

Incubator  
Study

**LPA Associates**  
**10115 SW 44<sup>th</sup> Lane**  
**Gainesville, FL 32608**

October 30, 2003

Ms. Vikki Kulju  
Sawyer International Airport & Business Center  
417 A Avenue  
Gwinn, MI 49841

Dear Ms. Kulju:

Enclosed are two (2) copies of LPA Associates' proposal for a Feasibility Study and Implementation Plan Outline for the Development of a Business Incubator Program for the County of Marquette as required by the Request for Proposal and Instruction to Respondents.

Our proposal meets all of the requirements of the RFP. LPA Associates takes no exceptions and, in fact, proposes a study work program that exceeds the RFP requirements! The LPA Associates' proposal can be summarized as follows:

- Comprehensive assessment of community interest, support and commitment among business, civic, government and educational organizations for the establishment of a business incubation program in Marquette County;
- Thorough evaluation of the need for such a program, with emphasis on specific industry sectors of interest, and assessment of the likelihood of success;
- Evaluation of the impact of the area base closure and downturn of the steel industry;
- Analysis of available business, financial and educational resources/assets in the region that would be available to enhance business start-ups;
- Examination of problematic/advantageous elements of the Marquette County area;
- Complete analysis of financial resources, including likely partners, sponsors or investors and recommendation of a financial structure to create and support business incubation;
- Recommendation for the design of a business assistance program to allow the incubator to achieve financial self-sufficiency (**LPA Associates will deliver a cash flow projection template to optimize the project's financial plan – a deliverable beyond the requirements of the RFP!**);
- Recommendation regarding the type of governance/management structure that would be most effective, practical and/or workable;
- Assessment of available facilities and/or new construction for the business incubator(s) in terms of size, location, configuration and estimated costs;
- Assuming the study is positive, preparation of an outline of a comprehensive implementation plan for establishing the business incubation program (**this deliverable is well beyond the requirements of the RFP**);
- Examples of successful incubators that are economically similar to the Marquette County area for site visits.



*Proposal to Serve*

**COUNTY OF MARQUETTE, MICHIGAN**

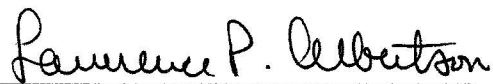
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**FEASIBILITY STUDY AND IMPLEMENTATION  
PLAN OUTLINE FOR THE DEVELOPMENT OF A  
BUSINESS INCUBATOR PROGRAM**

*Presented by:*

**LPA Associates**

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Lawrence P. Albertson, President

October 30, 2003

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# PROPOSAL TO THE COUNTY OF MARQUETTE FOR A FEASIBILITY STUDY AND IMPLEMENTATION PLAN OUTLINE FOR THE DEVELOPMENT OF A BUSINESS INCUBATOR PROGRAM

## Executive Summary

LPA Associates proposes to conduct a Feasibility Study as required in the Request for Proposal (RFP) and Instruction to Respondents and, if appropriate, prepare an Implementation Plan Outline. The intended purpose of this effort is to determine if the establishment of one or more business incubators is a viable vehicle for enhancing the growth, retention, and long-term success of start-up and emerging businesses in Marquette County, Michigan; and if the study is positive, to outline a plan for implementing the initiative. The sponsoring organization for the Feasibility Study and the Implementation Plan Outline is the County of Marquette, Michigan.

The objective of this endeavor is to establish one or more regional business incubators that would best meet the needs of the Marquette County area to develop new and more diverse business and employment opportunities by offering a supportive environment that accelerates the transition of business concepts into real products and services. Further, this initiative would foster the establishment and growth of new businesses, create value-added jobs and eventually develop a broader tax base. The goals will be met by conducting a Feasibility Study that accomplishes the following:

- assesses the level of interest, support and commitment in the area among business, civic, government and educational organizations for the establishment of a business incubation program (one or more business incubators);
- determines the need in the greater Marquette County area for a business incubator(s) and assesses the likelihood of success and the particular resources, strengths or unique characteristics of the region which could serve as a catalyst for sustained entrepreneurial growth of diverse new businesses; in particular, evaluates the impact of the area base closure and downturn in the region's steel industry in terms of lack of economic diversity and shortage of well paid jobs and the potential of a business incubation program in the region to have a positive economic impact;
- assesses the environment/resources of the Sawyer International Airport and Business Center, including their Intermediary Revolving Loan Fund, with regard to enhancing business start-ups;
- recommends the ideal focus of the business incubator(s) by identifying businesses and related industries (including but not limited to sectors such as high-tech, sustainable/green/environmental technologies, nanotechnology, software/multi-media, wellness and human performance, specialty foods, the arts, value-added wood products, agri-business, and fabricated metals/machinery) that have the potential to create new and expanded entities in the Marquette County area; identifies life cycle projections and trade-off decision factors by industry segment to assist in determining short-term vs. long-term investments and returns;

- examines problematic/advantageous elements of the greater Marquette County area to determine if there is an early indication of a preponderance of negative considerations (barriers) that might result in a recommendation to not proceed with the implementation of a business incubation program;
- recommends appropriate full-time staff for the incubation program to deliver the necessary business assistance to incubator tenant companies in order to enhance their chances for success;
- analyzes available financial resources, including likely partners, sponsors, or investors, as well as partnerships and alliances necessary for community and state support, and recommends a financial structure to create and support a business incubator(s) and, further, recommends the design of a business assistance program to allow the incubator(s) to achieve financial self-sufficiency within a reasonable period of time (**LPA Associates will also deliver a cash flow projection template for further “what if” studies to optimize the project’s financial plan as implementation proceeds – this deliverable is beyond the requirements of the RFP!**);
- assesses the educational assets in the area, in particular Northern Michigan University located in Marquette, in terms of the entrepreneurial environment in the area and the educational needs of prospective incubator client companies;
- makes recommendations regarding the type of governance/management structure (i.e., lead agency, either existing or to be newly formed) that would be most effective, practical and/or workable for a business incubator(s) operating within the Marquette County area;
- assesses available facilities and/or new construction for the business incubator(s) in terms of location, size and configuration, specifications and lease pricing, the range of services which should be provided, and the level of technology that should be available – the study will also provide cost estimates for the renovation of an existing building and/or new construction as appropriate;
- **assuming that the feasibility study is positive, LPA Associates will also prepare an outline of a comprehensive implementation plan for establishing the business incubation program in the area and indicating the necessary sequence of steps and approximate timing to secure funding, prepare a facility, establish governance, and develop the business assistance program including staffing to bring the business incubation program to a fully operational stage – this deliverable is well beyond the requirements of the RFP!**;
- finally, the study will cite examples of successful incubators or similar entities that are economically similar to the Marquette County area so that community leaders not familiar with business incubators can visit such programs to gain a better understanding of the business incubator concept.

The Feasibility Study and the Implementation Plan Outline will be conducted/prepared by LPA Associates, a consulting firm specializing in business incubation projects and knowledgeable regarding the development of incubator feasibility studies, and incubator business and implementation plans. Lawrence P. Albertson, President of LPA Associates, will be the principal investigator and is an expert on the development and evaluation of business incubator programs. Mr. Albertson is extremely well connected in the incubation industry and may call



upon other incubator consultants depending on the how the study unfolds and whether specialized expertise is required to properly complete the effort. LPA Associates will also be assisted by professional real estate and building contractors from the region and representatives from various local and regional economic development organizations as appropriate such as the Lake Superior Community Partnership, Chambers of Commerce of various area communities, the area Small Business Development Center (SBDC), SCORE, etc.

LPA Associates will prepare the Feasibility Study and Implementation Plan Outline under the oversight of Marquette County as required by the RFP – Ms. Vikki Kulju and Ms. Anne Giroux are the County’s representatives for this project. The Feasibility Study Report will be submitted within approximately 120 days after award of a contract; the Implementation Plan Outline approximately 30 days later if appropriate. Total fixed cost for the project is \$19,850.

### **I. Technical Discussion**

The objective of the Feasibility Study is to determine if the Marquette County, Michigan area can support a business incubation program (one or more incubators) to foster the creation of value-added jobs and eventually a broader tax-base. An Implementation Plan Outline, if the Feasibility Study outcome is positive, will provide the “road map” for the development and implementation of such an incubator initiative.

Business incubators are a proven tool for creating jobs, encouraging technology transfer and starting new businesses. Set up to assist in the growth and development of new enterprises, incubators are themselves a growth industry. Business incubators are helping build healthy, lasting businesses and they are doing it for a low cost and with a good return on investment for supporters. A very high percentage of incubated companies remain in their communities, confirming the goal of business incubators to build the business base for job creation and tax revenue in their regions. According to a recent study in 1997 – the most comprehensive one on business incubation to date – conducted under a grant from the Economic Development Administration (EDA) by the University of Michigan, the National Business Incubation Association (NBIA), Ohio University, and the Southern Technology Council:

- Business incubation programs produce graduate firms with high survival rates – a reported 87 percent of all graduates are still in business.
- Most firms that graduate from business incubators remain in their local communities – an average of 84 percent.
- Business incubation programs create new jobs for a low subsidy cost and a substantial return on investment. The estimated public subsidy cost per job created was \$1,109, compared to other publicly funding job creation programs typically costing \$10,000 to \$15,000 per job!

In the roughly 20 years since business incubators were first recognized as an economic development tool, their number has increased fifty-fold to more than 1000 in 2002 in the United States. A new incubator becomes operational each week, on average. More than 20,000 small

firms currently reside in incubators; thousands more are “graduates,” having moved on to occupy commercial space in their communities.

Business incubators accelerate the development of successful entrepreneurial companies by providing hands-on assistance and a variety of business and technical support services during the vulnerable early years. Typically, incubators provide offices and manufacturing facilities for a number of businesses under one roof with such amenities as flexible space and leases; office services and equipment on a pay-as-you-go basis; an on-site incubator manager and staff as a resource for business advice; orchestrated exposure to a network of outside business technical consultants, often providing legal, accounting, marketing, engineering and design expertise; assistance with financing; and opportunities to network and transact business with other firms in the same facility. Incubators reduce the risks involved in business start-ups, and their young tenant companies gain access to facilities, equipment and resources that might otherwise be unavailable or unaffordable.

The National Business Incubation Association (NBIA) defines a business incubator as follows:

- Provides business assistance to early-stage companies
- Has staff who deliver and coordinate business assistance services
- Leads companies to become self-sufficient
- Provides shared office services, access to equipment, flexible leases, expandable space – all under one roof.

**Note that building itself, while important for establishing an efficient incubation program, falls last in the definition, while providing business assistance to emerging enterprises is first and foremost in a successful business incubator project!**

An incubation program’s main goal is to produce successful graduates – businesses that are financially viable when they “graduate” from the incubator, usually within two or three years from entering the program. Highly adaptable, incubators have differing goals: to expand the business base for well-paying jobs, to diversify local economies, to provide employment for and increase the wealth of depressed communities, and/or transfer technology from universities and major corporations.

Similar to venture capitalists, incubators impose selection criteria upon prospective tenants; some accept a mix of companies but others concentrate on industry niches, some incubator accept all companies regardless of their stage of development while others insist on the presentation of a completed business plan as an entrance criterion – the actual selection criteria will closely align with the incubator’s goals.

**Why conduct a feasibility study?** No matter how often an entrepreneur hears of the utmost importance of a business plan, most entrepreneurs do not spend the time and resources to craft a comprehensive plan or maintain a current business plan. In many instances, when the entrepreneur finally begins in earnest to prepare a business plan, the end result is more an exercise in proper format rather than a true planning guide. These plans are often more fiction than fact, and quickly become a “shelf document” rather than a valuable company resource.

Often the need to create a business plan is thrust upon the entrepreneur as a requirement to achieving something more desirable: access to someone else's money. In this case, the entrepreneur begrudgingly completes the business plan, and the person or organization requiring the plan is often disappointed with the results.

The process of conducting and completing a feasibility study can be compared to the process of preparing a business plan. In fact, when the feasibility study is completed, many of the components of the incubator business plan will be in place. However, many business incubators in existence today have not completed a feasibility study. The irony is that many of these same incubators require their tenants to have a business plan!

The major reasons why a feasibility study is important are the following:

- The process can be used to forge consensus among key civic leaders and organizations regarding the definition of the type of incubator that best serves their community's needs and to identify proper stakeholders and managers for the program.
- The process can become the catalyst to motivate participation by a number of local resources that can provide facilities, equipment, human resources, funds, competitive offers that produce better prices, etc. that otherwise might not have contributed.
- A proper feasibility study results in at least an outline for a facilities and service program business plan.
- **Solicitation of most federal, state and local funds requires a feasibility study.**
- Many political leaders, local business owners, and other civic leaders have little knowledge about business incubation. Conducting a feasibility study should include substantial community education. Otherwise the project begins with a measure of confusion as key people, attempting to do good work, base their decisions on an incorrect or incomplete concept of business incubation that is inconsistent with their colleagues' concepts and the informed practice of the incubation industry.
- After more than 20 years of growth in the incubation industry, there are many examples of programs that have made critical errors in such areas as facility selection, governance structure, and the formation of valued-added management assistance service programs. These errors are numerous enough to demonstrate the importance of a feasibility study that identifies the best practices and avoids patterns of error.
- It is important to make contact with a number of successful incubator programs in communities that are similar. There are enough programs with more than three years operating experience to permit identification of several from which to learn. Their experiences – good and bad – from development to operations, when combined with the wealth of information that NBIA has accumulated on contacts, research, and recommended practices, will significantly reduce the margin for error and increase the productivity of the time spent on the study.
- **A proper feasibility study will help to avoid three "classic" errors:**
  1. **The temptation to accept the worst building in town or a building that is not appropriate to serve the need in the community.**

2. **The temptation to treat the business assistance program as something that will take care of itself with a few referrals for business plan assistance and a few office practices.**
3. **The danger of undercapitalizing the project by not providing sufficient operating funds to carry the program through to financial self-sufficiency (a particularly critical consideration!).**

If the results of the feasibility study are positive (i.e., the recommendation is to proceed with establishing a business incubation program in the community), an implementation plan outline should be prepared to guide the incubator development process. One important aspect of the implementation plan will be the preparation of an outline for a business plan for the project. As noted earlier, with the completion of the feasibility study, many of the elements of the business plan will already be in place.

## **II. Work Program**

The **Feasibility Study** work program will follow a classic format for such efforts and will incorporate the required elements as outlined in the Request for Proposal and Instruction to Respondents document. The major activities are as follows:

1. **Test Community Reaction** – Community reaction will be tested and influenced through a series of interviews, surveys and meetings with key civic leaders. The initial activity will be the formation of an ad hoc Feasibility Study Task Force comprised of community representatives (local government, economic development organizations, educational institutions, businesses and others) that are or could become stakeholders in the business incubation program. Each member of the Feasibility Study Task Force will be interviewed individually to form an initial reaction to the incubator concept. The next step will be to meet with the Task Force to prepare a list of other persons in the community to interview (either directly or through a survey instrument). **As noted in the Technical Discussion, it is very important to gauge the level of community interest and reaction (support and commitment), both negative and positive, and to form a consensus for the project.** LPA Associates will conduct/gather a minimum of 50-75 interviews/surveys during this task. A report will be issued on the outcome (see list of deliverables).
2. **Analyze the Economic Condition of the Marquette County Area** – The primary focus will be to assess the health of the local economy and to determine the willingness (commitment) of both local businesses and the regional government to support an incubation project in the community. In addition, incubation opportunities will be evaluated for both urban and rural areas based on growth, employment potential, wage and benefit level, and other factors to assist in determining those with the highest economic potential and value. Further, the study will evaluate the impact of the area base closure and the downturn of the region's steel industry in terms of lack of economic diversity and shortage of well paid jobs. An inventory of the type of businesses, available commercial real estate and available workforce will be included in the analysis. A review of available facilities is particularly important at this early



stage of the feasibility study since it will provide an initial indication of whether renovation of an existing building is a viable option for the incubator program or whether new construction is the better alternative – **this decision will bear heavily on the funding requirements for the project.** A report will be generated from this task.

3. Recommend the Ideal Focus of a Business Incubator – This task will involve several research activities including: surveys of companies that have recently filed for occupational licenses with the County; surveys of businesses that have accessed resources of the Small Business Development Center, SCORE and other business assistance organizations in the area; surveys/interviews of other appropriate companies, both large and small, in the area that may have interest in an incubation program; and collection of secondary demographic information, which might unveil either obstacles or resources that can indirectly affect the project. All sources of data used in this research will be properly identified and footnoted. From this information/data a list of business/industrial segments (including but limited to sectors such as high-tech, sustainable/green/environmental technologies, nanotechnology, software/multimedia, wellness and human performance, specialty foods, the arts, value-added wood products, agri-business, and fabricated metals/machinery) with the greatest potential for the greater Marquette County area will be prepared and a complete explanation of the industry, location requirements, potential jobs and peripheral businesses, life cycle projections and trade-off decision factors by industry segment to assist in determining short-term vs. long-term investments and returns, will be developed and reported. These research activities will lead to the determination of the ideal focus for the incubator that will have the greatest potential of success and provide the greatest benefits to the region. **Tasks 3 and 4 will serve as a “Needs Analysis” for the project.**
4. Evaluate Business Assistance Resources in the Community – The Study will evaluate the environment/resources available through the local business and academic communities and recommend how these resources could be marshaled to provide on-going support and assistance through one-on-one counseling, mentoring opportunities and educational programs (from Northern Michigan University, for example). A particular resource to be studied is the Sawyer International Airport and Business Center, including their Intermediary Revolving Loan Fund. A report will be issued.
5. Examine Problematic/Advantageous Elements of the Marquette County Area – The intent is to explore any negative or positive characteristics of the greater Marquette County area, in relation to incubator-type arrangements, that may have been identified during any of the previous activities. **At this point in the Feasibility Study a comprehensive and thoughtful review of any problematic issues is especially critical since, if there is a preponderance of negative considerations (barriers), the recommendation from the Study may be to not proceed or at least first remove any major obstacles!** A report detailing any problematic/advantageous elements in the region will be submitted.
6. Facility – Based on the community’s needs and recommended focus of an incubation program, the study will make recommendations regarding the most suitable space in terms of location, size and configuration, the range of services which should be provided, and the level of technology which should be available within the facility.

The study will also provide cost estimates for the renovation of an existing building or construction of a new facility if appropriate.

7. Recommend Incubator Staffing – The Study will review the availability of local resources and determine the appropriate full-time staffing required to deliver the necessary business assistance to incubator tenant companies in order to enhance their chances for success. The staffing plan will be documented and will include both minimum and recommended levels of staff positions to achieve program objectives.
8. Analyze Financial Structuring – Based on financial resources (including likely partners, sponsors, or investors, as well as partnerships and alliances necessary for community and state support) available, the Feasibility Study will determine if these resources are adequate to support the incubator and a business assistance program and allow for achieving financial self-sufficiency in a reasonable period of time. The Study will also recommend how the available resources should be structured and the business assistance program designed to achieve this goal (including ways that entrepreneurs in outlying communities can be linked and supported by central incubation programs and services – if multiple opportunities exist, linkages and synergies will be described). Should the financial resources not be sufficient to support the incubator and the business assistance program as defined by the needs analysis, the Study will identify other potential sources of funds and the process by which such funds might be accessed. Finally, the Feasibility Study will formulate a detailed budget including potential funding sources for acquiring and/or renovating a facility or for new construction, and to support the business assistance program -- revenues and expenses will be developed for the first 3 years of operation. **LPA Associates will also deliver a cash flow projection template for further “what if” studies to optimize the project’s financial plan as implementation proceeds – this deliverable is beyond the requirements of the RFP! See sample in Appendix C.**
9. Governance Structure – The Study will make recommendations regarding the governance structure (i.e., lead agency, either existing or to be newly formed) that would be most effective, practical and/or workable for a business incubator(s) operating within the Marquette County area. These recommendations will be documented and will include the size, composition, authority and role of a Board of Directors and the qualifications and responsibilities for staff positions.

At the end of the Feasibility Study, conclusions and recommendations will be given one final reality check and a final report will be prepared. It is important to note that many people get caught up in the process of the Feasibility Study and permit themselves to be forced into a recommendation to proceed. Before making such a recommendation, the following key issues will be reviewed:

- Remember that over 90 percent of feasibility studies conducted in the incubation industry recommended that the business incubator project proceed. When problems arose with the project, there were four major areas of after-the-fact complaints regarding usefulness of the feasibility study’s recommendations:
  1. The feasibility study gave a recommendation to proceed but neglected to provide adequate detail on such critical topics as how to proceed, where to begin, or whom to approach and when.

2. The feasibility study left gaps in funding, depending on too many “long-shot” events that were unlikely to occur and had no sense of timing regarding each funding source.
  3. The feasibility study assumed acquisition of a property and commitment to a significant debt without valid evidence of customer demand.
  4. The feasibility study looked like a “cookie cutter” version of a study that was done in another city. The conclusions were so general that they could apply anywhere and everywhere.
- Be sure the target facility shows the potential to provide enough rental income and the opportunity for service programs to generate income greater than expenses.
  - Re-evaluate the program to see if it is really organized to feature services appropriate for the market niche. Are the services worth paying for?
  - Examine the financial assumptions. Are the projections based on the probability that “soft money” (subsidies) will not sustain the program long term?

If the study is comprehensive enough to eliminate the above concerns, a “GO” decision may well be appropriate. However, any conditions or stipulations must be clearly stated and understood.

Assuming the Feasibility Study to be positive – that is, to recommend that a business incubation program should be established for Marquette County – a detailed and comprehensive **Implementation Plan Outline** will be developed to indicate the necessary sequence of steps and approximate timing to secure the funding, prepare the facility, establish governance, and develop the business assistance program including staffing to bring the business incubator program to being fully operational. This Implementation Plan Outline will take into account the assumptions and the schedules necessary for the project to achieve self-sufficiency.

The study will cite examples of successful incubators or similar entities that are economically similar to the Marquette County area so that community leaders not familiar with business incubators can visit such programs to gain a better understanding of the business incubator concept.

A sample Table of Contents for an incubator business plan is contained in Appendix D. The actual Table of Contents for a greater Marquette County incubator business plan may be different depending on the outcome from the Feasibility Study and the details of the Implementation Plan Outline.

### **III. Management Discussion**

The schedule for completion of the various tasks that comprise the Feasibility Study and the preparation of the Implementation Plan Outline is contained in the following listing of the deliverables for the project and their respective submission dates. Note that some flexibility in the deliverables schedule is required to account for any delays or scheduling difficulties in arranging for the various meetings, interviews, and other activities necessary for completion of the Feasibility Study. However, LPA Associates will make every effort to maintain the delivery

schedule for the Feasibility Study Final Report and the Implementation Plan Outline as noted in the following table.

	<b>Deliverables</b>	<b>Time (Approximate)</b>
1.	Testing Community Reaction	45 days
2.	Assessing the Economic Condition of the Marquette County Area	60 days
3.	Ideal Focus of the Business Incubator	65 days
4.	Business Assistance Resources in the Community	70 days
5.	Problematic/Advantageous Elements	75 days
6.	Facility Considerations	80 days
7.	Recommended Incubator Staffing	90 days
8.	Financial Structuring	100 days
9.	Incubator Governance	110 days
10.	Final Feasibility Study Report	120 days
11.	Implementation Plan Outline	150 days

It is important to recognize that these deliverables, except for the Final Feasibility Study Report and the Implementation Plan Outline, are preliminary or interim reports since all of the various Work Program activities are ongoing. For example, even though community reaction is documented in the first deliverable, the effort to educate community leaders and solicit support for an incubator program will continue. Additional information will be gathered for all of the Work Program activities, even following publication of the respective deliverables, as the study proceeds until the Final Report is issued.

As noted in the Executive Summary, the total time required to complete the effort is approximately 150 days (5 months) and the deliverables schedule is shown above. The Feasibility Study and Implementation Plan Outline will be conducted/prepared by LPA Associates, a consulting firm specializing in business incubation projects and knowledgeable regarding the development of incubator feasibility studies, and incubator business and implementation plans.

Lawrence P. Albertson, President of LPA Associates and an expert on the development and evaluation of business incubator programs, will be the principal investigator for the project. Mr. Albertson has considerable entrepreneurial experience as co-founder of two successful technology-based startup companies and for the past 13 years has been operating effectively in the economic development arena. Mr. Albertson's résumé is in Appendix A along with several references. Appendix E includes several past incubator feasibility study project descriptions and client contacts. The highlights of his background include:

- Co-founder of two successful technology-based businesses.
- Established Rochester, New York's first regional economic development organization to assist early-stage companies; prepared the funding proposal and business plan for a 50,000 square foot \$6 million business incubator facility that has been operating successfully for 6 years.



- Developed a business assistance program for one of Enterprise Florida's Innovation and Commercialization Centers in Gainesville, Florida; assisted in preparation of the EDA funding proposal (including the financial template and projections), the architectural review/design, and the draft business plan for a 30,000 square foot technology incubator now operating in Gainesville.
- Completion of several recent incubator feasibility analyses – a mixed use incubator for Ocala, Florida; an empowerment incubator for the Core City of Jacksonville, Florida; a mixed use incubator for Homestead, Florida; a technology-oriented incubator for Glens Falls, New York; **a mixed use/technology incubator in Pell City, Alabama (see financial projections in Appendix C)**, and a preliminary feasibility analysis for a biotechnology incubator in Portsmouth, New Hampshire.
- Implementation/evaluation of an incubator program in the sovereign state of Malta; business incubator reviews/presentations in Canada, Germany, China, Portugal, Dominican Republic and The Netherlands.
- Served for six years on the NBIA Board of Directors; held offices of treasurer and Vice Chairman; **recently completed term as Chairman of the NBIA Board of Directors for 2000-2001.**

Mr. Albertson's work on mixed use business incubators in Ocala and Homestead, Florida and Pell City, Alabama are particularly relevant to the proposed business incubation program for the Marquette County area. The Homestead project included both a feasibility study and then the development of the business plan; in the Ocala project the initial task was the feasibility study – project implementation is currently underway and the business plan will be developed during the incubator facility construction; the Pell City/St. Clair County area is very similar both demographically and economically to Marquette County – currently the challenge of financial support for project implementation is being addressed.

The Pell City/St. Clair County project was conducted under the auspices of the Northeast Alabama Entrepreneurial System (NEAES), a business incubation program characterized for start-up and light manufacturing businesses in a relatively rural community. NEAES is, therefore, one of the incubator programs that might be visited by Marquette County community leaders to become more familiar with successful incubator projects – information regarding the NEAES incubator is included in Appendix B.

Mr. Albertson is extremely well connected in the incubation industry and may call upon other incubator consultants depending on the how the study unfolds and whether specialized expertise is required to properly complete the effort. LPA Associates will also be assisted by professional real estate and building contractors from the region and representatives from various local and regional economic development organizations as appropriate such as the Lake Superior Community Partnership, Chambers of Commerce of various local communities, the area Small Business Development Center (SBDC), SCORE, etc.

LPA Associates will require modest administrative support from Marquette County or collaborating partners to facilitate the Feasibility Study. During four planned, week-long visits to the Marquette County area to direct the Feasibility Study activities, Mr. Albertson will require

access to an office with a telephone and computer and minimal assistance in arranging and scheduling the ad hoc Feasibility Study Task Force and other meetings, making community introductions, touring the area, coordinating site visits, preparing and collecting survey mailings, distributing reports, assistance in gathering appropriate demographic information, etc.

LPA Associates will prepare the Feasibility Study and Implementation Plan Outline under the oversight of Marquette County as required by the RFP – Ms. Vikki Kulju and Ms. Anne Giroux are the County’s representatives for this project.

**IV. Budget**

The budget breakdown for the Feasibility Study and the Implementation Plan Outline is as follows:

<b>Budget Category</b>	<b>Feasibility Study and Implementation Plan Outline Cost</b>
Labor (based on 250 hours at \$65 per hour)	\$16,250
Travel (assumes 4 trips from Gainesville for Mr. Albertson – transportation, lodging, meals, misc.)	3,200
Materials (office supplies, report preparation, etc.)	100
Communications (telephone, FAX, email, etc.)	150
Miscellaneous	150
<b>TOTAL</b>	<b>\$19,850</b>

The fixed cost for the Feasibility Study and Implementation Plan Outline is \$19,850. Travel expenses, which are included as noted above, are calculated based on the following:

- Travel between Gainesville, Florida and Marquette, Michigan -- \$250 per round trip
- Car rental for one week -- \$200
- Lodging for one week -- \$200
- Meals, miscellaneous for one week -- \$150
- Total estimate for each one week trip from Gainesville -- \$800

Four week-long trips to the Marquette County area for Mr. Albertson are proposed as follows: the first trip at the onset of the project to meet with the ad hoc Feasibility Study Task Force and other community leaders and to begin the effort to test community reaction, analyze the economic condition of the region, and determine the ideal focus of a proposed incubation program; the second week-long trip roughly six weeks later to discuss and report progress to date, begin the study of facility considerations, explore business assistance resources in the region and consider problematic/advantageous elements of the project; the third trip another six weeks later to again discuss and report progress to date, develop detailed facility considerations and incubator staffing, and analyze financial structuring and program governance; finally, the last planned week-long trip at the end of the four month study activity to finalize all project tasks

and deliver the Final Feasibility Study Report including the required public presentation; the Implementation Plan Outline will be submitted approximately one month later.

Between the four week-long visits to the Marquette County area, Mr. Albertson will continue to work on the Study from his office in Florida gathering additional background information, analyzing data and information previously collected, and communicating as necessary with appropriate contacts in Michigan using telephone, FAX and email.

Please note that the cost for the Feasibility Study and Implementation Plan Outline has not been itemized to reflect the cost associated with each section of the study. Earlier in this proposal it was noted that the study activities are ongoing even beyond the publication of individual deliverable reports. New information on all aspects of the study continues to be gathered through publication of the final reports. These activities essentially are conducted in parallel rather than in series (that is, several activities are underway at any one time) and so it is very difficult to segregate the costs. However, LPA Associates is prepared to discuss itemization of costs with Marquette County officials if this issue is critical to proposal acceptance.

**PROPOSAL TO THE COUNTY OF MARQUETTE FOR A FEASIBILITY STUDY  
AND IMPLEMENTATION PLAN OUTLINE FOR THE DEVELOPMENT OF A  
BUSINESS INCUBATOR PROGRAM**

**APPENDIX A**

**Lawrence P. Albertson Résumé and References**

**LAWRENCE P. ALBERTSON**  
10115 SW 44<sup>th</sup> Lane  
Gainesville, FL 32608  
(352) 338-1750

**EXPERTISE** Specializes in consulting assignments to support emerging technology-based enterprises including: assistance developing business plans, marketing programs especially with international sales opportunities, and financing to support company growth. Special interest in business incubator opportunities including: feasibility studies; program assessments, evaluations and benchmarking; preparation of business plans including financial proformas to achieve self sufficiency; and international incubator initiatives.

**SUMMARY** Completed a variety of comprehensive business incubator feasibility studies for a wide range of communities. Operated productively in non-profit sector assisting emerging companies in establishing business operations, with emphasis on developing financing opportunities; directly responsible for establishing and managing effective, regional economic development initiatives and business incubators in two different communities with broad support. Co-founded two successful technology-based companies. Background also includes responsible positions with two major corporations in production, marketing, finance and business management with considerable international experience.

#### **EXPERIENCE AND ACCOMPLISHMENTS**

**LPA ASSOCIATES** **PRESIDENT** (1999-Present)  
Consulting practice specializing in business incubation and business incubator feasibility studies, program assessment, evaluations and benchmarking; business plans for incubator program and for early-stage companies; international business opportunities; small business management training.

**NORTH FLORIDA TECHNOLOGY INNOVATION CORPORATION** **PRESIDENT** (1995-1999)  
Primary responsibility for implementing a regional economic development initiative to assist emerging technology-based companies; established an "incubator-without-walls" program and was instrumental in community effort leading to construction of new business incubator facility. Organized both a service delivery organization and a for-profit seed investment fund; established long-term client relationships with an impressive portfolio of growth businesses; hired and trained a professional staff and implemented a graduate level student intern program. Successfully directed organization toward financial self-sufficiency.

**HIGH TECHNOLOGY OF ROCHESTER** **MANAGING DIRECTOR** (1989-1995)  
Responsible for establishing the community's first regional economic development organization to assist early-stage, technology companies; assisted in securing funding for the program and in developing an extensive network of in-kind support and services for more than 130 emerging businesses in the program portfolio. Identified and made introductions to potential sources of financing for portfolio companies; organized and implemented a full range of programmatic activities to support the business objectives of the area's technology-based firms. Responsible for technology transfer activities with local universities and directed a NASA-funded initiative for accessing technology at federal laboratories. Prepared funding proposal and business plan for \$6 million business incubator facility.

**APPLIED IMAGE, INC.** **EXECUTIVE VICE-PRESIDENT, CHIEF OPERATING OFFICER** (1985-1989)  
Responsible for all day-to-day operations including production, marketing, and financial functions for company specializing in precision imaging products for electro-optical and microelectronics applications. Provided support for construction, setup and operation of a class 100 clean room for fabricating photomasks for the semiconductor industry.

**VERAX  
SYSTEMS, INC.**

**PRESIDENT, CHIEF EXECUTIVE OFFICER** (1983-1985)  
Co-founded company to develop, manufacture and market precision measuring instruments for law enforcement and quality assurance industries. Directed and guided company through start-up phase including: equity/bank financing for initial operations; established microprocessor-based breath alcohol analysis instrument as the market leader for law enforcement use in obtaining DWI evidence; formed tax-advantaged R&D partnership to fund extensive development program for computer-assisted gauging product line; personally negotiated major state contracts for breath analysis instruments resulting in excess of \$1 million in backlog and foundation for profitable operations.

**PERKIN-ELMER  
CORPORATION**

**DIRECTOR, SUBCONTRACTS MANAGEMENT** (1980-1983)  
Established centralized subcontracts organization for the Optical Technology Division, a leading supplier of advanced electro-optical systems for space programs. Responsible for subcontracts with annual value in excess of \$50 million. Staffed the Directorate, prepared position positions, revised and updated appropriate Corporate/Division policies and procedures to reflect new organization charter.

**PHOTOGRAPHIC  
SCIENCES  
CORPORATION**

Co-founder of company offering precision imaging services and products to the computer-output-microfilm industry and sophisticated scanning equipment for bar code applications. Served in several capacities:

- **PRESIDENT, CHIEF EXECUTIVE OFFICER** (1976-1979)  
Responsible for record sales and earnings. Directed expansion of existing product lines and successfully negotiated for worldwide marketing rights to highly sophisticated electro-optical scanning devices. Personally responsible for development of international business including a dealer organization in Europe and Japan and a joint-venture agreement for a production facility in Germany.
- **VICE PRESIDENT MARKETING** (1974-1976)  
Established domestic field sales organization with offices in New York City, Chicago and Los Angeles. Initiated first advertising agency relationship and prepared and implemented first formal company marketing plan.
- **VICE PRESIDENT PRODUCTION** (1970-1974)  
During company start-up had prime responsibility for establishing production capability. Selected and installed state-of-the-art computerized equipment to support precision products and to assure future capacity.

**EASTMAN  
KODAK  
COMPANY**

**SENIOR DEVELOPMENT ENGINEER** (1962-1970)  
Assignments included analysis and synthesis of complex, state-of-the-art photo-optical systems such as the NASA Lunar Orbiter Satellite Program – responsible for monitoring Kodak equipment located at NASA tracking stations and assuring successful electro-optical reconstruction of lunar mapping photographs transmitted from the spacecraft.

**NATIONAL  
BUSINESS  
INCUBATION  
ASSOCIATION**

Member of the National Business Incubation Association (NBIA) since 1989. Served on several NBIA Committees; elected to Board of Directors in 1995; Treasurer 1997-98; First Vice Chairman 1999-2000; Board Chairman 2000-2001. Represented NBIA in several international business incubation conferences and seminars including Berlin, Milan, Valletta (Malta), Lisbon, Santo Domingo and Beijing. Speaker at NBIA Annual Conferences and participant in NBIA Training Programs.

**EDUCATION**

BS in Photographic Science, Rochester Institute of Technology; graduated with academic honors, top 1% of class. Graduate work in Optics at University of Rochester. Participated in wide range of extra-curricular activities: President of Student Council and Phi Sigma Kappa Fraternity; Who's Who in American Colleges and Universities.

**REFERENCES**

Available upon request



**Lawrence P. Albertson**  
10115 SW 44<sup>th</sup> Lane  
Gainesville, FL 32608

**References for the Business Incubation Feasibility Study and  
Implementation Plan Outline for Marquette County, Michigan**

**Dinah Adkins**, President and CEO  
National Business Incubation Association  
20 E. Circle Drive, Suite 190  
Athens, OH 45701  
(740) 593-4331

I have been a member of NBIA for 13 years and served on the Board of Directors from 1995 to 2001 as Treasurer and Board Chairman. I have worked closely with Ms. Adkins in guiding the organization through a period of unprecedented growth.

**Michael Bryant**, Director  
Urban Ministries  
FreshMinistries  
1131 North Laura Street  
Jacksonville, FL 32206  
(904) 355-0000

I have worked closely with Mr. Bryant for the past 24 months first in conducting the feasibility study for the Core City Incubator in Jacksonville and then the implementation of the program. This incubator is important to the redevelopment of the downtown area in terms of both job creation and reinvestment, particularly for the minority community. The new incubator facility is currently under construction.

**C. Richard Hale**  
60 Pandanaram Road #17  
Danbury, CT 06811  
(203) 743-9340

Mr. Hale and I have been business associates and personal friends for more than 35 years. He and I began our professional careers together at Eastman Kodak and later worked collaboratively at Perkin Elmer Corporation. In 1972, Mr. Hale joined me at Photographic Sciences Corporation as Vice president of Marketing and remained with the company for three years.

**Dr. Arnold A. Heggstad**  
University of Florida College of  
Business Administration  
Box 1171168  
Gainesville, FL 32611  
(352) 392-2610

Dr. Heggstad is the Chair of INVEST in North Florida, the wholly owned investment seed fund of the North Florida Technology Innovation Corporation – I served as President of both NFTIC and INVEST. More recently, NFTIC has been merged with Enterprise North Florida Corporation in Jacksonville. Dr. Heggstad was a member of the search committee that hired me at NFTIC, from 424 applicants, and traveled to Rochester, NY during the interviewing process to meet directly with several of my references.

**PROPOSAL TO THE COUNTY OF MARQUETTE FOR A FEASIBILITY STUDY  
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**APPENDIX B**

**Northeast Alabama Entrepreneurial System**

**Business Incubator**

**NORTHEAST ALABAMA ENTREPRENEURIAL SYSTEM**  
*Improving Business Success Rates*

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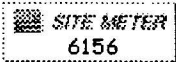
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***What is the Northeast Alabama Entrepreneurial System?***

The Northeast Alabama Entrepreneurial System is a business incubation program for start-up service and light manufacturing businesses. The Northeast Alabama Entrepreneurial System supports business ideas from the early stage of company development until the graduation stage of growth.

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## **What is a Business Incubation Center?**

The Business Incubator Center is a 40,000 square foot facility. We offer below market cost office and light manufacturing space. We help new companies preserve their valuable start-up and operating capital by offering access to the following services:

- Communications and data services including telephone & T-1 access to the Internet.
- Full Service Office Equipment Center
- Full Service Internal Mail Center
- Conference Room
- Receptionist and Phone Answering
- Ability to Network With Other Entrepreneurs
- In-House Business Training Seminars (Provided by Professionals)
- Secure Facility
- Break Rooms

## **Why the Concern for Small Business Development?**

As large employers across the United States are shrinking their employee numbers, more and more individuals are turning to entrepreneurial endeavors. Small business is the fastest growing business segment in the U.S., but the failure rate is extremely high. Only one in five business start-ups succeed, according to the U.S. Small Business Administration. Business Incubation programs are designed to increase that success rate, thereby contributing to local economic development and diversity.

Research indicates that in a typical community, more than 90 percent of new jobs come from start-up businesses or the expansion of local firms. By providing start-up counseling through business planning, a strong support network and affordable space with business services, the entrepreneurial system encourages new business ventures while attempting to minimize some of the risk.

While an incubator program cannot guarantee success, it can improve the success rate. According to the National Business Incubation Association, the overall success rate for businesses that begin in an incubator environment is 87 percent.

## **How can I be a part of the Entrepreneurial Center?**

- Call to make an appointment for an initial consultation.

- Complete a pre-application and discuss the business idea with Entrepreneurial System staff. This will help to determine the feasibility of the idea and the applicant.
- Submit a business plan. It should include:
  - A Description of the Proposed Company
  - The Management Team
  - Market Analysis
  - Financial Information
- Present a proposal to the Tenant Selection Committee

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[Elements Of A Business Plan](#)

[Market Gap Analysis](#)

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**Available In the Local Calhoun County Alabama Area**

[Ayers State Technical College](#)

[The Anniston Star Newspaper](#)

[Calhoun County Chamber of Commerce](#)

[City of Anniston, Alabama](#)

[City of Oxford, Alabama](#)

[Jacksonville State University](#)

[McClellan Joint Powers Authority](#)

[Spirit of Anniston](#)

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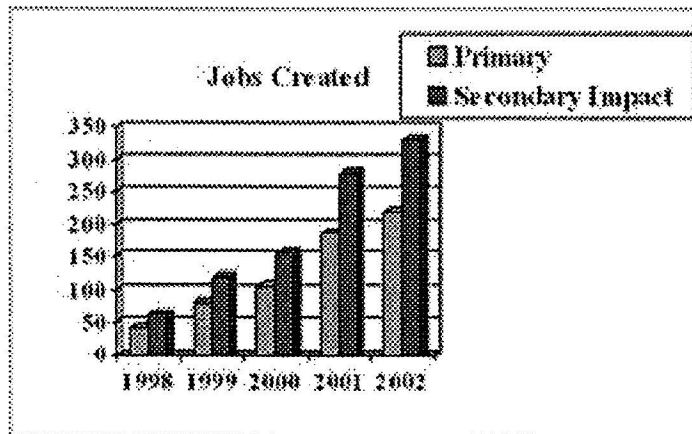
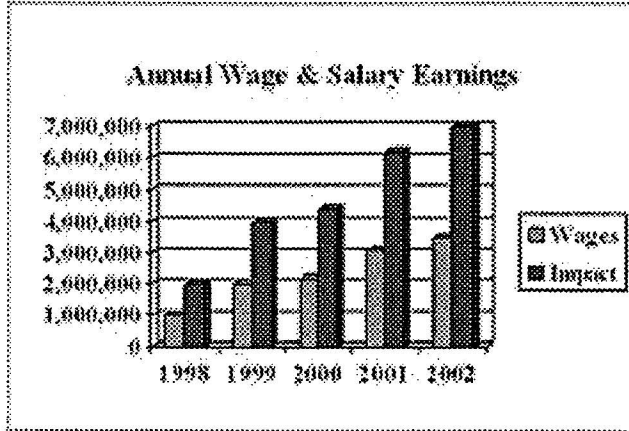
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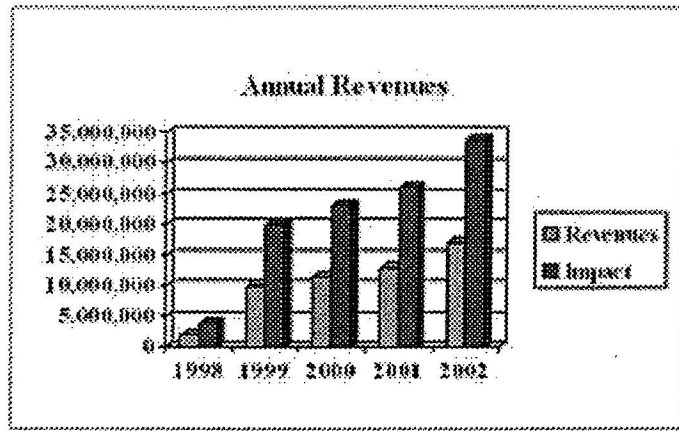
# Economic Impact

## Economic Impact - 1998 -2002

Economic Impact is the driving force of any community development. Illustrations below demonstrate the importance of small business growth to the overall economy of our region. This data represents aggregate revenue from all E-Center tenants. Secondary impact numbers are based on conservative multipliers recommended by the Center of Economic Development at Jacksonville State University.

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# NORTHEAST ALABAMA ENTREPRENEURIAL SYSTEM

*Improving Business Success Rates*

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## E-Center News



October 2003

### TENANT NEWS

Meet our newest tenant.....

## Signature In-Home Care

Founded by Judy and Roger Hansek, Signature In-Home Care is a non-medical in-home companion care and services business for the elderly. The business entails offering high-quality care and services to seniors who prefer to continue living at home, rather than move to a hospital or other care facility, but need some assistance to do so.

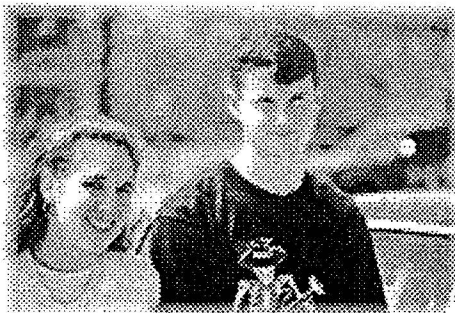


Judy (President) and Roger Hansek (VP)  
Signature In-Home Care

### Teddy's Star-

## A Foundation for Hope

a charitable foundation based at the Entrepreneurial Center, recently announced the addition of Senator John McCain of Arizona to its National Advisory Committee. Teddy's Star was founded in 1999 after the death of Teddy McLaughlin, son of Edward D. McLaughlin, Jr. and Mary M. McLaughlin, in a car accident. It's purpose is to provide assistive technology to quadriplegics and other severely injured persons who cannot afford these expensive machines. Christopher Reeve, the actor who was paralyzed after being thrown from a horse on his farm in Virginia several years ago, employs such a device to answer the telephone, access a computer and television set, and otherwise give himself some measure of independence. Senator McCain joins other distinguished individuals who serve on The Foundation's Advisory Committee, such as former Senator Max Cleland of Georgia, Senator Edward M. Kennedy of Massachusetts, Dr. William



Teddy McLaughlin with friend Catherine  
Ruffin

Friday, President Emeritus of the  
University of North Carolina, among  
others.

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## *Start Your Business NOW!!*

*The following article is reprinted from Wayne State University Small Biz newsletter*

Have you been thinking about starting a business? Or perhaps you're considering an expansion of your existing business. Finally, current economic conditions are conspiring to offer you the best environment for a business start-up. Current conditions are as favorable for start-ups as any time we've seen since late 1982, the year we were just beginning to emerge from a deep and prolonged recession and enter a 20-year expansion that was interrupted only briefly in 1991.

Our present environment looks even better than 1982, as interest rates are lower, and the job losses during our recent downturn were not nearly as devastating as 1982, when the jobless rate hit 10.8 percent in October, a dreary number that still holds the post-Depression record for unemployment. More people are employed now and their paychecks are relatively higher thanks to productivity gains over the past couple decades.

Here are the reasons why the present moment is a great time to start a company or expand your business:

- The long-stretch between recessions. The best time to start a company is during the bottom of an economic trough. When you begin at bottom, you get the longest possible stretch before your fledgling company has to weather it's first recession. Starting a business before a long stretch of good times increases your likelihood for success.
- Low interest rates. We are now experiencing the lowest rates we are likely to see for many years if not decades. This means money is cheap, and cheap money means your start-up costs will be lower. Whether you are financing your start-up with a second mortgage on your family home, through a Small Business Administration loan, or simply by maxing out your credit cards, the result will be a lower-cost start-up than would have been possible two years ago or likely to be possible two years from now.

Companies are getting ready to buy. American businesses large and small have kept tight purse string during the past three years. In order to produce profits in a down economy, they have laid off workers and frozen or cut most of their budgets, which means it's been very hard to sell business-to-business. That is just starting to change these past few months. And since companies have held off on their buying, they have pent-up needs that will drive a new round of robust purchasing over the next few years. If you are planning to sell to business, you are entering a new health market.

Consumers never stopped buying. If you sell to consumers, this downturn hasn't been bad at all, since those with jobs kept buying and fewer jobs were lost than in past recessions. Things will just get better from here. As the job market tightens

over the coming years, wages will begin a new round of swelling and more jobs will be created. For those companies selling to consumers, the market is beginning a new period of growth.

The one caution: employees will be hard to find and you will have to pay them higher relative wages. The only dark news for start-up entrepreneurs or business expansion is the tightening job market. Right now, it still looks gloomy, but that is about to end. Already, the economy has begun to create new jobs, and that trend will be acerbated in the coming years when the baby-boomers begin to retire.

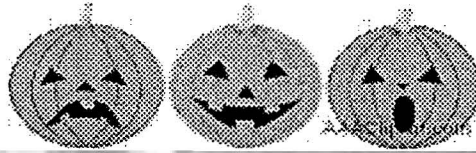
The boomers will be replaced by a smaller work force, which will put higher demand on employees. This will present a challenge to small companies as they try to compete for workers. Your best bet to combat the strains of a tight job market is to seek creative ways to outsource needs such as bookkeeping and pay roll. Difficulty in finding cheap employees is a small price to pay, since it comes with the good news of fatter consumer wallets.

All of these positive elements add together to give the entrepreneur the best possible chance at business success. It will be many years, perhaps decades, before we again see such a positive environment for business launches.



**Faith Aguillard, Chief Operations Officer of ERTS, is pictured above with training participants.**

**Emergency Response Training Systems (ERTS) in conjunction with Auburn University recently conducted training at the Entrepreneurial Center in which participants learned how to operate a computer simulation in emergency response. This program provides an opportunity for decision-makers and first responders to test their response plans and interagency communication during a natural disaster, large-scale accident or terrorist attack. The first non-federal agency to take advantage of this technology was Lee County. It used the software to simulate an accident involving a chlorine truck and school bus on a US highway followed by a report of an explosive device at a nearby school. A week after the simulation, they acted out the drill. The use of the simulation allows communities to find and fix holes in their preparedness plans. Five of those who participated in the training at the Entrepreneurial Center helped run the exercise in Lee County. Entrepreneurial Center tenant, DELCOM Services, Inc., helps market emergency response training to the agencies that could benefit.**



Please visit the links on this site for more information about the Entrepreneurial Center or contact us at (256) 831-5215.

**Paula Watkins,(middle) Principle of tenant company Priority Two, answers questions following a Grant Writing class she conducted for Jacksonville State University.**

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**Inside the Entrepreneurial Center Facility**

[Economic Impact](#)

The Northeast Alabama Entrepreneurial System opened in February of 1998. The Facility has 8 high bays (2,300 - 2,700 sq.ft.) available for light manufacturing which are equipped with overhead doors and access to loading docks. It also has 28 office spaces of varying sizes.

[About the Center](#)

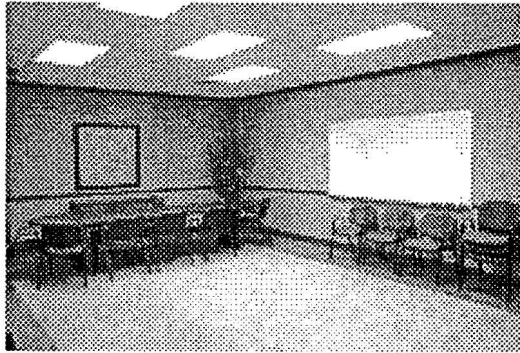
Incubators are economic development tools designed to improve business success rates which helps foster job creation. This facility is one of thirteen incubator systems in the state of Alabama.

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Conference / Training Room



Front Entrance / Reception Area



Professional Office Space



Warehouse / Light Manufacturing Area



Large Service Center/Office



Large Service Center/Office



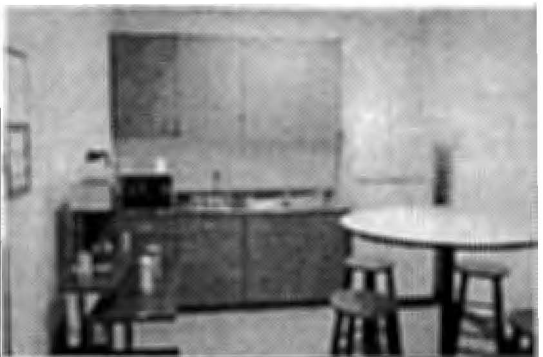
Mail / Machine Room



Warehouse / Light Manufacturing Area



Inside Hall



Coffee / Break Room Area

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**PROPOSAL TO THE COUNTY OF MARQUETTE FOR A FEASIBILITY STUDY  
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**APPENDIX C**

**Sample Cash Plan Assumptions and  
Financial Projections Template**

**PELL CITY/ST. CLAIR COUNTY ENTREPRENEURIAL CENTER**  
**(BUSINESS INCUBATOR)**

**Cash Plan Assumptions (for self-sufficiency)**

**Background**

This Cash Plan for the Pell City/St. Clair County Entrepreneurial Center (Business Incubator) is based on a set of assumptions developed partly during this feasibility study, from the experience of two nearby and very successful existing incubator programs – the Northeast Alabama Entrepreneurial System (NEAES) in Anniston and The Entrepreneurial Center (TEC) in Birmingham – and from information provided by the National Business Incubation Association (NBIA). The key assumptions include the following:

- Since no appropriate existing buildings were available in the Pell City/St. Clair County area, new construction is recommended.
- A 40,000 square foot facility is recommended, modeled and configured after the NEAES incubator, which has similar characteristics to the proposed Pell City/St. Clair County business incubator.
- **A critical assumption for this Cash Plan is that sufficient funding will be available to fully cover the cost of new construction and that there will be no debt service to carry!**
- The building layout allocation for square footages and the projected occupancy rates were determined from data obtained primarily from NBIA reflecting experience of business incubator programs across the country but adjusted based on local (NEAES and TEC) experience.
- Rental rates were determined from experience at NEAES and TEC and from discussions with the following real estate professionals:
  1. Lawrence Fields, Sales Associate for F&G Real Estate, Inc. – local realtor
  2. Jason A. Goodgame, Goodgame Welding Company, Inc. – local developer
  3. Brad J. Brascho, President, J.B. Ventures – local developer
  4. Becky Bowman, Broker/Manager, RealtySouth – local realtor
- The incubator operating expenses and tenant income figures were also derived from NEAES and TEC experience along with local information regarding utility and other related facility operating expenses.

Detailed assumptions are contained in the following sections.

**Building Configuration**

According to NBIA recommendations, the minimum size incubator facility in order to achieve financial self-sufficiency is about 30,000 square feet; assuming reasonable occupancy rates, self-

sufficiency should be realized within about 3 years. A slightly larger building of 40,000 square feet has been recommended for the Pell City/St. Clair County incubator in order to better accommodate manufacturing businesses that typically require more space than companies that can operate in office-like space. This is consistent with the experience of both NEAES and TEC as both programs, particularly NEAES, include manufacturing businesses in their programs.

Depending on the actual layout of the building, about 20% of the gross square footage is typically required for common areas —circulation (halls), entry/reception area, conference and training rooms, rest rooms, break room, and office space for incubator management staff. For this example of a 40,000 square foot incubator facility, 8,000 square feet is allocated for common areas.

Space should also be designated for anchor tenants – well-established or service organizations that are willing to pay full market rate for their space and also bring some added value to the project —for example, a business assistance organization (a Small Business Development Center, for example), other economic development organizations (the St. Clair County Economic Development Council has expressed interest in being housed in the incubator), a law firm or an accounting firm. Typically, no more than 20% of the available floor space is set aside in an incubator for anchor tenants. In a mixed-use facility, however, with substantial space configured for manufacturing businesses, the amount of floor space allocated for anchor tenants is usually somewhat less. For the Pell City/St. Clair County project and these initial financial projections, a figure of 10% (4,000 square feet) has been used although the need for positive cash flow (self-sufficiency) may dictate a larger percentage.

The remaining 70% of the gross square footage (28,000 square feet) is available for early-stage businesses. Breakdown of the space into individual areas is a function of the type of businesses anticipated for occupancy. Using the experience of NEAES and TEC, which both operate in a similar business environment (especially NEAES in nearby Anniston), it is assumed that 70% (19,600 square feet) of the available space for tenant companies will be configured for manufacturing firms and 30% (8,400 square feet) for businesses that can operate in an office environment.

### **Occupancy Rates**

Occupancy rates are derived from NBIA studies on successful incubator programs and, as noted previously, from experience at NEAES and TEC. Generally, anchor tenants can be identified and commitments for space obtained prior to the incubator opening its doors. Occupancy for such tenants is projected at 100% from the outset.

With regard to incubator companies, some commitments can be predetermined but start-up companies need space at the point in time when they are formed, and they may not be able to wait until the incubator is ready to receive tenants. As a result, NBIA surveys show that a modest occupancy rate for incubator companies at the beginning is more realistic and, from a financial perspective, more conservative in estimating the need for early subsidies. Occupancy is shown at 35% initially, increasing slowly over time and reaching full occupancy (of 90% since

some space is always in transition as companies “graduate” and new tenants are identified) by the end of the third year of operation.

### Projected Revenues

Revenues are derived primarily from rental income (building revenues) although some revenue will be generated from program activities including use of the telephone system, copiers and postage/shipping services (program revenues). For all of these program activities, bulk purchases and special contract arrangements are available that will allow the incubator to purchase these services (and others) at a discounted rate and resell to the tenants at a small markup (tenants will still have access to these resources/services at less than the market cost – a win-win situation for both the incubator and the tenants). Revenue is also projected from returns associated with equity/royalty agreements between the incubator and early-stage tenant companies. Further details on all sources of revenue follow:

- Incubator Tenant Rental Rate: Market rate for office space currently is approximately \$12.00/square foot in the Pell City/St. Clair County area, according to the referenced professionals, for the type and quality of space envisioned for the incubator facility – this is intended to be a gross or “full service” rate including taxes, insurance, common charges and utilities, all prorated based on square footage. For manufacturing companies, the current market rate is about \$4.50/square foot, not including utilities but otherwise full service as above. Initially, incubator tenants will pay a rate slightly less than market in order to reduce the financial strain on these early-stage businesses. The rate will increase each year until by the end of the third year, if they are still incubator tenants, these businesses will essentially be paying full market rates and be prepared to assimilate into the normal real estate market upon graduation from the incubator. For ease of calculations in the financial projections, a “blended” rate has been determined for the incubator tenant companies based on the following:
  1. 19,600 square feet is available for manufacturing companies at an initial rate of \$3.50/square foot (utilities will be paid directly by these companies) increasing by \$.50 per year until graduation;
  2. 8,400 square feet is available for companies that can operate in an office environment at an initial rate of \$9.00/square foot (including utilities) increasing by \$1.00 per year until graduation.
  3. Based on the above figures, the blended rate for the first year of incubator operation is \$5.15/square foot; \$5.80 in the second year; \$6.45 in the third year; and \$7.10 in year four.
- Anchor Tenant Rental Rate: As noted earlier, anchor tenants are expected to initially pay full market rate of \$12/square foot (gross). These rates will also increase over time to reflect normal escalation due to inflation (a 5% escalation rate is used in the projections).
- Program Revenues: Revenue is estimated from tenant use of the telephone system (including a T1 high speed data line), copiers and postage/shipping services. Nearly



all incubators avail themselves of discounted bulk purchases and then resell these and other services/resources to the incubator tenant companies at a small markup. The tenants will still have access to these services/resources at less than market rates.

- Equity/Royalty Revenue: This revenue is identified as “Tenant ROI” or Return on Investment. The concept is that the tenant companies receive a valuable package of business assistance services from the incubator staff including referrals to experts to deal with specialized legal, accounting and other business issues. Tenants also are charged less than market rate, initially, for their space. In exchange for these very valuable services and considerations, it is strongly recommended that the incubator enter into an agreement with the tenant companies to receive either a small amount of equity (stock) in the business, a modest royalty payment based on future sales, or some combination. This ROI will be critically important to the incubator in achieving and maintaining financial self-sufficiency (currently a recommended requirement for all new incubator programs). **However, returns from equity/royalty agreements should be viewed very modestly since there is considerable risk associated with such revenue projections.** In this case, ROI revenue is not expected until midway through the second year of operation of the incubator program.

### Projected Expenses

Expenses are projected in three distinct categories – building expenses (those costs associated directly with the operation of the facility); incubator tenant program expenses (costs required to deliver services and provide business assistance to the tenant companies); and incubator management expenses (costs necessary for the operation of the staff offices and the overall functioning of the incubator program including tenant leases). Expenses are detailed in the following paragraphs:

- Building expenses include all costs for operating the incubator facility. The figures used are generally derived from the experience of the incubator programs in Anniston and Birmingham plus other information gathered for the local area. Utility costs are based on negotiating a preferred utility rate based on the economic development benefits of the incubator project – most utility companies provide such preferred rates.
- Security expenses assume that a computer-controlled, card-access security system is installed in the incubator – the expense is for the consumables required for such a system (cards, computer supplies, etc.).
- **Note that the projections do not include any provision for local or property taxes – this is an important issue and will be heavily influenced by the decision regarding ownership of the project. This issue requires further study!**
- Incubator staff is composed of an incubator manager who has total responsibility for the project and the facility including leasing, a program manager who handles all of the tenant shared services, and a receptionist/secretary who provides support at the entrance of the incubator as well as limited office services to the tenants. **An important assumption here is that the Pell City/St. Clair County incubator program will be co-managed by NEAES and that the Executive Director of the**

**NEAES incubator will devote approximately half of his time to also managing the Pell City/St. Clair County program.** Further, both the incubator manager (half time) and the full-time receptionist/secretary will be employed immediately upon the opening of the incubator; the program manager will only join the staff 6 months later when occupancy justifies the need for this person.

The incubator staff will also provide business assistance to the tenants, as much as time permits in view of their other responsibilities. For the purposes of these projections, it is assumed that the incubator staff will spend 50% of their time on incubator facility issues and 50% of their time assisting tenant companies. The relative percentages may vary depending on the final configuration of the facility and the business assistance program, but the “bottom line” in terms of the overall expenses for the project will be unaffected. Incubator staff benefits are estimated at 20% of direct labor costs.

- Program and incubator management expenses include, in addition to staff salaries, all other expenses required to support the incubator staff and to provide a variety of shared services/resources for the incubator tenant companies. These figures are also derived from the NEAES and Birmingham incubator experiences.
- Expenses in some categories increase over time as occupancy increases – postage/shipping, telephone and copier costs are examples. Most other expenses can be expected to increase over time as a function of inflation – appropriate increases have been included in the financial projections.

### Conclusion

This Cash Plan has been developed with the goal of the incubator achieving financial self-sufficiency by the end of the third year of operation. **In fact, due to the size of the facility and the financial benefits from NEAES co-managing the program, the Cash Plan shows that the subsidy required totals approximately \$97,265; by the end of the third year of operation the incubator is projected to reach self-sufficiency and positive cash flow is realized in year four.** A Cash Flow Projection Template (in Excel spreadsheet format) is included with these projections so that further optimization of the projects’ operating financial plan can be accomplished and to allow for “what if” studies as the project is better defined and proceeds toward implementation.

Pell City/St. Clair County Entrepreneurial Center  
 (Business Incubator Feasibility Study Financial Projections)  
 SUMMARY SHEET

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4</u>
<b>REVENUES</b>				
Building Rental Income				
Incubator Companies Rent	\$68,495	\$105,560	\$144,480	\$178,920
Anchor Tenants	\$48,000	\$50,400	\$52,920	\$55,566
<b>Total Rental Income</b>	<b>\$116,495</b>	<b>155,960</b>	<b>197,400</b>	<b>234,486</b>
Billed Tenant Services	\$47,355	57,660	67,965	96,090
Tenant ROI	\$0	3,000	21,000	39,000
<b>TOTAL REVENUES</b>	<b>\$163,850</b>	<b>\$216,620</b>	<b>\$286,365</b>	<b>\$369,576</b>
<b>EXPENSES</b>				
Facilities Operations	\$56,100	62,700	69,300	75,900
Incubator Tenant Programs:				
Consulting & Assistance	\$44,400	\$57,600	\$61,200	\$65,700
Billable Tenant Services	\$41,700	\$50,700	\$59,700	\$66,000
<b>Total Incubator Tenant Programs</b>	<b>\$86,100</b>	<b>108,300</b>	<b>120,900</b>	<b>131,700</b>
Incubator Management:				
Salaries	\$42,000	\$54,600	\$57,600	\$61,500
General Office Expenses	\$30,300	\$35,500	\$40,700	\$45,300
<b>Total Incubator Management</b>	<b>\$72,300</b>	<b>90,100</b>	<b>98,300</b>	<b>106,800</b>
<b>TOTAL EXPENSES</b>	<b>-\$214,500</b>	<b>-\$261,100</b>	<b>-\$288,500</b>	<b>-\$314,400</b>
<b>REVENUES/(SUBSIDIES)</b>	<b>(\$50,650)</b>	<b>(\$44,480)</b>	<b>(\$2,135)</b>	<b>\$55,176</b>

<b>TOTAL SUBSIDY REQUIRED (THROUGH YEAR THREE)</b>	<b>(\$97,265)</b>
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Incubator Companies SF 28,000  
 Anchor Tenants SF 4,000  
 Based on gross square footage of 40,000

**Pell City/St. Clair County Entrepreneurial Center**  
**(Business Incubator Feasibility Study Financial Projections)**  
 YEAR 1 BUILDING AND PROGRAMS

	YEAR 1	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
<b>BUILDING</b>													
<b>Bldg Revenues</b>													
Incubator Companies													
Incubator Rental Rate (blended)	\$5.15												
Occupancy Rate		35%	35%	40%	40%	45%	45%	50%	50%	55%	55%	60%	60%
Occupancy SF		9,800	9,800	11,200	11,200	12,600	12,600	14,000	14,000	15,400	15,400	16,800	16,800
Price per SF per Month (blended)		\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43
Incubator Companies Rental Income	\$88,495	\$4,206	\$4,206	\$4,807	\$4,807	\$5,408	\$5,408	\$6,008	\$6,008	\$6,608	\$6,608	\$7,210	\$7,210
Anchor Tenants/Mgmt													
Anchor Rental Rate	\$12.00												
Occupancy Rate		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Occupancy SF		4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Price per SF per Month		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Anchor Tenants/Mgmt Rental Income	\$48,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
<b>Total Rental Income</b>	<b>\$116,495</b>	<b>\$8,206</b>	<b>\$8,206</b>	<b>\$8,807</b>	<b>\$8,807</b>	<b>\$9,408</b>	<b>\$9,408</b>	<b>\$10,008</b>	<b>\$10,008</b>	<b>\$10,608</b>	<b>\$10,608</b>	<b>\$11,210</b>	<b>\$11,210</b>
<b>Bldg Expenses</b>													
Utilities	\$30,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Insurance	\$6,500	\$542	\$542	\$542	\$542	\$542	\$542	\$542	\$542	\$542	\$542	\$542	\$542
Janitorial	\$6,000	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Maint & Repair	\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
Landscaping	\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Security (consumables)	\$1,200	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contingency	\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
<b>Total Bldg Expenses</b>	<b>\$56,100</b>	<b>\$4,675</b>	<b>\$4,675</b>	<b>\$4,675</b>	<b>\$4,675</b>	<b>\$4,675</b>	<b>\$4,675</b>	<b>\$4,675</b>	<b>\$4,675</b>	<b>\$4,675</b>	<b>\$4,675</b>	<b>\$4,675</b>	<b>\$4,675</b>
<b>BUILDING RENTAL CONTRIBUTION</b>	<b>\$60,395</b>	<b>\$3,531</b>	<b>\$3,531</b>	<b>\$4,132</b>	<b>\$4,132</b>	<b>\$4,733</b>	<b>\$4,733</b>	<b>\$5,333</b>	<b>\$5,333</b>	<b>\$5,934</b>	<b>\$5,934</b>	<b>\$6,535</b>	<b>\$6,535</b>
<b>INCUBATOR TENANT PROGRAMS</b>													
<b>Program Revenues</b>													
Tenant ROI	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Copies @ 25% Markup	\$3,375	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281	\$281
Telephone @ 10% Markup	\$31,020	\$2,585	\$2,585	\$2,585	\$2,585	\$2,585	\$2,585	\$2,585	\$2,585	\$2,585	\$2,585	\$2,585	\$2,585
Postage @ 20% Markup	\$12,960	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080	\$1,080
<b>Total Program Revenues</b>	<b>\$47,355</b>	<b>\$3,946</b>	<b>\$3,946</b>	<b>\$3,946</b>	<b>\$3,946</b>	<b>\$3,946</b>	<b>\$3,946</b>	<b>\$3,946</b>	<b>\$3,946</b>	<b>\$3,946</b>	<b>\$3,946</b>	<b>\$3,946</b>	<b>\$3,946</b>
<b>Program Expenses</b>													
<b>Reimbursable</b>													
Copies	\$2,700	\$225	\$225	\$225	\$225	\$225	\$225	\$225	\$225	\$225	\$225	\$225	\$225
Telephone (local & LD)	\$16,200	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350
Telephone (T1)	\$12,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Postage	\$10,800	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900
<b>Total Reimbursable</b>	<b>\$41,700</b>	<b>\$3,475</b>	<b>\$3,475</b>	<b>\$3,475</b>	<b>\$3,475</b>	<b>\$3,475</b>	<b>\$3,475</b>	<b>\$3,475</b>	<b>\$3,475</b>	<b>\$3,475</b>	<b>\$3,475</b>	<b>\$3,475</b>	<b>\$3,475</b>
<b>Non Reimbursable</b>													
Tenant Events	\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Incubator Staff Salaries													
Incubator Manager	\$15,000	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
25% of time @ \$60,000 per year													
Program Manager	\$8,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,333	\$1,333	\$1,333	\$1,333	\$1,333	\$1,333
50% of time @ \$32,000 per year													
Receptionist/Secretary	\$12,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
50% of time @ \$24,000 per year													
Benefits (20% of Salaries)	\$7,000	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583
<b>Total Non Reimbursable</b>	<b>\$44,400</b>	<b>\$3,033</b>	<b>\$3,033</b>	<b>\$3,033</b>	<b>\$3,033</b>	<b>\$3,033</b>	<b>\$3,033</b>	<b>\$4,366</b>	<b>\$4,366</b>	<b>\$4,366</b>	<b>\$4,366</b>	<b>\$4,366</b>	<b>\$4,366</b>
<b>Total Program Expenses</b>	<b>\$86,100</b>	<b>\$6,508</b>	<b>\$6,508</b>	<b>\$6,508</b>	<b>\$6,508</b>	<b>\$6,508</b>	<b>\$6,508</b>	<b>\$7,841</b>	<b>\$7,841</b>	<b>\$7,841</b>	<b>\$7,841</b>	<b>\$7,841</b>	<b>\$7,841</b>
<b>PROGRAMS CONTRIBUTION</b>	<b>(\$38,745)</b>	<b>(\$2,562)</b>	<b>(\$2,562)</b>	<b>(\$2,562)</b>	<b>(\$2,562)</b>	<b>(\$2,562)</b>	<b>(\$2,562)</b>	<b>(\$3,895)</b>	<b>(\$3,895)</b>	<b>(\$3,895)</b>	<b>(\$3,895)</b>	<b>(\$3,895)</b>	<b>(\$3,895)</b>

**Pell City/St. Clair County Entrepreneurial Center**  
**(Business Incubator Feasibility Study Financial Projections)**  
 YEAR 1 MGMT AND TOTALS

	YEAR 1	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
<b>INCUBATOR MANAGEMENT</b>													
<b>Expenses</b>													
Incubator Staff Salaries													
Incubator Manager													
25% of time @ \$60,000 per year	\$15,000	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Program Manager													
50% of time @ \$32,000 per year	\$8,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,333	\$1,333	\$1,333	\$1,333	\$1,333	\$1,333
Receptionist/Secretary													
50% of time @ \$24,000 per year	\$12,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Benefits (20% of Salaries)	\$7,000	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583
<b>Total Incubator Staff Salaries</b>	<b>\$42,000</b>	<b>\$2,833</b>	<b>\$2,833</b>	<b>\$2,833</b>	<b>\$2,833</b>	<b>\$2,833</b>	<b>\$2,833</b>	<b>\$4,166</b>	<b>\$4,166</b>	<b>\$4,166</b>	<b>\$4,166</b>	<b>\$4,166</b>	<b>\$4,166</b>
<b>Other Expenses</b>													
Copies	\$300	\$26	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25
Telephone	\$1,800	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Postage	\$1,200	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Office Supplies	\$1,800	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Publications/Promotion	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Dues/Subscriptions	\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Travel & Entertainment	\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Legal & Accounting	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Conferences/Training	\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Consulting (outside services)	\$4,000	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333
Management Fee to NEAES	\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
Miscellaneous	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
<b>Total Other Expenses</b>	<b>\$30,300</b>	<b>\$2,525</b>	<b>\$2,525</b>	<b>\$2,525</b>	<b>\$2,525</b>	<b>\$2,525</b>	<b>\$2,525</b>	<b>\$2,525</b>	<b>\$2,525</b>	<b>\$2,525</b>	<b>\$2,525</b>	<b>\$2,525</b>	<b>\$2,525</b>
<b>Total Expenses</b>	<b>\$72,300</b>	<b>\$5,358</b>	<b>\$5,358</b>	<b>\$5,358</b>	<b>\$5,358</b>	<b>\$5,358</b>	<b>\$5,358</b>	<b>\$6,691</b>	<b>\$6,691</b>	<b>\$6,691</b>	<b>\$6,691</b>	<b>\$6,691</b>	<b>\$6,691</b>
<b>MANAGEMENT CONTRIBUTION</b>	<b>(\$72,300)</b>	<b>(\$5,358)</b>	<b>(\$5,358)</b>	<b>(\$5,358)</b>	<b>(\$5,358)</b>	<b>(\$5,358)</b>	<b>(\$5,358)</b>	<b>(\$6,691)</b>	<b>(\$6,691)</b>	<b>(\$6,691)</b>	<b>(\$6,691)</b>	<b>(\$6,691)</b>	<b>(\$6,691)</b>
	YEAR 1	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
Bldg Rental Contribution	\$60,395	\$3,531	\$3,531	\$4,132	\$4,132	\$4,733	\$4,733	\$5,333	\$5,333	\$5,934	\$5,934	\$6,535	\$6,535
Programs Contribution	(\$38,745)	(\$2,562)	(\$2,562)	(\$2,562)	(\$2,562)	(\$2,562)	(\$2,562)	(\$3,895)	(\$3,895)	(\$3,895)	(\$3,895)	(\$3,895)	(\$3,895)
Incubator Management Contribution	(\$72,300)	(\$5,358)	(\$5,358)	(\$5,358)	(\$5,358)	(\$5,358)	(\$5,358)	(\$6,691)	(\$6,691)	(\$6,691)	(\$6,691)	(\$6,691)	(\$6,691)
<b>Revenues Earned (Subsidies Required)</b>	<b>(\$50,650)</b>	<b>(\$4,390)</b>	<b>(\$4,390)</b>	<b>(\$3,789)</b>	<b>(\$3,789)</b>	<b>(\$3,188)</b>	<b>(\$3,188)</b>	<b>(\$5,253)</b>	<b>(\$5,253)</b>	<b>(\$4,652)</b>	<b>(\$4,652)</b>	<b>(\$4,051)</b>	<b>(\$4,051)</b>

**Pell City/St. Clair County Entrepreneurial Center**  
**(Business Incubator Feasibility Study Financial Projections)**  
 YEAR 2 BUILDING AND PROGRAMS

Incubator Companies SF 28,000  
 Anchor Tenants SF 4,000  
 Based on gross square footage of 26000

BUILDING		YEAR 2	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
<b>Bldg Revenues</b>														
Incubator Companies														
Incubator Rental Rate (blended)	\$5.80													
Occupancy Rate		60%	60%	60%	60%	65%	65%	65%	65%	70%	70%	70%	70%	
Occupancy SF		16,800	16,800	16,800	16,800	18,200	18,200	18,200	18,200	19,600	19,600	19,600	19,600	
Price per SF per Month (blended)		\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	
<b>Incubator Companies Rental Income</b>	<b>\$105,560</b>	<b>\$8,120</b>	<b>\$8,120</b>	<b>\$8,120</b>	<b>\$8,120</b>	<b>\$8,797</b>	<b>\$8,797</b>	<b>\$8,797</b>	<b>\$8,797</b>	<b>\$9,473</b>	<b>\$9,473</b>	<b>\$9,473</b>	<b>\$9,473</b>	
Anchor Tenants/Mgmt														
Anchor Rental Rate	\$12.60													
Occupancy Rate		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Occupancy SF		4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
Price per SF per Month		\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	
<b>Anchor Tenants/Mgmt Rental Income</b>	<b>\$50,400</b>	<b>\$4,200</b>	<b>\$4,200</b>	<b>\$4,200</b>	<b>\$4,200</b>	<b>\$4,200</b>	<b>\$4,200</b>	<b>\$4,200</b>	<b>\$4,200</b>	<b>\$4,200</b>	<b>\$4,200</b>	<b>\$4,200</b>	<b>\$4,200</b>	
<b>Total Rental Income</b>	<b>\$155,960</b>	<b>\$12,320</b>	<b>\$12,320</b>	<b>\$12,320</b>	<b>\$12,320</b>	<b>\$12,997</b>	<b>\$12,997</b>	<b>\$12,997</b>	<b>\$12,997</b>	<b>\$13,673</b>	<b>\$13,673</b>	<b>\$13,673</b>	<b>\$13,673</b>	
<b>Bldg Expenses</b>														
Utilities	\$35,000	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917
Insurance	\$7,000	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583
Janitorial	\$6,500	\$542	\$542	\$542	\$542	\$542	\$542	\$542	\$542	\$542	\$542	\$542	\$542	\$542
Maint & Repair	\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
Landscaping	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Security (consumables)	\$1,200	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contingency	\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
<b>Total Bldg Expenses</b>	<b>\$62,700</b>	<b>\$5,225</b>	<b>\$5,225</b>	<b>\$5,225</b>	<b>\$5,225</b>	<b>\$5,225</b>	<b>\$5,225</b>	<b>\$5,225</b>	<b>\$5,225</b>	<b>\$5,225</b>	<b>\$5,225</b>	<b>\$5,225</b>	<b>\$5,225</b>	<b>\$5,225</b>
<b>BUILDING RENTAL CONTRIBUTION</b>	<b>\$93,260</b>	<b>\$7,095</b>	<b>\$7,095</b>	<b>\$7,095</b>	<b>\$7,095</b>	<b>\$7,772</b>	<b>\$7,772</b>	<b>\$7,772</b>	<b>\$7,772</b>	<b>\$8,448</b>	<b>\$8,448</b>	<b>\$8,448</b>	<b>\$8,448</b>	
<b>INCUBATOR TENANT PROGRAMS</b>														
<b>Program Revenues</b>														
Tenant ROI	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Copies @ 25% Markup	\$4,500	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375
Telephone @ 10% Markup	\$36,960	\$3,080	\$3,080	\$3,080	\$3,080	\$3,080	\$3,080	\$3,080	\$3,080	\$3,080	\$3,080	\$3,080	\$3,080	\$3,080
Postage @ 20% Markup	\$16,200	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350
<b>Total Program Revenues</b>	<b>\$60,660</b>	<b>\$4,805</b>	<b>\$4,805</b>	<b>\$4,805</b>	<b>\$4,805</b>	<b>\$4,805</b>	<b>\$4,805</b>	<b>\$5,305</b>	<b>\$5,305</b>	<b>\$5,305</b>	<b>\$5,305</b>	<b>\$5,305</b>	<b>\$5,305</b>	<b>\$5,305</b>
<b>Program Expenses</b>														
<b>Reimbursable</b>														
Copies	\$3,600	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Telephone (local & LD)	\$21,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Telephone (T1)	\$12,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Postage	\$13,500	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125	\$1,125
<b>Total Reimbursable</b>	<b>\$50,700</b>	<b>\$4,225</b>	<b>\$4,225</b>	<b>\$4,225</b>	<b>\$4,225</b>	<b>\$4,225</b>	<b>\$4,225</b>	<b>\$4,225</b>	<b>\$4,225</b>	<b>\$4,225</b>	<b>\$4,225</b>	<b>\$4,225</b>	<b>\$4,225</b>	<b>\$4,225</b>
<b>Non Reimbursable</b>														
Tenant Events	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
<b>Incubator Staff Salaries</b>														
Incubator Manager	\$16,250	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354
25% of time @ \$65,000 per year														
Program Manager	\$16,750	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396
50% of time @ \$33,500 per year														
Receptionist/Secretary	\$12,500	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042
50% of time @ \$25,000 per year														
Benefits (20% of Salaries)	\$9,100	\$758	\$758	\$758	\$758	\$758	\$758	\$758	\$758	\$758	\$758	\$758	\$758	\$758
<b>Total Non Reimbursable</b>	<b>\$67,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>
<b>Total Program Expenses</b>	<b>\$108,300</b>	<b>\$9,025</b>	<b>\$9,025</b>	<b>\$9,025</b>	<b>\$9,025</b>	<b>\$9,025</b>	<b>\$9,025</b>	<b>\$9,025</b>	<b>\$9,025</b>	<b>\$9,025</b>	<b>\$9,025</b>	<b>\$9,025</b>	<b>\$9,025</b>	<b>\$9,025</b>
<b>PROGRAMS CONTRIBUTION</b>	<b>(\$47,640)</b>	<b>(\$4,220)</b>	<b>(\$4,220)</b>	<b>(\$4,220)</b>	<b>(\$4,220)</b>	<b>(\$4,220)</b>	<b>(\$4,220)</b>	<b>(\$3,720)</b>	<b>(\$3,720)</b>	<b>(\$3,720)</b>	<b>(\$3,720)</b>	<b>(\$3,720)</b>	<b>(\$3,720)</b>	<b>(\$3,720)</b>

**Pell City/St. Clair County Entrepreneurial Center**  
**(Business Incubator Feasibility Study Financial Projections)**  
 YEAR 2 MGMT AND TOTALS

	YEAR 2	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
<b>INCUBATOR MANAGEMENT</b>													
<b>Expenses</b>													
Incubator Staff Salaries													
Incubator Staff Salaries													
Incubator Manager													
25% of time @ \$65,000 per year	\$16,250	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354
Program Manager													
50% of time @ \$33,500 per year	\$16,750	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396	\$1,396
Receptionist/Secretary													
50% of time @ \$25,000 per year	\$12,500	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042
Benefits (20% of Salaries)	\$9,100	\$758	\$758	\$758	\$758	\$758	\$758	\$758	\$758	\$758	\$758	\$758	\$758
<b>Total Incubator Staff Salaries</b>	<b>\$54,600</b>	<b>\$4,550</b>	<b>\$4,550</b>	<b>\$4,550</b>	<b>\$4,550</b>	<b>\$4,550</b>	<b>\$4,550</b>	<b>\$4,550</b>	<b>\$4,550</b>	<b>\$4,550</b>	<b>\$4,550</b>	<b>\$4,550</b>	<b>\$4,550</b>
Other Expenses													
Copies	\$400	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33
Telephone	\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Postage	\$1,500	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125
Office Supplies	\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Publications/Promotion	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Dues/Subscriptions	\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Travel & Entertainment	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Legal & Accounting	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Conferences/Training	\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Consulting (outside services)	\$6,000	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Management Fee to NEAES	\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
Miscellaneous	\$4,000	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$333
<b>Total Other Expenses</b>	<b>\$35,500</b>	<b>\$2,958</b>	<b>\$2,958</b>	<b>\$2,958</b>	<b>\$2,958</b>	<b>\$2,958</b>	<b>\$2,958</b>	<b>\$2,958</b>	<b>\$2,958</b>	<b>\$2,958</b>	<b>\$2,958</b>	<b>\$2,958</b>	<b>\$2,958</b>
<b>Total Expenses</b>	<b>\$90,100</b>	<b>\$7,508</b>	<b>\$7,508</b>	<b>\$7,508</b>	<b>\$7,508</b>	<b>\$7,508</b>	<b>\$7,508</b>	<b>\$7,508</b>	<b>\$7,508</b>	<b>\$7,508</b>	<b>\$7,508</b>	<b>\$7,508</b>	<b>\$7,508</b>
<b>MANAGEMENT CONTRIBUTION</b>	<b>(\$90,100)</b>	<b>(\$7,508)</b>	<b>(\$7,508)</b>	<b>(\$7,508)</b>	<b>(\$7,508)</b>	<b>(\$7,508)</b>	<b>(\$7,508)</b>	<b>(\$7,508)</b>	<b>(\$7,508)</b>	<b>(\$7,508)</b>	<b>(\$7,508)</b>	<b>(\$7,508)</b>	<b>(\$7,508)</b>
	YEAR 2	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
Bldg Rental Contribution	\$93,260	\$7,095	\$7,095	\$7,095	\$7,095	\$7,772	\$7,772	\$7,772	\$7,772	\$8,448	\$8,448	\$8,448	\$8,448
Programs Contribution	(\$47,640)	(\$4,220)	(\$4,220)	(\$4,220)	(\$4,220)	(\$4,220)	(\$4,220)	(\$3,720)	(\$3,720)	(\$3,720)	(\$3,720)	(\$3,720)	(\$3,720)
Incubator Management Contribution	(\$90,100)	(\$7,508)	(\$7,508)	(\$7,508)	(\$7,508)	(\$7,508)	(\$7,508)	(\$7,508)	(\$7,508)	(\$7,508)	(\$7,508)	(\$7,508)	(\$7,508)
Revenues Earned (Subsidies Required)	(\$44,480)	(\$4,633)	(\$4,633)	(\$4,633)	(\$4,633)	(\$3,957)	(\$3,957)	(\$3,457)	(\$3,457)	(\$2,780)	(\$2,780)	(\$2,780)	(\$2,780)



**Pell City/St. Clair County Entrepreneurial Center**  
**(Business Incubator Feasibility Study Financial Projections)**  
 YEAR 3 BUILDING AND PROGRAMS

Incubator Companies SF 28,000  
 Anchor Tenants SF 4,000  
 Based on gross square footage of 25000

**BUILDING**

	YEAR 3	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
<b>Bldg Revenues</b>													
Incubator Companies													
Incubator Rental Rate (blended)	\$6.45												
Occupancy Rate		75%	75%	75%	75%	80%	80%	80%	80%	85%	85%	85%	85%
Occupancy SF		21,000	21,000	21,000	21,000	22,400	22,400	22,400	22,400	23,800	23,800	23,800	23,800
Price per SF per Month (blended)		\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54
<b>Incubator Companies Rental Income</b>	<b>\$144,480</b>	<b>\$11,288</b>	<b>\$11,288</b>	<b>\$11,288</b>	<b>\$11,288</b>	<b>\$12,040</b>	<b>\$12,040</b>	<b>\$12,040</b>	<b>\$12,040</b>	<b>\$12,793</b>	<b>\$12,793</b>	<b>\$12,793</b>	<b>\$12,793</b>
Anchor Tenants/Mgmt													
Anchor Rental Rate	\$13.23												
Occupancy Rate		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Occupancy SF		4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Price per SF per Month		\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10
<b>Anchor Tenants/Mgmt Rental Income</b>	<b>\$52,920</b>	<b>\$4,410</b>	<b>\$4,410</b>	<b>\$4,410</b>	<b>\$4,410</b>	<b>\$4,410</b>	<b>\$4,410</b>	<b>\$4,410</b>	<b>\$4,410</b>	<b>\$4,410</b>	<b>\$4,410</b>	<b>\$4,410</b>	<b>\$4,410</b>
<b>Total Rental Income</b>	<b>\$197,400</b>	<b>\$15,698</b>	<b>\$15,698</b>	<b>\$15,698</b>	<b>\$15,698</b>	<b>\$16,450</b>	<b>\$16,450</b>	<b>\$16,450</b>	<b>\$16,450</b>	<b>\$17,203</b>	<b>\$17,203</b>	<b>\$17,203</b>	<b>\$17,203</b>
<b>Bldg Expenses</b>													
Utilities	\$40,000	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333
Insurance	\$7,500	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625
Janitorial	\$7,000	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583
Maint & Repair	\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
Landscaping	\$3,600	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Security (consumables)	\$1,200	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contingency	\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
<b>Total Bldg Expenses</b>	<b>\$69,300</b>	<b>\$5,775</b>	<b>\$5,775</b>	<b>\$5,775</b>	<b>\$5,775</b>	<b>\$5,775</b>	<b>\$5,775</b>	<b>\$5,775</b>	<b>\$5,775</b>	<b>\$5,775</b>	<b>\$5,775</b>	<b>\$5,775</b>	<b>\$5,775</b>
<b>BUILDING RENTAL CONTRIBUTION</b>	<b>\$128,100</b>	<b>\$9,923</b>	<b>\$9,923</b>	<b>\$9,923</b>	<b>\$9,923</b>	<b>\$10,675</b>	<b>\$10,675</b>	<b>\$10,675</b>	<b>\$10,675</b>	<b>\$11,428</b>	<b>\$11,428</b>	<b>\$11,428</b>	<b>\$11,428</b>

**INCUBATOR TENANT PROGRAMS**

	YEAR 3	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
<b>Program Revenues</b>													
Tenant ROI	\$21,000	\$1,000	\$1,000	\$1,000	\$1,500	\$1,500	\$1,500	\$2,000	\$2,000	\$2,000	\$2,500	\$2,500	\$2,500
Copies @ 25% Markup	\$5,625	\$469	\$469	\$469	\$469	\$469	\$469	\$469	\$469	\$469	\$469	\$469	\$469
Telephone @ 10% Markup	\$42,900	\$3,575	\$3,575	\$3,575	\$3,575	\$3,575	\$3,575	\$3,575	\$3,575	\$3,575	\$3,575	\$3,575	\$3,575
Postage @ 20% Markup	\$19,440	\$1,620	\$1,620	\$1,620	\$1,620	\$1,620	\$1,620	\$1,620	\$1,620	\$1,620	\$1,620	\$1,620	\$1,620
<b>Total Program Revenues</b>	<b>\$88,965</b>	<b>\$6,664</b>	<b>\$6,664</b>	<b>\$6,664</b>	<b>\$7,164</b>	<b>\$7,164</b>	<b>\$7,164</b>	<b>\$7,664</b>	<b>\$7,664</b>	<b>\$7,664</b>	<b>\$8,164</b>	<b>\$8,164</b>	<b>\$8,164</b>
<b>Program Expenses</b>													
<b>Reimbursable</b>													
Copies	\$4,500	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375
Telephone (local & LD)	\$27,000	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250
Telephone (T1)	\$12,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Postage	\$16,200	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350
<b>Total Reimbursable</b>	<b>\$59,700</b>	<b>\$4,975</b>	<b>\$4,975</b>	<b>\$4,975</b>	<b>\$4,975</b>	<b>\$4,975</b>	<b>\$4,975</b>	<b>\$4,975</b>	<b>\$4,975</b>	<b>\$4,975</b>	<b>\$4,975</b>	<b>\$4,975</b>	<b>\$4,975</b>
<b>Non Reimbursable</b>													
Tenant Events	\$3,600	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Incubator Staff Salaries													
Incubator Manager	\$17,500	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458
25% of time @ \$70,000 per year													
Program Manager	\$17,500	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458
50% of time @ \$35,000 per year													
Receptionist/Secretary	\$13,000	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083
50% of time @ \$26,000 per year													
Benefits (20% of Salaries)	\$9,800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
<b>Total Non Reimbursable</b>	<b>\$61,200</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>
<b>Total Program Expenses</b>	<b>\$120,900</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>
<b>PROGRAMS CONTRIBUTION</b>	<b>(\$31,935)</b>	<b>(\$3,411)</b>	<b>(\$3,411)</b>	<b>(\$3,411)</b>	<b>(\$2,911)</b>	<b>(\$2,911)</b>	<b>(\$2,911)</b>	<b>(\$2,411)</b>	<b>(\$2,411)</b>	<b>(\$2,411)</b>	<b>(\$1,911)</b>	<b>(\$1,911)</b>	<b>(\$1,911)</b>

**Pell City/St. Clair County Entrepreneurial Center  
(Business Incubator Feasibility Study Financial Projections)  
YEAR 3 MGMT AND TOTALS**

	YEAR 3	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
<b>INCUBATOR MANAGEMENT</b>													
<b>Expenses</b>													
Incubator Staff Salaries													
Incubator Staff Salaries													
Incubator Manager													
25% of time @ \$70,000 per year	\$17,500	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458
Program Manager													
50% of time @ \$35,000 per year	\$17,500	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458
Receptionist/Secretary													
50% of time @ \$26,000 per year	\$13,000	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083	\$1,083
Benefits (20% of Salaries)	\$9,600	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
<b>Total Incubator Staff Salaries</b>	<b>\$57,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>
Other Expenses													
Copies	\$500	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42
Telephone	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Postage	\$1,800	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Office Supplies	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Publications/Promotion	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Dues/Subscriptions	\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Travel & Entertainment	\$3,600	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Legal & Accounting	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Conferences/Training	\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Consulting (outside services)	\$8,000	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667
Management Fee to NEAES	\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
Miscellaneous	\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
<b>Total Other Expenses</b>	<b>\$40,700</b>	<b>\$3,392</b>	<b>\$3,392</b>	<b>\$3,392</b>	<b>\$3,392</b>	<b>\$3,392</b>	<b>\$3,392</b>	<b>\$3,392</b>	<b>\$3,392</b>	<b>\$3,392</b>	<b>\$3,392</b>	<b>\$3,392</b>	<b>\$3,392</b>
<b>Total Expenses</b>	<b>\$98,300</b>	<b>\$8,192</b>	<b>\$8,192</b>	<b>\$8,192</b>	<b>\$8,192</b>	<b>\$8,192</b>	<b>\$8,192</b>	<b>\$8,192</b>	<b>\$8,192</b>	<b>\$8,192</b>	<b>\$8,192</b>	<b>\$8,192</b>	<b>\$8,192</b>
<b>MANAGEMENT CONTRIBUTION</b>	<b>(\$98,300)</b>	<b>(\$8,192)</b>	<b>(\$8,192)</b>	<b>(\$8,192)</b>	<b>(\$8,192)</b>	<b>(\$8,192)</b>	<b>(\$8,192)</b>	<b>(\$8,192)</b>	<b>(\$8,192)</b>	<b>(\$8,192)</b>	<b>(\$8,192)</b>	<b>(\$8,192)</b>	<b>(\$8,192)</b>
	YEAR 3	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
Bldg Rental Contribution	\$128,100	\$9,923	\$9,923	\$9,923	\$9,923	\$10,675	\$10,675	\$10,675	\$10,675	\$11,428	\$11,428	\$11,428	\$11,428
Programs Contribution	(\$31,935)	(\$3,411)	(\$3,411)	(\$3,411)	(\$2,911)	(\$2,911)	(\$2,911)	(\$2,411)	(\$2,411)	(\$2,411)	(\$1,911)	(\$1,911)	(\$1,911)
Incubator Management Contribution	(\$98,300)	(\$8,192)	(\$8,192)	(\$8,192)	(\$8,192)	(\$8,192)	(\$8,192)	(\$8,192)	(\$8,192)	(\$8,192)	(\$8,192)	(\$8,192)	(\$8,192)
Revenues Earned (Subsidies Required)	(\$2,135)	(\$1,680)	(\$1,680)	(\$1,680)	(\$1,180)	(\$428)	(\$428)	\$72	\$72	\$825	\$1,325	\$1,325	\$1,325

**Pell City/St. Clair County Entrepreneurial Center  
(Business Incubator Feasibility Study Financial Projections)  
YEAR 4 BUILDING AND PROGRAMS**

YEAR 4	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9
\$7.10	90%	90%	90%	90%	90%	90%	90%	90%	90%
	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200
	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59
\$178,920	\$14,910	\$14,910	\$14,910	\$14,910	\$14,910	\$14,910	\$14,910	\$14,910	\$14,910
\$13.89	100%	100%	100%	100%	100%	100%	100%	100%	100%
	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
	\$1.16	\$1.16	\$1.16	\$1.16	\$1.16	\$1.16	\$1.16	\$1.16	\$1.16
\$55,566	\$4,631	\$4,631	\$4,631	\$4,631	\$4,631	\$4,631	\$4,631	\$4,631	\$4,631
\$234,486	\$19,541	\$19,541	\$19,541	\$19,541	\$19,541	\$19,541	\$19,541	\$19,541	\$19,541
\$45,000	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
\$8,000	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667
\$7,500	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625
\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
\$4,200	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350
\$1,200	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
\$75,900	\$6,325	\$6,325	\$6,325	\$6,325	\$6,325	\$6,325	\$6,325	\$6,325	\$6,325
\$158,586	\$13,216	\$13,216	\$13,216	\$13,216	\$13,216	\$13,216	\$13,216	\$13,216	\$13,216
YEAR 4	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9
\$39,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,500	\$3,500	\$3,500
\$8,750	\$563	\$563	\$563	\$563	\$563	\$563	\$563	\$563	\$563
\$96,680	\$5,555	\$5,555	\$5,555	\$5,555	\$5,555	\$5,555	\$5,555	\$5,555	\$5,555
\$22,680	\$1,890	\$1,890	\$1,890	\$1,890	\$1,890	\$1,890	\$1,890	\$1,890	\$1,890
\$135,090	\$11,008	\$11,008	\$11,008	\$11,008	\$11,008	\$11,008	\$11,508	\$11,508	\$11,508
\$5,400	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450
\$29,700	\$2,475	\$2,475	\$2,475	\$2,475	\$2,475	\$2,475	\$2,475	\$2,475	\$2,475
\$12,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
\$18,900	\$1,575	\$1,575	\$1,575	\$1,575	\$1,575	\$1,575	\$1,575	\$1,575	\$1,575
\$66,000	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
\$4,200	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350
\$18,750	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563
\$18,750	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563
\$13,750	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146
\$10,250	\$854	\$854	\$854	\$854	\$854	\$854	\$854	\$854	\$854
\$65,700	\$5,475	\$5,475	\$5,475	\$5,475	\$5,475	\$5,475	\$5,475	\$5,475	\$5,475
\$131,700	\$10,975	\$10,975	\$10,975	\$10,975	\$10,975	\$10,975	\$10,975	\$10,975	\$10,975
\$3,390	\$33	\$33	\$33	\$33	\$33	\$33	\$533	\$533	\$533

**Pell City/St. Clair County Entrepreneurial Center  
(Business Incubator Feasibility Study Financial Projections)  
YEAR 4 MGMT AND TOTALS**

YEAR 4	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	A
\$18,750	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563
\$18,750	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563	\$1,563
\$13,750	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146
\$10,250	\$854	\$854	\$854	\$854	\$854	\$854	\$854	\$854	\$854
\$61,500	\$5,125	\$5,125	\$5,125	\$5,125	\$5,125	\$5,125	\$5,125	\$5,125	\$5,125
\$600	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
\$3,300	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275
\$2,100	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175
\$3,300	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275
\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
\$4,200	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350
\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
\$10,000	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833
\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
\$6,000	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
\$45,300	\$3,775	\$3,775	\$3,775	\$3,775	\$3,775	\$3,775	\$3,775	\$3,775	\$3,775
\$106,800	\$8,900	\$8,900	\$8,900	\$8,900	\$8,900	\$8,900	\$8,900	\$8,900	\$8,900
(\$106,800)	(\$8,900)	(\$8,900)	(\$8,900)	(\$8,900)	(\$8,900)	(\$8,900)	(\$8,900)	(\$8,900)	(\$8,900)
YEAR 4	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	B
\$158,586	\$13,216	\$13,216	\$13,216	\$13,216	\$13,216	\$13,216	\$13,216	\$13,216	\$13,216
\$3,390	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33
(\$106,800)	(\$8,900)	(\$8,900)	(\$8,900)	(\$8,900)	(\$8,900)	(\$8,900)	(\$8,900)	(\$8,900)	(\$8,900)
\$55,176	\$4,348	\$4,348	\$4,348	\$4,348	\$4,348	\$4,348	\$4,348	\$4,348	\$4,348

**APPENDIX D**

**Sample Incubator Business Plan**

**Table of Contents**

## Table of Contents

A sample Table of Contents for an incubator business plan is described below – the actual Table of Contents may be different depending on the final outcome for the Feasibility Study and the specifics of the Implementation Plan Outline. Following is a brief description of each section of the Business Plan.

- I. **Executive Summary.** The Executive Summary will include a brief overview of the business incubator project (probably 2-3 pages) as well as the results from the Feasibility Study with a focus on expected outcomes – primarily the increase in the number of successful early-stage companies projected to be created in the community. In addition, the Executive Summary will include a discussion of the added-value services to be provided, a description of the facility, and an outline of the financial parameters of the business incubator project, especially the plan to become financially self-sufficient.
- II. **Background.** This section of the Business plan will provide a brief history of business incubators and will emphasize the results of the recent EDA-funded study on the very positive impact of business incubators in helping to create new companies. Information will also be included about business incubation efforts in Michigan.
- III. **Stakeholder Analysis.** The intent of this section of the Business Plan is to identify all stakeholders in the community – be they financial contributors, in-kind participants, or other service providers – and to show how the community has come together to support the incubator project. The purpose is to demonstrate that there is both synergy and savings to be achieved by the cooperation and participation of all community segments.
- IV. **Market Analysis.** Results from the Feasibility Study will be cited to show both positive community reaction to the business incubator concept and substantial need in the community for the incubator facility and services. If possible, potential incubator tenants will be identified to show that significant floor space will be occupied as soon as the incubator is operational.
- V. **Mission Statement and Objectives.** A draft of a mission statement should be developed along with a set of objectives as part of an initial strategic plan for the incubator. The objectives, in particular, will evolve and change as the project proceeds and will require periodic updating.
- VI. **Business Assistance Program.** This will be one of the key sections of the Business Plan. A business incubator includes a real estate (facility) component, of course, but the added-value business assistance services represent the real benefit to its early-stage tenant companies. Information gained from the incubator use surveys, interviews and individual conversations with small businesses in the area will all contribute to the discussion of the business assistance program.
- VII. **Facility Description.** The Business Plan must be facility-specific, just as a funding application must identify a particular building or piece of property in the case of new

construction. In this section of the Business Plan the facility will be identified and described including: location, floor plan, building amenities, lease arrangements, occupancy plan, etc. Also, the timetable for occupancy will be outlined including significant milestones for any necessary renovations or for new construction.

- VIII. Management and Governance.** Who will own the facility? Who will manage the facility? Who will be responsible for delivering the business assistance services? These and other management/governance issues will be dealt with in this section of the Business Plan. To the extent possible, the Board of Directors will be identified and key staff positions described and persons to fill these positions named. In addition, a set of bylaws will be presented, at least in draft form, and any other significant policy issues that have been clarified will be included.
- IX. Marketing Program.** Initially, there will be a pent-up demand for incubator space but a formal marketing program/plan must be developed to assure continuing interest in the program and success in attaining financial self-sufficiency. There is a wealth of information in this regard available from NBIA so it is not necessary to "reinvent the wheel." Much is known about what works and what doesn't in marketing an incubator program. A marketing plan will be incorporated into the Business Plan to address both the need and the implementation of a marketing initiative.
- X. Financial Plan.** This section of the Business Plan will be extremely important, as it will describe the funding required to acquire/renovate the facility or new construction, the operating subsidy necessary to support the program during the ramp up phase (from opening the facility until reaching full occupancy), and the requirements for achieving financial self-sufficiency. The financial plan will include detailed projections for the first four years of operation as well as the assumptions on which the proformas are based. To the extent possible, even in this initial version of the Business Plan, all sources of funds will be identified.

**Appendices.** The Appendices will include a comprehensive bibliography of sources of detailed information regarding the business incubation process, a listing of the Feasibility Study deliverables, copies of particularly relevant reference documents, architectural and engineering analyses (if available) of the selected facility, resumes of management staff (if named), further details of the financial plan, other important documentation as appropriate.



**PROPOSAL TO THE COUNTY OF MARQUETTE FOR A FEASIBILITY STUDY  
AND IMPLEMENTATION PLAN OUTLINE FOR THE DEVELOPMENT OF A  
BUSINESS INCUBATOR PROGRAM**

**APPENDIX E**

**List of Project Descriptions and Client Contacts**

LPA Associates  
10115 SW 44<sup>th</sup> Lane  
Gainesville, FL 32608

**Selected list of LPA Associates completed projects that are similar to the proposed Marquette County Feasibility Study and Implementation Plan Outline. Included are brief descriptions of the projects, their outcomes and contact information.**

**Beaver Street Enterprise Center, Jacksonville, Florida** – This business incubator feasibility study was conducted under the auspices of FreshMinistries, a faith-based partnership for incubating initiatives for community restoration in Jacksonville, Florida. This project is endorsed by the mayor and 20 other city leaders and is a component of the Core City Economic Strategy. While the original concept was directed toward Jacksonville's minority population and "mom and pop" businesses, the study clearly demonstrated that not only was an incubator project feasible but that technology should play an important role and the focus should be on light manufacturing, assembly operations, software and other information-based businesses. In the course of the feasibility study, LPA Associates interfaced extensively with community organizations and private corporations involved in the redevelopment of Cecil Field with regard to the role of the incubator in enhancing the opportunities for new business formation through technology transfer. The actual conclusion from the feasibility study was:

**LPA Associates concludes that a Core City economic demonstration project in the form of a traditional business incubator is feasible at the Beaver Street location and recommends that FreshMinistries and other community groups and organizations that have participated in the Core City Business Incubator Group proceed as a community coalition with implementation and business plans for the project.**

FreshMinistries, with LPA Associates assistance, was successful in securing the funding for the incubator and the facility is now under construction at the Beaver Street location in Jacksonville. LPA Associates has also been involved in assisting in the development of the business plan for the project. (See the list of business references for the FreshMinistries contact information).

**Melbourne/South Brevard County Business Incubator Feasibility Study** – This incubator feasibility study was sponsored by the Florida Technological Research & Development Authority (TRDA), a state organization dedicated to the commercialization of technology. TRDA was seeking to develop a small business incubator in Melbourne, Florida to "wed the outstanding opportunity afforded by the NASA Space Center, South Brevard-based small, women and minority owned businesses, high technology firms and Florida Institute of Technology." LPA Associates concluded from the study that manufacturing (16.7% of the area's workforce), technology-oriented businesses, the development of the "Space Coast" as the eighth largest technology pole in the country, and the presence of the space program were the

strengths of the region and that a small business incubator focused on these strengths is the logical focus for an incubator -- **“the City of Melbourne and TRDA are strongly encouraged to proceed to implement the project.”**

At present, efforts are underway to secure the funding for a newly constructed business incubator adjacent to the Florida Institute of Technology. (See list of business references for the TRDA contact information).

**Homestead, Florida Business Incubator Feasibility Study** – The Florida Technology Research and Development Authority (TRDA) contracted with LPA Associates to conduct a feasibility study to determine if the Homestead, Florida area could support a business incubator program. Homestead is still recovering from the devastating effects of Hurricane Andrew in 1992 so is atypical of communities considering development of a business incubator. However, the study found that the redevelopment of Homestead Air Force Base, the Gemstone Project (The Environmental Institute of the Americas), “Bridging the Digital Divide” – a unique and integral fiber optics project about to commence by the City of Homestead, a new Aviation Training Center at the Miami-Dade Community College in Homestead, and the Biotechnology Corridor just north of Homestead offered unparalleled opportunities for the creation of well paying jobs and new business formation for the community. As a result, LPA Associates concluded the following:

**LPA Associates concludes that a business incubator for the City of Homestead is feasible and recommends that TRDA and the City of Homestead actively proceed with the implementation of the project.”**

At present, TRDA has hired an incubator manager and the project has been implemented in a small, existing building. Efforts are underway to secure sufficient funding to significantly expand the existing building and to follow the recommendations from the feasibility study to exploit the many opportunities for technology transfer, job creation and new business formation in the region. (See the list of business references for both the TRDA and the Homestead incubator manager contact information).

**Feasibility Study for the Development of a Business Incubator in Pell City, Alabama** – The Northeast Alabama Entrepreneurial System (NEAES) in partnership with the City of Pell City, the St. Clair County Economic Development Council and the St. Clair County Commission, contracted with LPA Associates to conduct a feasibility study to determine if the Pell City/St. Clair County area could support a business incubator program. The study concluded that manufacturing (16.1% of the county’s workforce) and the very recent development of the automotive manufacturing cluster represent the strengths of the region. Further, negative commuting patterns (60% of the county’s workforce travel to employment in other counties) argue strongly for the need for new and well paying jobs in the community. As a result, LPA Associates concluded the following:

**“...the positive factors are overwhelmingly in favor of establishing a regional business incubator in the Pell City/St. Clair County area and the sponsoring organizations for this feasibility study are strongly encouraged to proceed to implement the project!”**

Further, the study suggested that an incubator program served not only manufacturing, but also technology and service enterprises in many fields, particularly the automotive industry, should be the focus of the project which should be housed in a newly constructed facility within the Pell City (Cogswell Avenue) Industrial Park. At present, political changes in the community have slowed the process of securing the funding but the efforts are underway to move forward. (See the list of business references for the NEAES contact information).

A number of additional business incubator feasibility studies have been completed but those listed are most representative of efforts that are similar to the proposed study for the Zanesville-Muskingum Chamber of Commerce Business Incubator project. Further information can be provided by request.