Incubator will strive to promote training, access to capital, and technical assistance opportunities as appropriate for its tenants.*

In sum, effective incubator strategy is based not singularly on the facility or its financial position. Effective incubators develop a tenant-focused strategy that includes stakeholders and other interested community organizations and individuals in both governing and advisory roles. Finally, the first step in developing an effective tenant-focused strategy is to first develop a well reasoned mission statement that can guide incubator management in the development of all incubator programs and policies.

## **Operations**

With the strategy aspects of the incubator discussed, it is appropriate to address important incubator operating characteristics.

These important operational areas are Tenant Selection, Typical Incubator Tenants, Application Process, Approval Process, Lease Rate and Services Fees, Hours of Operation, Security and Billing, Cleaning, Insurance, Employment Information Tracking, and Tenant Graduation Policy.

### **Tenant Selection**

One of the most important aspects of tenant selection has to do with the product(s) or service(s) to be produced in the incubator. Tenants must be reviewed in terms of intended product(s)/service(s) to be produced or provided. This review will insure that all tenants and their intended uses of the facility are in compliance within the board approved policy of the incubator. This review should also include intended production methods. The products/services and production methods must be in compliance with any and all appropriate regulatory agencies, and with the licensure and zoning of the facility.

#### **Typical Incubator Tenants:**

##### **Light manufacturing**

Those engaged in the small-scale production of various manufactured products. This group includes those that truly manufacture products from raw materials and those that assemble parts manufactured elsewhere, into a finished product.

##### **Service**

Service providers are also incubator tenants. This group uses their incubator space for warehousing parts (if they do repair or warranty work), and for office space.

##### **Retail**

More rare is the retail tenant. Retailers often do not fit in the incubator's zoning restrictions, nor do they "fit" into a commercial area from a "consumer" standpoint. Retailers typically site their outlets based on "location, location, location", and a commercial location is usually not appropriate from their marketing perspective.

### **Application Process**

Admission requirements vary widely among incubators. The process should begin with a completed application and a personal interview. During the interview incubator management can ascertain the product(s)/service(s) "fit". The products and services the prospect wishes to produce and the production methods they wish to utilize must fit into the incubators philosophy and zoning. Similarly, the service to be provided must fit the incubator philosophy and image. Not all services that are legal will fit the incubator image.

The prospective tenants' products and production methods could be incompatible with the facility for a variety of reasons. These could include (1) products/production methods that are outside the facilities mission philosophy or regulatory/zoning authority, (2) facility could not meet the needs of the prospect within the current layout or equipment specifications of the

facility, and/or (3) products to be produced or services provided are not allowed by management, although technically within regulatory authority.

Additionally, a written business plan approved by incubator management is often required. By requiring a written business plan the incubator manager can determine the prospective tenant's readiness to be in business, and therefore gauge the company's chances for success. More importantly, it will help guide the incubator manager in developing a suggested training plan for the tenant, to help them develop competency in the areas that are weak in the planning document. Some incubators do not require a written business plan prior to acceptance, but do make the tenant agree that a completed business plan will be required in a specified time period (30 to 90 days). If this milestone is missed by the tenant, then they agree to enter a formal class or undertake other counseling that will lead to a completed plan.

### **Acceptance Process**

Many successful incubators have a set acceptance policy. This typically involves evaluating the tenant application against a pre-determined set of admission criteria. This is sound policy for two reasons. First, it insures that all tenants are treated in a similar manner. By following a set procedure all tenant applications are evaluated on their merits. Second by following an established process, it will be less likely that important aspects in the acceptance process will be left out.

Prospective users should be required to attend mandatory orientation sessions to become familiar with incubator policies (operating procedures, regulations and rules, office equipment use and policies, and so forth), prior to being admitted for tenancy.

Additionally, any required local and state licenses and/or registrations needed to produce the desired product are to be obtained prior to facility use. Any licenses required to operate a business should be obtained before hand, as well as, appropriate business and liability insurance.

It is important to note that some funding agencies such as the EDA have recruitment policies built into the development funds they offer. Review your grant and/or loan documents carefully to incorporate these guidelines into your tenant recruitment policy. An example of this would be your ability (or inability) to attempt to recruit established businesses that are located in other jurisdictions – the EDA typically does not allow this.

### **Lease Rate and Services Fees**

Lease rates and fees for services are discussed in the Marketing Plan section. The rates used for financial forecasting purposes in the operating budget were determined in accordance with the discussion on determining pricing as set forth in the marketing section.

### **Hours of Operation**

The business office of most incubators is open during normal business hours - 5 days a week. However, tenants typically have access to their leased spaces 24 hours a day - 7 days a week. Depending on the policy of the incubator, tenants often have access to the photocopy room

during off hours, so that they can use the incubator's office machines (e.g. photocopy machine; fax machine; etc.).

Some tenants may not be comfortable working in the facility alone at night. This issue has been reported at both rural and urban locations. Some incubators address this issue by offering secured parking, proper lighting and alarm systems. One incubator reported a card key/punch pad entry system. The security/safety issue will in large part be determined by the defining characteristics of the neighborhood in which the incubator is sited.

### **Security and Billing**

Some incubators have a card key/punch pad security system that it is often monitored by a local security company. This typically offers the incubator manager a four-way split-screen monitor that scans views of many areas in and around the facility. Activity in the incubator is recorded by video cameras, which are positioned strategically throughout the area, including main entrance, loading dock, etc. Tenants are assigned a code that must be entered before they can enter the facility. The system also records a time and date stamp on the videotapes.

Inadequate parking and poor lighting will effect tenants desire to use the facility at night. While issues of security and safety, late night parking, and, facility access have typically been "urban issues" in the past, rural incubators have been reporting problems recently with increasing frequency.

Billing is typically on a monthly basis for the space being leased. Fees for service (photocopies, fax use, etc.) can be done as frequently as weekly.

### **Cleaning**

The general and common areas, and the incubator offices are cleaned on a set schedule, typically twice or three times a week. If the incubator is extraordinarily busy, it may require nightly cleanings.

Each tenant is required to clean their own space(s). Tenants are also responsible for leaving the general and common areas clean. They are also responsible for their employees or customers who may dirty common areas. Should a tenant cause uncommon untidiness, they should be warned and then charged for the extra cleanings required. The tenant should be notified by letter regarding a violation of the lease. Cleaning charges should be billed and/or deducted from the tenant's cleaning deposit. If cleaning violations continue, or a tenant becomes troublesome, the lease may be terminated.

### **Insurance**

Insurance coverage is important for the protection of both the facility and its tenants. Insurance is a major component of the facilities risk management plan, and appropriate insurance coverage for tenant and facility are covered in the budget and risk management sections.

## Employment Information Tracking

It is a good idea to require in each tenant's lease that they provide quarterly employment statistics to the incubator manager. This information is invaluable to document the success of the incubator, which can be included in any grants prepared for funding purposes. The form provided to tenants should require information regarding family income, race/ethnicity (optional), family size, job title, previous employment, hiring date, etc. Additionally, this information may be required if any federal agencies, such as the US Economic Development Administration and/or Housing and Urban Development, are used to fund the incubator.

## Tenant Graduation Policy

The tenant graduation policy can be one of the most difficult and thought provoking areas many incubators (especially rural ones) face. On the one hand, the incubator is striving for a stable and reliable cash flow. It seems to many incubator managers when faced with "kicking a tenant out" (graduating) that it happens just when a tenant is stable and able to be a good rent payer. On the other hand, the philosophy of the incubator is to provide nascent and startup businesses the leased space they might not otherwise be qualified for under traditional landlord guidelines. When the start-up business have grown and matured, they graduate making room for new start-up businesses. The goal of the incubator is not to take established businesses out of commercial real estate leases, but rather be the catalyst that one day allows them to be a solid, prospective commercial real estate tenant, or owner of their own facility.

Most business incubators develop some type of graduation policy. Usually the problem is not developing the policy, but rather enforcing the policy. Here are some guidelines that will insure the graduation policy is fair to both the incubator and the tenant:

- ◆ **Establish a written policy.** Once you have decided on your policy (2,3-5 years, etc.) make sure the policy is in writing and have the tenant sign it at move-in. A signed, written policy will go along way to mitigate disputes a few years down the road.
- ◆ **Memorialize any changes.** If the written policy changes for any reason, be sure to put those changes in writing and have all effected tenants sign the changes.
- ◆ **Make sure your policy is within your funders guidelines.** Some funding agencies (such as the EDA) have graduation policies built into any development grants or loans they offer. Review your grant and/or loan documents carefully to incorporate these guidelines into your graduation policy.
- ◆ **Build in some flexibility.** Make sure there is some negotiation room within the "set" policy. For instance, a tenant may be granted a 6 month extension by the board upon the recommendation of the incubator manager.

## Operating Forms

The incubator should develop the following standardized operating forms as a minimum:

## **General Information**

**Letter** - an introductory letter explaining the incubator concept, the service provided, etc. that can be mailed or handed to prospective tenants. This letter can accompany marketing material that is mailed to prospective tenants and other interested parties.

**Brochure/flyer** – this is the basic marketing piece for the incubator. It should include both a list of features (such as lease spaces, shared-use equipment, and services available) as well as, the benefits afforded to those that use the incubator. Make sure this is professionally produced – a hard to read photocopy won't do much for the professional image the incubator should portray.

**Tenant Fact Sheet** – a list of facts, lease rates, frequently asked questions, etc., also attractive and professional prepared and printed.

## **Application Package**

**Tenant Application**– the starting point in documenting prospective tenant information. It could include name, address, telephone and other contact data, date, product(s) to be produced, manufacturing processes to be used, proposed services, year business started or start-up, business identifier numbers, business legal status, professional and/or business licenses, desired space and other special lease needs, special storage needs if any, and other items that produce a completed profile of a prospective tenant.

**Tenant Business Plan**– if a business plan is required for review prior to tenant acceptance, this will document what is expected in the business plan and how it is being used to assist the incubator management in determining if the applicant is suitable for tenancy.

**Incubator Rules: General rules for tenants**– this form outlines all the general rules, requirements, procedures and policies that tenants must abide by. It should also point out the penalties and remedies that come with non-compliance.

**Lease Rate/Fee Schedule** – list the lease rates, any sliding scales or discount available, storage fees, entrance fees, one time setup fees, cleaning fees, cleaning deposits, and all fees, penalties etc. that a tenant might encounter through using the incubator. It should also include all the services that are available at the incubator, office machines, etc., and the fees for such usage.

## **Applicant Forms – upon approval**

**Notice of Approval** – this form notifies the applicant their tenancy has been approved.

**Lease** – this is the legal agreement that documents tenancy. Legal review of this document is strongly recommended.

**Applicant Approval Form Checklist** – this internal form memorializes steps in the applicant approval process. All requirements that must be met before tenant approval and move-in should be presented here. A “checkmark” form will allow requisites to be easily and noticeably marked upon completion. Requirements could include a personal interview, business plan, review of

product(s) and manufacturing process(es), review of services to be provided, insurance binder, executed lease, etc. This form represents a management checklist to insure that all procedures and requirements have been met for a particular tenant.

**Tenant Pre/Post-use Condition Checklist** – documents the cleanliness and condition of the space prior to use by a tenant. This checklist is signed by the tenant, and typically has a “check-out” section. The tenant should not be charged for normal wear and tear to the space, but is responsible for extraordinary wear to the space. This form provides documentation for the tenant and the landlord (incubator) of the pre and post condition of the tenant space.



## Personnel

During the course of the feasibility study the study team queried members of the **Tioga County Entrepreneurial Center Study Oversight Committee** to determine their ability and/or readiness to take-on the development and management function of the proposed incubator. The County was clear in its intention not to be the primary manager of this facility. County personnel believe that other non-profit community stakeholding organizations would be more appropriate.

The management issue notwithstanding, the development of the incubator could certainly include Tioga County directly, if for no other reason than the increased access to grant funding. Often cities or counties develop (or play a significant role in the development of) incubators and then turn over the management of the facility to a non-profit agency or organization. This is most often accomplished through a lease arrangement. In this case, that entity could be existing Tioga area non-profit or a non-profit organization to be formed. In situations where cities and counties out source the management of their incubators, a nominal annual rent is charged for use of the city/county owned building. The lease typically stipulates that the building can only be used for its intended purpose (an incubator) and that the lessee would forfeit their lease if the building were used for any non-allowed use. The fee can be as low as a 1\$ per year.

Recently, a group of Tioga County residents have sought IRS approval for the formation of an incubator in Candor, New York. The Candor Business Center (CBC) is hoped to be a self-sustaining “business incubator” designed to empower and guide successful local business start-up, incubation and maturation. The CBC board believes that by providing the environment, tools and mentorship, entrepreneurs can move ideas and concepts into real business endeavors. While the jury is still out on whether this local group will succeed, the **Tioga County Entrepreneurial Center Study Oversight Committee** may wish to explore a mutual relationship concerning potential development and management of one, larger business incubator located more centrally in Tioga County.

Whether the county develops the incubator program with “in-house” employees, contracts out the responsibility, or leases the facility to an existing or to be formed non-profit organization, staffing will be the same.

Staffing of the facility will require the following full time positions:

**Incubator Manager** – this individual will have the majority of the responsibility for operating the incubator under the policies and procedures approved by the board. This includes staff issues (hiring, supervision and termination), tenant issues (application, review of products to be produced or services to be provided, training, etc.), and, the task of liaison between the board and its committees and the community.

**Reception/Office Assistant** - this is a general reception position with the usual duties of public reception, telephone answering and office assistant duties. Specific duties include front desk reception, telephone answering and message taking. Backup duties include taking tenant inquiries, relating general information, and mailing tenant application or information packages.

Sample job descriptions for the Incubator Manager and the Reception position follow.

**Job Description: Incubator Manager**

Reports To: Board of Directors

Job Title: Incubator Manager - (Full time position)

**GENERAL STATEMENT OF DUTIES:** Performs a wide variety of duties supportive of the Board of Directors of the incubator in the administration of the facility, including scheduling, rent collection, and the general rules and regulations of the facility. Incubator Manager will develop procedures to monitor and insure tenants are in compliance with incubator policy. Further, the Incubator Manager and will be responsible for maintaining relationships with various government and regulatory agencies, and other groups and organizations that are involved with the incubator in the areas of funding and operation. Incubator Manager will be responsible for recruiting and directing the activities of volunteer committees and groups that are involved as local and community stakeholders, in the areas of training, technical assistance and access to capital. The Incubator Manager will report and coordinate the activities of these groups with the board of directors. Duties also include tenant interface on all issues relating to tenancy, including lease, rules and regulations, graduation policy, etc. Incubator Manager will also interface with other agencies to develop and support training programs housed at the incubator, assist with grant writing and other necessary administrative duties.

**SUPERVISION RECEIVED:** Receives supervision from - Broad of Directors.

**SUPERVISION EXERCISED:** Supervises incubator tenants as required to implement and monitor compliance with incubator policy. Also supervises other incubator employees, including the receptionist/office assistant.

**EXAMPLES OF DUTIES:** (Illustrative Only)

- ◆ Develops incubator application policy and procedures and presents to board for approval.
- ◆ Interview all prospective tenants and determine if a prospect is suitable for tenancy, using the incubators approved application process.
- ◆ Responsible for overseeing the development and implementation of incubator accounting procedures and controls, including the hiring and firing of accountants.
- ◆ Develops and presents annual budget for board approval.
- ◆ Oversees collection of rents, receipts, and depositing of funds.
- ◆ Develops (updating as appropriate) tenant training programs on incubator rules and regulations. Conducts individual or group training sessions with tenants as appropriate.
- ◆ Notifies tenants of acceptance and provides tenant orientation and assistance.
- ◆ Maintains files and records on individual tenants insuring compliance with incubator policy and procedure.
- ◆ Maintains records for government agencies or other grant or funding organizations as required.
- ◆ Calls, directs and attends staff meetings as required by the board, and performs such duties as may be outlined from time to time by the board in staff development.

- ◆ Collects data, secures bids, and makes recommendations as to repair and maintenance of incubator equipment and facilities.
- ◆ Coordinates repair and maintenance of facility and equipment as directed by the board.
- ◆ Hires, supervises and terminates the incubator staff as required, performing job reviews and making appropriate recommendations to board of directors for all personnel actions.
- ◆ Prepare grants and support the funding efforts for the incubator.
- ◆ Implement grants received and track progress, preparing all grant required reporting.

**REQUIRED SKILLS, KNOWLEDGE, AND ABILITIES:**

- ◆ Ability to communicate effectively, both orally and in writing. Job requires both report generation and training skills.
- ◆ Good interpersonal skills. Job requires constant interface with tenants, prospective tenants, government officials, fellow staff members, and others.
- ◆ Ability to gather large amounts of differing information, accurately maintain and organize it into a variety of reporting formats that may change periodically.
- ◆ Personal computer skills relating to report generation and information maintenance. Word processing, spreadsheet, and database management experience required.
- ◆ Ability to develop and monitor a wide variety of programs to insure tenants are in compliance with incubator policy.
- ◆ Ability to develop and monitor the necessary programs to insure the facility is in compliance with all governmental agency requirements.
- ◆ Ability to develop and implement job training, technical assistance and access to capital programs. Works with other community “stakeholders” in developing tenant capabilities and access in these three key areas.
- ◆ Ability to write and monitor grants.

**ACCEPTABLE EDUCATION AND EXPERIENCE:**

- ◆ Looking for an individual with a combination of a business degree and experience in the incubation industry, which provides the required knowledge and skills to perform the work as described.

**NECESSARY SPECIAL REQUIREMENTS:**

- ◆ Ability to be bonded

**Job Description: Reception / Administrative Assistant**

Reports To: Incubator Manager

Job Title: Receptionist/Office Assistant - (Full time position)

**GENERAL STATEMENT OF DUTIES:** Performs a wide variety of duties supportive of the Incubator Manager in the administration of the facility, including instruction of tenants as to use and safety of office equipment. Under the direction of the Incubator Manager, the Receptionist/Office Assistant will assist in developing procedures to monitor and insure tenants are in compliance with incubator policy. Receptionist/Office Assistant will provide the first line of contact between the incubator and prospective tenants and others. This contact will include telephone, mail, email, and in-person. Duties also include authoring and typing communication, spreadsheet origination and updating, and other tasks related to assisting the Incubator Manager in the operation of the facility. Receptionist/Office Assistant will assist Incubator Manager as required.

**SUPERVISION RECEIVED:** Receives supervision from Incubator Manager.

**SUPERVISION EXERCISED:** Along with Incubator Manager, supervises tenants within the facility as required to implement and monitor compliance with incubator policy.

**EXAMPLES OF DUTIES:** (Illustrative Only)

- ◆ Assist prospective tenants by answering questions, providing applications and marketing materials.
- ◆ Answers telephones for the tenants as needed and provides reception and front desk services at the incubator.
- ◆ Prepares correspondence for Incubator Manager.
- ◆ Under the direction of the Incubator Manager prepares correspondence and spreadsheets as required.
- ◆ Under the direction of the Incubator Manager collects rents, writes receipts, and transmits/deposits funds into appropriate bank accounts.
- ◆ Develops a database of tenants and maintains the database.
- ◆ Maintains the files and records for the incubator, per the direction of the Incubator Manager.
- ◆ Attends staff and tenant meetings as required by Incubator Manager, and keeps records of the meetings and performs setup and administrative duties from time to time as directed.
- ◆ Under the direction/assistance of the Incubator Manager, obtains repair and purchase bid documents, coordinates repair and maintenance of equipment, and the facility.
- ◆ Performs other reception and office assistant duties as may be required from time to time by the Incubator manager.

**REQUIRED SKILLS, KNOWLEDGE, AND ABILITIES:**

- ◆ Ability to communicate effectively, both orally and in writing. Job requires both report generation and training skills.
- ◆ Good people skills. Job requires constant interface with tenants, prospective tenants, government officials, fellow staff members, and others.
- ◆ Ability to gather large amounts of various information, accurately maintain that information, and organize it in a variety of reporting formats that may change periodically.
- ◆ Personal computer skills relating to report generation and information maintenance, including Word processing, spreadsheet, and database management experience required.
- ◆ Telephone answering skills and the ability to understand and operate a telephone switchboard.
- ◆ Ability to take and follow instructions.

**ACCEPTABLE EDUCATION AND EXPERIENCE:**

- ◆ Looking for an individual with a combination of business and office skills and experience as a receptionist and office assistant, which provides the required knowledge and skills to perform the work as described.

**NECESSARY SPECIAL REQUIREMENTS:**

- ◆ Ability to be bonded.

## **Risk Management**

All organizations face some type of risk. Incubators are no exception and therefore need to address risk management issues.

Fortunately, business incubators face less risk than many of their sectoral counterparts. Incubators in high tech areas (where equity interests may be taken in their tenants companies), or in industries that are regulated (e.g. food processing or kitchen incubators) have far more complicated risk management issues.

A systematic program of risk management can mitigate the risks associated with a business incubator.

Managing facility risk is a four-step process.

### **1. Employ appropriate personnel**

To insure appropriate implementation of facility procedures, proper tenant supervision and training, and for the overall protection of the facility, it is important to hire employees that have the appropriate academic background and experience level. In the staffing section, the particular backgrounds and experience of suggested personnel is discussed. Sample job descriptions are provided.

### **2. Engage in appropriate employee and tenant training**

By following a set, pre-determined training regime the facility can insure that all employees and tenants are starting with a similar knowledge base. It is suggested that the tenant and employee training discussed in this study be followed as an integral and appropriate part of a risk management plan.

### **3. Implement standardized operational procedures**

By using standardized procedures the facility can approach similar risks in a like fashion. The approach is the same time and again. By following standardized procedures all tenants are treated equally. Standard operating procedures for tenants were previously discussed in the following areas:

- ◆ Application process
- ◆ Acceptance process
- ◆ Training process
- ◆ Product and/or service compliance issues within their lease space
- ◆ Facility compliance (the “incubator rules”, storage, cleaning, etc.)

The use of standardized forms will help insure this process is consistent. Several sample forms have been included in the appendix.

### **4. Maintain appropriate insurance coverage**

For the protection of the operating organization the following insurance should be considered: fire and casualty, “boiler interruption”, business interruption, product liability, and, “directors and officers malpractice”. Additionally, workman’s compensation will be required for all employees, and employee bonding should be investigated. Incubator

management and the board of directors should determine the acceptable levels of insurance for the facility. It is a good idea to keep an insurance “tickler” file that shows the policies in effect, their expiration date, etc., so that the facilities insurance coverage will not lapse unexpectedly or unintentionally. The incubators insurance coverage should be reviewed annually and updated as necessary.

Of all the factors that mitigate risk, insurance coverage is the simplest to put into place. Yet, this important component of risk management is often not fully considered.

The incubator management and board must also determine the kinds and levels of insurance that will be required of the tenants. In addition to monitoring the coverage required for the incubator, it is a good idea to setup a tickler file for each tenant, so that each tenant’s insurances can be reviewed and renewed as necessary.

## **TENANT SERVICES ISSUES**

### **Tenant Program Development Plan**

In the area of tenant programming, several points were clear when existing incubators were questioned. The important aspects of a tenant development plan are the Incubator Model, Business Training, Access to Appropriate Capital, Technical Assistance, and Sharing Community Resources.

Each will be considered in order.

#### **Incubator Model**

The term “incubator” refers both to the physical facility and the support given to new and expanding businesses that are nurtured through either early start-up, or expansion – two of the most difficult times any business will face.

The National Association of Business Incubation (NBIA) describes business incubation as a “dynamic process of business enterprise development. Incubators nurture young firms, helping them to survive and grow during the start-up period when they are most vulnerable. Incubators provide hands-on management experience, access to financing and orchestrated exposure to critical business or technical support services. They also offer entrepreneurial firms shared office services, access to equipment, flexible leases and expandable space – all under one roof.” Support services can be grouped into three main categories: training, access to appropriate capital, and technical assistance.

#### **Training**

Training is important to anyone in any vocation or industry. Effective business skills may mean the difference between a new business venture being successful or not. Or they may prove to be the deciding factor in whether a recent expansion of a business leads to prosperity or bankruptcy. The term training refers to both general business training and specific training in areas unique to the tenants (and their industries) in the incubator. Examples of the former would include business plan writing courses, workshops on financing, accounting, marketing, conducting market research, legal issues, using the Internet to conduct business, designing a web-page, export/import issues, Enterprise Zone tax credits, tax issues, employee benefit packages. etc. Examples of the latter would include a specialty marketing class or workshop focused on a particular industry. Most entrepreneurs approach their business from their interest in their particular product. Entrepreneurs do not tend to be well rounded in business skills and require training to optimize their chances of success.

Management may hold required or optional tenant training meetings. The meetings could be held at least once a month. Content of the meeting could include issues related to training needs, new programs, capital acquisition, etc. In addition, every tenant meeting could include a presentation by an expert regarding business development issues. The issues are determined by soliciting input from tenants regarding their needs.

Small business owners, especially those just starting businesses, often need help in establishing their business legally. Assistance should include, getting a tax identification number, establishing



proper sales tax procedures for registration, filling d/b/a/ statements, business license, setting up a proper accounting system, etc.

### **Access to Appropriate Capital**

After the incubator tenants have received training, they need to be directed to appropriate sources of capital. Capital is required to grow, run or expand any business and business located in incubators are no exception.

What business can survive without capital? Increasingly, banks and other traditional business lenders have shied away from start-up businesses. Existing businesses in expansion mode have also found lenders more cautious, often requiring a business plan be submitted with the loan proposal. Access to appropriate capital is an important component of incubating businesses. Appropriate capital comes from lenders who are willing to make reasonable loans to new and start-up food related businesses. The lenders understand the risks of lending to new businesses. They make traditional business loans (with traditional terms and conditions) to non-traditional or “unbankable” businesses. The entrepreneur looking to borrow money for start-up or expansion may not be extended credit from traditional lenders under such terms.

New avenues of appropriate capital may include Small Business Administration (SBA) initiatives, or other loan guarantee or intermediary lenders such as various federal government agencies, including the: US Department of Agriculture (USDA), Federal Housing Administration (FHA), and, Rural Economic and Community Development (RECD), etc. Perhaps more importantly, Community Development Financial Institutions (CDFI’s) are taking shape in many areas in the form of community development loan funds, banks, or credit unions. This new type of community development lender has emerged to specifically meet the capital needs of new and expanding businesses in the community.

### **Technical Assistance**

Incubator tenants at times require technical assistance. Depending on the industry that the business is in, this assistance can take the form of scientific or technical assistance, or if the industry is regulated, assistance with federal and state regulators.

The incubator manager will need to consider this area of assistance on a case by case basis. The important point to remember here is that the incubator manager does not have to be the expert in all areas. The incubator tenants will need assistance in sourcing organizations an groups that can assist them, including; colleges and universities, government agencies (e.g. USDA; US Forest Service; trade associations, etc.).

Technical assistance will be provided on a case by case basis, depending on the needs of the tenant. Important starting points for sourcing appropriate technical assistance will be area universities. It is recommended that the incubator manager work closely with the appropriate departments in these universities.

### **Sharing Community Resources**

Fortunately, most communities have a surprising number of resources available to help new and expanding ventures. Successful incubators draw on these resources and incorporate various agencies into their delivery plan. Incubators need not duplicate services already being provided. The incubator staff has the task of identifying these resources and directing their tenants to the appropriate service provider for assistance. By identifying and incorporating already existing services into the incubator's delivery system, incubator staff can concentrate their resources on providing those services unavailable in the community.

The identification of existing service providers and the successful linkage of their services for incubator tenants are critical steps in the establishment of a successful incubator program. Incubators that try to "do it all themselves" often find they are short of both time and dollars. By trying to be all things to their tenants they fail to provide adequate support in any one area. It is recommended that the proposed incubator start by suggesting linkages with the community agencies and organizations here identified to begin the development of a complete and comprehensive tenant develop plan.

There is an abundance of organizations in the area upon which the incubator manager can call on to provide assistance to the incubator tenants in the areas of business straining, access to capital and technical assistance. In developing a community plan to provide this service in the appropriate mindset of 'sharing community resources', the incubator manager is best served by developing linkages first with area service providers (understanding what services are being provided) and by understanding the needs of his tenants (understanding their businesses). Truly understanding these tenants needs will require that the manager be involved in the tenants business, which is often accomplished through monthly tenant meetings and by meeting individually with the entrepreneurs. The process of matching tenants with available service providers is one that will be refined over time as the incubator manger becomes more aware of local and regional assistance organizations and the needs of the tenants.

**A complete list of area organizations that provide resources to small businesses is located in Appendix D – Entrepreneurial Resources: Governmental and Non-Governmental Organizations, and Educational Institutions.**

## **Marketing Plan**

As with the management plan section, the marketing section is an overview that contains information that should consider in any start-up marketing plan. It is not the intention of this section, nor is it within the scope of this study to present an all inclusive, comprehensive marketing strategy. The intention here is to provide an overview of best practices gleaned from existing incubator management in terms of successful marketing strategy and implementation.

This section will provide a practical starting point from which proper and appropriate marketing policy and strategy can be melded. This section contains recommendations on actions that will lead toward a proper and appropriate marketing plan.

The marketing plan is comprised of two parts. The first part is concerned with start-up marketing issues. It is comprised of the following: Understanding the Market, Understanding the Product, Understanding Facility/Service Pricing, Understanding Facility/Service Placement, and, Understanding Promotion. Each section contains background information, as well as practical segments on challenges, strategy, and implementation.

On-going marketing is the second part of the marketing plan section. It presents marketing ideas that have proven effective after an incubator is open and operating. It is comprised of the following: Preparing an Annual Marketing Plan, Problems in Developing an Annual Marketing Plan, and, Specific On-going Promotional Strategies That Work.

### **Start-up Marketing**

One common mistake in the area of start-up marketing as reported by several incubator managers, is that of undertaking specific “marketing” actions prior to developing an overall marketing strategy. A thorough overall marketing strategy needs to be based on a thorough understanding of the potential users of the facility, the management environment of the incubator, the services being offered, and so forth.

The process of developing a well-reasoned start-up marketing plan is as follows:

#### **Understanding the Market**

This understanding comes from market research. Large corporations, government agencies and other organizations with significant resources spend considerable sums on designing, undertaking, verifying and interpreting the results of market research. It can be a daunting, time consuming and financially draining experience, even with the help of those entities that provide this assistance professionally.

Business incubators are typically operated by not for profit organizations or other quasi-public organizations, cities and counties, or universities and colleges. Two factors that seem to be consistent throughout all managing organizations are these. One, not for profit, governmental or educational organizations typically do not have the financial resources available to for profit businesses that employ sophisticated marketing plans and strategies. Second, the human resources necessary to carry out complicated marketing plans (assuming they could be developed and paid for) are lacking as well. While a thorough marketing plan would address many factors

about the target customer including motivation, needs assessment, wants assessment, demographic and psycho graphic information, etc., the financial and human resources to address all of the issues are simply not available to those who manage business incubators. However, that said, many incubator managers have been able to develop simple and successful marketing strategies that can be effectively drafted and implemented within their constraints of limited financial and human resources budgets.

The local market research revealed various individuals (profiled as typical users in the management section) that wished to use the facility. This group comprises the “market”, or those that wish to utilize the services of the business incubator. The first task to building a successful start-up marketing plan is to fully understand the needs of those that will be leasing space and paying for services at the facility.

Understanding the prospective user pool includes knowing the characteristics of potential users that were determined through the local market research, including: 1) what product(s) or service(s) are to be produced, 2) start-up or existing business, 3) special equipment/production or layout needs, 4) storage needs 5) viability of tenant (business plan, goals for business, technical capability), 6) anticipated usage of services and trainings, 7) unusual or special services desired/needed, and so forth. While management can understand the needs of a set group of potential users at any given time, the environment is constantly changing. During the often substantial time period required for fundraising, final design and construction, the prospective tenant pool and the needs of those in the pool will change.

### **Challenge**

During the often substantial time period required for fundraising, final design and construction, the prospective tenant pool and the needs of those in the pool will change. Failure to adequately understand the client/tenant on a continuing basis will not allow an appropriate facility to be built (design, equipment and its configuration, layout for services delivery, etc.) and may cause the services of the facility to be mismatched with its client/tenants.

### **Strategy**

Remain current with the profiles of prospective tenants.

### **Implementation**

1. Develop a database of existing potential users involving the key elements detailed through the written survey and further developed through the interview process.
2. Continue to gauge interest and recruit potential users. Through the use of personal and written survey, personal and telephone interview, focus groups and other means outlined in the promotion section the needs of already identified and new potential users can be determined.
3. Update the database regularly. Catalog the changed profiles of existing prospects and develop new profiles of prospective tenants as they emerge.

## Understanding the Product

Some business incubators felt they had a good understanding of their potential customers. However, they reported they did not have a thorough understanding of their “product” prior to opening their incubators for operation. The “product” in the case of an incubator is two phased.

**Facility** – The first aspect of understanding the product has to do with the facility. The facility has certain advantages in terms of providing a facility that is affordable for the start-up or emerging business. The business incubator provides an excellent place for individuals to conduct their businesses legally. The facility is best understood in “product” terms as a physical location made up of certain floor spaces and layouts, equipment, etc.

**Services** – Start-up and emerging businesses that enter a business incubator tend to require services that more substantial businesses do not. These services can be categorized by training (business training related to business plan and execution), technical assistance (relating to any technical requirements of legal operation) and, access to capital (all businesses will need capital at some point to start or expand). Note: Again, successful incubators understand that they do not have the resources to provide all these services. Successful strategies here involve sharing community resources as detailed in the management section under tenant development.

Some customers (prospective incubator tenants) will chose to enter the facility simply because it is a simple and convenient way for them to start their business. For this group the barrier to entry is much lower, based on the ability to rent affordable and suitable space. This group of tenants sees the incubator strictly as a “real estate” deal. Other clients will make their decision to use the facility on the basis of benefits. They are concerned with the additional benefits received by using a business incubator versus leasing space at any empty facility.

Business incubators that have relied on a “we built it - they will come” strategy, hoping to be the only game in town have not faired as well as those incubators that have aggressively developed marketing strategies aimed at target customers. Successful incubator managers have been able to translate the **features** of the incubator (e.g. tenant bays, water hookup in bay, office space, etc.) into **benefits** (e.g. integrated environment with business and technical assistance).

The next traditional step of features/benefits analysis would include obtaining a thorough understanding of the competition. This primarily includes owners of commercial buildings with underutilized manufacturing and office space that matches similarly to the incubator. The purpose of this is to fully compare and contrast your facility and services with the facilities of others.

As incubators tend to be community development projects built with public funds, most managing organizations have tended to downplay this aspect of comparative marketing. Most feel it is best not to disturb existing landlords that have established relationships with tenants. The stated purpose of the incubator is to assist start-up and emerging business that will one day either built their own facilities or become stable tenants in a commercial, for profit building. However, all believe that they could (and should) develop an imaging campaign that accurately promotes their set of unique facility features and benefits. While savvy managers do obtain detailed knowledge about other for rent space in their service area, they chose not to aggressively

pursue an imaging and promotion campaign based on openly contrasting the differences. Negative promotional campaigns based on the shortcomings of existing for rent buildings are best avoided.

### **Challenge**

Clients (prospective tenants) have alternatives to using the incubator facility. A successful approach is needed to sell the customer on the benefits of the facility and not merely a list of its features.

### **Strategy**

Thoroughly understand the features of your facility. Then translate these features into benefits that can be incorporated into the facilities promotional material.

### **Implementation**

1. Organize a team of incubator staff, directors and advisory committee members to develop the product portion of the facilities marketing plan.
2. List all features of the incubator in terms of the physical plant as well as the services that will be provided (both from the incubator and linked community service providers).
3. Translate the “features” list into appropriate “benefits” terminology, which along with a description of features can be incorporated into the facilities promotional materials.
4. Understand the features and benefits of other for rent buildings in the area, not for open contrast in public promotional materials, but rather to best meet the needs of prospective tenants and to thoroughly understand the local market.

### **Understanding Facility/Service Pricing**

Many incubators failed to adequately consider the pricing aspect of the incubator before opening for business. This is due to several factors.

One factor is the community nature of the project. For the most part these facilities are operated by not for profit organizations; community, governmental or educational. While most (if not all) incubators wish to breakeven, they are not typically motivated by profit making. The desire is for fees to offset the expenses of personnel and the expenses necessary to operate the facility. Based on the community development aspect, many incubators are inclined to set low prices.

Another factor that influences the pricing decision of start-up incubators is demand (anticipated tenant leases and usage of services). A continuing and significant problem faced by start-up incubators is the over estimation of usage. The tendency is to set lease rates which are consistent with the community development aspect of the project’s mission, and, on levels of usage that were too high. Also, market rates, or rates available from other landlords and providers of business services in the area are not considered. When usage is significantly below what is anticipated, the facilities experience a revenue shortfall. In some cases this can be significant. In these instances a rate hike of 50% or more would be required to generate revenue sufficient to approach breakeven.

Business incubators subsequent to the early models learned this lesson. They have started with rates that are reflective of probable usage and still in keeping with the community nature of the project. Also the rates selected are inline with rates available from other for rent facilities in the market area.

### **Anticipated pricing**

The pricing structure set forth in the budget section was based on several factors. First, it was based on the anticipated usage of the facility, as directed by the market research and informed by industry experience and the expertise of the study team. Second the market rate available in the local area for similar space was factored into the equation. Thirdly, the community development aspect of the project was considered. The result was proposed pricing that reflects all the aforementioned considerations, and, *within the context of economic feasibility*.

An appropriate pricing strategy for incubator services and training should be integrated into the overall pricing strategy.

### **Challenge**

Many unsuccessful incubators have not approached the pricing of their fees and services in appropriate ways. This has caused serious revenue shortfall and threatened the facilities long-term viability.

### **Strategy**

1. By thoroughly understanding the market, the facilities costs, and anticipated tenant usage an effective pricing strategy can be implemented at the incubators opening. This will include pricing for tenant space, storage and traditional incubator services.
2. By meeting with other “linked” service providers in the community, an integrated pricing strategy can be developed for training and other aspects of the tenant development plan presented in the management section.

### **Implementation**

The incubator staff needs to keep abreast of market factors and competitive conditions and thereby insuring that the proper pricing strategy exists at the facilities opening.

While it might seem somewhat embarrassing to begin operations with a slightly higher leasing structure than advertised during the pre-opening promotional period, it will be far less devastating than opening the facility into significant operating losses, which could impact the sustainability of the facility.

### **Understanding Facility/Service Placement**

Product or service distribution, simply put, is the *how to get* your product or service to the customer. The facility part of the business incubator “product” is fixed, it does not require physical distribution. The service part of the product also does not require physical distribution as one would think of it in the traditional manufacturing environment. Service will be delivered either in the facility itself, or through other community service organization(s) or other entities

that are linked through the “sharing community services” network (i.e. a Small Business Development Center class on Internet marketing techniques for incubator tenants).

## **Understanding Promotion**

Promotion is what most individuals have in mind when thinking of marketing. It includes advertising (the part of promotion most equated with marketing) and other promotional strategies that are not advertising related in the strictest sense. Promotion in the broadest sense should involve everything that is done to let potential customers know of the facility. This includes advertising as well as other promotional activities such as public relations and networking. Of particular interest to not for profit organizations are ways of promoting the facility that are no cost, or very low in cost.

Many incubator managers have approached promotion from the narrow view of advertising only, and have experienced poor results in promoting their facilities. Therefore it is important that all promotional activities be considered and brought under a systematic promotional effort.

Before considering the actual promotional tools that are employed to promote the facility, two items must be considered.

The first is to consider an appropriate name. Many times incubators chose names that reflect their service area, geographic reference, major sponsor, or utilize some other appropriate strategy. The name should not obfuscate the nature of the facility, but rather play off the service(s) intended. Examples of names chosen by existing incubators include combinations of: enterprise center and business center. Often a geographic reference is included: “Heartland / Tri-Mountain / River’s End”, etc. and others. The group needs to select a name which is appropriate from a variety of levels.

The second item necessary to consider is that of image. The image chosen by the facility needs to be appropriate and consistent. An appropriate image for a business incubator might revolve around lines of professionalism and integrity. This is especially true when considering the nature and size of the prospective tenants. This group of start-up and emerging businesses could well benefit from a “professional” image based on integrity. These images signal “this product is safe”, or this company can be trusted. Image is presented through things like logo, letterhead, business cards and the promotional material distributed by the incubator.

With naming and imagining strategies in place, the promotional tools necessary to promote the facility can be considered. The promotional tools discussed here are presented in two categories, advertising and non-advertising.

## **Advertising Activities**

**Media advertising** Media advertising is the best known tool of promotion and arguably the most expensive. Advertising costs are two phased. First, the initial piece of advertising material must be prepared. Whether it is designing a simple radio spot or a 30-second television commercial, there is always a production component of the cost of advertising. The second cost of media advertising is related to the “run” or frequency of the advertising spot. If the advertising is a TV commercial, how many times will it run and when determines the cost. The same is true



for radio advertising. Most not for profits do not have the resources to produce a true TV commercial. Radio, while less expensive than TV, can also be prohibitively expensive. Some incubator managers have employed printed advertising (local newspapers, journals, etc.) which is drastically less expensive than other media.

**Classified Ads** This tool, while relatively inexpensive has been reported as not all that effective with the incubators that have tried it.

**Brochures & Flyers** This will be the major avenue for printed advertising that most business incubators follow. Brochures and flyers are one of the most popular ways incubators have used to promote their facility and services. With today's desktop publishing programs, even small not for profit organizations can produce a top-quality brochure in-house. Brochures can be printed fairly inexpensively in one color. They tend to go up in cost as colors are added and paper quality is improved. When producing an in-house brochure, it is always a good idea to have several people review it before investing the money in printing it. Many not for profits spend money on brochures that look cheap and unprofessional – certainly far removed from the image they are trying to convey!

**Yellow Pages** The yellow book can be an essential way to promote your incubator. The yellow pages are time tested as one area where people typically go when trying to find things. One disadvantage is that a display ad in the yellow pages can be very expensive, and a simple listing may not provide sufficient information for prospective tenants to find you.

**Internet websites** The Internet is still relatively new to most not for profit advertising. The results reported have been literally all over the board. Given the relatively low cost to produce and host an information only website, it seems a good idea to try this technique. The key to remember here is that websites become obsolete in terms of the information they provide quite quickly, so be sure the site is update frequently. For many not for profits the choice often comes down to the (free) web skills of staff, board members or volunteers.

**Cooperative Advertising** Some business incubators have tried cooperative advertising. This refers to sharing the cost of advertising with those that are stakeholders or members of community organizations/government entities that help assist the tenants. Examples might include the state department of commerce or the Small Business Development Center. Other sister organizations within the stakeholders network may have funds available to help promote the facility, as well as the services that they plan to deliver for the tenants benefit.

**Direct Mail** Many not for profits either have their own non-profit mailing number or access to a stakeholder organization that does. Direct mail can be an effective way to reach potential users, especially if targeted mailing lists are available. These lists could be compiled from appropriate sections of the yellow pages, or be provided by other agencies in the stakeholders network. Examples of this would include city/county business licensee holders (if they are a matter of public record), lists from the state department of commerce or SBDC, etc. Incubators have reported that direct mail campaigns have included flyers, postcards, brochures, catalogues, faxes, email, etc.

**Signage** Most facilities do not consider signage as part of their advertising campaign let alone the overall promotional strategy. Proper signage can both promote image and convey information. Proper signage is needed not only for outside display, but should be included throughout the general areas of the incubator. It should always be consistent with the facilities image: quality, professional and integrity.

### **Non-advertising Activities**

**Networking** Some of the most successful promotional techniques reported by business incubators have been through networking techniques. By using the existing stakeholders network, word of mouth (WOM) referral can be generated by making presentation to the groups, distributing flyers and brochures, etc. Some of the most successful promotional activities available to a financially limited not for profit facility comes through networking. WOM is effective and inexpensive as long as the “word” remains positive. Studies have shown that a disgruntled person will tell up to 14 other people based on a negative impression. It is not surprising that studies indicate that quality control and outstanding customer service are the two greatest tools for maintaining positive word of mouth referral. Successful facilities know that keeping tenants happy makes good business sense.

Networking can occur between various individuals who are all part of different associations of individuals. The important parts of word of mouth networking are, first and foremost that it is positive for the reasons mentioned above. Second, the greater the number of organizations, government agencies, churches and civic groups, etc. that are involved, the greater the number of people who will hear about the facility. It is individuals that network – not institutions, companies or groups.

**Public Relations** By effectively employing public relation techniques, many incubators have received tremendous promotional recognition, without spending any money.

A first step is to develop excellent relationships with the print, television, and radio media. This relationship building should begin long before building the incubator. A starting point would be to make personal contact with media representatives and sell the concept of the business incubator as a topic that is newsworthy. Some incubator managers have been very successful at generating public interest via radio and television exposure.

One outstanding history of developing effective and cost efficient start-up marketing strategies was evidenced by the Denver Enterprise Center. The Denver Enterprise Center was covered extensively in the print, television, and radio media. The incubator was covered in The Denver Post, The Rocky Mountain News, Hispanic News, INC Magazine, The New Review, Colorado Business Magazine, Denver Business Journal, Urban Spectrum, Impacts, Hispanic Marketplace, Littleton Independent, National Business Incubation Newsletter, La Voz, Mayor’s Office of Economic Development Newsletter, etc. Most recently, the DEC was interviewed by Newsweek for an upcoming article.

The incubator was written about numerous times in the above mentioned publications long before it was built and has been featured many times after it was completed.

Consider the following methods to become newsworthy and generate publicity:

- ◆ Grand opening celebration (followed by anniversary celebrations thereafter)
- ◆ Co-sponsoring local sporting or charity events
- ◆ Co-sponsoring events significant to other stakeholders
- ◆ Giving talks to local civic groups, trade organizations, chamber of commerce, etc. regarding the facility and its services
- ◆ Announce new businesses that have relocated or resulted from the facility
- ◆ Announce new products or services that have resulted from the facility
- ◆ Send public service announcements, press releases and stories you have written to media representatives
- ◆ Asking media representatives to do a story on the facility and/or its tenants

### **Challenge**

Improper implementation of the facilities promotional portion of the start-up marketing plan could result in less than anticipated turnout from prospective tenants. A proper number of entering tenants and sufficient usage is important if the facility is to realize goals of self-sufficiency and sustainability.

### **Strategy**

By first determining appropriate naming and imaging strategies, a well-focused and judiciously chosen set of promotional tools can be employed that will best insure adequate tenants and tenant usage at the facilities opening. The strategy will need to be integrated with other aspects of the facilities operation, and be mindful of the limited financial and human resources available for marketing activities.

### **Implementation**

Incubator staff, board and advisory committee members to:

1. Through internal meetings and by gathering feedback from prospective tenants and community stakeholders, verify that an effective naming strategy given geographic, sponsor related and functional issues was developed. Feedback mechanism could include focus groups and personal and telephone interviews.
2. Through internal meetings and by gathering feedback from prospective tenants and community stakeholders develop an effective imaging strategy given the issues of quality, integrity and professionalism (as well as other issues that may emerge from the feedback mechanism). Feedback mechanism could include focus groups and personal and telephone interviews. Image should be present and consistent throughout all aspects of promotional campaign.
3. Incubator staff, committee or volunteers to develop the promotional mix of tools to be employed in implementing the facilities promotional strategy. This mix should contain the method of deployment (who, what, when, where, and how) as well as the cost. It should be in written form with desired outcomes presented in terms of measurable performance standards.
4. Periodic evaluation against pre-determined outcomes should take place. Based on this evaluation the plan should be adjusted as appropriate.

The promotional portion of the marketing plan is the most significant portion. This is because it is usually where the “rubber hits the road”. This part of the plan usually represents 90% or more of the actual marketing of the facility, and will be the part that commands most of the time and attention of incubator staff, board and committee members. Therefore it is important to track and evaluate this portion of the plan for effectiveness, for as the effectiveness of promotional activities go – so goes the effectiveness of the overall marketing of the facility.

## **Implementation**

The implementation mechanics are the same for each of the four areas of the marketing plan. Remember that:

1. Memorialize specific implementation action steps in writing.
2. The action steps should address the who, where, when, why, what, how and cost (if any) of any action.
3. Action steps should be assigned to specify individuals who are responsible for that action step.
4. Most importantly, periodic evaluation is required to determine progress and offer opportunities to amend the plan with new strategies and their respective action steps.

## **Updating market research**

One last word about promotional activities involves market research. This is the best and least expensive manner in which to keep the local market research updated. As a direct result of the promotional activities undertaken new potential users will emerge. They may emerge as a result of advertising (direct mail, newspaper, website, etc.) or other promotional activities (stakeholder meetings, free publicity, speaking at civic meetings).

Using traditional market research contact methods (e.g. telephone/fax/email interview, personal interview, focus group, etc.) new survey data can be gathered, which can then be added to the prospective user database. Similarly, as existing prospects change their profile characteristics, the database should be updated to reflect this new information.

## **On-going Marketing**

### **Preparing an Annual Marketing Plan**

If the implementation of the start-up marketing plan is followed, the mechanism to develop a yearly marketing plan should be in place.

On an annual basis the basic strategies of the marketing plan should be addressed in the four strategic areas presented:

#### **◆ Understanding the Market**

1. Has the market changed? Tenant mix?
2. What are the key characteristics of the users?

3. Are there new equipment needs; new layouts for new products wishing to be produced?
  4. Are the office services being offered sufficient? Any new services needed?
- ◆ **Understanding the Product**
1. Have the features to the incubator changed?
  2. Are there new benefits and are they being communicated properly?
  3. Has the mix of services, training classes, etc. changed? Should it?
  4. Are there any problems with stakeholder agencies delivering services (classes, technical assistance, etc.) as originally designed?
  5. Are the profiles of other for rent facilities current? Has the market changed do the national or local economy, or other factors?
- ◆ **Understanding the Facilities Pricing**
1. Does the anticipated usage and lease/price structure point toward sustainability?
  2. What are other facilities in the area charging? Has this changed?
- ◆ **Understanding Placement**
1. Have any placement issues come to light?
  2. Are there any concerns about how or where non-facility, tenant services are being delivered?
- ◆ **Understanding Promotion**
1. Is the facilities naming strategy still appropriate?
  2. Is the facilities imagining strategy still appropriate?
  3. What is the proper mix of promotional actions (paid advertising and other promotional activities) for the coming period?

As with the start-up the plan the mechanics are the same. Remember that:

1. Specific implementation action steps in writing.
2. The action steps should address the who, where, when, why, what, how and cost (if any) of any action.
3. Action steps should be assigned to specify individuals who are responsible for that action step.
4. Most importantly, periodic evaluation is required to determine progress and offer opportunities to amend the plan with new strategies and their respective action steps.

### **Problems in Developing an Annual Marketing Plan**

It is assumed that the incubator has sufficient marketing savvy between staff, board or volunteers to understand the technical components and develop an annual marketing plan. Marketing expertise of staff, board and committee members is required. If not, individuals with marketing expertise should be targeted and recruited to the organization in a manner similar to other recruitment efforts that not for profits use to gain specialized expertise within their organizations.

Most organizations find that their inability to develop next years marketing plan is not so much tied to technical expertise, as it is a problem associated with the will of the organization. Organizations, meaning the staff, the board and any marketing committees setup for this purpose, must exercise the discipline to continually renew their stale marketing documents. Being understaffed and under-funded many wonder why bother to do a marketing plan? However, successful incubator projects have understood that effective marketing can be accomplished with little money. These groups also understand that a successful marketing plan must be organized, written down and strategically implemented.

Business incubators have reported more significant problems in the implementation of the marketing plan rather than its creation. Sufficient staff, board and volunteer resources and expertise were available to develop the plan. Also, the group was usually able to produce a plan that fit the available resources set aside for marketing efforts. However, there were not sufficient human resources to execute the plan as written. One important lesson was to assign tasks to specific individuals. Marketing plans that were all strategy and no specific implementation often went unexecuted. Periodic update on the execution of the plan allowed for tasks to be reassigned when and if certain tasks went unfinished.

### **Specific On-going Promotional Strategies That Work**

Following are some important and specific promotional strategies that successful incubator managers have pointed out as crucial in their marketing efforts.

#### **1. Maintain quality and consistency**

It is very important for the quality of the brochures, business cards, logo and letterhead used in the start-up phase to remain consistent. The perception of non-profit organizations is that they are often housed in sub-standard facilities. When you build an incubator it is critical to show the public that the facility meets the business image it promotes.

#### **2. Keep in contact**

After the initial start-up phase is concluded, keep in contact with the stakeholder network. Continue the contact through flyers, brochures and other printed material. Use phone contact and continue to speak at civic, church and meetings with other interested groups to keep the project in the publics eye.

#### **3. Brochures and flyers are the key**

Brochures and flyers work very well in word of mouth networking and are very inexpensive in contrast to media and other paid advertising methods. Brochures should be distributed to all stakeholders, as well as other organizations and government entities that may have an interest in the facility. Examples include: city department of licenses, city zoning department, area technical schools, Chambers of Commerce, Small Business Development Centers (target service area), state department of commerce, state office of business development, state business associations, Mayor's Office, city and county Office of Economic Development, venture funds, banks, micro-lending programs, colleges & universities, etc.

**4. Promote your successes**

After the initial pre-opening and start-up blitzes are over, keep stakeholders and others informed about the facility and its successes. Slacking off after opening has resulted in stakeholders and others being uncertain as to the success, current status, etc. of the facility. Continue to attend stakeholders meetings, address civic organizations and churches, and regularly inform all interested groups about the success of the facility and its tenants (e.g. jobs created, new employers in the area using the facility, new products/services introduced, etc.).

**5. Assist your tenants marketing efforts**

Organizing your tenants in their attendance at national and regional business or trade shows is important. Many national associations have business expo's and trade shows where your tenants can meet prospective customers, government representatives, etc.

These national shows and other regional ones like them provide an opportunity for producers within various industries can display their products to others engaged in wholesale distribution or the representation business. Some incubators pool their funds and send one or two individuals who represent the entire group. Others have developed linkages with either state trade associations, or state departments of commerce or industry to achieve the same economies by purchasing one booth for a variety of products or services. Attendance at national and regional trade shows will be mandatory for many small producers as they attempt to widen distribution and increase sales.

Assisting the marketing efforts of tenants in this manner will increase facility exposure.

**6. Support your community stakeholders**

Maintaining a booth at yearly business expositions (e.g. Chamber of Commerce, Minority Chambers of Commerce, business associations, and venture clubs, etc.) can add visibility to your facility. By supporting your fellow community stakeholders you will also encourage their support of your activities.

**7. Try unique methods of marketing**

Don't be afraid to try new and unique methods of marketing. Renting conference and meeting rooms in your facility to small businesses, non-profits, and government agencies is a unique method of marketing the incubator.

**8. Develop a website**

If you decide to develop a web site, keep it updated! The website could give a history and background of the incubator along with a listing of all tenant companies. Included in the list of tenant companies is their telephone number, fax number, e-mail address, web address, and a description of the product(s) and service(s) they provide. It is important to develop training in this area to assist tenants that wish to develop their own web page.

## Jobs Impact

**The project can provide positive impacts to the community.** Two positive impacts that could result from this project include Small Business Empowerment and Job Creation.

- The first impact of this project centers on **small business empowerment** and increased sustainability. All businesses need three things to start and grow: training, technical assistance and access to capital. This facility would create a central point with linked resources for this empowerment to take place.
- **Job Creation** is a second positive impact to the community and a very important element of this project. As noted in the Industry Research section, the National Association of Business Incubation (NBIA) data indicates that rural incubators often create in a range of 10 to 30 jobs annually over the first five years of operation. On a conservative basis it is highly likely that this project could approach creating a number of jobs comparable to that national average. The proposed Tioga County incubator may well produce more than 10 jobs annually, as did the Panhandle Area Council incubator noted in the study. The PAC is located in rural North Idaho and has created on average 42 jobs per year since its inception in 1988.

Job creation is important because many federal and other funding sources use job creation as a basis for granting funds. Applying one federal government standard of \$35,000 of grant funds for every job created, the number of jobs necessary for a grant of \$2.6 million (the amount necessary to fund the proposed Tioga County project) would be 74 jobs over the first five years. It seems likely that the Tioga County incubator could create 74 jobs over its first five years thus supporting a grant request sufficient to fund the project. To create 74 jobs, the Tioga Incubator would need to create 15 jobs per annum, which is on the low side of the national jobs created per year range (10 – 30).



## **Next Steps**

The next task for the Tioga County stakeholders group is to develop a working business plan that details more fully the concepts explored in this feasibility study. The purpose of the business plan is to coordinate all efforts of project implementation under one comprehensive document. Components of the business plan would include:

### **Business Plan**

**Cover Page**

**Table of Contents**

**Executive Summary**

**Mission, Goals and Objectives**

**General description of project (development stage and growth plan)**

**Background Information**

**Industry Background (shortened from feasibility study)**

**Industry Trends and project “fit” into industry**

**Organizational Matters**

**Project structure, management and personnel**

**Risk management**

**Operations (record keeping and operating controls)**

**Marketing Plan (from feasibility study but more specific)**

**Market Analysis**

**Marketing Strategies**

**Financials (monthly)**

**Balance Sheet**

**Income statements**

**Cash Flow Statements**

**Implementation Section**

### **Specifically the next steps for Tioga County stakeholders include:**

The following steps will yield new information. As further information unfolds, regulatory and jurisdictional environments change, and the success of fundraising and other activities become known, this new information will need to be integrated with the existing findings from the feasibility study. The ultimate goal is to develop the fully integrated and comprehensive business plan outlined above.

1. Develop a comprehensive funding plan that incorporates federal, state and local governmental funding sources with private sources of funding and donations.
2. Begin the start-up marketing plan for the facility.
3. Continue to verify the prospective tenant pool through group meetings, interviews, and focus groups.
4. Develop a database on prospective users which includes appropriate information on product(s) wishing to be produced, equipment needs, anticipated hours, etc.
5. Using the database, integrate those findings into the final architectural design, workflow, and equipment lists of the facility to insure the ultimate facility design properly addresses the needs of the then current prospective tenants.

## **Appendix**

### **Appendix A Glossary of Incubator Terminology**

### **Appendix B Interview Protocol for Key Stakeholders**

### **Appendix C Entrepreneurial Resources: Governmental, Non-Governmental Organizations and Educational Institutions**

### **Appendix D User Survey – Tenants Press Release Stakeholders Letter Flier**

### **Appendix E Oversight Committee**

### **Appendix F Sample Operating Forms**

### **Appendix G Bibliography**

### **Appendix H Study Team Profiles**

## Appendix A

### Glossary of Incubator Terminology

**Advisory/Management Board:** Individuals who sit on the board of the incubator. Some incubator programs have both a management board that directs the “business activities” of the program—such as budgeting, personnel matters, etc.—and an advisory board that is responsible for providing value-added business services to client firms and assisting the manager in her/his duties. In most cases these functions are combined in one board, which may have either title. An advisory board usually has representatives from the finance community, legal profession, and host institution as well as economic development professionals, the manager, members of the entrepreneurial community, and, in the case of technology incubators, technology commercialization specialists, among others. When constructing the board, it is desirable to ensure that it can assist in providing value-added services to client firms and help to embed the incubator program in the local community. The networks established by the board should benefit client firms and increase the potential of capturing the firms in the local economy after they graduate.

**Affiliate Firm:** A client firm that does not lease space at an incubator facility but does participate broadly in the incubator program’s entrepreneurial training programs and receives business services from the incubator.

**Anchor Tenant:** A stable enterprise that does not participate in the entrepreneurial training programs. Usually anchor tenants are long-term and lease space at market rates. The cash flow provided by an anchor tenant’s rent helps the incubator meet its financial obligation. Anchor tenants may or may not play another role in the incubation process. For example, an anchor tenant may be a professional service provider and be available for client firms.

**Angel Capital Investor:** A private investor who invests in earlier stage companies sums typically ranging from \$250,000 to \$1.5 million. Angel investors tend to be individuals or small groups of investors that help entrepreneurs bridge the capital gap between the entrepreneurs’ resources and traditional financial markets, including venture capital markets.

**Business Incubation:** A dynamic process of business enterprise development that seeks to fill the gaps in entrepreneurial development by providing a supportive environment where new entrepreneurs receive training in business management skills and marketing, buffered from stiff market forces with below-market rent, reduced fees for services, and improved access to necessary seed capital (NBIA 2001).

**Business Incubators:** Facilities designed to nurture young firms, helping them survive and grow during the start-up period, when they are most vulnerable. Incubators provide hands-on management assistance, access to financing, and orchestrated exposure to critical business or technical support services. They also offer entrepreneurial firms shared office services, access to equipment, flexible leases, and expandable space—all under one roof. An incubation program’s main goal is to produce successful graduates—businesses that are financially viable and freestanding when they leave the incubator, usually after two to three years (NBIA 2001).

**Client Firm:** Any firm that utilizes the incubator program as either tenant, affiliate, or graduate.

**Development Team/Community Advisory Team:** A group of community members that are interested in establishing an incubator program. There should be broad representation that increases as the development progresses. Often there is an informal leader(s) who champions the cause. The goal of the board is to gauge the level of community interest and support, identify potential partners, and determine if a feasibility study should be conducted. It is also common that members of this team become advisory board members.

**Empowerment Incubator:** An incubator focused on fostering the growth of business located in areas that face economic challenges, such as high unemployment or distressed neighborhoods. They may focus on welfare-to-work clients, women-owned businesses, or minority-owned enterprises.

**Entrance Criteria:** Depending in part on the sponsor of the incubator, entrance criteria for a client's admission into an incubator range from the ability to pay the rent to other benchmarks such as local ownership, potential for job creation, type of industry, and having a written business plan. Other criteria may include an evaluation of entrepreneurs' commitment to the new enterprise as well as an evaluation of their entrepreneurial skills.

**Exit Policies** *see* Graduation Policies.

**Feasibility Study:** An objective, systematic analysis to determine whether an incubator program should be established in the host community.

**Graduate Firm:** A client (tenant or affiliate) firm that has exited an incubator program having completed a set of benchmarked goals. Though exit criteria may also apply to affiliate firms, most often these goals are part of the lease agreement for tenant firms in an incubator.

**Graduation/Exit Policies:** Graduation policies have a rational hierarchy of both real estate and business-development criteria. Firms may exit the incubator as a result of not meeting the real estate criteria (such as noncompliance with the lease agreement or having reached the predesigned maximum length of tenancy), although in these cases the former client probably did not meet the other benchmarked business-development criteria and would not be considered a graduate. One business-development criterion is escalating rent over time to cushion the firm's early-stage cash flow while preparing it to pay market-rate rent and inducing relocation as rent approaches or surpasses the market rate. Having a flexible and explicit time limit on the length of tenancy is another best practice. One of the most important goals is firm growth. In the case of technology incubation benchmarked criteria may include prototyping, scale production, and full-scale production. The explicit length of tenancy is usually longer for technology incubators as a result of the length of time it takes to develop and commercialize new technology products and services.

**Incubator without Walls:** An incubator program that provides some or all of the complementary business services and entrepreneurial training programs but has no physical facility to house tenant firms. Often these services are delivered via the Internet.

**Internet/E-Commerce Incubator:** An incubator that fosters the development of new enterprises engaged in establishing e-commerce businesses.

**Management Board** *see* Advisory Board.

**Manager:** The executive who directs the operation of an incubator program. A manager develops and coordinates business assistance programs and usually provides one-on-one

counseling and referral services to incubator clients. Other tasks include marketing the incubator program, fund raising, client screening, collection of rents and fees for service, and managing other incubator personnel.

**Manufacturing Incubator:** An incubator designed to assist new enterprises engaged in the manufacturing sector. Because of the needs of their clients for manufacturing space in addition to office space, they tend to require more square footage than other segments of the incubator industry.

**Mixed-Use Incubator:** An incubator that does not focus on a particular type of firm and services clients from a variety of different industries.

**Service Incubator:** An incubator that fosters the development of entrepreneurial firms in the service industry. Firms range from professional services to household services and may be targeted at selected segments of the service industry.

**Targeted Incubator:** Incubators that focus on assisting start-up companies from a specific industry.

**Technology Generator:** An institution—such as a university, national laboratory, or private research and development laboratory—that ensures a sufficient concentration of human capital and engages in an adequate amount of R&D to produce numerous opportunities for new commercialization ventures.

**Technology Incubator:** An incubator that fosters the growth of new technology ventures by helping to close the gaps in the innovation process and correct for market failures. Generally, if 50% of the client base are “technology firms,” then an incubator is considered a technology incubator. There is no standard definition of a technology firm. See Appendix C for a review of the literature on defining a technology industry/firm.

**Tenant Firm:** A client firm that is housed at an incubator facility, receives the menu of business services, and participates in the entrepreneurial training provided by the incubator program.

**Value-Added:** In the incubator industry, the concept of value-added refers to the manner in which incubator programs enhance the ability of their tenants to survive and grow in the market place. The value-added components of an incubation program generally include business management and marketing training, affordable rent, shared office services, networking opportunities, financial assistance, and, in the case of technology incubators, access to host institutions’ facilities and experts. For example, a university-hosted technology incubator will generally provide access to its library, laboratories, and faculty at no or reduced cost.

**Venture Capital:** Source of funds for earlier stage enterprises that are on the verge of product/service introduction and need an infusion of capital to ramp up to full production. These funds may also be used for research and development, testing, or prototyping. In technology ventures, generally the firm has a developed prototype. Typical funding ranges from \$5 million to \$15 million, the average investment growing steadily from \$2.3 million in 1987 to \$5.6 million in 1995 (ACE-Net). These institutional funds often include union pensions as well as individual investors’ capital.

*Note:* Sources of the above definitions include Molnar et al. (1997), Meeder (1993), DiGiovanna and Lewis (1998), Allen and McClusky (1990), Wolfe et al. (2000), the NBIA web site at <<http://www.nbia.org>>, the Texas Angel Investors web site at <<http://www.thecapitalnetwork.com/Txangels/TAICoApp.html>>, and SBA report on ACE-Net: The Process and Analysis Behind ACE-Net (Access to Capital Electronic Network) found at <<http://www.ace-net.sr.unn.edu/pub/wet/rpt-es.htm>>.

## Appendix B

### Interview Protocol for Key Stakeholders, Tioga County Entrepreneurial Center

The interviews were typically conducted in person. Total number of interviews was seventeen.

Before we get started: Do you have any of the entrepreneur questioners? If not here are few and you can always make more copies. Please give them to every candidate who walks through your door. Thank you.

- 1) How long have you been in this position?
- 2) What did you do before this?
- 3) What are the greatest barriers to entrepreneurship in this region?
- 4) How does this differ between Binghamton and Tioga?
- 5) Do you have any data on how many firms you have assisted by county over the past five years (number amounts, sector, size)?
- 6) How has this changed relative to the previous five years? (see answers to question 5)
- 7) How do you assess regional cooperation between the City and county, county to county?
- 8) What can be done to improve it?
- 9) Has the recent high turn over in the directorship of Tioga Economic Development and Planning enhanced or impeded recent efforts to promote small business development and entrepreneurship?
- 10) How do you assess the economic developing planning strategy of the region, then compare and contrast Broome with Tioga County?
- 11) Are you familiar with business incubation?
- 12) Considering the regional definition, Tioga and adjacent Counties, what are the likely sectors that could be incubated in Tioga County?
- 13) What can policy makers do to improve the prospects of success for a business incubator in Tioga County?
- 14) What role do you feel tourism could play in the economic development of the region?

15) What role do you feel tourism could play in the economic development of the region?  
Continued:

16) Do you have any other ideas that could make a contribution to this study and my understanding of the region?

If you have any questions, comments or suggestions, contact David A. Lewis at (607) 275-9342. His email address is [dalewis@eden.rutger.edu](mailto:dalewis@eden.rutger.edu). The mailing address is 101 Elmwood Avenue, Ithaca New York 14850.



## Appendix C

### Entrepreneurial Resources, Governmental, Non-Governmental Organizations and Educational Institutions

#### **Tioga County Department of Economic Development and Planning**

56 Main Street

Owego, NY 13827 Phone: (607) 687-8255

Fax: (607) 687-1435 E mail: info@developtioga.com

Website: www.developtioga.com

Fees for Services: None

The mission of the Tioga County Department of Economic Development and Planning is to increase the number of job opportunities, reduce the local per-capita tax burden, and facilitate the highest quality of life for Tioga County residents. We aggressively seek new businesses, and work on retention and expansion projects with existing businesses, in our one-stop shop of professionals. Workforce development, technical assistance, real estate assistance, and creative incentive packages highlight the free and confidential services offered.

#### **Tioga County Industrial Development Agency (TCIDA)**

56 Main Street

Owego, NY 13827 Phone: (607) 687-8259

Fax: (607) 687-1435 E mail: TinneyL@co.tioga.ny.us Website: www.developtioga.com

Contact Person: LeeAnn Tinney, Business Administrator

Fees for services: Varies depending on type of business.

The mission of the Tioga County Industrial Development Agency (TCIDA) is to promote, develop, encourage, and assist in acquiring, constructing, maintaining, equipping and furnishing certain types of projects and facilities to advance the job opportunities, health, general prosperity, economic welfare and recreation opportunities of the citizens of Tioga County.

As a component of the Tioga County Department of Economic Development and Planning "one-stop-shop," the TCIDA offers Payment-In-Lieu-Of-Tax (PILOT) and bond financing opportunities to qualified businesses located in or wishing to locate in Tioga County.

#### **Tioga County Local Development Corporation (TCLDC)**

56 Main Street

Owego, NY 13827 Phone: (607) 687-8259

Fax: (607) 687-1435 Website: www.developtioga.com

Contact Person: LeeAnn Tinney, Business Administrator

Fees for services: \$150 loan program application fee, 1% commitment fee and all other applicable closing costs.

The mission of the Tioga County Local Development Corporation (TCLDC) is to provide financing to business development projects, which directly impact employment and strengthen the economic base. The TCLDC seeks to compliment the private sector financing options in Tioga County.

As a component of the Tioga County Department of Economic Development and Planning "one-stop-shop," the TCLDC offers loan programs for start-up and expanding businesses.

The TCLDC loan program is a revolving loan fund, which was created to provide low interest loans to start-up and expanding businesses located in Tioga County. The TCLDC loan program is not intended for use as a substitute for conventional lending sources. Rather, it is designed to fill possible financing gaps that may exist and to provide or attract financing which would not otherwise be available for economic development projects.

The TCLDC is an equal opportunity provider.

### **Tioga Chamber of Commerce**

188 Front Street Phone: (607) 687-2020

Owego, NY 13827 Fax: (607) 687-9028

Contact Person: Martha Sauerbrey, President and CEOE-mail: [business@tiogachamber.com](mailto:business@tiogachamber.com)

Web Site: [www.tiogachamber.com](http://www.tiogachamber.com)

Fees for services: None.

The Tioga Chamber provides SBDC (Small Business Development Center) counseling at the Chamber offices on a confidential basis for potential and existing businesses.

The Tioga Chamber also sponsors frequent "Business After Hours" mixers for networking opportunities to businesspeople. In addition a monthly newsletter containing business related information is sent out to members. The Tioga Chamber hosts a major business show the first Thursday in October, which involves over 100 businesses showcasing their services and products.

### **Tioga County Clerk's Office**

16 Court Street

P.O. Box 307

Owego, NY 13827 Phone (607) 687-8660

Fees for services: \$25.00 to register sole proprietorship or partnership, no charge for 1st certified copy, additional copies are \$4.00 each.

The County Clerk's Office registers businesses. If you want to do business under an assumed name, you must file a DBA (Doing Business As) form to record your business name with your County Clerk's Office.

### **New York State Department of Economic Development**

State Office Building, Room #1508

44 Hawley Street

Binghamton, NY 13901

Phone: (607) 721-8605

Contact Person: Robert J. Moppert, Regional Director

Fee for services: None

The primary function of this agency is the creation and/or retention of jobs. The agency works primarily with existing and expanding industrial and manufacturing businesses to maintain and increase the number of job opportunities available throughout the region. The agency helps finance training programs and provides technology and technical assistance and works with businesses to avoid layoffs.

### **New York State Department of Labor -Business Services**

2001 Perimeter Road East, Suite 3

Endicott, NY 13760 Phone: (607) 741-4554

E-Mail: [btworks@labor.state.ny.us](mailto:btworks@labor.state.ny.us) Contact Person: Paula Travis, Manager

Fees for services: None.

#### Recruitment Assistance

Job openings listed with the Business Services Unit are matched against the local pool of thousands of job seekers registered with the Department of Labor, using a computerized job-matching program based on applicant characteristics and skills. Qualified job seekers are notified of the employer's opening, and then apply for the position in the manner specified by the employer.

Job openings may also be posted to the America's Job Bank. This electronic database is made available through a computerized network, including links to local public libraries, schools and universities, the Internet, and the Department of Labor's electronic Bulletin Board System (BBS). Job openings may be listed with the Business Services Unit by:

· Phone: (607) 741-4554

· Fax: (607) 741-4560

· Direct Employer Computer entry available by request:

Call for more info.

WEB SITE and Electronic BBS: Includes information on NYS DOL services, employment opportunities, labor market information, and research publications.

NYS DOL Home Page

<http://www.labor.state.ny.us>

Broome-Tioga Workforce Development Homepage [www.BroomeTiogaWorks.com](http://www.BroomeTiogaWorks.com)

#### Human Resource Consulting Services

Provides technical assistance for employers including the development of job descriptions, employee and policy handbook assistance, personnel policy development, skills inventory, employee orientation, performance evaluation and specialized workshops.

#### **New York State Department of Taxation and Finance -**

Taxpayer Assistance Bureau

New York State Department of Taxation and Finance Taxpayer Assistance Bureau

W.A. Harriman Campus

Albany, NY 122271-

Phone: (800) 225-5829

Forms: (800) 462-8100

Fax-on-Demand: 1-800-748-3676

Internet: [www.tax.state.ny.us](http://www.tax.state.ny.us)

Fees for services: None

This office produces Publication 20 - **NEW YORK STATE TAX GUIDE for NEW BUSINESSES** that gives basic information about New York State's Tax Law and regulations. It outlines the procedures to follow and the forms to file with the **New York State Department of Taxation and Finance**. Additional information and/or forms may be obtained by calling the appropriate numbers listed above.

### **New York State Governor's Office of Regulatory Reform**

Gov. Alfred E. Smith Office Building  
17th Floor P.O. Box 7027 Toll Free)(800)-342-3464  
Albany, NY 12225 or (518) 474-8275  
url: [www.gorr.state.ny.us](http://www.gorr.state.ny.us) or [www.nys-permits.org](http://www.nys-permits.org)  
General Information: (518) 486-3292

Fees for services: None

The NYS Governor's Office of Regulatory Reform has oversight responsibility in reforming government regulations.

Through its Permit Assistance Section the Governor's Office of Regulatory Reform provides information on business permits required to conduct business in New York State. Permit Coordinators provide individualized Permit Assistance Kits (PAKS) and offer a pre-application procedure to expedite the permit process. These Services save valuable time and eliminate the need to contact numerous State agencies.

In addition, the Governor's Office of Regulatory Reform reviews State agencies' proposed rules for compliance with statutory criteria, issues advisory opinions on whether State actions should have been done pursuant to a rulemaking, and oversees the administrative adjudication process. Inquiries may be made to the above address or telephone numbers.

### **Small Business Development Center (SBDC)**

Binghamton University  
P.O. Box 6000 Phone: (607) 777-4024  
Binghamton, NY 13902-6000 Fax: (607) 777-4029  
E Mail: [SBDC@binghamton.edu](mailto:SBDC@binghamton.edu)  
Home Page: <http://www.sbdc.binghamton.edu>  
Contact Person: Douglas Boyce, Regional Director  
Fees for services: None.

The SBDC operates under the sponsorship of the Small Business Administration, the State of New York and Binghamton University in 7 counties of New York State. Through direct counseling the SBDC provides start-up and existing businesses with information and hands-on technical assistance on a variety of management, financial, and business related topics.

Services for business owners are:

- \* Start-up information sessions
- \* One-on-one counseling
- \* Financial and marketing assistance
- \* Brochures and library information on specific business topics

For all small businesses, the SBDC utilizes the resources of Binghamton University, the private sector and all levels of government to counsel and train business people in resolving organizational, financial, marketing, technical and other problems they may encountering their business.

Additional services available from SBDC include:

- \* Monthly Women Business Owners Roundtable
- \* Business planning guides on specific businesses
- \* Seminars and workshops on business topics
- \* Extensive library resources through a central library
- \* Preliminary patent search capabilities

### **SBA ONLINE**

Washington, DC Fax: (800) 697-4636  
(900) 463-4636  
(202) 401-9600

8 Data Bits, No Parity, 1 Stop Bit

Fees for services: None. Regular long distance charges apply to the (202) number. The 900 number is a reduced rate alternative to regular long distance. SBA ONLINE is an online computer bulletin board system (BBS) that is operated by the U.S. Small Business Administration. Electronic versions of many SBA publications are available as well as downloadable business-oriented software. Users calling via the 202 or 900 numbers also have access to message areas that are related to small business.

### **U.S. Small Business Administration (SBA)**

Phone: (607) 734-8130

Fax: (607) 733-4656

Fees for services: None.

The SBA is a federal agency established to stimulate and foster economic development through small business. The agency is best known for its financial assistance programs for new, existing and expanding businesses.

Other services provided by the agency include:

- \* Counseling
- \* Pre-business workshops
- \* Management training
- \* Procurement assistance
- \* Management counseling and training
- \* International trade assistance
- \* Extensive resources through brochures and business books

In addition to the District Office in Syracuse, the SBA maintains a branch office in the Southern Tier. It is located at:

### **Service Corps of Retired Executives (SCORE)**

c/o The Broome Chamber

P.O. Box 995

Binghamton, NY 13902 Phone (607) 772-8860

Contact Persons: Frank Underwood and Jack Staby, Co-chairmen

Fees for services: None.

SCORE consist of counselors who volunteer their time to assist small business owners/managers in all aspects of business operations and management.

For potential business owners, SCORE provides:

- \* Basic start-up information

- \* Business concept analysis
  - \* Business plan preparation and review
- For existing businesses, SCORE services include:
- \* Trouble shooting
  - \* Loan proposal review
  - \* Resource identification
  - \* Networking
  - \* Business plan review

SCORE works closely with the Small Business Development Center at Binghamton University.

### **Southern Tier East Regional Planning Development Board**

375 State Street Phone: (607) 724-1327

Binghamton, NY 13901 Fax: (607) 724-1194

Contact Person: Ruth Katen, Regional Development Analyst (Ext. 204)

Fees for services: Minimal fees are charged for publications and copies. Rates are variable based on size and number of documents. Special extensive computerized data projects will require a fee of \$25 per hour with a minimum fee of \$25. This agency serves as a State Data Center Affiliate for the Empire State Development State Data Center Program. As an Affiliate, the Regional Board serves as a repository for 1970, 1980, 1990, and 2000 Censuses and houses a variety of other social and economic statistical data. It also houses a Business Resources section in its library. All of these resources can be used in developing marketing strategies and business plans. The services of this agency are available to new, existing and expanding businesses. Tier information and Enterprise Resources, Inc. (TIER) is the Regional Board's affiliate, not-for-profit service corporation.

### **Tier Information and Enterprise Resources, Inc. (TIER)**

375 State Street Phone: (607) 724-1327

Binghamton, NY 13901 Fax: (607) 724-1194

Contact Person: Dick McCormick, Senior V.P. (Ex 210)

Fees for services: No fees for consultation. Fees for loans vary with the loan program and may include application, loan commitment, TIER legal fees, etc.

TIER administers a number of small business financing programs:

Regional Economic Development Revolving Loan Fund - Targeted to agricultural and ag-related or supporting enterprises

Rural Micro Loan Fund - Targeted to agricultural and ag-related or supporting enterprises

Regional Revolving Loan Trust Fund - Targeted primarily to manufacturing enterprises. Fund is administered by TIER on behalf of the Southern Tier Regional Economic Development Corporation.

Tier is an Associate Development Company for the US Small Business Administration and promotes the SBA 504 loan program through a working arrangement with the Empire State Certified Development Company, affiliated with the New York Business Development Corporation.

The service area for Tier programs varies by program. In general, the following Southern Tier counties are affected by one or more of these programs: Broome, Chenango, Chemung, Cortland,

Delaware, Otsego, Schoharie, Schuyler, Steuben, Tioga and Tompkins. Applicants interested in one or more of TIER's programs should contact TIER for more information.

TIER is a not-for-profit service corporation affiliated with the Southern Tier East Regional Planning Development Board.

### **The Broome Chamber**

Metro Center

P.O. Box 995, 49 Court Street

Binghamton, NY 13902-0995 Phone: (607) 772-8860

Contact Person: Peg Sever, Manager-Small Business & Special Programs

Fee for services: Annual fee for Chamber membership and registration fees for various events.

The mission of the Broome County Chamber of Commerce is:

To initiate programs and services, which will improve the business climate, enhance our quality of life and provide for the orderly growth and quality development of the area.

Along with other benefits, the Chamber provides seminars, networking opportunities, business-to-business discounts, health and life insurance and legislative information for its members. Non-members may attend seminars and other events at a non-member cost. The Small Business Council provides many opportunities and programs specifically addressing the needs of small businesses.

### **Broome County Bar Association**

19 Chenango Street, Suite 308

Binghamton, NY 13901

Phone: (607) 724-4085

Fax: (607) 724-4085

E-mail:BCBADirEx@aol.com

Contact Person: Lorraine Scudder, Executive Director

Fee for services: None for speakers; \$20 for attorney referral.

The Bar Association is an information source regarding attorney services. In addition, the Bar Association also provides speakers on a variety of legal issues. The services of the bar are available to all businesspersons in new, existing or expanding businesses.

### **Broome County Clerk's Office**

Government Plaza

Binghamton, NY 13901 (607) 778-2451

Fees for services: Varies, depending on form of business and number of copies required.

The County Clerk's Office registers your business. If you want to do business under an assumed name, you must file a DBA (Doing Business As) form to record your business name with your County Clerk's Office.

### **Broome County Industrial Development Agency (IDA)**

County Office Building

44 Hawley Street, PO Box 1510

Binghamton, NY 13902 Phone: (607)778-2730

Fees for services: \$250 loan program application fee and fees for bond financing.

The major function of this agency is Industrial Development. The IDA offers two loan programs to Small Business Owners. Depending on eligibility, the agency may assist with the purchase of a new facility or the expansion of an existing building. In addition, the agency also assists with equipment purchases.

For existing businesses wishing to expand, the IDA will help the business locate a larger facility and will entertain requests to finance additions to existing facilities. The IDA owns land and buildings in Broome County that are available to assist businesses that are expanding in the region.

### **Broome County Office of Employment and Training**

81 State Street Phone (607) 778-2136

Binghamton, New York 13901 Fax (607) 778-6480

E-mail: strcc@co.broome.ny.us

Contact Persons: Randall L. Cook, Business Services

Richard D. Lindhorst, Director

The Broome County Office of Employment and Training is a member of the Broome-Tioga Workforce Development System and operates the Broome Employment Center, located in Binghamton. We work in cooperation with the New York State Department of Labor and area agencies in assisting businesses with the following:

- Recruiting qualified job applicants
- Accepting applications & resumes on behalf of your organization
- Matching qualified applicants to job openings
- Providing on-line job listings for local, state, and national recruitment
- Delivering information on current state and federal tax incentives and training assistance, such as On-the-Job Training (OJT)
- Linking employees and job candidates to training and educational services

In addition, we can arrange:

- Human resource consulting with recruitment and retention issues, developing job descriptions and employee handbooks, and employee seminars
- Labor market information including labor force demographics, wage studies and additional information helpful for strategic planning
- Space for recruitment, interviewing, meetings and training sessions
- Outplacement services for employees affected by down-sizing
- Customized training for new, existing, and expanding businesses

### **Internal Revenue Service (IRS)**

Metro Center

49 Court Street

Binghamton, NY 13901 Phone: (800) 829-1040

(800) 829-4477 TeleTax

The agency advises on regulations of the Internal Revenue Service concerning income and payroll taxes. The Teletax service offers a variety of prerecorded messages on tax issues.

No fees for services.



**Rural Opportunities Enterprise Center, Inc.**

400 East Ave. Suite

Rochester, NY 14607 Phone: (716) 340-3385

Fax: (716) 340-3326

E Mail: jbell@ruralinc.org

Contact Person: John D. Bell (716) 340-3387

Fees for services: Typically 1% of loan amount, minimum\$100

- \* Loans to small businesses, primarily in rural areas; loans up to \$100,000 for real estate, equipment, working capital,
- \* business expansion, start-up, etc.
- \* Customized assistance with business planning, marketing and cash flow.
- \* Loan consultation and packaging

**Vocational and Educational Services for Individuals with Disabilities (VESID)**

92 Hawley Street

Binghamton, NY 13901 Phone: (607) 773-7830

Contact Person: Richard G. Andres, Regional Coordinator

Fees for services: None.

VESID seeks to make employment available and equal to all qualified New Yorkers with disabilities. As a state agency, it funds some training programs in colleges or business schools as well as provide funds for tools and equipment for some individuals.

For potential business owners, VESID provides:

- \* Qualified, prescreened workers to business
- \* Financial incentives to employers hiring
- \* VESID consumers through on-the-job training programs or federal tax credits
- \* Job coaching services

Also, for existing businesses, VESID offers the same services available to new or potential business. In addition, they consult with businesses on:

- \*Affirmative action
- \* Americans with Disabilities Act
- \* Job accommodations
- \* Work site modifications
- \* Reemployment opportunities for current employees who become disabled

Source: Broome County Community College ExCel Program Community Resource Guide (<http://www.sunybroome.edu/%7Ecommed/excel/rsguide3.html>)

**Alliance for Manufacturing Technology (AM&T)**

61 Court Street - 6th Floor Phone: (607)774-0022

Binghamton, NY 13901 Fax: (607)774-0026

E-Mail: info@amt-mep.org

HTTP: //www.amt-mep.org

Contact Person: Edward Gaetano, Executive Director

**Mission statement:** to provide affordable improvement services that assist manufacturing and technology-related organizations in our targeted service area to realize on-going, tangible benefits, greater profitability and growth.

**Vision statement:** to be recognized and sought out as the "provider of choice" for comprehensive business improvement services and solutions.

Improvement Services

Quick View Assessment

Performance Benchmarking

On-Site Business Assessment University Partnership

Process Analysis & Improvement

Strategic Planning

Operational Services

MPR Systems Selection & Implementation

Total Quality

ISO 9000/QS 9000

Lean Manufacturing

Technology Transfer

Technical Assistance

Education

SBIR/STTR Grant

Business Start-Up Assistance

Baldrige/Excelsior Assist.

Partner-Matching

Grant Writing Assistance

Entrepreneur Services

IEP Grants

## **APICS**

### **Southern Tier Chapter of APICS: "Making Good Business Better"**

PO Box 1007

Binghamton, NY 13865 Phone: (607) 755-1363

Email: stan6@aol.com

Website: [www.stapics.org](http://www.stapics.org)

Contact Person: Steve Stanchak, President

The Southern Tier Chapter of APICS-The Educational Society for Resource Management is a not-for-profit international educational organization respected throughout the world for its education and professional certification programs. We help business run better through education and training focused on the specific needs of manufacturing and service industries. The local chapter has both individual and corporate members from all the leading industries in the area. APICS is affiliated with the national society, which supports nearly 65,000 members in 20,000 companies, worldwide. APICS resources, certification programs, and training tools enable employees to contribute positively to the bottom line. Monthly dinner meetings and plant tours offer the opportunity to network with others in the resource management field. Check out our web site or email Steve Stanchak for more information.

Stephen G. Stanchak CPIM

IBM Printing System Company

Endicott, NY 13760  
Phone (607) 755-1363 Internal 8551363  
internet: sstan@us.ibm.com

**Binghamton Local Development Corporation (BLDC)  
Office of Economic Development**

Binghamton City Hall  
38 Hawley Street, 4th Floor  
Binghamton, NY 13901-7161  
Phone: (607) 772-7164 & (607) 772-7161  
Contact Persons: Carin A. Webb, Executive Director BLDC  
Mylene Serrano-Kalinich, Financial Analyst

The City of Binghamton's Office of Economic Development is an equal opportunity lender offering funding programs through the BLDC to assist businesses and commercial property owners in the City.

The Revolving Loan Fund Program offers low interest financing for tangible assets, such as the acquisition of commercial property and machinery and equipment, based on job creation for low to moderate income people. Loans are available to 30% of a total project cost or \$100,000.00, whichever is less, at a fixed interest rate of 6% (4% for projects located in the City's Economic Development Zone). Loan terms are determined by available collateral and financing industry standards. Fees include a \$100.00 application fee.

The Commercial Facade Improvement Program is designed to assist commercial property owners to upgrade the exterior of buildings and properties to improve the appearance and the energy efficiency of the facility. No interest loans can be 25% of the total project cost of \$50,000.00, whichever is less.

Fees for services: None

**The Center for Technology & Innovation**

1009 E. Main Street Phone: (607)757-2431  
Endicott, NY 13760 Fax: (607) 757-5326  
e-mail: techctr@stny.rr.com

Executive Director: Paul Komar

Technology Network: E.W. (Skip) Hausamann

Tourist Attraction: Herbert L. Griffith

The Center for Technology & Innovation is a not for profit corporation established to assist and promote new and existing technical businesses through a network of successful scientists, engineers and other professionals willing to assist inventors, entrepreneurs and innovators. CTI is also involved in the development of a Technical and Scientific Theme Park/Tourist Attraction. Those interested in participating in either of these endeavors are invited to call our office. There are no dues or fees involved.

**E-Venture**

c/o Akreturn Manufacturing, Inc.

PO Box 353 Phone: (607)775-2802  
Kirkwood, New York 13795 Fax: (607)775-2227  
e-mail: akratum@stny.rr.com  
Contact person: David Gardner

E-venture is a group of small business owners, managers, and people who make their living from a commission, who meet once a month to discuss various business problems and opportunities. Networking is an important way for most busy business people to interact with others who share their concerns and goals. E-venture provides the structure to meet using a roundtable format and discuss topics of importance to those present.

Meeting time-the 3rd Thursday of the month at 7:00 pm

Meeting place-Akratum Mfg., Inc,

1743 Route 11,

Kirkwood, New York

Fees for Services: None

### **Endicott Development Association (EnDA)**

P.O. Box 422

Endicott, NY 13760 Phone:(607)748-7832

Events Line:(607)754-8519

Fax: (607)754-7257

Contact Person: Karen Klecar- Promotion & Special Events Coordinator

Fees for services: None.

EnDA is a not-for-profit association of business owners and community leaders seeking to improve the economic climate in the Village of Endicott. EnDA's mission is to foster economic growth in the Village of Endicott through long term planning, promotion, program development and coordination of activities to serve existing and future business. EnDA publishes a tourism brochure, which highlights the major events occurring in the Village of Endicott. We are currently developing a Business Directory identifying the over 600 businesses located in the Village to be distributed to all existing, new and prospective businesses and residents.

EnDA is in business to help business!

### **Johnson City Planning Department**

124 Brown Street

Johnson City, NY 13790 Phone: (607) 797-9098

Contact person: Dee Golazeski, Director

Fees for services: Fees charged for processing paper work, depending on what the individual is doing. (e.g., electrical fee, building permit, etc.)

The Planning Department provides potential and existing business owners with information on zoning issues and building permits and processes all the paperwork for these issues. The Department will also refer individuals interested in Local Development Loans to the Town of Union.

Business owners are advised to always check with the Planning Department in the Village as well as the Town of Union before proceeding with signing of leases.

### **M&T Bank**

Member FDIC

M&T Bank, Southern Division has fifteen (15) conveniently located offices in Broome & Tioga County and is part of the statewide M&T Bank network with over 400 community offices throughout NY and PA. Whether your needs include a checking account or a savings plan, a short-term loan, term loans, leases or a commercial mortgage, M&T Bankers are ready to answer your questions. In addition, M&T Bank is a certified lender of the U.S. Small Business Administration (SBA). This affiliation enables us to provide financing to new and existing businesses that may not be available under conventional banking terms.

For more information about M&T Business Banking Services, call our Business Bankers at one of the numbers shown below:

Binghamton: (607) 772-2707, 786-4772

Endicott: (607) 786-4753, 786-4745, 786-4772

Johnson City: (607) 786-4745

Kirkwood: (607) 772-2707

Owego: (607) 786-4745

Vestal: (607) 786-4745

Whitney Point: (607) 772-2707

### **The Minorities and Women Business Enterprise Development Center (MWBE)**

113 Court Street

Binghamton, NY 13901 Phone: (607) 724-2118

Fax: (607) 771-7553

E-Mail: [mwbe@stny.rr.com](mailto:mwbe@stny.rr.com)

Website: <http://www.mwbeny.org>

Contact Person: Tina C. Pilgrim, Executive Director

The Minorities and Women Business Enterprise Development Center, Inc. is a not-for-profit organization dedicated to providing high quality business services, tools, skills, and knowledge to small business owners and potential owners in Broome, Chenango, Delaware and Tioga Counties. Currently, the MWBE Development Center provides professional services including, but not limited to, a 60-Hour Comprehensive Entrepreneurial Training Course, Start Up Counseling, Business Plan Development, Loan Application Assistance, Financial Plan Development, Financing, Research Recommendations, a Mentoring Program, Professional Workshops, Certification Assistance, Access to Business Resources. Connections to Business Professionals in the Community, Fax and Copying Services, and Individualized Computer Based Training. The MWBE Development Center, Inc. serves any individual, but minorities, women and persons with physical or economic challenges are targeted.

### **New York State Electric & Gas**

Corporation (NYSEG)

Kirkwood Industrial Park

P.O. Box 5224

Binghamton, NY 13902-5224

Phone: (607) 762-7721

Contact Person: Gary Barnfather,  
Manager-Economic Development

Fees for services: None.

The services of NYSEG's Economic Department are available to potential, existing and expanding businesses. These services are comprehensive in nature and include:

- \* Information on site locations
- \* Information on financing programs
- \* Employee training assistance and other business assistance available from local, regional and state sources

Direct access to NYSEG's energy assistance programs for:

- \* Technical support
- \* Economic Development Incentive programs
- \* Rate information

### **Opportunities for Broome, Inc.**

56 Whitney Avenue Phone: (607)723-6493

Binghamton, NY 13901 Fax: (607)723-6497

Contact Person: Billie Anderson, Deputy Director

Fees for services: None.

Opportunities for Broome administers the Black and Minority Coalition for Minority and Women Owned Businesses and the Emerging Business Assistance Program.

The Black and Minority Coalition is an organization, which serves as an advocate for minority and women owned businesses to insure their utilization on Federal, State, and local public work projects in Broome County.

The Coalition assists minority businesses in becoming certified.

The Coalition also:

- \* Distributes information about bidding and procurement requirements
- \* Assists members in obtaining loans, bonding and insurance.
- \* Coordinates seminars, workshops and management training programs
- \* Provides counseling and research services.

### **Partnership 2000**

P.O. Box 995

Binghamton, New York 13902

Phone: (607) 772-8863

Contact Person: Frank Kelly, Executive Director

Fees for services: None.

Partnership 2000's mission is the creation and retention of jobs in the Southern Tier. P2000 provides seed money for initiatives of extraordinary economic benefit to the entire community and coordinates it's activities with all local economic development groups and local governments. P200 strongly supports quality of life issues in order to create a premier community in which to work and live.

### **Success Network**

2736 Alexander Street

Endwell, NY 13760 Phone: (607) 785-7349

Contact Person: Doug Lee, Treasurer

Success Network is a Business Association whose members meet weekly to give and receive business leads and information regarding the Twin Tier economy. The meetings are organized to create increased market share for each member and to plan sales strategies for achieving the increase. Members are restricted to represent only one business field exclusively. This Principle of Exclusivity eliminates conflict of interest and competitiveness within the Association thus maintaining the required high standards of quality service and professionalism to be given all clients of Success Network.

### **Town of Union Department of Economic Development**

3111 East Main Street

Endwell, NY 13760 Phone: (607) 786-2945

Fax: (607) 786-2998

E-mail: jmoody@townofunion.com

Web Page: www.townofunion.com

Contact Person: Joseph M. Moody, Director

Fees for services: None.

The Town Economic Development Department provides financial assistance to commercial and industrial businesses through low interest loan programs. In addition to low cost project financing, the E.D. Department provides businesses with information to locate suitable sites, either vacant land or available buildings in or out of the Empire Zone, for expansion and growth. The staff can also help with other general information including assessment and tax data, and information on and access to county, state and federal programs.

Eligible Areas: Businesses must be located in or relocating to the Town of Union, including the Villages of Endicott and Johnson City. Interest Rate: 4% Interest rate fixed at 4% for 5 years. After each 5-year period, the interest rate will be adjusted up or down to equal the interest rate in use by the LDC at that time. The change in interest rate will have a cap of 3%.

Financing: Up to 40% of eligible projects is generally not to exceed \$50,000. Minimum loan is \$10,000.

Amount of Participation: At least 50% of project cost is funded privately, either through a private lender, another public lender or owner equity. Additionally the LDC requires a minimum 10% owner's cash equity in the project.

Term of Loan: Determined by needs of the project. The maximum term is 20 years. Will match bank term if financing the same asset.

Collateral: May be subordinate to a bank.

Guarantees: Personal guarantees from each owner, proprietor, partner or stockholder. Corporate guarantees as appropriate.

Eligible Use of Proceeds: The LDC financing may be used for the purchase of Fixed Assets with a useful life of 5 years or more to include:

\* Land, buildings, construction, machinery and equipment and leasehold improvements (provided the length of the loan does not exceed the length of the lease)

\* Acquisition of existing businesses: trucks, automobiles, machinery and equipment and inventory.

Ineligible Use of Proceeds: Working capital including: inventory, supplies, accounts receivable, wages and advertising. Financing of speculative real estate projects or product development, refinancing, business expenses, such as incorporation fees, application fees and commitment fees.

**Ineligible Users:** Lending institutions. Recreation facilities not open to the public. Investment real estate, not tied to specific job creation/retention activity, retail sales, gambling facilities, bars, taverns, restaurants, grocery and convenience stores, gasoline stations, towing service, service/repair shops and body repair shops, new/used and rental cars sales/leasing businesses, hair salons, beauty/barber shops, laundromats and similar personal services, nursing homes, day care centers (if not licensed by state), not-for-profit organizations and businesses operated from a residence/home based businesses.

**Job Creation/Retention Criteria:** The primary purpose of the loan programs are the creation/retention of permanent jobs. 51% of the jobs required to be created/retained within 2-3 years of loan approval must be either filled by people from low to moderate income households, or available to people from low to moderate income households. The formula for job creation is 1 job per each \$10,000 borrowed from the LDC.

**Other Criteria:** Demonstrated need for financing. Demonstrated ability to repay the debt. Firm project and project costs.

Commitment letter(s) indicating approval of private and/or another public lender financing.

**Prevailing Wages:** Construction activities are subject to Davis-Bacon Act, requiring prevailing wages for contractors' employees be paid (as determined by Housing and Urban Development.)

**Business Start-Ups:** Start-up businesses can apply for funding under the Town of Union LDC Loan Programs. Start-up businesses will have additional requirements for loan approval as follows:

- \* First, the entrepreneur must incur risk i.e., the entrepreneur must be investing a minimum of 10% personal capital into his/her enterprise.
- \* Second, the entrepreneur must demonstrate adequate management capability including the ability to manage both human and financial resources.
- \* Finally, the entrepreneur must demonstrate intimate knowledge of the industry in which he/she will operate a business. Such knowledge must include knowledge of billing practices, competition, legal issues, marketing and advertising, etc. Start-up businesses can obtain assistance with their business plan and other issues through the Small Business Development Center, Minorities and Women Business Enterprise, Service Corp of Retired Executives or similar private and public agencies.

**Broome Community College  
Center for Community Education and the  
Excellence Center for Entrepreneurial Leadership (ExCEL)**

P.O. Box 1017 Upper Front Street  
Binghamton, NY 13902

Phone: (607) 778-5012 Fax: (607) 778-5535

Contact Person: Debra Morello, Director

The Center for Community Education provides workshops and seminars for potential business owners ranging from "Developing a Business Plan" to marketing and accounting. In addition, the Center offers a variety of workshops focused on specific types of entrepreneurial activities.

For expanding businesses continuing education programs and training for employees are available. The Center for Community Education is able to provide up-to-date training for business owners and their employees upon request and is interested in providing instructional opportunities for the business community. The Excellence Center for Entrepreneurial Leadership (ExCEL) combines community services with BCC's infrastructure and expertise to help ensure



and maintain the success of small businesses in the Southern Tier.

Services include:

- Training courses
- Entrepreneurial Society meetings
- Small Business Resource Guide
- BCC Entrepreneurial Society
- Small Business Membership Directory
- Quarterly newsletter publications.

BCC's Corporate Service Program provides customized training and services for business and industry in areas of:

- assessment
- training
- consulting
- basic skills
- management and supervisory skills
- computer training
- technical training
- focus groups.

Other training and services are available. BCC's expert consulting staff will visit your company and work with you to design training programs best suited to your company's goals and objectives. For details, call Janet Hertzog at (607) 778-5054.

Fees vary with the program offered.

### **Broome-Tioga Board of Cooperative Education Services (BOCES)**

435 Glenwood Road

Binghamton, NY 13905

Phone: (607) 763-3300

Contact Person: Bonnie Halstrom, Coordinator for Evening Education

Fees for services: Scheduled classes cost from \$11 to \$459 per person. Prices for custom designed instruction vary.

BOCES offers a variety of introductory courses for potential business owners. Business, computing, personal improvement and occupational training are available.

For existing business owners, they offer employee training tailored to meet the specific needs of the employer. Also, they provide related training for registered apprentices.

### **Cornell Cooperative Extension of Broome County**

840 Front Street

Binghamton, NY 13905

Phone: (607) 772-8953

Fax: (607) 723-5951

Contact: David A. Bradstreet,

Agriculture Profitability Team leader

Fees for services: Modest and affordable fees are charged for information center resources.

Cooperative Extension assists potential agriculture business owners and those looking to expand their operation with the development of a financial assessment of the business venture.

### **Cornell Cooperative Extension of Tioga County**

56 Main Street

Owego, NY 13827 Phone: (607) 687-4020

Contact Person: Andy Fagan, Executive Director

Fees for services: Modest and affordable fees.

Cooperative Extension assists potential business owners with a personal financial assessment of the business venture by analyzing how much a person can afford to devote to the business and how much risk the business owner can afford to take. For existing businesses and individuals looking to expand their operations, the Cooperative Extension provides information on personal and family financial management, while continuing to analyze how much additional risk the business owner can afford to take.

### **School-to-Careers Partnership of Broome and Tioga Counties (STC)**

23 Jackson Avenue

Endicott, NY 13760 Phone: (607) 786-8593

Contact Person: Sandra Watkins, Program Development Specialist

STC facilitates a comprehensive educational partnership between educational institutions and businesses, students, parents and community agencies targeted at preparing local youth for employment. STC coordinates career awareness, mentoring, youth apprenticeships, and work force preparation programs for students K-12. In addition, STC provides business visitation opportunities for school personnel.

Employers and educators work together to develop a learning environment in which students acquire transferable skills they will use in the workplace. Businesses can volunteer to participate in the various school-based and work-based learning activities listed above.

Sources: Broome County Community College ExCel Program Community Resource Guide (<http://www.sunybroome.edu/%7Ecommed/excel/rsguide3.html>);

## Appendix D

### Tioga County, New York - Business Incubator Survey

Please complete the following survey about the proposed Business Incubator to be located in the Tioga County, New York area. Please return by March 31, 2003 to:

**Tioga County**  
**Department of Economic Development and Planning**  
**56 Main Street**  
**Owego, NY 13827**  
**Please mail completed surveys or Fax: (607) 687-1435**

**Questions? Please call Elaine Jardine (607) 687-8257 or David Lewis at (607) 275-9342**

---

1. What best describes your existing business or newly interested business?

? Service (what service(s) do you supply?) \_\_\_\_\_

? Retail (what do you sell?) \_\_\_\_\_

? Light manufacturing (what do you make?) \_\_\_\_\_

? Other (e.g. food business; arts & crafts, etc.) \_\_\_\_\_

2. Please list your products or services?

? \_\_\_\_\_ ? \_\_\_\_\_

? \_\_\_\_\_ ? \_\_\_\_\_

? \_\_\_\_\_ ? \_\_\_\_\_

3. Is your business a:      ? Start-up business      ? Existing business

How many years have you been in business? \_\_\_\_\_

Do you have a business plan available for review?      ? Yes ? No

4. Including yourself, how many employees does your business currently employ?

? 1                              ? 2                              ? 3-4

? 5-10                          ? 11-25                          ? Over 25

5. What facilities are you currently using to conduct your business (e.g., your home, carport, rented facilities)?

\_\_\_\_\_

6. Who are your customers or what type of customers are you or do you plan to target?

\_\_\_\_\_

\_\_\_\_\_



11. What shared services would you be interested in?
- |                                  |                   |
|----------------------------------|-------------------|
| ? Secretarial                    | ? Reception       |
| ? Telephone Answering / messages | ? Copy machine    |
| ? Fax machine                    | ? Internet access |
| ? _____                          | ? _____           |

12. What is the short-term and long-term dollar sales goal for your company?

? Short-term (1 – 2 years) \_\_\_\_\_

? Long-term (3 – 5 years) \_\_\_\_\_

13. Respondent – Business Name: \_\_\_\_\_

Name (Mr./Mrs./Ms): \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: (\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_) \_\_\_\_\_

Email: \_\_\_\_\_

**Thank you for your time and interest. Please mail or:  
Fax - (607) 687-1435**

**your completed survey by March 31, 2003 to:**

**Tioga County  
Department of Economic Development and Planning  
56 Main Street  
Owego, NY 13827**

This survey was designed for entrepreneurs, companies and organizations that might be prospective business incubator tenants. If you have other suggestions or comments regarding the need for a business incubator in our community, please use the space below:

## Press Release

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### For Immediate Release

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**FINAL**

**Wednesday, January 8th, 2003**

Contact: Elaine D. Jardine  
Tioga County Planning Director  
56 Main Street  
Owego, NY 13827  
Phone: 607-687-8257



### “TIOGA COUNTY STARTS BUSINESS INCUBATOR STUDY”

The Tioga County Department of Economic Development and Planning, and the Incubator Oversight Study Committee, are pleased to announce the hiring of a consultant, Cameron Wold of Wold & Associates, to study the feasibility (entitled the Tioga Rural Entrepreneurial Center Feasibility Study) of a mixed-use business incubator, including an agricultural processing component. This study, which is fully financed by the United States Department of Agriculture, and supported by Tioga County Department of Economic Development and Planning, seeks to uncover the potential of this community economic development tool for the Tioga County area. In addition to a traditional incubator, which typically focuses on small to medium light manufacturing and services businesses, the study will include identifying businesses in particular industry segments that might also benefit from such a facility and program, including: value-added wood products, specialty food and other agricultural products, arts and crafts businesses, and those engaged in high tech and telecommunications businesses.

The term “incubator” refers both to the physical facility and the support given to new and expanding businesses that are nurtured through either early start-up, or expansion – two of the most difficult times any business will face.

The National Business Incubation Association (NBIA), Athens, OH is the trade association for incubators across the US and in many foreign countries. It describes business incubation as a “dynamic process of business enterprise development. Incubators nurture young firms, helping them to survive and grow during the start-up period when they are most vulnerable. Incubators provide hands-on management experience, access to financing and orchestrated exposure to critical business or technical support services. They also offer entrepreneurial firms shared office services, access to equipment, flexible leases and expandable space – all under one roof.”

Support services can be grouped into three main categories: training, access to appropriate capital, and technical assistance. Based on similar incubators in other parts of the country, these facilities are proven producers of local jobs in both urban and rural settings.

“We have been exploring innovative ways to help our small agricultural and other entrepreneurs since the success of the Made in Tioga store a few years ago”, expressed Fran Leavenworth, Legislative Chair of the County’s Legislator’s Economic Development and Planning Committee. “That effort gave our rural entrepreneurs access to markets hard for them to tap. This incubator project will provide those same entrepreneurs with holistic business assistance including space, services, and skill training that will help expand their market and contribute to their success.” Elaine Jardine, Tioga County Planning Director and Project Manager states, “this type of project is ideally suited for our community given our culture and the diversity of businesses that exists in our community. Perhaps, more importantly, this incubator can create new jobs in traditional service and light manufacturing businesses, and in the other industry segments yet to be identified”.

Cameron Wold, the national and world leader in incubation, heads the eight-member study team and believes that preliminary feasibility study findings will be available as early as September of this year. The study team includes several award winning incubator managers, educators and others knowledgeable in all aspects of business incubation in rural areas. Cameron Wold has considerable experience in the area of kitchen incubation and in value-adding agricultural processing facilities. Mr. Wold is the primary author and editor of the most widely used publication on food incubation: *Establishing a Shared-Use Commercial Kitchen*. Dave Lewis is Senior Research Fellow at the National Center for Neighborhood and Brownfields Redevelopment with Rutgers University. Mr. Lewis has conducted several feasibility studies for both technology and agricultural incubators, and specializes in helping communities identify underlying economic development potential. Jerry Davis is the Executive Director of Shoals Entrepreneurial Network in Florence, Alabama. Mr. Davis has successfully run this incubator for twelve years, and is also experienced at seeking and obtaining funding for incubation from a variety of sources. The Appalachian Regional Commission has designated the Shoals facility as Best Practices – Incubator. Mr. Robert Weybright directed Hudson Valley Foodworks, Inc in Poughkeepsie, NY and now works with Cornell University’s New England Center for Food Entrepreneurship. Mr. Jim Deffenbaugh is with the Panhandle Area Council in Idaho and directed operations for the Hayden Business Center for fourteen years, as well as directing operations for a short period for the Bonner Business Center. Both of these incubators are located in rural Idaho. Jim’s specialty is in incubation of value-added wood products and wood businesses, and as such is a founding member of WOODnet. This is of great interest to Tioga County and the project’s service area, given the prevalence of the lumber industry in the region. Mr. David Gonzales also has substantial incubator experience. Mr. Gonzales is the Executive Director of the Denver Enterprise Center in Denver, Colorado, that has won many awards for innovation including the National Business Incubation Association’s 1998 Incubator of the Year award and 1999 Graduate of the Year award. David Gonzales specializes in organizing, developing and building community kitchen incubators, which is part of the vision for Tioga County’s incubation project. Mr. Brian Norder directs the Vermont Food Venture Center, a nationally known and highly successful agricultural processing facility / community kitchen incubator. And

finally, Mr. Tim Locke, who hails from Seattle, Washington, specializes in farmers' market creation and management and agricultural shared-use processing facilities. He also developed the first food security curriculum that he teaches at the University of Wisconsin. The Incubator Study Oversight Committee went through a competitive bid process, interviewed 3 finalists consultants, and felt that Wold & Associates were the most qualified and had the greatest resources to meet Tioga County's needs and fulfill our vision for the project.

The Incubator Study Oversight Committee, organized by the Tioga County Department of Economic Development and Planning, is comprised of various community leaders from business services organizations:

Pam Moore	Sunnyside Farm
Wayne Clark	M&T Bank
Doug Boyce	Binghamton Univ. Small Business Development Center
Andy Fagan	Cornell Cooperative Extension of Tioga County
Martha Sauerbrey	Tioga County Chamber of Commerce
Fran Leavenworth	Tioga County Legislature
Leslie Spurgin	Accountant
Kirk Martin	Attorney
William Caloroso	Tioga County Local Development Corporation
Heidi Mouillesaux-Kunsman	Cornell University Agriculture & Life Sciences
Debra Morello	Broome Community College
Frank Underwood	Service Corp of Retired Executives (SCORE)
Rob Ferri	Tioga Employment Center

For more information or to take part in the ***Incubator Survey***, please contact **Elaine Jardine** at **(607) 687-8257**, or **Cameron Wold** at **(208) 772-0584; ext. 3018**.

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## Stakeholders Letter



## Department Of Economic Development and Planning

County Office Building 56 Main Street Owego, NY 13827  
Voice: 607-687-8255 Fax: 607-687-1435 e-mail: info@developertioga.com

10/29/2004

«FirstName» «LastName»  
«OrganizationName»  
«Address»  
«Address\_2»  
«City» «State» «PostalCode»

Dear «FirstName»:

The Tioga County Department of Economic Development and Planning seeks your help in its investigation of establishing a mixed-use and agricultural incubator in the Tioga County area. Recently, funding was received from the United States Department of Agriculture to undertake a feasibility study for establishing such a facility. Tioga County has hired Cameron Wold & Associates, national and international pioneers and leaders in the incubation industry, to conduct this complex feasibility study.

In addition to a traditional incubator, which typically focuses on small to medium light manufacturing and services businesses, this study will include identifying businesses in particular industry segments identified as existing in our community that might also benefit from such a facility and program, including: value-added wood products, specialty food products, art and crafts, and those businesses engaged in high-tech and telecommunications.

The term “incubator” refers to both the physical facility and the support given to new and expanding businesses that are nurtured through either early start-up, or expansion – two of the most difficult times any business will face.

The National Business Incubation Association (NBIA), Athens, OH is the trade association for incubators across the US and in many foreign countries. It describes business incubation as a “dynamic process of business enterprise development. Incubators nurture young firms, helping them survive and grow during the start-up period when they are most vulnerable. Incubators provide hands-on management experience, access to financing and orchestrated exposure to critical business or technical support services. They also offer entrepreneurial firms shared office services, equipment access, flexible leases and expandable space - all under one roof.”

To begin the process of determining the feasibility of such a facility, a survey has been developed that will gauge interest in the facility by local and regional entrepreneurs. The survey

and 2 fliers are enclosed – one flier is geared to the business serviced provider or stakeholder and the other is directed to businesses or potential users.

If you wish to learn more about the unique economic / community development idea, please plan to attend our upcoming informational meeting. This meeting will be held on Wednesday, January 29<sup>th</sup> at 9:00 AM in the Hubbard Auditorium of the Tioga County Office Building at 56 Main Street in Owego, NY. Cameron Wold, leader of the eight-member study team will explain the study process and answer questions.

Even if you cannot attend the informational meeting, you and your organization can assist in the process. As a concerned small business service-provider, or other community “stake holding” organization interested in the vitality and development of your community, your assistance in spreading the word to other stakeholders and / or potential incubator users is essential to successful study and assessment. Ways you can assist in our goal to obtain completed surveys include: 1) providing names and addresses of individuals that we would contact with a survey and flier, 2) including the survey and flier in any mailings you provide your clients along with our contact information, and 3) providing an informational article in your group’s periodic newsletter along with the survey and / or contact information.

It is important to the success of the feasibility study, and to the future assistance to your community’s small businesses that we gather complete and thorough data. Your help is needed and greatly appreciated.

For more information on the meeting, the study, or to learn how you can assist with the business incubation survey, please call Elaine Jardine at (607) 687-8257.

Sincerely,

Elaine D. Jardine  
Tioga County Planning Director

Encl’s.

## Flier

# Tioga County Is Investigating... A Community Business Incubator



### What's That?

The term "incubator" refers both to the physical facility and the support given to new and expanding businesses that are nurtured through either early start-up, or expansion – two of the most difficult times any business will face.

The National Business Incubation Association (NBIA), Athens, OH is the trade association for incubators across the US and in many foreign countries. It describes business incubation as a "dynamic process of business enterprise development. Incubators nurture young firms, helping them to survive and grow during the start-up period when they are most vulnerable. Incubators provide hands-on management experience, access to financing and orchestrated exposure to critical business or technical support services. They also offer entrepreneurial firms shared office services, access to equipment, flexible leases and expandable space – all under one roof."

### Who Can Benefit?

Those interested in starting a new business or expanding their existing business; those who could benefit from a systematic approach to facing and overcoming the obstacles that face new and growing businesses; and those starting or expanding value-adding businesses such as wood manufacturing, specialty food, and catering businesses, and arts and crafts businesses.

### We Need Your Help!

We are gathering information about potential uses of the facility. Attached is a survey, which we hope you will complete and return. If you have questions, please call Elaine Jardine, Tioga County Department of Economic Development and Planning at **(607) 687-8257** or **David Lewis** at **(607) 275-9342**.

Please tell a friend! And feel free to pass along this flyer and survey.



## Appendix E

### Tioga County Entrepreneurial Center Study Oversight Committee

<b>Name of Individual</b>	<b>Organization</b>	<b>Category</b>
Elaine Jardine	Tioga County	Government
Pam Moore	Sunnyside Farm	Small Business Owner
Wayne Clark	M&T Bank	Banking
Doug Boyce	Small Business Development Center	Business Services
Andy Fagan	CCE Tioga County	Non-profit Partner
Martha Saurbrey	Chamber of Commerce	Non-profit Partner
Fran Leavenworth	Tioga County Legislature	Elected Official
Leslie Spurgin	Ciashi, Dietershagen, Little, Mickelson & Co., LLP	Professional Services
Kirk Martin	Turk, Truman, Bishop & Tillapaugh	Professional Services
Willaim Caloroso	Tioga County LDC	Non-profit Partner
Heidi Mouillesaux-Kunsmann	Cornell Ag and Life Sciences	Higher Education
Debra Morello	BCC	Higher Education
Anthony Fusco	SCORE	Mentoring
Rob Ferri	Tioga Employment Center	Business Services

## **Appendix F**

### **Sample Operating Forms**

The following list of operating forms was developed by the Denver Enterprise Center as it began operations of its business incubator. Rather than an exhaustive list, these forms are presented as help and starting point to those that will draft the operating forms for the Tioga County incubator. No legal review or status is implied. Any forms based on the following should be reviewed by appropriate legal representation in the proper jurisdiction.

#### **Business Services List**

#### **Tenant Application**

#### **Tenant Lease**

#### **Statistical Employment Information**

**DENVER ENTERPRISE CENTER  
BUSINESS SERVICES  
AS OF MAY 1, 2002**

<u>Services</u>	<u>Status</u>
1. <b><u>Electricity</u></b>	
220 Volt power (single Phase)	Available
220 Volt power (3 phase)	Available with upgrade
<b>Note:</b> Electric rates use local billing. (Rate x kilowatt-hours usage plus base charge)	
2. <b><u>Water/Sewer Service</u></b>	Available with improvements
<b>Note:</b> Charges are negotiable	
3. <b><u>Refuse Pick-up</u></b>	Available to low volume generator
<b>Note:</b> Charges are negotiable for larger volume generator.	
4. <b><u>Material Handling</u></b>	
Pallet Jack	Available
Hand Carts	Available
5. <b><u>Parking</u></b>	
Visitor parking area	No Cost
Employee parking area	No Cost
6. <b><u>Business and Support Services</u></b>	
Technical Assistance	No Cost
Clerical Assistance	\$5-25.00/ per document
Notary Public	\$5.00
Reception Area	No Cost
Lunch Room	No Cost
Coffee	No Cost
Ground floor electronic security	No Cost
Shipping/receiving loading dock	No Cost
Freight elevator	No Cost
Information Center (library)	No Cost
Furniture (as available)	No Cost
Video Library	No Cost
Audio/Video equipment	No Cost
Business Library	No Cost
2 Large Conference rooms*	No Cost
Training Room*/meeting room*	No Cost
General telephone answering	No Cost
Photo Copying	
First 100 copies per month	\$2.50
Copies over 100	5 cents each
Color Copies	50 cents each
Facsimile usage	\$1.00 per page/receiving and transmitting
Security Alarm	Available \$10.00

\* **Subject to Reservation**      **Services subject to cancellation and price changes.**

**DENVER ENTERPRISE CENTER  
CLIENT APPLICATION**

1. Your Name: \_\_\_\_\_ Phone: \_\_\_\_\_ Social Security #: \_\_\_\_\_  
Street Address: \_\_\_\_\_ City: \_\_\_\_\_ St: \_\_\_\_\_ Zip: \_\_\_\_\_  
Birth Date: \_\_\_\_\_
2. Business Name: \_\_\_\_\_ Phone: \_\_\_\_\_ ID Number: \_\_\_\_\_  
Business Address: \_\_\_\_\_ City: \_\_\_\_\_ St: \_\_\_\_\_ Zip: \_\_\_\_\_
3. Is Your Business Name registered With the Department of Revenue or Secretary Of State? Yes \_\_\_\_ No \_\_\_\_
4. Sales Tax License City Number \_\_\_\_\_ Sales Tax License County Number \_\_\_\_\_
5. Name of President/CEO or General Partner \_\_\_\_\_ Address \_\_\_\_\_  
City \_\_\_\_\_ St \_\_\_\_\_ Zip \_\_\_\_\_ Phone \_\_\_\_\_ Attach Resume
6. Name of Secretary (Or Partner If Applicable) \_\_\_\_\_ Address \_\_\_\_\_  
City \_\_\_\_\_ St \_\_\_\_\_ Zip \_\_\_\_\_ Phone \_\_\_\_\_ Attach Resume
7. What is the organizational structure of your company? (Please check only one)  
\_\_\_\_ Sole Proprietorship \_\_\_\_ Corporation \_\_\_\_ Partnership \_\_\_\_ Company not formed
8. Please describe your product(s) and/or services(s). \_\_\_\_\_  
\_\_\_\_\_
9. Is a Partner pending? \_\_\_\_ yes \_\_\_\_ no
10. Is a Patent issued? \_\_\_\_ yes \_\_\_\_ no
11. How would you describe the current development of your company? \_\_\_\_\_  
\_\_\_\_\_
12. Have you utilized other entrepreneurial support services, within the last 12 months (i.e. SBA)? \_\_\_\_ yes \_\_\_\_ no  
If yes, please explain which one and what services were offered \_\_\_\_\_  
\_\_\_\_\_
13. How much capital do you currently have invested in your business?  
\_\_\_\_ Less than \$10,000 \_\_\_\_ \$10,001 to \$25,000 \_\_\_\_ \$25001 to \$50,000  
\_\_\_\_ \$50,001 to \$100,000 \_\_\_\_ \$Over \$100,000
14. Present number of employees in your company? (Exclude company officers/partners).  
\_\_\_\_ Part-time \_\_\_\_ Full-time \_\_\_\_ Number of new jobs to be created by your business during  
First year of operation (approximately).
15. Do you have a written Business Plan? \_\_\_\_ Yes \_\_\_\_ No (if yes, please attach plan)  
If no, do you plan on preparing a plan? \_\_\_\_ Yes \_\_\_\_ No Completion Date \_\_\_\_\_
16. Sources of initial business capital and how much do you expect from each source?  
\$ \_\_\_\_ Seed Capital \$ \_\_\_\_ Public Offering \$ \_\_\_\_ R&D Funding \$ \_\_\_\_ Loans  
\$ \_\_\_\_ Personal \$ \_\_\_\_ Grants (Please Specify): \_\_\_\_\_  
\$ \_\_\_\_ Other (Please Specify): \_\_\_\_\_
17. Space needed in Square Feet: \_\_\_\_ Office \_\_\_\_ Research \_\_\_\_ Manufacturing  
\_\_\_\_ Storage \_\_\_\_ Other space needed (please specify): \_\_\_\_\_  
Total square feet of space needed? \_\_\_\_\_

18. Any special requirements for the successful operation of your business? Please list:

Electrical requirements: \_\_\_\_\_

Ventilation or exhaust needs: \_\_\_\_\_

Water access needs: \_\_\_\_\_

Other: \_\_\_\_\_

19. Please check the services you will need and provide est. weekly time requirements.

Will need:	Weekly hours:	Will need:	Weekly Hours:
____ Secretarial	____ Hrs.	____ Fax Transmittal	____ Hrs.
____ Word-processing	____ Hrs.	____ Bookkeeping/Acct.	____ Hrs.
____ Photocopy	____ Hrs.	____ Business Planning	____ Hrs.
____ Audio Video	____ Hrs.	____ Conference Room	____ Hrs.
____ Micro-Computer	____ Hrs.	____ Marketing	____ Hrs.
____ Financing	____ Hrs.		
____ Other (Please Specify) _____			

20. Will you require the use of Market Research Services? \_\_\_\_yes \_\_\_\_no

21. Financial Information: Please list your credit references and mark whether this reference was personal or a business/trade acquaintance.

Name _____	Phone # _____	Business _____	or _____	Personal
Name _____	Phone # _____	Business _____	or _____	Personal
Name _____	Phone # _____	Business _____	or _____	Personal
Name _____	Phone # _____	Business _____	or _____	Personal

22. How did you learn about The Denver Enterprise Center? \_\_\_\_\_

23. Please list the date you desire leasing space at The Denver Enterprise Center? \_\_\_\_\_

By signing this application I agree to allow statistical facts be extracted and shared with the public and/or private agencies, provided that the privacy of the company is not violated.

\_\_\_\_\_  
Signature Title Date



**LEASE  
for  
3003 Arapahoe Street  
Denver, Colorado 80205**

This Lease is made this \_\_\_\_ day of \_\_\_\_\_, 1997, between The Denver Enterprise Center, Inc. ("Landlord"), whose address is and 3003 Arapahoe Street, Denver, Colorado 80205, ("Tenant"), whose address is 3003 Arapahoe Street, Suite \_\_\_\_\_, Denver, Colorado 80205, Attention: \_\_\_\_\_.

**4. GENERAL.**

1.1 Consideration. Landlord enters into this Lease in consideration of the payment by Tenant of the rents herein reserved and the keeping, observance and performance by Tenant of the covenants and agreements of Tenant herein contained.

1.2 Exhibits and Addenda to Lease. The exhibits and addenda listed below shall be attached to this Lease and be deemed incorporated in this Lease by this reference. In the event of any inconsistency between such exhibits and addenda and the terms and provisions of this Lease, the terms and provisions of the exhibits and addenda shall control. The exhibits and addenda to this Lease, if any, are:

Exhibit A - Suite, Lease Term, Basic Rent, Monthly Rent, etc.

**5. DEMISE OF PREMISES.**

2.1 Demise. Subject to the provisions, covenants and agreements herein contained, Landlord hereby leases and demises to Tenant, and Tenant hereby leases from Landlord, the Demised Premises as hereinafter defined for the Lease Term as hereinafter defined, subject to existing covenants, conditions, restrictions, easements and encumbrances affecting the same.

2.2 Demised Premises. The "Demised Premises" shall mean the real property more particularly described on Exhibit A attached hereto, containing the approximate number of square feet set forth on Exhibit A, and the Improvements as hereinafter defined.

2.3 Improvements. "Improvements" shall mean all other fixtures and improvements presently existing or now under construction on the Demised Premises.

2.4 Parking Area. Tenant will be allowed to use \_\_\_\_\_ parking spaces for its employees and invitees during the Lease Term and will park all employee vehicles in areas designated as Tenant parking.

2.5 Covenant of Quiet Enjoyment. Landlord covenants and agrees that, at all times during the term of this lease when Tenant is not in default in the keeping, observance and performance of the covenants and agreements of Tenant contained in this Lease, the quiet and peaceable enjoyment of the Demised Premises by Tenant shall not be disturbed or interfered with by Landlord or by any person claiming by, through or under Landlord.

2.6 Condition of Demised Premises. Tenant covenants and agrees that, upon taking possession of the Demised Premises, Tenant shall be deemed to have accepted the Demised Premises "as is" and Tenant shall be deemed to have waived any warranty of habitability, suitability for habitation, fitness for a particular purpose or merchantability, express or implied, relating to the Demised Premises.

2.7 Rules and Regulations of Landlord. Tenant covenants and agrees that it shall follow the rules and regulations established by Landlord, and as may be amended from time to time by Landlord, with respect to the Demised Premises. Such rules and regulations shall include, but not be limited to, the non-smoking policy, cleanliness, and professional demeanor toward other tenants and Landlord's administration.

## 6. TERM OF LEASE.

3.1 Lease Term. The term of this Lease ("Lease Term") shall commence at noon on the commencement date specified in Exhibit A attached hereto and shall expire at noon on the expiration date specified in Exhibit A attached hereto provided.

## 7. RENT AND OTHER AMOUNTS PAYABLE.

4.1 Basic Rent. Tenant covenants and agrees to pay to Landlord, without offset, deduction or abatement, basic rent for the full Lease Term in the amount specified as basic rent in Exhibit A attached hereto. In addition, Tenant covenants and agrees to pay all charges incurred under any separate agreement, or otherwise, to the Landlord, including service charges under the negotiated service agreement (the "Service Agreement") which shall be deemed an integral part of this Lease.

4.2 Monthly Rent. Basic Rent shall be payable in advance on or before the first day of each calendar month during the Lease Term, without notice, in equal installments in the amount specified in Exhibit A attached hereto ("Monthly Rent"). In the event this Lease shall commence on any day other than the first day of a calendar month, then the Monthly Rent shall be adjusted to the first day of the month at the beginning and end of the Lease Term.

4.3 Late Charges. If any payment of Monthly Rent is not received by Landlord by the fifth day of the month, a late charge of \$25.00 shall be due and payable.

4.4 Place of Payments. The Basic Rent and all other sums payable by Tenant to Landlord under this Lease shall be paid to Landlord at the place for payments specified in Exhibit A, or such other place as Landlord may, from time to time, designate in writing.

4.5 Lease as Net Lease ? Additional Rent. It is the intent of the parties that the Basic Rent provided in this Lease shall be a net payment to Landlord; that the Lease shall continue for the full Lease Term notwithstanding any occurrence preventing or restricting use and occupancy of the Demised Premises, including any damage or destruction affecting the Demised Premises, and any action by governmental authority relating to or affecting the Demised Premises except as otherwise specifically provided in this Lease; that the Basic Rent shall be absolutely payable without offset, reduction or abatement for any cause except as otherwise specifically provided in this Lease; that Landlord shall not be required to pay any costs or expenses or provide any services or do any act in connection with the Demised Premises; and that Tenant shall bear all costs and expenses relating to the Demised Premises. Accordingly, Tenant covenants and agrees to pay, in addition to the Basic Rent, as additional rent, all costs and expenses relating to the Demised Premises ("Additional Rent"). The Additional Rent payable by Tenant shall include, but not be limited to, the costs and expenses of (a) taxes and assessments; (b) insurance costs; (c) utility charges; (d) operating expenses; (e) maintenance and repair expenses; (f) advances, if any, by Landlord; (g) interest on past due payments, if any, and (h) other costs and expenses relating to the Demised Premises during or attributable to the Lease Term, all as hereinafter provided in this Lease.

4.6 Security Deposit. Upon execution of this Lease, Tenant shall deposit, as a security deposit, with Landlord the amount specified in Exhibit A attached hereto ("Security Deposit"). The Security Deposit shall be retained by Landlord and may be applied by Landlord, to the extent necessary, to pay and cover any loss, cost, damage or expense, including attorneys' fees sustained by Landlord by reason of the failure of Tenant to

comply with any provision, covenant or agreement of Tenant contained in this Lease. To the extent not necessary to cover such loss, cost, damage or expense, the Security Deposit shall be returned to Tenant within 60 days after expiration of the Lease Term or as may be otherwise provided by law. The Security Deposit shall not be considered as an advance payment of rent or as a measure of the loss, cost, damage or expense which is or may be sustained by Landlord. In the event all or any portion of the Security Deposit is applied by Landlord to pay any such loss, cost, damage or expense, Tenant shall, from time to time, promptly upon demand, deposit with Landlord such amounts as may be necessary to replenish the Security Deposit to its original amount.

4.7 General Provisions as to Security Deposit. Landlord shall be free to commingle the Security Deposit with Landlord's own funds and Landlord shall not be obligated to pay interest to Tenant on account of the Security Deposit. In the event of a transfer by Landlord of Landlord's interest in the Demised Premises, Landlord may deliver the Security Deposit to the transferee of Landlord's interest and Landlord shall thereupon be discharged from any further liability to Tenant with respect to such Security Deposit. In the event of a transfer by Tenant of Tenant's interest in the Demised Premises, Landlord shall be entitled to return the Security Deposit to Tenant's successor in interest and Landlord shall thereupon be discharged from any further liability with respect to the Security Deposit.

## 8. TAXES AND ASSESSMENTS.

5.1 Covenant to Pay Taxes and Assessments. Tenant covenants and agrees to pay, as Additional Rent, the Taxes and Assessments, as hereinafter defined, which accrue during or are attributable to the Lease Term. "Taxes and Assessments" shall mean any taxes, assessments or other impositions, general or special, ordinary or extraordinary, of every kind or nature, which may be levied, assessed or imposed upon or with respect to the Demised Premises or any part thereof, or upon any building, improvements or personal property at any time situated thereon.

5.2 Special Assessments. In the event any taxes or assessments are payable in installments over a period of years, Tenant shall be responsible only for installments for periods during the Lease Term with proration of any installment payable prior or after the expiration of the Lease Term.

## 9. INSURANCE.

6.1 Casualty Insurance. Tenant covenants and agrees to obtain and keep in full force and effect during the Lease Term, Casualty Insurance as hereinafter defined. "Casualty Insurance" shall mean fire and extended coverage insurance with respect to all improvements, fixtures, and personal property on the Demised Premises, and with a deductible in an amount for each occurrence as Tenant, in its reasonable discretion, may determine from time to time. Tenant agrees to hold Landlord harmless from all claims for loss, damage, cost or expense in connection with such property resulting from fire or other occurrence, whether or not the result of negligence by Landlord.

6.2 Liability Insurance. Tenant covenants and agrees to obtain and keep in full force and effect during the Lease Term, and to pay the premiums and costs of, Liability Insurance as hereinafter defined. "Liability Insurance" shall mean comprehensive general liability insurance covering public liability with respect to the ownership, use and operation of the Demised Premises, with limits of not less than \$1,000,000 for bodily injury and death; not less than \$500,000 for property damage, or \$1,000,000 combined single limit of liability for bodily injury, death or property damage, with endorsements for assumed contractual liability with respect to the liabilities assumed by Tenant under Section 8.24 of this Lease, and with no deductible, retention or self-insurance provision contained therein, unless otherwise approved in writing by Landlord.

6.3 General Provisions Respecting Insurance. Except as otherwise approved in writing by Landlord, all insurance obtained by Tenant shall be on forms and with insurers selected or approved by Landlord,

which approval shall not be unreasonably withheld; shall name Landlord and the holder of any first mortgage or deed of trust encumbering the Demised Premises as insured parties, as their interests may appear; shall contain a waiver of rights of subrogation as among Tenant, Landlord and the holder of any such first mortgage or deed of trust; and shall provide, by certificate of insurance or otherwise, that the insurance coverage shall not be canceled or altered except upon 30 days prior written notice to Landlord and the holder of any such first mortgage or deed of trust. Certificates of insurance obtained by Tenant shall be delivered to Landlord who may deposit the same with the holder of any such first mortgage or deed of trust.

6.4 Cooperation in the Event of Loss. Landlord and Tenant shall cooperate with each other in the collection of any insurance proceeds which may be payable in the event of any loss, including the execution and delivery of any proof of loss or other actions required to effect recovery.

## 10. UTILITY, OPERATING, MAINTENANCE AND REPAIR EXPENSES.

7.1 Utility Charges. Tenant covenants and agrees to pay all charges for water, sewage disposal, gas, electricity, light, heat, power, telephone or other utility services used, rendered or supplied to or for the Demised Premises.

7.2 Maintenance and Repair. Tenant covenants and agrees to surrender at the end of the Lease Term the Demised Premises and all Improvements thereon in as good order and condition as the same were when the Tenant entered the Demised Premises, ordinary wear and tear excepted. Landlord shall be responsible for maintaining and repairing the Demised Premises and Improvements; provided, however, that Tenant shall bear the full cost of repairs for any damage caused by the intentional, reckless or negligent acts or omissions of Tenant or any employees, agents, invitees, licensees, or contractors of Tenant.

## 11. OTHER COVENANTS OF TENANT.

8.1 Limitation on Use by Tenant. Tenant covenants and agrees to use the Demised Premises only for the use or uses set forth as Permitted Uses by Tenant on Exhibit A attached hereto and for no other purposes, except with the prior written consent of Landlord.

8.2 Compliance with Laws. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises in violation of any law, ordinance, order, rule or regulation of any governmental authority having jurisdiction and that the Demised Premises shall be used, kept and maintained in compliance with any such law, ordinance, order, rule or regulation and with the certificate of occupancy issued for the improvements on the Demised Premises.

8.3 Compliance with Insurance Requirements. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises which might impair or increase the cost of insurance maintained with respect to the Demised Premises, which might increase the insured risks or which might result in cancellation of any such insurance.

8.4 No Waste or Impairment of Value. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises which might impair the value of the Demised Premises, including any Improvements thereon or which would constitute waste.

8.5 No Hazardous Use. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises which might be unsafe or hazardous to any person or property and that no improvements, changes, alterations, additions, maintenance or repairs shall be made to the Demised Premises which might be unsafe or hazardous to any person or property.

8.6 No Structural or Electrical Overloading. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises and that no improvements, changes, alterations, additions, maintenance or repairs shall be made to the Demised Premises which might impair the structural soundness of improvements constructed on the Demised Premises, which might result in an overload of electrical lines serving the Demised Premises or which might interfere with electric or electronic equipment in or on any adjacent or nearby premises. In the event of violation hereof, Tenant covenants and agrees to immediately remedy the violation at Tenant's expense and in compliance with all requirements of governmental authorities and insurance underwriters.

8.7 No Nuisance, Noxious or Offensive Activity. Tenant covenants and agrees that no noxious or offensive activity shall be carried on upon the Demised Premises nor shall anything be done or kept on the Demised Premises which may be or become a public or private nuisance or which may cause embarrassment, disturbance, or annoyance to others on adjacent or nearby premises.

8.8 No Annoying Lights, Sounds or Odors. Tenant covenants and agrees that no light shall be emitted from the Demised Premises which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from the Demised Premises which is unreasonably loud or annoying; and no odor shall be emitted from the Demised Premises which is or might be noxious or offensive to others on adjacent or nearby premises.

8.9 No Unsightliness. Tenant covenants and agrees that no unsightliness shall be permitted on the Demised Premises, which is visible from any adjacent or nearby premises. Without limiting the generality of the foregoing, no refuse, scrap, debris, garbage, trash, bulk materials or waste shall be kept, stored or allowed to accumulate on the Demised Premises except as may be enclosed within the suite on the Demised Premises or appropriately screened from view and no temporary structure shall be placed or permitted on the Demised Premises without the prior written consent of Landlord.

8.10 No Animals. Tenant covenants and agrees that no animals shall be permitted or kept on the Demised Premises.

8.11 Restriction on Signs. Tenant covenants and agrees that no signs or advertising devices of any nature shall be erected or maintained on the Demised Premises except as approved in writing by Landlord.

8.12 No Violation of Covenants. Tenant covenants and agrees not to commit, suffer or permit any violation of any covenants, conditions or restrictions affecting the Demised Premises.

8.13 Restriction on Changes and Alterations. Tenant covenants and agrees not to improve, change, alter, add to, remove or demolish any improvements on the Demised Premises ("Changes"), without the prior written consent of Landlord which consent shall not be unreasonably withheld, and unless Tenant complies with all conditions which may be imposed by Landlord, in its sole discretion, in connection with such consent; and unless Tenant pays to Landlord the reasonable costs and expenses of Landlord for architectural, engineering or other consultants which may be reasonably incurred by Landlord in determining whether to approve any such Changes. If such consent is given, no such Changes shall be permitted unless Tenant shall have procured and paid for all necessary permits and authorizations from any governmental authorities having jurisdiction; unless such Changes will not reduce the value of the Demised Premises, and will not affect or impair existing insurance on the Demised Premises; and unless Tenant, at Tenant's sole cost and expense, shall maintain or cause to be maintained worker's compensation insurance covering all persons employed in connection with the work and obtains liability insurance covering any loss or damage to persons or property arising in connection with any such Changes and such other insurance or bonds as Landlord may reasonably require. Tenant covenants and agrees that any such Changes approved by Landlord shall be completed with due diligence and in a good and workmanlike fashion and in compliance with conditions imposed by Landlord and all applicable permits, authorizations, laws, ordinances, orders, rules and regulations of governmental authorities having jurisdiction and that the costs and expenses with respect to such Changes shall be paid promptly when due and that the Changes shall be accomplished free of liens of mechanics and material men. Tenant covenants and agrees that all such Changes shall become the property of the Landlord at the expiration of the Lease Term or, if Landlord so requests, Tenant shall, at or prior to expiration of the Lease Term and at its sole cost and expense, remove such Changes and restore the Demised Premises to their condition prior to such Changes.

8.14 No Mechanics Liens. Tenant covenants and agrees not to permit or suffer, and to cause to be removed and released, any mechanics, material men or other lien on account of supplies, machinery, tools, equipment, labor or material furnished or used in connection with the construction, alteration, improvement, addition to or repair of any structure or improvement on the Demised Premises. Tenant shall have the right to contest, in good faith and with reasonable diligence, the validity of any such lien or claimed lien, provided that Tenant shall give to Landlord such security as may be reasonably requested by Landlord to insure the payment of any amounts claimed, including interests and costs, and to prevent any sale, foreclosure or forfeiture of any interest in the Demised Premises on account of any such lien and provided that, on final determination of the lien or claim for lien, Tenant shall immediately pay any judgment rendered, with interest and costs, and will cause the lien to be released and any judgment satisfied.

8.15 No Other Encumbrances. Tenant covenants and agrees not to obtain any financing secured by Tenant's interest in the Demised Premises and not to encumber the Demised Premises or Landlord or Tenant's interest therein, without the prior written consent of Landlord and to keep the Demised Premises free from all liens and encumbrances except liens and encumbrances existing upon the date of commencement of the Lease Term or liens and encumbrances created by Landlord.

8.16 Subordination to Landlord Mortgages. Tenant covenants and agrees that, at Landlord's option, this Lease and Tenant's interest in the Demised Premises shall be junior and subordinate to any mortgage or deed of trust now or hereafter encumbering the Demised Premises provided that, as to any mortgage or deed of trust given hereafter, the mortgagee or beneficiary under such mortgage or deed of trust agrees in writing, or adequate provision is made in the mortgage or deed of trust, that, in the event of foreclosure of any such mortgage or deed of trust, Tenant shall not be disturbed in its possession of the Demised Premises provided only that Tenant shall attorn to the party acquiring title to the Demised Premises as the result of such foreclosure. No act or further agreement by Tenant shall be necessary to establish the subordination of this Lease to any such mortgage or deed of trust but Tenant covenants and agrees, upon request of Landlord, to execute such documents as may be necessary or appropriate to confirm and establish this Lease as subordinate to any such mortgage or deed of trust in accordance with the foregoing provisions. Alternatively, Tenant covenants and agrees that, at Landlord's option, Tenant shall execute documents as may be necessary to establish this Lease and Tenant's interest in the Demised Premises as superior to any such mortgage or deed of trust. If Tenant fails to execute any documents required to be executed by Tenant under the provisions hereof, Tenant hereby makes, constitutes and irrevocably appoints Landlord as Tenant's attorney-in-fact and in Tenant's name, place and stead to execute any such documents.

8.17 No Assignment or Subletting. Tenant covenants and agrees not to make or permit a Transfer by Tenant, as hereinafter defined, without Landlord's prior written consent, which consent shall not be unreasonably withheld. A Transfer by Tenant shall include an assignment of this Lease, a sublease of all or any part of the Demised Premises or any assignment, sublease, transfer, mortgage, pledge or encumbrance of all or any part of Tenant's interest under this Lease or in the Demised Premises, by operation of law or otherwise, or the use or occupancy of all or any part of the Demised Premises by anyone other than Tenant. Any such Transfer by Tenant without Landlord's written consent shall be void and shall constitute a default under this Lease. Any transfer of 30% or more of the outstanding voting stock of Tenant or of 30% or more of the equity interest in Tenant, including transfer by merger, consolidation or liquidation, or by will or the laws of descent and distribution, or other change in ownership of Tenant, shall constitute a Transfer by Tenant under this Section. In the event Landlord consents to any Transfer by Tenant, Tenant shall not be relieved of its obligations under this Lease and Tenant shall remain liable, jointly and severally and as a principal, and not as a guarantor or surety, under this Lease, to the same extent as though no Transfer by Tenant had been made, unless specifically provided to the contrary in Landlord's prior written consent. The acceptance of rent by Landlord from any person other than Tenant shall not be deemed to be a waiver by Landlord of the provisions of this Section or of any other provision of this Lease and Tenant shall not deem any consent by Landlord to Transfer by Tenant consent to any subsequent Transfer.

Notwithstanding the foregoing, Landlord shall, at Landlord's option, have the right, in lieu of consenting to a Transfer by Tenant, to terminate this Lease as to the portion of the Demised Premises as is subject to the proposed Transfer by Tenant and to enter into a new lease with the proposed transferee and receive directly from the proposed transferee the consideration agreed to be given by such transferee to Tenant for the Transfer by Tenant.

Tenant covenants and agrees to pay to Landlord, within 10 days after demand by Landlord, the reasonable costs and expenses of Landlord in connection with any request by Tenant for consent to a Transfer by Tenant, including reasonable attorneys' fees, whether or not consent of Landlord is given to the Transfer by Tenant.

8.18 Annual Financial Statements. Tenant covenants and agrees to furnish to Landlord annually, within 90 days after the end of each fiscal year of Tenant, copies of financial statements of Tenant reviewed, if requested by Landlord, by a certified public accountant and agrees that Landlord may deliver any such financial statements to any existing or prospective mortgagee or purchaser of the Demised Premises. The financial statements shall include a balance sheet as of the end of, and a statement of profit and loss for, the preceding fiscal year of Tenant and, if regularly prepared by Tenant, a statement of cash flow for the preceding fiscal year of Tenant.

8.19 Payment of Income and Other Taxes. Tenant covenants and agrees to pay promptly when due all personal property taxes on personal property of Tenant on the Demised Premises and all federal, state and local income taxes, sales taxes, use taxes, social security taxes, unemployment taxes and income taxes or social security taxes withheld from wages or salaries paid to Tenant's employees, the nonpayment of which might give rise to a lien on the Demised Premises or Tenant's interest therein, and to furnish, if requested by Landlord, evidence of such payments.

8.20 Estoppel Certificates. Tenant covenants and agrees to execute, acknowledge and deliver to Landlord, upon Landlord's written request, a written statement certifying that this Lease is unmodified (or, if modified, stating the modifications) and in full force and effect; stating the dates to which Basic Rent has been paid; stating the amount of the Security Deposit held by Landlord; stating the amount of monthly deposits, if any, held by Landlord for the then tax year; and stating whether or not Landlord is in default under this Lease (and, if so, specifying the nature of the default). Tenant agrees that such statement may be delivered to and relied upon by any existing or prospective mortgagee or purchaser of the Demised Premises. Tenant agrees that a failure to deliver such a statement within 10 days after written request from Landlord shall be conclusive upon Tenant that this Lease is in full force and effect without modification except as may be represented by Landlord; that there are no uncured defaults by Landlord under this Lease; and that any representations by Landlord with respect to Basic Rent, the Security Deposit and any monthly deposits are true.

8.21 Landlord Right to Inspect and Show Premises and to Install For Sale Signs. Tenant covenants and agrees that Landlord and the authorized representatives of Landlord shall have the right to enter the Demised Premises at any reasonable time during ordinary business hours for the purposes of inspecting, repairing or maintaining the same or performing any obligations of Tenant which Tenant has failed to perform hereunder or for the purposes of showing the Demised Premises to any existing or prospective mortgagee, purchaser or lessee of the Demised Premises.

8.22 Landlord Title to Improvements, Fixtures and Suite Equipment. Tenant covenants and agrees that all Improvements on the Demised Premises and all equipment and personal property relating to the use and operation of the Demised Premises (as distinguished from operations incident to the business of Tenant), including all plumbing, heating, lighting, electrical and air conditioning fixtures and equipment, whether or not attached to or affixed to the Demised Premises, and whether now or hereafter located upon the Demised Premises, shall be and remain the property of the Landlord upon expiration of the Lease Term.

8.23 Removal of Tenant's Equipment. Tenant covenants and agrees to remove, at or prior to the expiration of the Lease Term, all of Tenant's Equipment, as hereinafter defined. "Tenant's Equipment" shall mean all equipment, apparatus, machinery, signs, furniture, furnishings and personal property used in the operation of the business of Tenant (as distinguished from used in the operation of the Demised Premises). If such removal shall injure or damage the Demised Premises Tenant covenants and agrees, at its sole cost and expense, at or prior to the expiration of the Lease Term, to repair such injury and damage in good and workmanlike fashion and to place the Demised Premises in the same condition as the Demised Premises would have been if such Tenant's Equipment had not been installed. If Tenant fails to remove any Tenant's Equipment by the expiration of the Lease Term, Landlord may, at its option, keep and retain any such Tenant's Equipment or dispose of the same and retain any proceeds thereof and Landlord shall be entitled to recover from Tenant any costs or expenses of Landlord in removing the same and in restoring the Demised Premises in excess of the actual proceeds, if any, received by Landlord from disposition thereof.

8.24 Tenant Indemnification of Landlord. Tenant covenants and agrees to protect, indemnify and save Landlord harmless from and against all liability, obligations, claims, damages, penalties, causes of action, costs and expenses, including attorneys' fees, imposed upon, incurred by or asserted against Landlord by reason of (a) any accident, injury to or death of any person or loss of or damage to any property occurring on or about the Demised Premises; (b) any act or omission of Tenant or Tenant's officers, employees, agents, guests or invitees or of anyone claiming by, through or under Tenant; (c) any use which may be made of, or condition existing upon, the Demised Premises; (d) any improvements, fixtures or equipment upon the Demised Premises; (e) any failure on the part of Tenant to perform or comply with any of the provisions, covenants or agreements of Tenant contained in this Lease; (f) any violation of any law, ordinance, order, rule or regulation of governmental authorities having jurisdiction by Tenant or Tenant's officers, employees, agents, guests or invitees or by anyone claiming by, through or under Tenant; and (g) any repairs, maintenance or Changes to the Demised Premises. Tenant further covenants and agrees that, in case any action, suit or proceeding is brought against Landlord by reason of any of the foregoing, Tenant will, at Tenant's sole cost and expense, defend Landlord in any such action, suit or proceeding.

8.25 Waiver by Tenant. Tenant waives and releases any claims Tenant may have against Landlord or Landlord's officers, agents or employees for loss, damage or injury to person or property sustained by Tenant or Tenant's officers, agents, employees, guests, invitees or anyone claiming by, through or under Tenant resulting from any cause whatsoever other than gross negligence or willful misconduct.

8.26 Release upon Transfer by Landlord. In the event of a transfer by Landlord of the Demised Premises or of Landlord's interest as landlord under this Lease, Landlord shall have the option of terminating this Lease by giving the Tenant 60 days prior written notice and transferring the Demised Premises free and clear of this Lease. If Landlord does not terminate this Lease, Landlord's successor or assign shall take subject to and be bound by this Lease and, in such event, Tenant covenants and agrees that Landlord shall be released from all obligations of Landlord under this Lease, except obligations which arose and matured prior to such transfer by Landlord; that Tenant shall thereafter look solely to Landlord's successor or assign for satisfaction of the obligations of Landlord under this Lease; and that, upon demand by Landlord or Landlord's successor or assign, Tenant shall attorn to such successor or assign.

8.27 Success or Failure of Tenant's Business. Tenant specifically recognizes and acknowledges that the business venture to be undertaken by Tenant under this Lease depends upon the ability of Tenant as an independent business person, as well as other factors, such as market and economic conditions beyond the control of Landlord and Tenant. Tenant acknowledges that success or failure of Tenant's business enterprise will be dependent on the business acumen and diligence of Tenant. Tenant agrees that success or failure of Tenant's business will not depend on Landlord's performance under this Lease or the Service Agreement, and Landlord makes no representations or warranties as to the success of Tenant's business.

## 12. DAMAGE OR DESTRUCTION.

9.1 Tenant's Notice of Damage. If any portion of the Demised Premises shall be damaged or destroyed by fire or other casualty, Tenant shall give prompt written notice thereof to Landlord ("Tenant's Notice of Damage").

9.2 Options to Terminate if Damage Substantial. Upon receipt of Tenant's Notice of Damage, Landlord shall promptly proceed to determine the nature and extent of the damage or destruction and to estimate the time necessary to repair or restore the Demised Premises. As soon as reasonably possible, Landlord shall give written notice to Tenant stating Landlord's estimate of the time necessary to repair or restore the Demised Premises ("Landlord's Notice of Repair Time"). If Landlord reasonably estimates that repair or restoration of the Demised Premises cannot be completed within 180 days from the time of Tenant's Notice of Damage, Landlord and Tenant shall each have the option to terminate this Lease. In the event, however, that the damage or destruction was caused by the act or omission of Tenant or Tenant's officers, employees, agents, guests or invitees or of anyone claiming by, through or under Tenant, Landlord shall have the option to terminate this Lease if Landlord reasonably estimates that the repair or restoration cannot reasonably be completed within 180 days from the time of Tenant's



Notice of Damage, but Tenant shall not have the option to terminate this Lease. Any option granted hereunder shall be exercised by written notice to the other party given within 10 days after Landlord's Notice of Repair Time. In the event either Landlord or Tenant exercises its option to terminate this Lease, the Lease Term shall expire 10 days after the notice by either Landlord or Tenant exercising such party's option to terminate this Lease. In the event of termination of this Lease under the provisions hereof, Landlord shall refund to Tenant such amounts of Basic Rent, and Additional Rent theretofore paid by Tenant as may be applicable to the period subsequent to the time of Tenant's Notice of Damage less the reasonable value of any use or occupation of the Demised Premises by Tenant subsequent to the time of Tenant's Notice of Damage.

9.3 Obligations to Repair and Restore. In the event neither Landlord nor Tenant exercises its option to terminate this Lease pursuant to the provisions of Section 9.2, this Lease shall continue in full force and effect and Landlord shall proceed forthwith to cause the Demised Premises to be repaired and restored with reasonable diligence and there shall be abatement of Basic Rent and Additional Rent proportionate to the extent of the space and period of time that Tenant is unable to use and enjoy the Demised Premises. Landlord may, at its option, require Tenant to arrange for and handle the repair and restoration of the Demised Premises, in which case Landlord shall furnish Tenant with sufficient funds for such repair and restoration, at the time or times such funds are needed, utilizing any proceeds from insurance and any additional funds necessary to cover the costs of repair or restoration.

9.4 Application of Insurance Proceeds. The proceeds of any Casualty Insurance maintained on the Demised Premises, other than casualty insurance maintained by Tenant on fixtures and personal property of Tenant, shall be paid to and become the property of Landlord, subject to any obligation of Landlord to cause the Demised Premises to be repaired and restored.

### 13. PERSONAL GUARANTY

\_\_\_\_\_ ("Guarantor") unconditionally and irrevocably guarantees to Landlord the payment when due of all amounts due under this Lease, and further unconditionally and irrevocably guarantees to Landlord the timely performance of all obligations of Tenant under this Lease. Guarantor understands and agrees that its liability hereunder shall not be affected in any way by any amendment, settlement, or other agreement between Tenant and Landlord. Guarantor waives any defense by reason of statute of limitations, bankruptcy, or other disability of Tenant and agrees that Landlord may proceed against Guarantor without first proceeding against Tenant or exhausting any security now or hereafter held by Landlord. Guarantor waives all presentments, demands for payment or performance, notices of default, protests, notices of protest, acceptance of this guaranty and all other notices to which Guarantor might otherwise be entitled, and agrees to pay on demand all costs and expenses, including reasonable attorneys' fees, that may be incurred by Landlord in enforcing this guaranty.

### 14. DEFAULTS BY TENANT.

11.1 Defaults Generally. Each of the following shall constitute a "Default by Tenant" under this Lease:

11.2 Failure to Pay Rent or Other Amounts. A Default by Tenant shall exist if Tenant fails to pay when due, Basic Rent, Additional Rent, or any other amounts payable by Tenant under the terms of this Lease, and such failure shall continue for 5 days after written notice from Landlord to Tenant of such failure, provided however, that Tenant shall not be entitled to more than two notices of such failure during any lease year and if, after two such notices are given in any lease year, Tenant fails, during such lease year, to pay any such amounts when due, such failure shall constitute a Default by Tenant without further notice by Landlord.

11.3 Violation of Lease Terms. A Default by Tenant shall exist if Tenant breaches or fails to comply with any agreement, term, covenant or condition in this Lease applicable to Tenant, and such breach or

failure to comply continues for a period of 30 days after notice thereof by Landlord to Tenant, or, if such breach or failure to comply cannot be reasonably cured within such 30 day period, if Tenant shall not in good faith commence to cure such breach or failure to comply within such 30 day period or shall not diligently proceed therewith to completion.

11.4 No occupancy of Demised Premises. A Default by Tenant shall exist if Tenant shall fail to occupy and use the Demised Premises within 30 days after commencement of the Lease Term or shall leave the Demised Premises unoccupied for 30 consecutive days or shall vacate and abandon the Demised Premises.

11.5 Transfer of Interest without Consent. A Default by Tenant shall exist if Tenant's interest under this Lease or in the Demised Premises shall be transferred to or pass to or devolve upon any other party without Landlord's prior written consent, including any transfer in violation of Section 8.17 of this Lease.

11.6 Execution and Attachment against Tenant. A Default by Tenant shall exist if Tenant's interest under this Lease or in the Demised Premises shall be taken upon execution or by other process of law directed against Tenant, or shall be subject to any attachment at the instance of any creditor or claimant against Tenant and said attachment shall not be discharged or disposed of within 15 days after the levy thereof.

11.7 Bankruptcy or Related Proceedings. A Default by Tenant shall exist if Tenant shall file a petition in bankruptcy or insolvency or for relief, reorganization or arrangement under the bankruptcy laws of the United States or under any similar act of any state, or shall voluntarily take advantage of any such law or act by answer or otherwise, or shall be dissolved or shall make an assignment for the benefit of creditors or if involuntary proceedings under any such bankruptcy or insolvency law or for the dissolution of Tenant shall be instituted against Tenant or a receiver or trustee shall be appointed for the Demised Premises or for all or substantially all of the property of Tenant, and such proceedings shall not be dismissed or such receivership or trusteeship vacated within 60 days after such institution or appointment.

## 15. LANDLORD'S REMEDIES.

12.1 Remedies Generally. Upon the occurrence of any Default by Tenant, Landlord shall have the right, at Landlord's election, then or at any time thereafter, to exercise any one or more of the following remedies:

12.2 Cure by Landlord. In the event of a Default by Tenant, Landlord may, at Landlord's option, but without obligation to do so, and without releasing Tenant from any obligations under this Lease, make any payment or take any action as Landlord may deem necessary or desirable to cure any such Default by Tenant in such manner and to such extent as Landlord may deem necessary or desirable. Landlord may do so without demand on, or written notice to, Tenant and without giving Tenant an opportunity to cure such Default by Tenant. Tenant covenants and agrees to pay to Landlord, within 10 days after demand, all advances, costs and expenses of Landlord in connection with the making of any such payment or the taking of any such action, including reasonable attorneys' fees, together with interest as hereinafter provided, from the date of payment of any such advances, costs and expenses by Landlord. Action taken by Landlord may include commencing, appearing in, defending or otherwise participating in any action or proceeding and paying, purchasing, contesting or compromising any claim, right, encumbrance, charge or lien with respect to the Demised Premises which Landlord, in its discretion, may deem necessary or desirable to protect its interest in the Demised Premises and under this Lease.

12.3 Termination of Lease and Damages. In the event of a Default by Tenant, Landlord may terminate this Lease, effective at such time as may be specified by written notice to Tenant, and demand (and, if such demand is refused, recover) possession of the Demised Premises from Tenant. Tenant shall remain liable to Landlord for damages in an amount equal to the Basic Rent, Additional Rent and other sums which would have been owing by Tenant hereunder for the balance of the Lease Term, had this Lease not been terminated, less the net proceeds, if any, of any reletting of the Demised Premises by Landlord subsequent to such termination, after deducting all Landlord's expenses in connection with such recovery of possession or reletting. Landlord shall be entitled to collect and receive such damages from Tenant on the days on which the Basic Rent, Additional Rent and

other amounts would have been payable if this Lease had not been terminated. Alternatively, at the option of Landlord, Landlord shall be entitled to recover forthwith from Tenant, as damages for loss of the bargain and not as a penalty, an aggregate sum which, at the time of such termination of this Lease, represents the excess, if any, of (a) the aggregate of the Basic Rent, Additional Rent and all other sums payable by Tenant hereunder that would have accrued for the balance of the Lease Term, over (b) the aggregate rental value of the Demised Premises for the balance of the Lease Term, both discounted to present worth at the rate of 8% per annum.

12.4 Repossession and Reletting. In the event of Default by Tenant, Landlord may reenter and take possession of the Demised Premises or any part thereof, without demand or notice, and repossess the same and expel Tenant and any party claiming by, under or through Tenant, and remove the effects of both using such force for such purposes as may be necessary, without being liable for prosecution on account thereof or being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of rent or right to bring any proceeding for breach of covenants or conditions. No such reentry or taking possession of the Demised Premises by Landlord shall be construed as an election by Landlord to terminate this Lease unless a written notice of such intention is given to Tenant. No notice from Landlord hereunder or under a forcible entry and detainer statute or similar law shall constitute an election by Landlord to terminate this Lease unless such notice specifically so states. Landlord reserves the right, following any reentry or reletting, to exercise its right to terminate this Lease by giving Tenant such written notice, in which event the Lease will terminate as specified in said notice. After recovering possession of the Demised Premises, Landlord may, from time to time, but shall not be obligated to, relet the Demised Premises, or any part thereof, for the account of Tenant, for such term or terms and on such conditions and upon such other terms as Landlord, in its uncontrolled discretion, may determine. Landlord may make such repairs, alterations or improvements as Landlord may consider appropriate to accomplish such reletting, and Tenant shall reimburse Landlord upon demand for all costs and expenses, including attorneys' fees, which Landlord may incur in connection with such reletting. Landlord may collect and receive the rents for such reletting but Landlord shall in no way be responsible or liable for any failure to relet the Demised Premises, or any part thereof, or for any failure to collect any rent due upon such reletting. Notwithstanding Landlord's recovery of possession of the Demised Premises, Tenant shall continue to pay on the dates herein specified, the Basic Rent, Additional Rent and other amounts which would be payable hereunder if such repossession had not occurred. Upon the expiration or earlier termination of this Lease, Landlord shall refund to Tenant any amount, without interest, by which the amounts paid by Tenant, when added to the net amount, if any, recovered by Landlord through any reletting of the Demised Premises, exceeds the amounts payable by Tenant under this Lease. If, in connection with any reletting, the new lease term extends beyond the existing term, or the premises covered thereby include other premises not part of the Demised Premises, a fair apportionment of the rent received from such reletting and the expenses incurred in connection therewith will be made in determining the net amount recovered from such reletting.

12.5 Landlord's Lien and Enforcement. Tenant hereby grants to Landlord a security interest in all personal property of Tenant now or hereafter located on the Demised Premises as security for the performance of Tenant's obligations under this Lease. Tenant covenants and agrees, upon request by Landlord from time to time, to execute and deliver such financing statements as may be necessary or desirable to perfect the security interest hereby granted. In the event of a Default by Tenant, Landlord may foreclose the security interest hereby granted in any manner permitted by law.

12.6 Suits by Landlord. Actions or suits for the recovery of amounts and damages payable under this Lease may be brought by Landlord, from time to time, at Landlord's election, and Landlord shall not be required to await the date upon which the Lease Term would have expired to bring any such action or suit.

12.7 Recovery of Landlord Enforcement Costs. All costs and expenses incurred by Landlord in connection with collecting any amounts and damages owing by Tenant pursuant to the provisions of this Lease or to enforce any provision of this Lease, including reasonable attorneys' fees whether or not any action is commenced by Landlord, shall be paid by Tenant to Landlord upon demand.

12.8 Interest on Past Due Payments and Advances. Tenant covenants and agrees to pay to Landlord interest on demand at the rate of 2% above the "Prime Rate," as hereinafter defined, on the amount of any Monthly Rent not paid when due, from the date due and payable, and on the amount of any payment made by Landlord required to have been made by Tenant under this Lease and on the amount of any costs and expenses, including reasonable attorneys' fees, paid by Landlord in connection with the taking of any action to cure any

Default by Tenant, from the date of making any such payment or the advancement of such costs and expenses by Landlord. "Prime Rate" shall mean the rate charged by Colorado National Bank, a national banking association (the "Bank"), or other bank as hereinafter provided, at the time said Monthly Rent was due and payable or at the time of making any such payment or the advancement of such costs and expenses by Landlord as aforesaid, on 90 day loans to commercial borrowers of nationally recognized and unquestioned credit as announced by the Bank from time to time, but not in excess of the maximum amount of finance charge permissible under applicable law. In the event that the Bank discontinues the use of a Prime Rate, the Prime Rate being charged by any other national banking association located in Denver, Colorado, as selected by Landlord in its sole discretion, shall be used for computing the interest rate under this Section.

12.9 Landlord's Bankruptcy Remedies. Nothing contained in this Lease shall limit or prejudice the right of Landlord to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding, an amount equal to the maximum allowable by any statute or rule of law governing such proceeding in effect at the time when such damages are to be proved, whether or not such amount be greater, equal or less than the amounts recoverable, either as damages or rent, under this Lease.

12.10 Remedies Cumulative. Exercise of any of the remedies of Landlord under this Lease shall not prevent the concurrent or subsequent exercise of any other remedy provided for in this Lease or otherwise available to Landlord at law or in equity.

## 16. SURRENDER AND HOLDING OVER.

13.1 Surrender upon Lease Expiration. Upon the expiration or earlier termination of this Lease, or on the date specified in any demand for possession by Landlord after any Default by Tenant, Tenant covenants and agrees to surrender possession of the Demised Premises to Landlord, in the same condition as when Tenant first occupied the Demised Premises, ordinary wear and tear excepted.

13.2 Holding Over. If Tenant shall hold over after the expiration of the Lease Term, without written agreement providing otherwise, Tenant shall be deemed to be a tenant from month to month and Tenant shall be bound by all of the terms, covenants and agreements of this Lease. Nothing contained herein shall be construed to give Tenant the right to hold over at any time, and Landlord may exercise any and all remedies at law or in equity to recover possession of the Demised Premises, as well as any damages incurred by Landlord due to Tenant's failure to vacate the Demised Premises and deliver possession to Landlord as herein provided.

## 17. MISCELLANEOUS.

14.1 No Implied Waiver. No failure by Landlord to insist upon the strict performance of any term, covenant or agreement contained in this Lease, no failure by Landlord to exercise any right or remedy under this Lease, and no acceptance of full or partial payment during the continuance of any Default by Tenant, shall constitute a waiver of any such term, covenant or agreement or a waiver of any such right or remedy or a waiver of any such Default by Tenant.

14.2 Survival of Provisions. Notwithstanding any termination of this Lease, the same shall continue in force and effect as to any provisions hereof which require observance or performance by Landlord or Tenant subsequent to termination.

14.3 Covenants Independent. This Lease shall be construed as if the covenants herein between Landlord and Tenant are independent, and not dependent, and Tenant shall not be entitled to any offset against Landlord if Landlord fails to perform its obligations under this Lease.

14.4 Tenant's Remedies. Tenant may bring a separate action against Landlord for any claim Tenant may have against Landlord under this Lease, provided Tenant shall first give written notice thereof to Landlord and shall afford Landlord a reasonable opportunity to cure any such default. In addition, Tenant shall send notice of such default by certified or registered mail, postage prepaid, to the holder of any mortgage or deed of trust covering the Demised Premises or any portion thereof of whose address Tenant has been notified in writing, and shall afford such holder a reasonable opportunity to cure any alleged default on Landlord's behalf. In no event will Landlord be responsible for any damages incurred by Tenant, including, but not limited to, loss of profits or interruption of business as a result of any default by Landlord hereunder.

14.5 Covenants as Conditions. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

14.6 Binding Effect. This Lease shall extend to and be binding upon the heirs, executors, legal representatives, successors and assigns of the respective parties hereto. The terms, covenants, agreements and conditions in this Lease shall be construed as covenants running with the Land.

14.7 Recording. This Lease shall not be recorded, but the parties agree, at the request of either of them, to execute a short form lease for recording, containing the names of the parties, a description of the Demised Premises and the Lease term.

14.8 Notices and Demands. All notices, demands or billings under this Lease shall be in writing, signed by the party giving the same and shall be deemed properly given and received when actually given and received or 3 business days after mailing, if sent by registered or certified United States Mail, postage prepaid, addressed to the party to receive the notice at the address set forth for such party in the first paragraph of this Lease or at such other address as either party may notify the other of in writing.

14.9 Time of the Essence. Time is of the essence under this Lease, and all provisions herein relating thereto shall be strictly construed.

14.10 Captions for Convenience. The headings and captions hereof are for convenience only and shall not be considered in interpreting the provisions hereof.

14.11 Severability. If any provision of this Lease shall be held invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and there shall be deemed substituted for the affected provision a valid and enforceable provision as similar as possible to the affected provision.

14.12 Governing Law. This Lease shall be interpreted and enforced according to the laws of the State of Colorado.

14.13 Entire Agreement. This Lease and any exhibits and addenda referred to herein, constitute the final and complete expression of the parties' agreements with respect to the Demised Premises and Tenant's occupancy thereof. Each party agrees that it has not relied upon or regarded as binding any prior agreements, negotiations, representations, or understandings, whether oral or written, except as expressly set forth herein.

14.14 No Oral Amendment or Modifications. No amendment or modification of this Lease, and no approvals, consents or waivers by Landlord under this Lease, shall be valid or binding unless in writing and executed by the party to be bound.

14.15 Real Estate Brokers. Tenant covenants to pay, hold harmless and indemnify the Landlord from and against any and all cost, expense or liability for any compensation, commissions, charges or claims by any broker or other agent with respect to this Lease or the negotiation thereof.

14.16 Relationship of Landlord and Tenant. Nothing contained herein shall be deemed or construed as creating the relationship of principal and agent or of partnership, or of joint venture by the parties

hereto, it being understood and agreed that no provision contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship other than the relationship of Landlord and Tenant.

14.17 Limitation on Personal Liability of Landlord. Notwithstanding anything to the contrary contained in this Lease, it is understood and agreed that there shall be no personal liability on the part of the Landlord or any of its beneficiaries, successors or assigns, with respect to any of the terms, covenants and conditions of this Lease, and Tenant shall look solely to the equity of Landlord in the Demised Premises in the event of any default or liability of Landlord under this Lease, such exculpation of liability to be absolute and without any exception whatsoever.

14.18 Authority of Tenant. Each individual executing this Lease on behalf of Tenant represents and warrants that he is duly authorized to deliver this Lease on behalf of Tenant and that this Lease is binding upon Tenant in accordance with its terms.

IN WITNESS WHEREOF the parties hereto have caused this Lease to be executed the day and year first above written.

LANDLORD:

TENANT:

THE DENVER ENTERPRISE CENTER,  
INC.  
a Colorado corporation

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**EXHIBIT A  
TO  
LEASE**

3003 Arapahoe Street  
Denver, Colorado 80205

Tenant: \_\_\_\_\_.

Suite- Approximate  
Total Square Footage: \_\_\_\_\_.

Demised Premises – Address: 3003 Arapahoe Street, Suite \_\_\_\_\_.  
Denver, Colorado 80205

Lease Term:

Commencement Date: \_\_\_\_\_.

Expiration Date: \_\_\_\_\_.

Basic Rent – Total  
For Lease Term: \$\_\_\_\_\_.

Basic Rent – Monthly  
Rent Amount: \$\_\_\_\_\_.

Initial Monthly Payment Due:\_\_\_\_\_.

Security Deposit Amount: \$\_\_\_\_\_.

Place for Payments: The Denver Enterprise Center, Inc.  
3003 Arapahoe Street  
Denver, Colorado 80205

Permitted use(s) by Tenant: Suite – office space to be used as

\_\_\_\_\_.

## STATISTICAL EMPLOYMENT INFORMATION

Please fill in all information requested below. For assistance call xxxxxx at xxx.xx.xxxx..

1. Employee Name: \_\_\_\_\_  
Employee Address : \_\_\_\_\_  
Employee Phone Number: \_\_\_\_\_
2. Employer Name: \_\_\_\_\_  
Employer Address: \_\_\_\_\_  
Employer Phone Number: \_\_\_\_\_
3. Date Hired: \_\_\_\_\_
4. Employee's Sex:        \_\_\_ Male        \_\_\_ Female
5. Employee Race/Ethnicity: \_\_\_ White        \_\_\_ Hispanic        \_\_\_ African American  
   \_\_\_ American Indian/Alaskan Native        \_\_\_ American Indian/Alaskan Native
6. Employee Status:  
    \_\_\_ Permanent Hours/week: \_\_\_\_\_        \_\_\_ Temporary Hours/week: \_\_\_\_\_  
    \_\_\_ Disabled        \_\_\_ Female Head of Household        \_\_\_ Elderly-age: \_\_\_\_\_ years
7. If you were not born in the United States, state your national origin: \_\_\_\_\_
8. Family Income: Check the appropriate range for the total income of all related family members living with you, including your income, for the 12 months prior to the date you were hired:  
    \$ 0 - \$29,100 \_\_\_\_\_        \$29,101 - \$33,300 \_\_\_\_\_  
    \$33,101 - \$37,450 \_\_\_\_\_        \$37,451 - \$41,600 \_\_\_\_\_  
    \$41,601 - \$44,950 \_\_\_\_\_        \$44,951 - \$48,250 \_\_\_\_\_  
    \$48,251 - \$51,600 \_\_\_\_\_        \$51,601 - \$54,900 \_\_\_\_\_  
    \$54,901 - above \_\_\_\_\_
9. State the number of related family members living with you, including yourself: \_\_\_\_\_
10. How did you first hear about this job opportunity? \_\_\_\_\_
11. State your job title: \_\_\_\_\_

I hereby certify that, to the best of my knowledge, the above information is complete and correct. I understand that the information I have provided is subject to verification by the City and County of Denver and by the U.S. Department of Housing and Urban Development.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_



## Appendix G

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## Appendix H

### Study Team Profiles

**Cameron Wold** is a doctoral student at the University of Idaho where he is undertaking a PhD in adult education. He is also a Resource Developer at Boise State University where he works in communities to better their economic or social positioning on specific programs of entrepreneurship training and advancement, incubator development, and, community planning and development. This community work includes forging new partnerships, programs and funding opportunities at the community level.

While at the University of Colorado at Denver, Wold developed adult-based entrepreneurial training programs aimed at individuals wishing to start a business, as well as those already in business. These programs are practically based and focus on the importance that feasibility studies, business plans, and other planning documents play in the success of small business. He was a founding member of the US WEST Foundation's *Community Training in Telecommunications Team*. The team produced an introduction to the Internet, as well as practical applications of the Internet in education and small business, throughout the 14 state US WEST operating area. He was also a founding member of the US WEST Foundation funded *NxLevelä* Training Network, which began at the University of Colorado at Denver. The network, made up of not for profit entrepreneurial training organizations, now contains members in over 42 states which have graduated over 45,000 individuals in the five *NxLevelä* entrepreneurial curriculums (Existing Business, Start-ups, Youth, Micro-Entrepreneurs, and Alternative Agriculture).

Cameron is an active speaker and practitioner in the area of rural economic development. He is a frequent presenter at the NBIA annual conference in the areas of welfare transition, shared-use commercial kitchens, entrepreneurial training programs, and the Internet. He has addressed conferences of the AEO, Rural Development Council's, and other groups interested in these areas. Additionally, he consults with a variety of groups in establishing the tools of rural economic development including feasibility plans for general business and sector-based incubators, welfare transition programs, and adult entrepreneurial training programs.

Cameron holds a BA from Amherst College and an MBA from the University of Southern California. He also holds masters degrees in Theology and Educational Leadership from Golden Gate Baptist Theological Seminary. He is a member or associate member of the Association for Enterprise Opportunity, the National Business Incubation Association and the National Community Capital Association. His accomplishments in rural economic development have been recognized at the state and national level.

Mr. Wold is a primary author and editor of *Establishing a Shared-use Commercial Kitchen*. He is also a contributing author to *Guide For Start-ups*, and *Guide For Entrepreneurs*, two publications in the *NxLevelä* entrepreneur training series: Additionally he is an editor and author of "*Tilling the Soil of Opportunity*", a guide to alternative agriculture and editor and primary author of *Business Plan Basics*, a guide for micro-entrepreneurs. Mr. Wold co-authored

the Internet series *Introduction to the Internet; Applications of the Internet for Small Business;* and *Applications of the Internet for Educators.*

**David Lewis, Ph.D.** is an Assistant Professor in the Department of Geography and Planning at the University at Albany, SUNY. His prior work includes assisting rural regions to exploit their latent economic development potential through measuring their capacity for innovation, conducting feasibility studies for technology and agricultural incubators, and designing public policy interventions that capitalize on their competitive advantage. Dr. Lewis has conducted similar work at the state and national level, as well as in similar regions such as Bridgeton, NJ, which will provide valuable insights regarding the nature of economies like Tioga County. The lessons he has learned have resulted in multiple publications on technology business incubation, economic development policy evaluation, and regional development theory.

The national recognition of his research is evidenced by his participation as a member of the Research Advisory Board for the recent benchmarking study of technology incubation, funded by the U.S. Department of Commerce, Economic Development Administration, and a forthcoming book which unbundles the effects of incubator quality from regional capacity on the performance of technology business incubators in the United States. His has also been recognized internationally. David has worked with the Japanese Ministry of Economy, Trade, and Industry to achieve their goal to double technology business incubation capacity over the next seven years by mapping the innovative capacity of various regions in Japan. In addition, his research on technology business incubators won the Best Paper in track award at the International Council on Small Business, 48<sup>th</sup> Annual Meeting, Belfast, Ireland June 19, 2003.

**James L. Deffenbaugh** has spent the last fourteen years developing and managing rural business incubators. In 1987 the concept of a rural business incubator was new, innovative and represented a virtually non-existent model. Working with the Small Business Administration and the Economic Development Administration, Jim developed the concept for the Hayden Idaho business incubator. This was to be the first new rural business incubator funded by the Economic Development Administration.

Jim has also helped work on the operating plans for centers in Alaska, Arizona, New Mexico and Northern California. Since the Hayden center represents the “classic” example of a rural incubator, numerous foreign countries have toured the center and used Jim as a consultant on the planning of centers in Japan, Korea, Zambia, South Africa and Fiji. Jim has been the featured speaker at several conferences concerning the operations of incubators and how to conduct feasibility studies related to the development of rural incubators. In 2000 Jim was contracted by the United States Department of Defense to tour Russia and Kazakhstan and advise several local development organizations on how to develop and manage business incubators.

**Jerry Davis** is a recognized expert on rural incubation and well respected practitioner in this field. Jerry operates the Shoals Entrepreneur Center in rural northern Alabama. As the center is in the Appalachian Regional Commission (ARC) region, Mr. Davis is well versed in incubating those with low to moderate income backgrounds, as well as traditional businesses.

Jerry Davis has been Executive Director of the Shoals Entrepreneurial Network for eleven years. He was responsible for overseeing the initial construction of the first facility and laying the community foundation for its success. The initial multi-use incubator, 24,000 sq. ft. has grown to 52,700 sq. ft. A second facility, a 22,000 sq. ft. multi-use with an Arts component, has been added, as well as a 6,000 sq. ft. kitchen incubator. Renovation of an additional 43,000 sq. ft. facility will be completed in June, 2003. During this time, the Network has created over 900 jobs, graduated 51 businesses into the community, and has a success rate of 91 percent. The web site of ARC presently lists this network as its example of a **Best Practices Incubator**.

Mr. Davis was chairman of the Alabama Business Incubator Network for three successive years. He has initiated programs in entrepreneurship for the community, high school, and college students. He has spoken on entrepreneurship at state, regional and national conferences. He holds a Masters degree and has work experience in planning, administration, property management, grants writing, and economic development.

**Dr. David Gonzales** also has substantial incubation experience. He runs a 64,000 square foot incubator in Denver Colorado. While it is not a rural incubator, Dr. Gonzales is well versed in the basics of incubation. As the Executive Director of the Denver Enterprise Center (DEC), a highly successful business incubator located off downtown Denver, he was responsible for all management and operations. In 1995 the DEC added an approximate 10,000 square foot commercial kitchen to its existing 64,000 square foot business incubator largely through the planning, fund raising and insistent efforts of Dr. Gonzales. The DEC with its state of the art shared-use kitchen and Dr. Gonzales have won many awards for its innovation, including the **1998 Incubator of the Year Award** and the **1999 Incubator Graduate of the Year Award** presented by the National Business Incubation Association. Dr. Gonzales was also honored by the SBA as their **2001 Minority Advocate**. Dr. Gonzales is highly knowledgeable in the myriad of tasks associated with developing a shared-use kitchen including planning, budgets, construction, start-up marketing and management. Dr. Gonzales holds an Ed.D. in education.

**Thea Chase** serves as the Executive Director of the Western Colorado Business Development Corporation (WCBDC), a 501 c-3 non-profit with a volunteer Board of Directors, and has since February of 1993. The organizational budget is approximately \$1.2 million annually, has six regular and numerous special programs and ten employees.

Ms. Chase directly manages the Business Incubator, Property Management and the Enterprise Zone. The Incubator currently has 34 tenants and approximately 60k square feet of mixed-use space. Three general components make up the tenant mix; niche manufacturing, services (predominantly environmental) and food related businesses. Located at the former Department of Energy compound, the Incubator began in 1987 and moved to its current site in April of 1999. Approximately one million dollars was invested in the remodel of the federal facilities raised from local and state public sources as well as private in-kind contributions. The next phase of renovations is taking place in 2002-2003 and will include a commercial kitchen. The DOE site was transferred to the community in October of 2001 and is 46 acres, with two primary tenants, WCBDC and DOE occupying approximately 100k square feet of office space and employing 175 people. The Incubator was hired to perform all property management of the site and provide administrative assistance to the new owners, the Riverview Technology Corporation.

Ms. Chase currently serves or has served on the following boards and commissions; National Business Incubation Association Board of Directors (member, Treasurer, Chair of Membership Committee), Mesa County Land Trust Board of Directors, Hilltop Board of Directors, Kiwanis Club of Grand Junction Board of Directors, Mesa County Economic Development Council, Governors Council on Small Business, Governors Council on Defense Conversion and Retention. Ms. Chase received her MBA and Outstanding Graduate of the Year award from the University of Colorado, Denver and Bachelor of Arts degree in Political Science from American University in Washington D.C.

**Tim Locke** is a past Director of Community Development for the Hunger Task Force of Milwaukee, a non-profit, anti-hunger organization in Milwaukee, Wisconsin. At HTFM, Tim directs the Fondy Food Center Project, a \$3.6 million project to develop a 14,000 square foot, indoor, year-round public market hall in Milwaukee's inner-city. The Fondy Food Center is also developing an 8,000 square foot commercial kitchen incubator facility for the development of local food related businesses.

Locke also established and directs the Milwaukee Farmers' Market Association, a collaboration of Milwaukee's 13 seasonal farmers' markets which was created to strengthen and promote markets as economic development and alternative sources of affordable food. Through the Milwaukee Farmers' Market Association, Locke has assisted in the development of 5 new farmers' markets, coordinated vendor recruiting efforts and secured public funding to strengthen and promote markets.

Tim has authored one of the first graduate courses relating to Urban Food Systems. Tim offered this course "Planning for Urban Food Security" in the School of Architecture and Urban Planning at the University of Wisconsin – Milwaukee.

**Judy Walden** is President of Walden Mills Group, a training firm that custom designs curriculum and training for the tourism industry. She is currently designing and field testing the Colorado Grassroots Training Program for rural communities along Colorado's Scenic and Historic Byways. She served as Director of Marketing for the Colorado Travel and Tourism Authority, and has conducted feasibility studies for governments in Asia and the South Pacific that were developing ecotourism policy and products. For eight years she operated an international tour company that brought travelers from Asia into the American Rocky Mountains for specialty travel programs. She was previously the vice President of Educational Services for Colorado Mountain College. She currently chairs the Tourism Industry Advisory Council for the Center for Sustainable Tourism at the University of Colorado Boulder.

**Amy Webb** has 17 years of hands-on experience in cultural heritage tourism. Ms. Webb joined the National Trust for Historic Preservation's Heritage Tourism Program in 1993 and has served as the program director since 1995. Ms. Webb spearheaded *Share Your Heritage*, a national cultural heritage tourism initiative funded by American Express and the National Endowment for the Arts between 1999 and 2002. The *Share Your Heritage* initiative includes success story publications, how-to curriculum materials and training workshops. She also researched and developed a companion publication of rural tourism success stories titled *Stories Across*

*America: Opportunities in Rural Tourism.* She holds a Master's degree in Architectural History and Historic Preservation from the University of Virginia and a bachelor's degree in Architectural History from Wellesley College in Massachusetts.

**Robert D. Horn** recently retired from the University of Colorado at Denver after a twenty-five year career and is currently a freelance consultant working with a number of firms on community economic development issues. He was Director of the Colorado Center for Community Development at the University of Colorado at Denver for ten years. While at the Center he founded and directed the NxLevelL Entrepreneurial Training Program building NxLevelL to six turnkey entrepreneurial training programs being implemented in over 30 states. During his tenure, over 30,000 people enrolled in NxLevelL courses from 1996 to 2002.

In Colorado he has worked in both urban and rural settings participating in over 1,000 community or economic development projects during his university career. Mr. Horn is an educator and professional planner by training. He holds a masters degree in Urban and Regional Planning.



# **Business Plan**

for establishing

## **A mixed-use business incubator**

*Prepared for:*

**Department of Economic Development and Planning  
Tioga County, New York**

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**January 2005**

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## Executive Summary

The Tioga County Department of Economic Development and Planning, supported by the Tioga County legislature, was the driving force behind the feasibility study. It is intended that a new non-profit (501 c 3) corporation will be responsible for funding, construction and operation of the Tioga County Business Incubator (TCBI). The mission of the TCBI is to help launch healthy, successful graduate companies into the community's business environment by providing shared space and services during the business' development stages. The Tioga County Business Incubator incorporates tools by which resident companies can be evaluated, supported and mentored so that they have greater potential for ongoing viability when "graduated" from the incubator environment. In addition to physical space and office services, The Tioga County Business Incubator will strive to promote training, access to capital, and technical assistance opportunities as appropriate for its tenants.

A feasibility study conducted by Wold & Associates, Inc. has been completed to determine the viability of a self supporting 25,000 square foot business incubator. Primary and secondary research was conducted by the feasibility team and it was determined that a self supporting business incubator was viable under the proposed business model.

The Tioga Business Incubator will be constructed and owned by the new non-profit entity using grant funds available through various Local, State and Federal agencies. The initial cost estimate for the incubator is \$2,960,600. The incubator will be built in Tioga Industrial Park and will have access to high speed broadband internet connections. The new entity will be responsible for the staffing, marketing and operations of the Tioga County Business Incubator. Additional grant funds of \$75,000 will be secured to provide adequate working capital until year three when the incubator will become self supporting.

A new position of incubator Manager will be created to manage and market the day to day activities on the facility. An Administrative Assistant will be responsible for secretarial and reception tasks and to assist the manager in other appropriate activities.

The target markets for the Tioga County Business Incubator will be businesses that participated in the Incubator Needs Survey, art and craft businesses, pre-venture businesses, and other existing small light industrial and service businesses.. A marketing mix for each target market has been developed and will be the responsibility of the incubator management team to implement. Companies accepted as tenants to the incubator will have a business plan that will create job and revenue growth.

The Tioga County Business Incubator will generate revenue from three primary sources: lease revenue, value added office services, and internet connection revenue. The financial cash flow projections show the incubator will be self supporting in year 3 generating \$161,040 in revenue.

The success of the Tioga County Business Incubator project will depend on several key factors:

1. The ability to form a new non-profit entity to spearhead the project.
2. The ability of the new entity to secure grant funding to construct and operate the facility
3. The success of the pre-opening marketing plan to attract tenants to the new facility.

4. The success of the ongoing marketing plan to keep the facility full.
5. The identified stakeholders will support and market the facility to their constituents.
6. The ability of the management team to provide training, access to capital, and technical assistance to the tenants. Thus graduating successful companies, creating jobs, and furthering the economic development of Tioga County.

## Mission Goals and Objectives

### **Mission Statement**

The Tioga County Business Incubator's mission is to help launch healthy, successful graduate companies into the community's business environment by providing shared space and services during the business' development stages. The Tioga County Business Incubator incorporates tools by which resident companies can be evaluated, supported and mentored so that they have greater potential for ongoing viability when "graduated" from the incubator environment. In addition to physical space and office services, The Tioga County Business Incubator will strive to promote training, access to capital, and technical assistance opportunities as appropriate for its tenants.

### **Goal #1**

#### **Create or identify a business entity or entities to finance, manage, market, and operate the Tioga County Business Incubator (TCBI)**

Objectives:

1. Analyze advantages and disadvantages to creating new non-profit business entity to finance, manage, market and operate the TCBI.
2. Analyze advantages and disadvantages to using existing non-profit or governmental entity to finance, manage, market and operate the TCBI.
3. Analyze the advantages and disadvantages to using a combination of a new non-profit entity and existing entity to finance, manage, market and operate the TCBI.

Note: For the purpose of the business plan it will be assumed that a new non-profit, 501 C(3) entity, will be created to finance, manage, market and operate the TCBI.

Objectives:

1. Organize Board of Directors to include representatives from the business community, business service providers, economic development groups, and government entities.
2. Organize support committees to develop and manage the financial plan, marketing plan, and operational/management plan for the TCBI.

### **Goal #2**

#### **Research grant opportunities, write grant proposals and acquire financing for the land acquisition, construction, equipment & furnishings and working capital needs of the TCBI.**

Objectives:

1. Organize finance committee that reports to the Board of Directors of the non-profit entity.
2. Identify Federal, State and Local grant opportunities.
3. Write grant proposals and secure grant and matching funds. It is recommended that the committee negotiate with Tioga County to use the land at the Tioga Industrial Park as match for the grant proposals.
4. Hire architect and engineering firms to design TCBI.

5. Submit building plans for bid, select general contractor
6. Monitor construction progress and sign off on finished project.

### **Goal #3**

#### **TCBI generates sufficient cash flows from revenues to become self sufficient by third year of operation.**

Objectives:

1. Development dynamic management team and motivated stakeholder partners to operate TCBI.
2. Implement successful initial marketing plan and continue to market facility to target markets.
3. Adopt standard operating policies, procedures and cash management systems.

### **Goal #4**

#### **TCBI will create twenty new jobs per year from incubator tenants.**

Objectives:

1. Develop standard tenant selection criteria to ensure selection of quality companies for incubation.
2. Provide quality business consulting and training services, technical assistance and access to capital for incubator tenants.
3. Develop standardized, but flexible, incubator graduation policy.

## Background Information

### Industry Background

Considering the number of studies on business incubation over the last fifteen years, the scarcity of research available about rural incubators may surprise some. However, rural incubators are decidedly in the minority among incubator programs. The National Business Incubation Association (NBIA), the trade association for incubators around the world, reports that of the approximately 1,100 incubators in North America (US and Canada) in the NBIA database, only 90 programs considered their location rural. NBIA's web site ([www.nbia.org](http://www.nbia.org)) reports that "44 percent of incubators draw their clients from urban areas, 31 percent from rural areas and 16 percent from suburban areas." So, while very few incubators self identify as rural (8%), many urban incubators draw populations from rural areas (31%).

However, the scarcity of research on rural incubation changed in 2001 with the publication of *Incubating In Rural Areas: Challenges and Keys to Success*, published by NBIA Publications. This work provides much valuable insight about rural incubators. The publication, authored by Dinah Adkins (Executive Director of NBIA), Hugh Sherman (Associate Director, Voinovich Center for Leadership and Public Affairs, Ohio University) and Christine A. Yost (Ohio University, College of Business) combined Focus Groups, Direct Survey, and Telephone Interviews to develop their findings concerning rural incubation. The process included contact with 48 rural incubator managers.

### Major Findings in Rural Incubation

The report demonstrated 12 Major Study Findings, as follows:

1. High-performing incubators were organized differently than the low-performing incubators, to achieve higher performance and client outcomes.
2. High-performing incubators studied in this particular sample all represented incubator networks or were organizing networks.
3. High-performing incubators reflected high compliance with generally accepted incubator practices.
4. High-performing incubators were organized through their network structure and, in one case, through significant support from an institution of higher education.
5. High-performing incubators' managers had higher salaries than lower-performing programs.
6. High-performing incubators had larger budgets and more employees than low-performing programs.
7. High-performing incubators' managers spent more time working on incubator activities and more time developing client businesses than their counterparts at lower-performing programs.
8. There was no significant correlation between community size and incubator performance so long as the incubator program was organized to deal with the challenges inherent in serving a low-population service area.
9. High-performing incubator programs had clearly identified mission and program goals.
10. High-performing incubators were based on incubator feasibility studies, all of which were highly predictive of the size and composition of their client base as well as the incubator's revenue and expenses. These studies also identified prospective incubator clients.



11. The lowest-performing incubators faced constant funding difficulties and had difficulty gaining community acceptance and understanding of their importance to community economic development.
12. Low-performing incubator sponsors paid more in subsidy costs for programs that performed less well.

### **Best practices in Rural Incubation**

Equally important, the study developed 8 best practices for rural incubation programs:

1. The incubator regularly collects information on client outcomes.
2. The incubator engages in wide-ranging, effective marketing of its program and achievements.
3. The incubator's staff salaries are at a level necessary to attract and retain people capable of running a model program.
4. The incubator's board/sponsoring agency recognizes that managements primary responsibility is to help the incubator's clients in order to ensure their success.
5. If the incubator were to lose a major funder, it could identify a replacement funder in order to continue operations at the same or higher level.
6. The incubator's governance structure contributes to rather than detracts from effective program operations and client service.
7. The incubator keeps elected leaders informed of its needs and achievements.
8. This incubator incorporates program changes as the result of thorough systematic evaluation.

### **Industry trends and project fit into industry**

#### **Community Map Summary**

Tioga County and its surrounding region are transitioning their economic development strategy and developing more cooperative response to the economic downturn that is the result of defense industry consolidation and downsizing, a reorganizing manufacturing sector and declining farm income. The emerging regional economic development strategy focuses more energy and resources on endogenous growth through industrial retention policy and encouraging the formation as well as support of new enterprises. The evolution in the County's and regional economic development policy dovetails well with the concept and practice of business incubators. In addition, the creation of a rural entrepreneurial center with an business incubator can help mitigate many of the impediments to entrepreneurial success faced by area entrepreneurs as identified by key stakeholders.

Assessing the industrial structure and other community assets, Tioga is well positioned to incubate new enterprises in a variety of sectors. The secondary data analysis, stakeholder interviews, and entrepreneur surveys indicate that light manufacturing, service based businesses, as well as arts and crafts businesses, are ripe for incubation and should be the focus of any incubator developed in Tioga County. The other sector with high potential for incubation is the defense/technology businesses. However, we anticipate that the development of technology incubators at SUNY Binghamton and Cornell in conjunction with the existing technology incubators around Corning dictate that the Tioga incubator develop partnerships with these

incubator to share resources, board members, and collaborate on client placement. The Tioga incubator may also develop a pre-incubator program for tech-entrepreneurs, acting as a feeder system for the technology incubators with dedicated spaces for technology development. In regards to the food related businesses, the secondary and primary data conflict, thus we do not recommend at this time that the incubator expend a lot of resource cultivating this sector.

Forecasts suggest that the region will experience growth in occupations that will coincide with an increase in the regional human capital stock. The upgrading of the already skilled workforce will increase the capacity of the region to support business incubation as well as increase the potential client pool. The human capital and the many entrepreneurial business services organization in the region create an environment will substantial possibility for supporting the formation and success of new enterprises.

Also, the high quality of life in the region remains an asset which should encourage the continued in migration if creative people. One of the major contributing factors to the high quality of life is the strong presence of higher educational institutions. In combination of the technically skilled and innovative nature of the workforce, the higher educational institutions, and the growing arts community, the synergy of these groups can propel the region back to economic growth. The influx of creative people also improves the region's quality of life, creating a positive effect on the economic development prospects of the community. With growing regional cooperation and a more entrepreneurial development strategy, the potential for renewed growth through entrepreneurship and innovation is boundless.

Finally, although the incubator tenant's need for high speed Internet access dictates that the facility be located in a manner mindful of the area's high speed carrier's availability, a teleconferencing center is not recommended for the facility due to a variety of reasons. These reasons include, cost to development the teleconferencing center and acquire equipment, cost to source programming content and operate the facility, and the preference of entrepreneurs for live classes. The availability of inexpensive and appropriate training from the area's institutions of higher learning and service training organizations dictate that a teleconferencing center does not make economic sense at this time.

## **Organizational Matters**

### **Incubator Ownership and Operating Models**

Incubators are owned and operated under four basic models:

#### **Non-profit**

Under the non-profit model, the incubator is both owned and operated by a not-for-profit entity. Examples can include an Economic Development Corporation, an area or district Council of Government and/or Association of Government (both quasi-public entities), as well as, specialty non-profits such as a women's center, a minority center, or an organization organized around empowering a particular geographic area.

In these instances, the non-profit organization raises the funds to develop the facility, most often in conjunction with other area not for profit organizations and the local political entities (city and county). After the facility is developed (either new construction and rehabilitation/renovation of an existing structure), the primary non-profit organization operates the incubator. Typically, the non-profit will have an existing mission that is either enhanced or broadened by the incubation strategy.

#### **For-profit**

Examples exist of incubators that are organized by a for-profit corporation or entity. Because incubators typically do not "turn a profit", this strategy is seldom employed. Also, with the limited profit potential, most incubators are best developed with grant rather than loan funds. Because for-profit entities are not eligible for most government or private foundation grants, for-profit incubators must be developed with loan or equity funding. Again, with limited profit potential, incubators do not attract equity funding, social capital notwithstanding.

#### **Government owned / government operated**

Because government and private foundation grants are often tailored to specific circumstances, like area demographics, local government entities have also developed and owned incubators. Government funding agencies like the US Department of Agriculture (USDA) and the Economic Development Administration (EDA) often restrict specific grant pools to local governments. Further, restrictions such as the size of area, average income in the area and other demographic markers, deem it practical for local city or county governments to be the applying entity for the funding necessary to develop the incubator facility.

In some instances, the local city or county will employ bona fide employees to manage the incubation facility and program. This government strategy also incorporates university owned and operated incubators. In this instance, the incubator often has a specific purpose such as technology or valued-added agriculture.

#### **Government owned / non-profit lease**

The fourth and last strategy is a variation of the government owned and operated model. In the government owned with non-profit lease strategy, the local city or county develops the facility by being the named grantee on the government and private foundation grant applications. However, instead of hiring employees to manage the incubator, the local governmental entity leases the facility to a non-profit entity to manage the facility and operate the program. Leases

typically spell out who will be responsible for building upkeep and maintenance (either the government entity or the non-profit) and the conditions under which the non-profit entity must operate (e.g. target number of jobs created per year, cooperative efforts with other entities and organizations, etc.). While the annual lease amount is variable depending on the maintenance and upkeep responsibilities, the lease is typically for a year and renewable when all conditions are met satisfactorily.

### **Project Structure**

The TCBI will be managed by a new 501 C(3) non-profit corporation established in and governed by the laws of New York. The entity will have a Board of Directors selected from representatives of the business community, business service providers, economic development groups, educational institutions, and government entities. The managing entity will establish advisory committees to assist in financing, marketing and operating the TCBI.

### **Project Management**

The management team needs to develop policies and procedures for the important operational areas of tenant selection, typical incubator tenants, application process, approval process, lease rate and service fees, hours of operation, security and billing, cleaning, insurance, employment information tracking, and tenant graduation policy.

### **Tenant Selection**

One of the most important aspects of tenant selection has to do with the product(s) or service(s) to be produced in the incubator. Tenants must be reviewed in terms of intended product(s)/service(s) to be produced or provided. This review will insure that all tenants and their intended uses of the facility are in compliance within the board approved policy of the incubator. This review should also include intended production methods. The products/services and production methods must be in compliance with any and all appropriate regulatory agencies, and with the licensure and zoning of the facility.

### **Application Process**

The process should begin with a completed application and a personal interview. During the interview incubator management can ascertain if the product(s)/service(s) “fit”. The products and services the prospect wishes to produce and the production methods they wish to utilize must fit into the incubators philosophy and zoning. Similarly, the service to be provided must fit the incubator philosophy and image. Not all services that are legal will fit the incubator image.

The prospective tenants’ products and production methods could be incompatible with the facility for a variety of reasons. These could include (1) products/production methods that are outside the facilities mission philosophy or regulatory/zoning authority, (2) facility could not meet the needs of the prospect within the current layout or equipment specifications of the facility, and/or (3) products to be produced or services provided are not allowed by management, although technically within regulatory authority.

Additionally, a written business plan approved by incubator management is often required. By requiring a written business plan the incubator manager can determine the prospective tenant’s readiness to be in business, and therefore gauge the companies chances for success. More

importantly, it will help guide the incubator manager in developing a suggested training plan for the tenant, to help them develop competency in the areas that are weak in the planning document. Some incubators do not require a written business plans prior to acceptance, but do make the tenant agree that a completed business plan will be required in a specified time period (30 to 90 days). If this milestone is missed by the tenant, then they agree to enter a formal class or undertake other counseling that will led to a completed plan.

### **Acceptance Process**

Many successful incubators have a set acceptance policy. This typically involves evaluating the tenant application against a pre-determined set of admission criteria. This is sound policy for two reasons. First, it insures that all tenants are treated in a similar manner. By following a set procedure all tenant applications are evaluated on their merits. Second by following an established process, it will be less likely that important aspects in the acceptance process will be left out.

Prospective users should be required to attend mandatory orientation sessions to become familiar with incubator policies (operating procedures, regulations and rules, office equipment use and policies, and so forth), prior to being admitted for tenancy.

Additionally, any required local and state licenses and/or registrations needed to produce the desired product are to be obtained prior to facility use. Any licenses required to operate a business should be obtained before hand, as well as, appropriate business and liability insurance. It is important to note that some funding agencies such as the EDA have recruitment policies built into the development funds they offer. Review your grant and/or loan documents carefully to incorporate these guidelines into your tenant recruitment policy. An example of this would be you ability (or inability) to attempt to recruit established businesses that are located in other jurisdictions – the EDA typically does not allow this.

### **Lease Rate and Services Fees**

Lease rates and fees for services are discussed in the Marketing Plan section. The rates used for financial forecasting purposes in the operating budget were determined in accordance with the discussion on determining pricing as set forth in the marketing section.

### **Hours of Operation**

The business office of most incubators is open during normal business hours - 5 days a week. However, tenants typically have access to their leased spaces 24 hours a day - 7 days a week. Depending on the policy of the incubator, tenants often have access to the photocopy room during off hours, so that they can use the incubator's office machines (e.g. photocopy machine; fax machine; etc.).

Some tenants may not be comfortable working in the facility alone at night. This issue has been reported at both rural and urban locations. Some incubators address this issue by offering secured parking, proper lighting and alarm systems. One incubator reported a card key/punch pad entry system. The security/safety issue will in large part be determined by the defining characteristics of the neighborhood in which the incubator is sited.

### **Security and Billing**

Some incubators have a card key/punch pad security system that it is often monitored by a local security company. This typically offers the incubator manager a four-way split-screen monitor that scans views of many areas in and around the facility. Activity in the incubator is recorded by video cameras, which are positioned strategically throughout the area, including main entrance, loading dock, etc. Tenants are assigned a code that must be entered before they can enter the facility. The system also records a time and date stamp on the videotapes.

Inadequate parking and poor lighting will effect tenants desire to use the facility at night. While issues of security and safety, late night parking, and, facility access have typically been “urban issues” in the past, rural incubators have been reporting problems recently with increasing frequency.

Billing is typically on a monthly basis for the space being leased. Fees for service (photocopies, fax use, etc.) can be done as frequently as weekly.

### **Cleaning**

The general and common areas, and the incubator offices are cleaned on a set schedule, typically twice or three times a week. If the incubator is extraordinarily busy, it may require nightly cleanings.

Each tenant is required to clean their own space(s). Tenants are also responsible for leaving the general and common areas clean. They are also responsible for their employees or customers who may dirty common areas. Should a tenant cause uncommon untidiness, they should be warned and then charged for the extra cleanings required. The tenant should be notified by letter regarding a violation of the lease. Cleaning charges should be billed and/or deducted from the tenant’s cleaning deposit. If cleaning violations continue, or a tenant becomes troublesome, the lease may be terminated.

### **Insurance**

Insurance coverage is important for the protection of both the facility and its tenants. Insurance is a major component of the facilities risk management plan, and appropriate insurance coverage for tenant and facility are covered in the budget and risk management sections.

### **Employment Information Tracking**

It is a good idea to require in each tenant’s lease that they provide quarterly employment statistics to the incubator manager. This information is invaluable to document the success of the incubator, which can be included in any grants prepared for funding purposes. The form provided to tenants should require information regarding family income, race/ethnicity (optional), family size, job title, previous employment, hiring date, etc. Additionally, this information may be required if any federal agencies, such as the US Economic Development Administration and/or Housing and Urban Development, are used to fund the incubator.

### **Tenant Graduation Policy**

The tenant graduation policy can be one of the most difficult and thought provoking areas many incubators (especially rural ones) face. On the one hand, the incubator is striving for a stable and reliable cash flow. It seems to many incubator managers when faced with “kicking a tenant out” (graduating) that it happens just when a tenant is stable and able to be a good rent payer. On the

other hand, the philosophy of the incubator is to provide nascent and startup businesses the leased space they might not otherwise be qualified for under traditional landlord guidelines. When the start-up business have grown and matured, they graduate making room for new startup businesses. The goal of the incubator is not to take established businesses out of commercial real estate leases, but rather be the catalyst that one day allows them to be a solid, prospective commercial real estate tenant, or owner of their own facility.

Most business incubators develop some type of graduation policy. Usually the problem is not developing the policy, but rather enforcing the policy. Here are some guidelines that will insure the graduation policy is fair to both the incubator and the tenant:

**Establish a written policy.** Once you have decided on your policy (2,3-5 years, etc.) make sure the policy is in writing and have the tenant sign it at move-in. A signed, written policy will go along way to mitigate disputes a few years down the road.

**Memorialize any changes.** If the written policy change s for any reason, be sure to put those changes in writing and have all effected tenants sign the changes.

**Make sure your policy is within your funders guidelines.** Some funding agencies (such as the EDA) have graduation policies built into any development grants or loans they offer. Review your grant and/or loan documents carefully to incorporate these guidelines into your graduation policy.

**Build in some flexibility.** Make sure there is some negotiation room within the “set” policy. For instance, a tenant may be granted a 6 month extension by the board upon the recommendation of the incubator manager.

## **Project Personnel**

Staffing the TCBI will require the following full time positions (for complete job descriptions refer to the feasibility study).

1. **Incubator Manager** – this individual will have the majority of the responsibility for operating and marketing the incubator under the policies and procedures approved by the board. This includes staff issues (hiring, supervision and termination), tenant issues (application, review of products to be produced or services to be provided, training, etc.), and, the task of liaison between the board and its committees and the community.
2. **Reception/Office Assistant** - this is a general reception position with the usual duties of public reception, telephone answering and office assistant duties. Specific duties include front desk reception, telephone answering and message taking. Backup duties include taking tenant inquiries, relating general information, and mailing tenant application or information packages.

## Marketing Plan

### Market Analysis

Based on the results of personal interviews with community organizations and individuals, secondary research and the written survey results, certain conclusions about market demand for the proposed incubator can be reached. The volume of survey responses was dramatic and is significantly superior to other successful communities that demonstrated market feasibility for their incubator projects.

Given the quantity and quality of the survey responses and the support from community stakeholders, the development of a community business incubator should proceed to the next step – market feasibility is clearly evident.

Highlights of the market demand analysis:

- Assessing the industrial structure and other community assets, Tioga is well positioned to incubate new enterprises in a variety of sectors. The secondary data analysis, stakeholder interviews, and entrepreneur surveys indicate that light manufacturing, service based businesses, as well as, businesses engaged in arts and crafts are ripe for incubation and should be the focus of any incubator developed in Tioga County.
- Sufficient demand did not exist for the creation of a food incubator (including product manufacturing, catering, or animal slaughter). Only eight kitchen users were identified. This clearly reinforces a market study performed last March for Tioga County that shows a food incubator is not feasible with the market demand indicated.
- Demand for a defense/technology based incubator was present, however, the development of technology incubators at SUNY Binghamton and Cornell, in conjunction with the existing technology incubators around Corning, dictate that the Tioga incubator develop partnerships with these incubators to share resources, board members, and collaborate on client placement, rather than developing their own facility.
- Creating a special “affiliates” program for those engaged in tourism businesses was investigated. Given the substantial support already in place for tourism businesses, a special incubator-based program was deemed unwarranted.
- The area’s human capital and the many entrepreneurial business support and services organizations in the region, create an environment with substantial possibility for supporting the formation and success of new enterprises.
- The synergy created by the combination of the technically skilled and innovative nature of the workforce, the many higher educational institutions in the area, and the growing arts community, can help propel the region back to economic growth.



- The creation of a rural entrepreneurial center with a business incubator can help mitigate many of the impediments to entrepreneurial success in the area as identified by key stakeholders.
- The incubator tenant's need for high speed Internet access dictates that the facility be located in a manner mindful of the area's high speed carrier's availability, however, a teleconferencing center is not recommended for the facility due to a variety of reasons. These reasons include, cost to development the teleconferencing center and acquire equipment, cost to source programming content and operate the facility, and the preference of entrepreneurs for live classes. The availability of inexpensive and appropriate training from the area's institutions of higher learning and service training organizations dictate that a teleconferencing center does not make economic sense at this time.
- The quantity (196 surveys) and quality (20% reported as "in business" while 46% reported they had 2 or more years business experience) of survey responses shows a substantial and positive market demand for the incubator project.
- Survey results show the potential to lease 25 bays and 46 offices/cubicles. 30 users demonstrated desire to use arts room or cluster.
- Survey respondents demonstrate a need for a facility – 52% conduct their businesses from locations including home, rented facilities, trucks, and a barn.
- Many businesses (17% of respondents) are, or wish to be, full time businesses.
- The businesses identified represent a significant and stable base of revenue generators (98 potential users out of 196 surveys) of both existing and potential small businesses that would benefit greatly from incubation services.
- On the downside, no business that could rightly be described as an "anchor tenant" was identified through the data gathering process. However, the inability to identify a true anchor tenant is mitigated completely by the quantity and quality of the survey responses.
- Interested bay tenants (25) produce a wide array of products that are appropriate for a light manufacturing bay in an incubator environment. Others (46) expressed interest in leasing offices and cubicles. These businesses as well were appropriate for office space in an incubator facility.
- Survey respondents clearly embrace the "incubator approach" as survey respondents identified 491 shared services of which they wish to take advantage. Many chose one or more services they would utilize with Internet (122), copy/office machines (102) and reception (72) being noteworthy.
- Respondents need for additional business training was also evident. Preparing a business plan (122) was the most frequent class requested, while developing markets for new

products (53), Starting a business legally (43) and Marketing assistance (39) were also noteworthy.

- Respondents too showed a need for capital and loan classes, with banking knowledge the most often requested: Preparing a SBA or bank loan application (44) and Obtaining and using credit (18). Introduction to business accounting (20) and Accounting basics (21) were also significant requests.

### **Feasibility Conclusions**

The feasibility conclusions that follow are based on the following: 1) the study team's expertise and understanding of successful rural incubators, and, 2) primary and secondary market research involving user surveys and individual personal interviews, mail, and telemarketing of many individuals, area businesses and other organizations within the target area of Tioga County. The local market research yielded valuable information regarding prospective tenants, product(s) wishing to be produced, length of time in business (or start-up), anticipated usage, etc.

By considering this information in light of best industry practices as well as those practices and policies to be avoided, a pro forma capital (project) budget was developed. In a similar vein, market data tempered by the realistic experience of the study team yielded a pro forma operating budget that showed the facility can break even on an operational basis within three years.

### **Feasibility Conclusions:**

**The number of prospective tenants is represented by a pool that is significant.** Tioga County's pool of prospective tenants was truly significant. While studies in rural areas typically yield prospective user surveys well under 100, the Tioga County response was almost 200 prospective users. The pool is also significant in that it contains a large number of prospects with business backgrounds or experience. Significantly, the potential to lease exists for 25 bays and 46 offices and cubicles. Over 30 arts users were identified for the arts room.

**There are many users who are interested in pursuing manufacturing.** This group typically uses an incubator facility for a substantial number of years. It is important to identify a number of these users prior to equipping the facility to meet normal manufacturing requirements. Significantly, 25 potential bay tenants have been identified.

**A Business Development Center/Incubator is financially viable.** Pro forma operating statements show that under the conditions set forth herein a joint office / light manufacturing facility configuration of approximately 25,000 square feet proves to be viable. The facility can break even by its third year of operation. There is adequate evidence to support the feasibility of the proposed Business Development center/Incubator in the Tioga County area and to move forward with the project's implementation. The initial design must include a mix of light manufacturing bays and office spaces, and an arts cluster. Programmatically, the facility must provide training, technical assistance and access to financing for its tenants. Developed as such, it will provide a strong foundation for the success of the small business interests associated with the project.

## **Marketing Strategies**

### **Target Markets:**

1. Businesses that participated in the Incubator Needs Survey
2. Art & craft businesses
3. Pre-venture businesses
4. Other existing small businesses: light industrial/service

Four months prior to the completion of the TCBI the incubator manager will be hired to initiate the marketing plan. The manager will concentrate their initial efforts on the participants of the Incubator Needs Survey. Original participants will need to be placed in a relational database and contacted by direct mail and telephone calls. Face to face meetings will be set up to determine tenant needs and move in dates established.

The manger will next contact affiliated art and craft associations and affiliated stakeholders to obtain a list of artisans in the target area. This data will be incorporated into the relational database and the business owners contacted.

To locate the pre-venture and other existing small businesses a variety of methods will be explored. Contacting the Small Business Development Center and SCORE chapter will be the starting point. A directory of business registrations will be obtained from the State of New York. Networking with stakeholders to obtain member lists will also be explored. All data will be entered into the database and business owners will be contacted.

The database will be updated on a regular basis. This will ensure that the TCBI will always have an updated list of target businesses. The goal will be to establish a waiting list for the TCBI.

### **Product/Service**

To effectively market and sell the TCBI the facility and services offered by the completed facility must be understood.

### **Incubator Model**

The term “incubator” refers both to the physical facility and the support given to new and expanding businesses that are nurtured through either early start-up, or expansion – two of the most difficult times any business will face.

The National Association of Business Incubation (NBIA) describes business incubation as a “dynamic process of business enterprise development. Incubators nurture young firms, helping them to survive and grow during the start-up period when they are most vulnerable. Incubators provide hands-on management experience, access to financing and orchestrated exposure to critical business or technical support services. They also offer entrepreneurial firms shared office services, access to equipment, flexible leases and expandable space – all under one roof.” Support services can be grouped into three main categories: training, access to appropriate capital, and technical assistance.

## **Training**

Training is important to anyone in any vocation or industry. Effective business skills may mean the difference between a new business venture being successful or not. Or they may prove to be the deciding factor in whether a recent expansion of a business leads to prosperity or bankruptcy. The term training refers to both general business training and specific training in areas unique to the tenants (and their industries) in the incubator. Examples of the former would include business plan writing courses, workshops on financing, accounting, marketing, conducting market research, legal issues, using the Internet to conduct business, designing a web-page, export/import issues, Enterprise Zone tax credits, tax issues, employee benefit packages. etc. Examples of the latter would include a specialty marketing class or workshop focused on a particular industry. Most entrepreneurs approach their business from their interest in their particular product. Entrepreneurs do not tend to be well rounded in business skills and require training to optimize their chances of success.

Management may hold required or optional tenant training meetings. The meetings could be held at least once a month. Content of the meeting could include issues related to training needs, new programs, capital acquisition, etc. In addition, every tenant meeting could include a presentation by an expert regarding business development issues. The issues are determined by soliciting input from tenants regarding their needs.

Small business owners, especially those just starting businesses, often need help in establishing their business legally. Assistance should include, getting a tax identification number, establishing proper sales tax procedures for registration, filling d/b/a/ statements, business license, setting up a proper accounting system, etc.

## **Access to Appropriate Capital**

After the incubator tenants have received training, they need to be directed to appropriate sources of capital. Capital is required to grow, run or expand any business, and businesses located in incubators are no exception.

What business can survive without capital? Increasingly, banks and other traditional business lenders have shied away from start-up businesses. Existing businesses in expansion mode have also found lenders more cautious, often requiring a business plan be submitted with the loan proposal. Access to appropriate capital is an important component of incubating businesses. Appropriate capital comes from lenders who are willing to make reasonable loans to new and start-up food related businesses. The lenders understand the risks of lending to new businesses. They make traditional business loans (with traditional terms and conditions) to non-traditional or “unbankable” businesses. The entrepreneur looking to borrow money for start-up or expansion may not be extended credit from traditional lenders under such terms.

New avenues of appropriate capital may include Small Business Administration (SBA) initiatives, or other loan guarantee or intermediary lenders such as various federal government agencies, including the: US Department of Agriculture (USDA), Federal Housing Administration (FHA), and, Rural Economic and Community Development (RECD), etc. Perhaps more importantly, Community Development Financial Institutions (CDFI's) are taking shape in many areas in the form of community development loan funds, banks, or credit unions. This new type

of community development lender has emerged to specifically meet the capital needs of new and expanding businesses in the community.

### **Technical Assistance**

Incubator tenants at times require technical assistance. Depending on the industry that the business is in, this assistance can take the form of scientific or technical assistance, or if the industry is regulated, assistance with federal and state regulators.

The incubator manager will need to consider this area of assistance on a case by case basis. The important point to remember here is that the incubator manager does not have to be the expert in all areas. The incubator tenants will need assistance in sourcing organizations and groups that can assist them, including; colleges and universities, government agencies (e.g. USDA; US Forest Service; trade associations, etc.).

Technical assistance will be provided on a case by case basis, depending on the needs of the tenant. Important starting points for sourcing appropriate technical assistance will be area universities. It is recommended that the incubator manager work closely with the appropriate departments in these universities.

### **Sharing Community Resources**

Fortunately, most communities have a surprising number of resources available to help new and expanding ventures. Successful incubators draw on these resources and incorporate various agencies into their delivery plan. Incubators need not duplicate services already being provided. The incubator staff has the task of identifying these resources and directing their tenants to the appropriate service provider for assistance. By identifying and incorporating already existing services into the incubator's delivery system, incubator staff can concentrate their resources on providing those services unavailable in the community.

The identification of existing service providers and the successful linkage of their services for incubator tenants are critical steps in the establishment of a successful incubator program. Incubators that try to "do it all themselves" often find they are short of both time and dollars. By trying to be all things to their tenants they fail to provide adequate support in any one area. It is recommended that the proposed incubator start by suggesting linkages with the community agencies and organizations here identified to begin the development of a complete and comprehensive tenant develop plan.

There is an abundance of organizations in the area upon which the incubator manager can call on to provide assistance to the incubator tenants in the areas of business straining, access to capital and technical assistance. In developing a community plan to provide this service in the appropriate mindset of 'sharing community resources', the incubator manager is best served by developing linkages first with area service providers (understanding what services are being provided) and by understanding the needs of his tenants (understanding their businesses). Truly understanding these tenants' needs will require that the manager be involved in the tenants business, which is often accomplished through monthly tenant meetings and by meeting individually with the entrepreneurs. The process of matching tenants with available service

providers is one that will be refined over time as the incubator manger becomes more aware of local and regional assistance organizations and the needs of the tenants.

## Pricing

<b>Product/Service Name or Description:</b>	
<b>Features of Incubator</b>	<b>Benefits for Tenants</b>
Quality leased space consisting of 14 bays, arts cluster, 10 rental offices and 6 cubicles.	Increases cash flow by offering fair market rates and low maintenance costs. Increases competitive advantage by offering incubator tenants a physical space which enhances company image.
High speed broadband internet connections	Increases competitive advantage by allowing incubator tenants access to the world market. Save time and increase capacity with high speed data/video/voice transmission.
Shared office equipment: copy machine, fax machine, color printer, etc.	Increases cash flow by offering per piece pricing. Incubator tenants do not have to invest in capital equipment
Value added services: business training business counseling, technical assistance business resources, secretarial services, access to capital, business networking and support meetings etc.	Increases cash flow by allowing incubator tenants to use the services available and not have to initially hire additional personnel. Increases management proficiencies of incubator tenants.

Maureen Wilson, Pyramid Brokerage Company, Binghamton, NY was consulted regarding the rent structure. It is important that incubator rents be in line with local conditions. Ms. Wilson reported that half way through 2004 has found an improving local market, characterized with an increasing demand for space. She noted that lease rates are going up. Ms. Wilson felt that \$500 - \$600 per month for the bays was in line for local conditions given several factors. One, it is difficult to find such a small light manufacturing space. Typically, a 1,000 sf light manufacturing space would not be available. Two, if the facility was built new as proposed at the Tioga Industrial Park, the space would have proper manufacturing traits, including adequate parking and dockage area, location on a good transportation corridor, proper lighting and power availability, and the valuable common areas open to bay tenants like the conference room. Finally, the services available, including reception, access to office machines, and convenient business training would not be available even if one could locate an extremely small manufacturing area. Ms. Wilson also felt that given the availability of services and training, a monthly rental rate of \$125 - \$150 for the offices and \$75 - \$100 for the cubicles was both reasonable and in line with local conditions.

Type of Lease	Income per Month
Bays	\$550 per month
Arts Cluster	\$75 per month
Offices	\$125 per month
Cubicles	\$ 75 per month

Services	Income
Copy Machine	\$.03 per copy, discounts may be given for volume orders
Fax Machine	\$.05 per page sent and received
Broadband Internet Access	\$100 per month
Secretarial Services	\$10 per hour
Business Training	\$10 per instruction hour

## Promotion

**Incubator image:** The TCBI will develop an image that will reflect a high quality and professional facility. The TCBI will hire a local graphic artist to design an incubator logo, professional look and color scheme. The results will be used in all other promotional pieces. Results will be the branding of the TCBI as the entrepreneurial development engine in Tioga County.

**Business Cards:** Design and print business cards for Board of Directors & committee members, incubator manager and reception/office assistant, to include new job titles.

**Informational Brochure:** Design and print 4-color brochure that can be used for prospective incubator tenants and stakeholders. Brochure will include the benefits of the TCBI, tenant requirements, high quality graphics and any other items that would add to the marketability of the facility. The brochures will be placed throughout Tioga County in all stakeholder facilities and any other places where perspective tenants may congregate.

**Letterhead:** Design and print TCBI letterhead and envelopes. Letterhead will include all contact information and a list of current board of directors and TCBI personnel and titles. Letterhead and envelopes will be used in all official correspondence by the TCBI.

**Signage:** The incubator design architect will incorporate appropriate signage into the building plans. Signage will include a permanent building sign along with a reader board listing current incubator tenants.

**Website:** A website will be developed and maintained by a local website development company. The website will reflect the same quality and benefit message being portrayed in all other promotional pieces. The website will include links to all stakeholders and tenant websites and have an updated section for all economic and business events in Tioga County. The result will be to further brand the TCBI as the entrepreneurial development engine in Tioga County.

**Direct Mail:** Six months prior to the opening of the TCBI the incubator manager will put together a marketing database. The database will include all business owners that were contacted by the feasibility study team and any other target businesses that are located in Tioga County. The incubator manager will send a direct mail piece to the database announcing the future opening of the incubator and conduct whatever follow up activities that are necessary to attract prospective tenants. These activities will include, but are not limited to, follow up telephone calls and direct meetings. The ongoing success of the incubator will depend on the quality maintenance of the database and the incubator manager's ability to add new target clients to the database. Coordinating efforts with the SBDC director will greatly enhance the addition of new target clients. Regular mailings to the database will occur on a quarterly basis stressing the incubator benefits and success stories. The result of the direct mail campaign will be to keep the pipeline full of future incubator tenants and create a waiting list for incubator occupancy.

**Press Releases:** Prior to the opening of the incubator a database will be established by the incubator manager that includes all media outlets in Tioga County and surrounding areas. The database should include, but not limited to, all newspapers, radio stations, TV stations, cable TV providers, stakeholders' newsletters, and local, state and federal economic and business development agencies. The incubator coordinator will be responsible for sending out press releases for any activities associated with the TCBI or other entrepreneurial and business development events. These activities will include, but are not limited too, the incubator grand opening, business classes, meetings, success stories, change in personnel, guest speakers, and all other newsworthy activities.

**Yellow Pages:** The TCBI will place line ads in the local yellow pages. Ads will be placed under business consultants, economic development, and industrial developments. Ads will be evaluated on a yearly basis to determine their effectiveness in recruiting potential incubator tenants and in developing the image of the TCBI.

**Networking:** Some of the most successful promotional techniques reported by business incubators have been through networking techniques. By using the existing stakeholders network, word of mouth (WOM) referral can be generated by making presentation to the groups, distributing flyers and brochures, etc. Some of the most successful promotional activities available to a financially limited not for profit facility comes through networking. WOM is effective and inexpensive as long as the "word" remains positive. Studies have shown that a disgruntled person will tell up to 14 other people based on a negative impression. It is not surprising that studies indicate that quality control and outstanding customer service are the two greatest tools for maintaining positive word of mouth referral. Successful facilities know that keeping tenants happy makes good business sense.



Networking can occur between various individuals who are all part of different associations of individuals. The important parts of word of mouth networking are, first and foremost that it is positive for the reasons mentioned above. Second, the greater the number of organizations, government agencies, churches and civic groups, etc. that are involved, the greater the number of people who will hear about the facility. It is individuals that network – not institutions, companies or groups.

**Newsletters:** The incubator manager will develop a quarterly newsletter that will be distributed to stakeholder groups, business and media databases, and any other interested parties. The newsletter will be posted and achieved on the website. The newsletter will contain, but not limited to, schedule of economic and business events, happenings at the TCBI, business tips, economic development efforts, success stories and vacancy rates at the incubator.

**Professional Associations:** The TCBI will join area Chambers of Commerce and any other stakeholder association that is deemed necessary. The TCBI will join the National Business Incubator Association (NBIA) and attend the yearly convention as funds permit. It is the responsibility of the management team to keep abreast of current trends in the business incubator and economic development industries.

**Grand Opening:** A construction banner will be in place during the construction phase of the incubator telling the public what is being built and the opening date. Prior to the opening the incubator coordinator will utilize direct mail and press releases to announce and invite all stakeholders, target tenants, and the general public to the event. The incubator manager will contact all local, state and federal political office holders and secure the highest ranking official they can to be a guest speaker at the event. A local, state or national successful entrepreneur will be contacted and invited to be a guest speaker at the grand opening. Finger food and non-alcoholic beverages will be provided.

**Other Promotional Efforts:** The TCBI will monitor all promotional efforts to determine their effectiveness in reaching the marketing goals of the facility. Through networking, continuing education, stakeholder feedback, and other activities engaged in by the management team, other promotional avenues may surface. The focus of all promotional efforts by the management team is to achieve the goals of the TCBI.

## **Location**

Tioga County already owns land in the Tioga Industrial Park. The park, located on Route 38 approximately two miles from Owego, would be the appropriate site for the TCBI in this instance for two reasons. First, incubators are often located in industrial parks because these areas meet the requirements of the tenants and in many instances the site requirements. The land is appropriate industrial/commercial property. The site has the desired utilities – access to high speed internet, city water and sewer, power, etc. No significant retail activity is noted in the survey responses, and therefore expensive downtown land need not be used for the project. Second, Tioga County has already expended the development cost for this park and owns the land. The county could provide its match without coming “out of pocket.”

## Financials

The cost to develop a fully functioning, business incubator of approximately 25,000 square feet will be \$2,960,600. The layout would include 14 light industrial bays of about 1,000 square feet each; 10 office spaces of 140 square feet each; an arts cluster of 1,500 square feet; six cubicles in an area of 900 square feet; a conference room of 1,000 square feet; a break room of 670 square feet; as well as, ancillary building rooms – a mechanical room of 1,120 square feet; and an upstairs record storage area of 1,300 square feet. Included in the \$2,960,600 is \$8,000 for office equipment, \$12,500 incubator manager salary, \$12,500 pre-opening expenses, and \$50,000 working capital.

Revenue projections are based on the following occupancy assumptions.

Type and Number Available	Actual Number Leased	Amount per Month	Monthly Revenue	Annual Revenue
<b>Year One</b>				
14 Bays	12	\$550	\$6,600	\$79,200
Arts Cluster	10	\$75	\$750	\$9,000
10 Rental Offices	8	\$125	\$1,000	\$12,000
6 Cubicles	4	\$75	\$300	\$1,200
<b>Year Two</b>				
14 Bays	13	\$550	\$7,150	\$85,800
Arts Cluster	15	\$75	\$1,125	\$13,500
10 Rental Offices	9	\$125	\$1,125	\$13,500
6 Cubicles	5	\$75	\$375	\$4,500
<b>Year Three</b>				
14 Bays	14	\$550	\$7,700	\$92,400
Arts Cluster	20	\$75	\$1,500	\$18,000
10 Rental Offices	10	\$125	\$1,250	\$15,000
6 Cubicles	6	\$75	\$450	\$5,400

### Financial Assumptions

The income statement, cash flows and balance sheets are based on the following assumptions.

#### **Funding:**

The facility is built and equipped using grant funds; no debt service is calculated in the forecast.

#### **Revenue:**

Lease income – as discussed and determined earlier.

Income - Internet connection. This is the anticipated income from providing a high speed Internet connection. Income: At \$100 / month, Year 1 – 12 users (\$14,400); Year 2 – 16 users (\$19,200); and Year 3 – 21 users (\$25,200). Expense: 2 lines at \$754 per month each or \$18,096 per year. Net: Year 1: (-\$3,696); Year 2: (\$1,104); Year 3: (\$7,104).

Note – If the Internet needs of the tenants prove to be less demanding than anticipated and a T-1 line is not needed, less expensive service could be provided through Cable. Both T-1 and Cable service are available at the Tioga Industrial Park.

Income – Office services. This income comes from tenant use of shared-use elements (copy machine, fax, etc.) of the incubator.

***Expense:***

*Personnel:* Staffing is based on two full time positions: a Manager and a Receptionist / Administrative Assistant, who will be housed at the incubator's reception station. Manager @ \$45,000 per year and reception @ \$24,000 annually. Salaries would increase 5% per year. Fringe includes payroll taxes and payroll insurance, health insurance and is estimated at 25%.

*Utilities:* Utilities include energy, water and sewer service, snow removal, and garbage collection. Based on local power rates utility expense (annual heat, A/C, and lighting expense) estimated at \$1.25 / square foot / year; or approximately and conservatively \$15,700 annually (10,475 sf times \$1.50). This expense is for shared-use and common portions of building, bays will be metered separately and bay tenants will pay their utility expense directly. Water, sewer, garbage and snow removal budgeted at \$2,300 annually.

Utility expense is budgeted to increase at 5 % annually.

*Building Maintenance & Upkeep:* The maintenance and upkeep of the building is budgeted based on the building being a renovated building.

*Equipment Maintenance & Repair:* Year 1. It is assumed that equipment will be on warranty, with little or no cost for maintenance and repair. Year 2 and 3 equipment maintenance & repair increases as equipment warranties expire.

*Marketing:* Marketing is an important expense for the start-up and on-going success of the facility. Marketing includes all printing, website development and maintenance, direct mail costs, travel, and any other costs associated with the promotion of the TCBI. The first year marketing expense is budgeted at zero, as first year marketing expenses will be covered in the capitalized, start-up expense category (see cash flow spreadsheet section). Marketing expense for years two and three increase accordingly.

*Supplies:* Basic supplies paid for by facility include paper towels, soaps & detergents, sanitizer supplies, floor cleaner.

*Membership:* It is assumed that first year expenses will be higher than subsequent years due to the required advertising and promotion of the facility not necessarily covered in the capitalized marketing budget. Membership and advertising includes brochures, stationary, business cards, memberships, etc.

*Postage and, Telephone:* Estimated postage is for incubator management, tenants pay their own postage. Telephone includes incubator management usage and the cost to bring in high speed Internet access to facility (Direct Wave satellite system – \$1,200 annually).

*Insurance:* Insurance estimate includes Property and Casualty, Business Personal Property, General Liability, Product Liability (if required and ancillary to tenant's coverage), at \$3,500 annually, and Mechanical Breakdown ("Boiler and Machinery") at \$2,000 annually, with contingency - \$6,000 annually. Insurance rates for an incubator facility of this type are highly dependent on the size and rating of the fire protection district. Rates are also dependent on the actual businesses (especially manufacturing) that become tenants, which is not determinable until the project is built. Pratt Insurance Agency, a local insurance group was consulted.

*Taxes:* The business development center/incubator is assumed to be owned by the county and

therefore exempt from property tax. If the county did not wish to operate the incubator, it could lease the building to a 501c3 for a nominal sum (often a \$1 / year), and the non-profit would operate the facility and program.

## **Monthly Balance Sheets**

The balance sheet is a listing of a firm's assets, liabilities, and owners' equity on a given date. By definition assets must equal liabilities plus equity. The TCBI balance sheet has been projected for three years on a monthly basis.

An initial balance sheet, sources & uses of funds statement, shows the firm's position at the time of financing. The statement shows a grant funding source of \$2,960,600. The uses of funds are \$100,000 for the land, \$2,600,000 for the building, \$8,000 for furniture & fixtures, \$185,600 for architect and engineering fees (shown as organizational expense), and \$67,000 for working capital.

It is assumed that the TCBI will begin operation in January, 2006. The monthly projections for year one show the cash asset account decreasing to \$23,082 by December, 2006. The fixed assets are being depreciated on a straight line basis. The building is on a 35 year schedule, the furniture and fixtures on a 10 year schedule, and the architect and engineering fees on a 5 year schedule. There are assumed to be no long term liabilities for the organization. The equity section shows the initial capitalization as common stock in the amount of \$2,960,600. The retained earnings account reflects the net income from the projected income statements.

Year two, 2007, continues to show a decrease in cash due to operations and a decrease in fixed assets and net intangibles because of depreciation. In the equity section the common stock account stays constant and the retained earnings continues to decrease based on net income results.

Year 3, 2008, shows the cash account starting to grow because of positive cash flow being generated through the operation of the TCBI. The cash account at the end of 2008 reflects a positive balance of \$18,051. Fixed assets continue to decrease due to depreciation. Common stock remains constant and retained earnings continues to decrease based on net income results.

(See attached Excel file)

## **Monthly Income Statements**

The income statement is a financial report showing the results of an entity's operations in terms of revenue, expenses, and net income for a period of time. The attached projections assume a starting date of January, 2006 and run a period of 12 months through December, 2006. The financial assumptions stated above are the basis for the projections.

Revenue sources are broken into three categories: rental revenue, internet revenue, and service revenue. Total rental revenue for 2006 is \$103,800, internet revenue of \$14,400 and service revenue of \$3,600 for a total of \$121,800 for the first year of operation. Operation expenses for

2006 totals \$165,718 with depreciation expense of \$104,587 for a total expense of \$270,305. This results in a net loss of \$148,505 for the period.

Year 2 shows revenues of \$140,520 and expenses of \$253,407 resulting in a net operating loss of \$112,887.

Year 3 shows revenues of \$161,040 and expenses of \$262,357 resulting in a net operation loss of \$101,317.

Note: According to GAAP (Generally Accepted Accounting Principles) 501 c3 non-profit corporations are required to carry capital assets (building, furniture, equipment etc.) on their balance sheets and depreciate those assets according to GAAP standards on their Income Statements. Depreciation is a non-cash expense that will not effect the cash flow statements. Amortization of start-up costs (architect & engineering fees) is also a non-cash expense that is expensed on the Income Statement but does not effect the Cash Flow Statement.

(See attached Excel file)

## **Monthly Cash Flow Statements**

The cash flow statement is a financial statement that shows the sources and uses of cash in an entity. The attached projections assume a starting date of January, 2006 and run a period of 12 months through December, 2006. The financial assumptions stated above are the basis for the projections.

In the operation of the TCBI the cash flow projections reflect the revenues and expenses of the income statement minus the depreciation expense. In the first year of operation, 2006, the TCBI starts with a positive cash position of \$67,000 and ends on December 31, 2006 with a positive cash position of \$23,082, resulting in a negative cash flow of \$43,918.

Year two results in a negative cash flow of \$8,300 and year 3 results in a positive cash flow of \$3,269. Year 3 is operating a 100% capacity for rental revenue. To increase cash flow the managing entity can raise rental rates, increase internet usage among tenants, or increase service revenue.

Note: According to GAAP (Generally Accepted Accounting Principles) 501 c3 non-profit corporations are required to carry capital assets (building, furniture, equipment etc.) on their balance sheets and depreciate those assets according to GAAP standards on their Income Statements. Depreciation is a non-cash expense that will not effect the cash flow statements. Amortization of start-up costs (architect & engineering fees) is also a non-cash expense that is expensed on the Income Statement but does not effect the Cash Flow Statement.

(See attached Excel file)

## **Implementation Section**

The next step for the Tioga County Department of Economic Development and Planning, in conjunction with key community stakeholding organizations, is to identify an existing entity or form a new non-profit entity to be the driving force behind the TCBI. Without a champion for the development of the TCBI the outlook for the project is not good. Putting together the right mix of business leaders, economic development specialists, education officials, and civic leaders i.e., stakeholders, is imperative to the success of the project.

Organizational meetings need to be scheduled inviting all interested stakeholders. The entity needs to be formed in compliance with the laws of New York. The Board of Directors needs to have a balance from the stakeholders to assure “buy in” for the project. Once the Board has been elected a financing committee needs to be established to start the grant writing process that will result in the funding for the TCBI. Additional committees need to be formed as the project progresses. A marketing committee and a policies and procedures committee need to determine the direction the TCBI will take with regards to developing a finalized marketing plan and operations manual.

The process of business planning is a dynamic process that relies on well defined mission and goals for the organization. The business plan itself is the strategy that helps an organization develop its mission statement, achieve its mission and meet its goals. As economic, market, and financial conditions change the business plan must be re-examined and evaluated based on the changing conditions. Planning is an essential process that leads to the success of any entity.

## Appendix

### Appendix A Study Team Profiles

**Cameron Wold** is a doctoral student at the University of Idaho where he is undertaking a PhD in adult education. He is also a Resource Developer at Boise State University where he works in communities to better their economic or social positioning on specific programs of entrepreneurship training and advancement, incubator development, and, community planning and development. This community work includes forging new partnerships, programs and funding opportunities at the community level.

While at the University of Colorado at Denver, Wold developed adult-based entrepreneurial training programs aimed at individuals wishing to start a business, as well as those already in business. These programs are practically based and focus on the importance that feasibility studies, business plans, and other planning documents play in the success of small business. He was a founding member of the US WEST Foundation's *Community Training in Telecommunications Team*. The team produced an introduction to the Internet, as well as practical applications of the Internet in education and small business, throughout the 14 state US WEST operating area. He was also a founding member of the US WEST Foundation funded *NxLevel™* Training Network, which began at the University of Colorado at Denver. The network, made up of not for profit entrepreneurial training organizations, now contains members in over 42 states which have graduated over 45,000 individuals in the five *NxLevel™* entrepreneurial curriculums (Existing Business, Start-ups, Youth, Micro-Entrepreneurs, and Alternative Agriculture).

Cameron is an active speaker and practitioner in the area of rural economic development. He is a frequent presenter at the NBIA annual conference in the areas of welfare transition, shared-use commercial kitchens, entrepreneurial training programs, and the Internet. He has addressed conferences of the AEO, Rural Development Council's, and other groups interested in these areas. Additionally, he consults with a variety of groups in establishing the tools of rural economic development including feasibility plans for general business and sector-based incubators, welfare transition programs, and adult entrepreneurial training programs.

Cameron holds a BA from Amherst College and an MBA from the University of Southern California. He also holds masters degrees in Theology and Educational Leadership from Golden Gate Baptist Theological Seminary. He is a member or associate member of the Association for Enterprise Opportunity, the National Business Incubation Association and the National Community Capital Association. His accomplishments in rural economic development have been recognized at the state and national level.

Mr. Wold is a primary author and editor of *Establishing a Shared-use Commercial Kitchen*. He is also a contributing author to *Guide For Start-ups*, and *Guide For Entrepreneurs*, two publications in the *NxLevel™* entrepreneur training series: Additionally he is an editor and author of "*Tilling the Soil of Opportunity*", a guide to alternative agriculture and editor and

primary author of *Business Plan Basics*, a guide for micro-entrepreneurs. Mr. Wold co-authored the Internet series *Introduction to the Internet; Applications of the Internet for Small Business*; and *Applications of the Internet for Educators*.

**John Lynn** is the Regional Director for the Idaho Small Business Development Center at North Idaho College. The ISBDC provides a wide range of consulting, training and feasibility analysis programs to small business owners and clients looking to start a small business. The ISBDC provides assistance in: business planning, marketing planning, advertising, cost analysis, cash flow projections, loan assistance information, market research, organizational development, purchases or sale of businesses, new venture analysis, technology transfer, and financial analysis. He has been at this position since 1/15/94.

John has a B.S. Degree in Geological Engineering and ad M.B.A. from the University of Idaho. He has a background in mineral exploration,, mine development, and mine management. John has started and managed several small businesses, and has extensive industry experience in marketing and financial analysis.

John is a Certified Idaho Business Consultant and a Certified Instructor for the NxLevel Business Start-Up and Entrepreneurial Programs. He is a member of The Association of Small Business Development Centers and is on the Board of Directors for Silver Cable and Cuba Mining Companies. He is a member of the Coeur d'Alene Chamber's Business Development Committee, Secretary for the Idaho Athletic Hall of Fame, Board Member and Coach for Coeur d'Alene CRUSH, and President of the Kootenai Girls Softball Association.