Entrepreneurship and Small Business Delivery Services Action Plan

Strategies & Recommendations for the Southwest Louisiana Economic Development Alliance

Technical Assistance Report

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL
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**Strategies & Recommendations for the Southwest Louisiana Economic Development Alliance**
Definitions

The Alliance: The Southwest Louisiana Economic Development Alliance (‘the Alliance’) is an umbrella organization of the Chamber SWLA, the SWLA Alliance Foundation, the Southwest Louisiana Partnership for Economic Development, and economic development stakeholders from the five parishes. The Alliance is responsible for economic development efforts, including business recruiting and retention, for Allen, Beauregard, Calcasieu, Cameron, and Jefferson Davis Parishes.

Business Incubator Center: Business incubators nurture the development of young entrepreneurial companies by providing client companies with business support services and resources such as mentoring, training, and technical assistance. The most common goals of incubation programs are: creating jobs, enhancing the entrepreneurial climate, retaining businesses, building or accelerating growth in a local industry, and diversifying local economies. The Business Incubator Center is a regional incubator that will be located in the SEED Center, and will have space for approximately 35 businesses.

Entrepreneurial Ecosystem: An entrepreneurial ecosystem consists of the elements needed in a community to support entrepreneurs and foster the startup and growth of new companies. This includes human, financial, and professional resources as well as government policies that are supportive and protective of entrepreneurs.

Incubator Director: The SEED Center Incubator Director is the staff position responsible for managing the business incubator and clients.

Second-Stage Companies: Second-stage companies are “those that have grown past the startup stage but have not yet grown to maturity. They have enough employees to exceed the comfortable control span of one owner/CEO and benefit from adding professional managers, but they may not have a full-scale professional management team.”

SEED Center: The Southwest Louisiana Entrepreneurial and Economic Development (SEED) Center is a collaborative project led by the Alliance, the Calcasieu Parish Police Jury, the City of Lake Charles, and McNeese State University. The purpose of the SEED Center is to encourage entrepreneurship in the 5-parish region covered by the Alliance. The Center will be a one-stop shop for small business support services, housing several community and small business support organizations including the Alliance, the Imperial Calcasieu Regional Planning and Development Commission (IMCAL), the Service Corps of Retired Executives (SCORE), the Small Business Development Center (SBDC), a Business Incubator Center, and McNeese State University offices.

SEED Center Coordinator: The SEED Center Coordinator is the staff person responsible for coordinating programs and business services between the different organizations located at the SEED Center.

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Startup: Startups are businesses where growth and innovation drives the formation of the new venture. Startups may or may not have a business plan or management team in place, and can require help developing them in addition to needing assistance with access to capital.\textsuperscript{4}

\textsuperscript{4} Unlocking Entrepreneurship. International Economic Development Council.
Executive Summary

Background

The Economic Development Administration (EDA), a bureau within the U.S. Department of Commerce, retained the International Economic Development Council (IEDC) to provide technical assistance in economic development to disaster-impacted communities in Texas and Louisiana. The Southwest Louisiana Alliance Foundation (the Alliance), which includes Allen, Beauregard, Calcasieu, Cameron, and Jefferson Davis Parishes, is working to transform Southwest Louisiana's economic culture from a traditionally industrial-based economy to one with a greater emphasis on entrepreneurship. The creation of the Southwest Louisiana Entrepreneurial and Economic Development (SEED) Center is central to Southwest Louisiana's desire to "stimulate small business formation, job creation, and economic diversification."5

The SEED Center will provide access to community programs currently unavailable in the region as well as enhance currently provided programs. At the new SEED Center, several business support organizations will support for-profit and non-profit sectors by offering targeted trainings, workshops, and one-on-one counseling. These programs will strengthen participating businesses by offering learning opportunities to broaden business knowledge as well as by providing the tools and skills needed to secure alternative funding streams and broaden customer bases. In addition, the creation of a business incubator at the SEED Center will help regional entrepreneurs launch new businesses.

In January 2012, an IEDC team visited Lake Charles to begin working with local stakeholders to define technical assistance needs. A series of conversations between IEDC and the Alliance followed and eventually led to a three-day site visit in June 2012. During the June visit, the team met with stakeholders from local government, education, business, and small business sectors to learn more about the opportunities and challenges facing entrepreneurship in the region.

This report builds on the observations and preliminary recommendations from the site visit to offer more complete analysis of the region’s observed entrepreneurship strengths and challenges and a more comprehensive set of recommendations for the Commercialization Center and the Beaumont region. Several case studies included in the report provide tangible examples and lessons on how similar communities have improved their entrepreneurship ecosystems. These include the University of Central Florida Business Incubation Program, the North Dakota State University Technology Incubator, the Business Incubation Center (in Grand Junction, Colorado), the Louisiana Business and Technology Center, and the Blue Ridge Entrepreneurial Council (in western North Carolina).

Observations

Opportunities

This section of the report defines the primary regional opportunities for developing an entrepreneurship ecosystem in Southwest Louisiana as well as capitalizing on the potential of the SEED Center to contribute to developing this ecosystem. Some important entrepreneurship support structures, such as established small business support programs and organizations, export infrastructure, and new funding opportunities, already exist and can provide a foundation for

entrepreneurship and small business support in the future. Other programs and organizations are in the early stages of development and include efforts to train young workers in occupations with projected shortages, strategies to attract and retain young professionals, targeted university programming, and expansion into new industries. With increased coordination, these programs can have a greater impact on the region’s entrepreneurship ecosystem.

Challenges
While there are many opportunities for growth and development within Southwest Louisiana’s existing entrepreneurship support system, this section of the report outlines some of the challenges facing the region. The over-arching challenge is to increase the regional support system for entrepreneurs. This challenge can be addressed by increasing and enhancing access to capital, economic diversity, and business support services. In addition, challenges such as an aging population and various systemic and perceptual barriers to entry, such as the dominance of large, national one-stop chain stores, should be considered when planning and carrying out the SEED Center and Business Incubator’s programs.

Action Plan
Recommendations
- **Diversify the Economy.** Economic diversity is important for long-term growth in jobs and revenue. A diverse economy can help insulate a community against industry-specific downturns, offers talented workers a variety of employment opportunities, and can help a community weather a quickly changing market and consumer preferences. Emphasizing entrepreneurship is an effective strategy for communities trying to achieve greater economic diversity.
- **Optimize the SEED Center.** With regard to business incubators, the Economic Development Administration found that there was not a single practice, policy, or service guaranteed to produce success. Rather, the “synergy among multiple practices, policies, and services that produce optimal outcomes.”\(^6\) The SEED Center is uniquely positioned to help create this type of synergy, leading to greater diversification in the local economy as well as growth in employment and revenue in target (and other) industries. This will be accomplished by providing client companies with business support services and resources tailored to young firms. Given the number of organizations and programs at the SEED Center, it is critical for the SEED Center to have a collaborative, coordinated, and strategic approach to diversifying the local economy through entrepreneurship.
- **Develop a Portfolio of Financial Tools.** The “Challenges” section discusses the significant gaps in access to financing for entrepreneurs in Southwest Louisiana. Therefore, the IEDC advisory panel recommends developing a portfolio of financial tools available to local entrepreneurs. Potential actions include forming a community development finance institution, establishing a revolving loan fund, and forming partnerships with existing sources of funding.
- **Connect Entrepreneurs with Export Opportunities.** Louisiana ranks 16th among the 50 states in export value with a 2010 estimated annual value of $32.9 billion. Lake Charles is the third largest contributor to statewide export value and share behind the New Orleans-Metairie-Kenner and Baton Rouge metro areas. In 2010, the Lake Charles metro was home to

12 percent, or $4 billion, of the state’s export value. Exports contribute 31 percent of the metro area GDP as well as over 20,000 jobs, and the value of the area’s exports is continuing to grow. At present, the Alliance has one staff person assigned to export development, and there is an export assistance program planned for the SEED Center. While this is a good start, the IEDC Advisory Panel recommends taking deliberate steps toward developing the export potential of entrepreneurs and small businesses in Southwest Louisiana to take advantage of the economic benefits associated with this type of enterprise.

- **Build Staff, Programmatic, and Organizational Capacity.** The Alliance and other organizations have several entrepreneurship support systems in place; however, the efforts of these organizations need to further coordinate their efforts to fully realize a strong, supportive entrepreneurship ecosystem in the region. To address the gap between current resources and what is needed to implement a strong network of support for entrepreneurs, the IEDC advisory panel recommends increasing staff and funding capacity at the Alliance and SEED Center to support entrepreneurship programs and education as well as economic development. As the connector between incubator tenants, organizations, and economic development, a strong Alliance is essential to developing the SEED Center into a nexus of entrepreneurial activity.
Project Overview

The Economic Development Administration (EDA), a bureau within the U.S. Department of Commerce, retained the International Economic Development Council (IEDC) to provide technical assistance in economic development to disaster-impacted communities in Texas and Louisiana. The Southwest Louisiana Alliance Foundation (the Alliance), which includes Allen, Beauregard, Calcasieu, Cameron, and Jefferson Davis Parishes, is working to diversify Southwest Louisiana’s economic culture from a traditionally industrial-based economy to one with a greater emphasis on entrepreneurship.

This goal of economic diversification with an emphasis on entrepreneurship is emphasized in the Calcasieu Parish’s Long-Term Recovery Plan. Approved in 2007, this plan is designed to help the parish become “better and stronger than we were before” Hurricane Rita with actionable goals in several areas, including economic and workforce development. Several of the economic and workforce development goals related to developing a more entrepreneurial economy include:

- Within five years, expand, to pre-storm levels, the parish’s economic base in the following sectors: cultural tourism, secondary markets in manufacturing and agricultural products, international trade, and information technology;
- Create an entrepreneurial climate by establishing a regional business center, producing small business incubator space, and establishing financial resources within 30 months;
- Create training centers that offer worker skills that can be used locally and generate 50 new family-wage jobs in 30 months; and
- Increase capacity at the Port of Lake Charles by implementing infrastructure and building improvements to support regional economic growth within five years.

Disaster Impacts in Southwest Louisiana

Hurricane Rita made landfall just a few weeks after Hurricane Katrina between Sabine Pass, Texas and Johnson Bayou, Louisiana on September 24, 2005 as a Category 5 hurricane. Rita was the fourth most intense Atlantic hurricane on record, causing $12 billion in damage to the Gulf Coast. Residents of Cameron Parish, Calcasieu Parish, and parts of Jefferson Davis, Acadia, Iberia, Beauregard, and Vermillion Parishes were told to evacuate ahead of the storm; approximately 25,000 people heeded...
the warning and were evacuated. While the winds gusts reached up to 180 mph (as measured near the Hackberry area), most damage is attributed to storm surge.

On September 13, 2008, Hurricane Ike made landfall on Galveston Island as a Category 2 hurricane. Ike's storm wind swath was 450 miles wide with a hurricane-force wind swath of 120 miles. The hurricane's large wind swath led to a much higher than normal storm surge that reached north of I-10 in Lake Charles, Louisiana. This storm surge caused the highest recorded levels of devastation along the Upper Texas and Louisiana coasts in the last 150 years.

Then, in 2010, the Deepwater Horizon Oil Spill flowed unabated in the Gulf of Mexico for three months. The oil spill caused extensive damage to marine and wildlife habitats as well as the tourism and fishing industries along the Gulf. As a result, the Obama Administration enacted a moratorium on oil drilling, which had a significant impact on Lake Charles's economy due to the heavy presence of petro-chemical, oil, and gas services within the region.

According to interviews with economic development stakeholders in the greater Lake Charles area, the federal government and national media paid minimal attention to the area after Hurricane Rita because of their focus on the ongoing recovery from Hurricane Katrina in nearby New Orleans. Still, the people and businesses of Lake Charles have shown themselves to be resourceful and resilient. Devall, a local boat service company, used their push boats and flat barges to transport people and materials for weeks in Calcasieu and Cameron Parishes. FEMA officials indicated that the Lake Charles area had the largest debris removal in FEMA history due to the wind issues of Rita. FEMA possesses the attitude that the first line of defense is the locals, while the second line of defense is state and federal partners.

Hurricane Ike struck the area only three years after Rita, and then the oil spill followed just two years later. This did not allow the area enough time to recover. The population in all five parishes in Southwest Louisiana has declined in recent years, but not at the same rate. Beauregard Parish has received a significant amount of in-migration from the coast while Calcasieu Parish has rebounded in population because of the lower costs of living associated with cheaper insurance costs. The high costs of insurance and rebuilding are preventing Cameron Parish residents from returning.

During a previous visit, one economic development stakeholder indicated that the only drinking establishment in the entirety of Cameron Parish was about to close in the coming months because of the negative impacts of the three disasters. Since then, the credit crunch has left local businesses on their own, and they are finding it increasingly more difficult to gain access to needed capital.

Small businesses were critical during the hurricane recovery phase, and the area's economic development organizations see entrepreneurs continuing to play a very important role in the local economy. As mentioned previously, entrepreneurship is a cornerstone of the Calcasieu Parish Long-Term Recovery Plan. The Southwest Louisiana Entrepreneurial and Economic Development (SEED) Center alone received $7 million of the $18.6 million allocated for the Long-Term Recovery Program. This plan emphasizes creating an entrepreneurial climate as well as rebuilding the economic base in several sectors: cultural tourism, secondary markets in manufacturing and agriculture products, international trade, and information technology. Through the SEED Center, Southwest Louisiana hopes to “stimulate small business formation, job creation, and economic diversification.”

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10 Ibid.
Background: Entrepreneurship in Southwest Louisiana

The Alliance would like to increase their support of entrepreneurs and small businesses at the new SEED Center by providing access to community programs currently unavailable in the region as well as by enhancing currently provided programs. These programs will be designed to benefit entrepreneurs and small businesses in the five-parish region, including the estimated 300-500 businesses and entrepreneurs in the hurricane-impacted parishes of Cameron and Calcasieu.

Entrepreneurs and small businesses in Southwest Louisiana previously had the opportunity to receive support through Temporary Assistance for Needy Families (TANF) Micro Enterprise Training as well as through an incubator that is open to qualifying small businesses from the Alliance’s five-parish area. The incubator, which is managed by the Alliance, currently offers participants office space in addition to counseling from the McNeese Small Business Development Center.

At the new SEED Center, the Alliance will support the for-profit and non-profit sectors by offering targeted trainings, workshops, and one-on-one counseling. These programs will strengthen participating businesses by offering learning opportunities to broaden business knowledge as well as by providing the tools and skills needed to secure alternative funding streams and broaden customer bases. The programs are designed to address the needs of entrepreneurs as well as small and emerging businesses like start-ups and second-stage establishments.

Goals and Objectives

In January 2012, an IEDC team visited Lake Charles to begin working with local stakeholders to define their technical assistance needs. A series of conversations between IEDC and the Alliance followed and eventually led to a three-day site visit in June 2012. During the June visit, the team met with stakeholders from local government, education, business, and small business sectors to learn more about the opportunities and challenges facing entrepreneurship in the region.

This report, developed in response to on-site interviews and research into best practices, is the culmination of the IEDC team’s findings. It provides an overview of the key opportunities and challenges, and it offers action steps the community should consider to further develop entrepreneurship in the region. Specifically, this report:

- Provides an assessment of existing entrepreneurship and small business development programs as well as support networks offered by the Alliance and other organizations in the region;
- Identifies gaps in entrepreneurship support services;
- Provides an analysis of capacity and partnership opportunities;
- Includes short- and long-term recommendations for implementing and operating entrepreneurship and small business programs at the SEED Center; and
- Provides recommendations on how to best leverage regional resources and players to further strengthen and develop the region’s entrepreneurship ecosystem.
Opportunities

This section of the report defines the primary regional opportunities for developing an entrepreneurship ecosystem in Southwest Louisiana as well as capitalizing on the potential of the SEED Center to contribute to developing this ecosystem. Some important entrepreneurship support structures, such as established small business support programs and organizations, export infrastructure, and new funding opportunities, already exist and can provide a foundation for entrepreneurship and small business support in the future. Other programs and organizations are in the early stages of development and include efforts to train young workers in occupations with projected shortages, strategies to attract and retain young professionals, targeted university programming, and expansion into new industries. With increased coordination, these programs can have a greater impact on the region’s entrepreneurship ecosystem.

Opportunity: Local Support

The leadership in Southwest Louisiana is supportive of economic development and entrepreneurship initiatives. The SEED Center, for example, is the result of collaboration between many organizations including McNeese State University, the State of Louisiana, the Calcasieu Parish Police Jury, the City of Lake Charles, and the Southwest Louisiana Economic Development Alliance. These organizations were united as a result of the Calcasieu Parish’s long-term recovery plan, which calls for the cultivation of an entrepreneurial climate, the establishment of a regional business center, and diversification of the economic base in Southwest Louisiana. When complete, the SEED Center will host several educational, economic development, and small business support organizations including: a business incubator, McNeese State University classrooms, offices, and small business development center. In addition, the center will include offices for the Southwest Louisiana Economic Development Alliance, the Imperial Calcasieu Regional Planning and Development Commission (IMCAL), the Southwest Louisiana Chamber, Louisiana Procurement and Technical Assistance (PTAC), and SCORE.

The community is also supportive of local business. After the hurricanes, locally owned businesses were reportedly the first to reopen and serve residents. This has helped build loyalty between community residents and small business owners, leading one stakeholder to express the belief that local establishments are strongly preferred over national chains in the area.

Opportunity: Existing Business Support Services

Southwest Louisiana already hosts a number of small business support services that are summarized in the chart on page 14. These support services should be used as a base to further develop the area’s entrepreneurship ecosystem as the service offerings include counseling, technical assistance, workshops, and capital for small businesses. Many of these support services are offered through the Alliance, which is comprised of Chamber SWLA, the Alliance Foundation, and the Southwest Louisiana Partnership for Economic Development. It
is the first stop for many small businesses. The Alliance staff supports local businesses by offering education and mentoring, providing information about available economic incentives, facilitating networking through the Chamber and Fusion Five groups, and connecting small businesses with government contracting opportunities through a PTAC representative. Other Southwest Louisiana organizations that facilitate local business growth include SCORE, which provides counseling and mentoring to entrepreneurs, and the Small Business Development Center (SBDC), which provides training and counseling. Many small businesses may first approach staff at the SBDC or the Alliance for assistance, and these organizations work together to refer clients to the appropriate organization as appropriate. These organizations may also transfer clients as the needs of the entrepreneur change over time.

In addition to these regional organizations, other resources outside of Southwest Louisiana are available to the area’s entrepreneurs. For example, the Manufacturing Extension Partnership of Louisiana (MEPOL) in Lafayette, Louisiana offers trainings, events, and one-on-one meetings to manufacturers; and both the U.S. Export Assistance Center (USAEC) and the Louisiana District Export Council (LDEC) in New Orleans help connect local businesses and export markets.

Louisiana Economic Development (LED) is another important player in the Southwest Louisiana entrepreneurship ecosystem. LED is one of the region's organizations offering statutory financial incentives and business counseling. Business counseling is provided through the Small and Emerging Business Development program (SEBD), which is funded by the U.S. Small Business Administration (SBA) and features one-on-one counseling and management training, as well as assistance with market analysis, sources of capital, and technology transfer at the Lake Charles/McNeese University SBDC. In addition, the LED State Trade Export Promotion (STEP) grant reimburses qualified businesses up to $5,000 for expense related to entering new markets.

The SEED Center and network partners offer a range of small business support services and funding opportunities. As a nexus of entrepreneurial activity in Southwest Louisiana, the SEED Center has an opportunity to coordinate existing services, helping to arrange communication between and among organizations, entrepreneurs, and the general community.
## Existing Business Support Service Programs and Finance Opportunities

<table>
<thead>
<tr>
<th>Resource</th>
<th>Type</th>
<th>Description</th>
<th>At SEED Center?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louisiana Procurement Technical Assistance Center (LA PTAC)</td>
<td>Business support</td>
<td>LA PTAC, housed at the Alliance, helps small businesses by working with them to match their capabilities with procurement opportunities in local, state, and federal government as well as assisting them during the bidding process. LA PTAC also works with the local, state, and federal government agencies to identify businesses with the ability to fulfill available contract opportunities.</td>
<td>Yes</td>
</tr>
<tr>
<td>Louisiana Small Business Development Center (SBDC)</td>
<td>Business support</td>
<td>The Louisiana SBDC offers training, counseling, and outreach seminars to small business owners as well as potential business owners and entrepreneurs in addition to assistance in business plan development, market analysis, sources of capital, technology transfer, and investor assistance. Southwest Louisiana's SBDC is currently located at McNeese State University.</td>
<td>Yes</td>
</tr>
<tr>
<td>Service Corps of Retired Executives (SCORE)</td>
<td>Business support</td>
<td>SCORE offers free counseling and mentoring from retired business professionals as well as free or low cost workshops and training sessions to existing small businesses as well as new start ups.</td>
<td>Yes</td>
</tr>
<tr>
<td>Southwest Louisiana Chamber (Chamber SWLA)</td>
<td>Business support</td>
<td>A part of the Alliance, Chamber SWLA offers seminars and workshops on current topics, networking opportunities, and leadership development programs.</td>
<td>Yes</td>
</tr>
<tr>
<td>Southwest Louisiana Economic Development Alliance (The Alliance)</td>
<td>Business support</td>
<td>The Alliance provides business education and mentoring opportunities to individuals who qualify. Programs include the Kauffman NewVenture, GrowthVenture, and TechVenture FastTrac Programs and the Southwest Louisiana Small and Emerging Business Program. Potential programmatic areas for future development include youth entrepreneurship, mentoring, microlending, and research. The Alliance is planning to expand program offerings at the SEED Center to include (but are not limited to) a Business Incubator Center, entrepreneurship workshops, Economic Gardening, an entrepreneur and small business development training series, Export University, and nonprofit workshops.</td>
<td>Yes</td>
</tr>
<tr>
<td>Angels of Southwest Louisiana</td>
<td>Finance</td>
<td>The Angels of Southwest Louisiana provide support for early-stage businesses including financing, connections, market knowledge, mentoring, and advisory services.</td>
<td>No</td>
</tr>
<tr>
<td>Louisiana Economic Development (LED)</td>
<td>Business Support and Finance</td>
<td>LED’s Small and Emerging Business Development program (SEBD) provides one-on-one counseling, management training, and assistance with market analysis, sources of capital, and technology transfer at the Lake Charles/McNeese University SBDC. The LED State Trade Export Promotion (STEP) grant reimburses qualified businesses up to $5,000 for expense related to entering new markets.</td>
<td>No</td>
</tr>
<tr>
<td>Manufacturing Extension Partnership of Louisiana (MEPOL)</td>
<td>Business support</td>
<td>MEPOL’s project managers meet with small- and medium-sized manufacturers to help them plan for and implement business growth opportunities. In addition, MEPOL offers events and classes focused on a particular theme such as Seed Investing for Entrepreneurs. The nearest MEPOL office is in Lafayette, LA.</td>
<td>No</td>
</tr>
<tr>
<td>U.S. Export Assistance Center (USAEC) and the Louisiana District Export Council (LDEC)</td>
<td>Business support</td>
<td>Located in New Orleans, the USAEC offers business assistance in entering and operating in the international market. LDEC helps the U.S. Commercial Service and USAEC identify potential exports and identify mentors for new exporters. The LDEC is the primary trade outreach advisor to the USAEDC, offering export counseling to established businesses.</td>
<td>No</td>
</tr>
</tbody>
</table>
Opportunity: Workforce

Entrepreneurial and Highly Skilled Existing Workforce

The existing workforce is equipped with a strong sense of independence and a “do it yourself” attitude, which is important in developing an entrepreneurial culture. An element of this already exists in Southwest Louisiana, as exemplified after Hurricanes Rita and Ike when small, locally-owned retailers were the first to reopen and serve the community. The resilience of these business owners exemplifies the characteristics often seen in entrepreneurs. As discussed in IEDC’s *Entrepreneurial and Small Business Development Training Manual*, entrepreneurs have strong leadership qualities, possess an aggressive work ethic, work creatively, and remain motivated in the face of setbacks.

Due to the presence of the oil and gas industries, Southwest Louisiana has a very strong craft workforce that includes professionals such as welders and pipefitters. These workers possess specialized skills that should be passed on to younger generations of workers. Such skill sets are applicable in the existing plants and could be applied to entrepreneurial ventures.

Transitioning Workforce

As the baby boomer generation retires, new workers will be needed to replace them. While a large number of retirees leaving the workforce without an adequate number of replacements could become a challenge for the local economy, at the present the pending retirement of many workers is an opportunity. The greatest impact is likely to be in skilled trade jobs, and several programs are underway to facilitate the transition from older to younger workers. The Louisiana Construction Users Council in Lake Charles is making some progress in this area by reaching out to schools to inform students and counselors about job opportunities. In addition, the Council hosts a career day with the Alliance to expose people to opportunities in construction. SOWELA is also preparing young people for jobs through its Senior Technical Education Program (STEPS), which allows high school students to receive joint high school and college credit for classes and thereby gain a head start on certification and degree programs.

Attracting and Retaining Young Professionals

The median age in Southwest Louisiana (37.5 years) is slightly higher than that of the state of Louisiana (35.8 years) and the United States (37.2 years). The population is also aging, as the average age in the five-parish region was 34.9 years during 2010. There is an advantage to this, as entrepreneurs have an average and median age of 40 years when they start their first company. However, it is important to retain young professionals who will comprise the next class of entrepreneurs. Two current initiatives, Fusion Five and the Next Generation Advocate, should be maximized to engage and retain young professionals as well as to help ensure that the skills and knowledge of older workers are shared with the upcoming generation.

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Fusion Five is a group of young professionals within the SWLA Chamber that was founded to improve awareness, stimulate involvement, and create meaningful relationships between young professionals in the area. Fusion Five’s how-to seminars, monthly lunches, volunteer initiatives, and social events are a great opportunity for both developing and existing entrepreneurs to share experiences in business development and learn from experts in a particular field (especially through seminars and workshops).

The Next Generation Advocate, a position created through a partnership with the Alliance and L’Auberge Casino, is focused on attracting and retaining young professionals in the region as well as facilitating knowledge transfer from older to younger generations. Some of the major initiatives and issues the Next Generation Advocate, working in conjunction with the task forces of business and community leaders, is responsible for include:

- Bridging the leadership gap by engaging young professionals;
- Diversifying employment opportunities;
- Building a stronger infrastructure for better connectivity;
- Increasing the population of Lake Charles to 100,000;
- Creating more community support for McNeese State University; and
- Establishing SWLA as a destination for those passing through on I-10.

Since the Advocate is responsible for working with regional business and community leaders to connect young workers with experienced professionals, this individual can be part of the greater effort to facilitate relationships and information-sharing between existing entrepreneurs and young people interested in starting their own business.

**Opportunity: Connection to University Programs**

**McNeese State University**

McNeese has several existing degree programs relevant to the entrepreneurial and small business communities, and the university has educated much of the existing workforce. The university’s programs in engineering, business, innovation engineering, health care, science, and education are equipping students with the skills needed to succeed in the business world and are generating potential incubator tenants. The Innovation Engineering program, for example, teaches students how to create, communicate, and commercialize marketable businesses and/or products. Graduates of this program might be especially interested in joining the SEED Center student incubator, and moving into the business incubator after graduation. In addition, the Lake Area Industries/McNeese Engineering Partnership, which provides seminars and workshops on the McNeese campus as well as an opportunity for technology transfer to area industries, is a potential SEED Center training partner and source of incubator tenants.

The university has a history of partnering with local organizations. The College of Engineering and the Institute for Industry-Education Collaboration facilitate communication and relationship-building.

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13 **SWLA Alliance and L’Auberge Casino Resort Form Innovative Partnership Focusing on Next Generation.**
between the college and industry, and also provide training. These partnerships can be used to further develop and refine McNeese’s degree programs so that graduates are ready to meet the needs of employers when they enter the workforce.

Programs and community contributions unique to McNeese State University include:
- A strong engineering program: approximately one-third of the engineers working in the local petrochemical industry are McNeese graduates;
- A strong nursing program: nearly 80 percent of all nurses working in Lake Charles and surrounding communities are McNeese graduates;
- Degree programs in business management and marketing, education and health professions, and related clinical sciences;
- A 18-credit hour Innovation Engineering minor that teaches students how to create, communicate, and commercialize ideas;
- The College of Engineering and Engineering Technology Industrial Advisory Board (IAB), a volunteer group of representatives from 12 industries that provides departments in the college with an independent critical assessment and feedback on curricula and facilities while promoting the needs, trends, and challenges of industry;
- The Institute for Industry-Education Collaboration (IIEC), which seeks to enhance economic development and cultural growth by strengthening the connection between higher education and industry with regard to workforce development, knowledge transfer, and technology commercialization; and
- The Lake Area Industries/McNeese Engineering Partnership, which provides an opportunity for technology transfer to area industries by offering seminars and workshops on the McNeese campus as well as at industry sites.

Community and Technical Colleges

Like McNeese State University, SOWELA Technical Community College has programming in place to support small business and entrepreneurship development. The college provides associate degree programs in accounting, aviation maintenance technology, culinary arts, drafting and design technology, graphic arts, industrial instrumentation, process technology, and programming as well as a technical diploma for an electrical apprentice or industrial electrician. While the college does not yet have a business degree program, approximately five to six percent of SOWELA students are in business classes. SOWELA offers an entrepreneurship program that facilitates interaction between students and local small businesses. This program covers topics such as: financial literacy, communication skills, and how to apply business and trade-based skills to a consulting or contractor job. The students in this class, as well as other business programs, are potential clients for the incubator and SEED Center programming generally.

To address the need for engagement with high school students, SOWELA offers the STEPS program, which allows high school seniors to earn joint high school and college credit during their senior year. This type of programming helps students enter the workforce earlier and provides them with job-specific skills that might not be obtained in a traditional high school classroom setting. The TOPS Tech Award, available to students within the Louisiana Community and Technical College System, pays tuition for skills or occupational training. Like the STEPS program, the TOPS award provides students with access to job readiness skills and knowledge.

SOWELA’s workforce development programs are another way that the college can benefit existing employees and industry. Workforce development courses can be taught onsite, at an employer’s place of business, or at a third-party location. Offerings include courses on aviation and electrical
apprenticeships, fast track welding, entrepreneurship, management, and Microsoft Office. In addition to the set curriculum, continuing education courses can be offered to groups on an as-needed basis. The on-demand courses are more flexible than SOWELA’s standard courses, and can be tailored to the needs of a particular employment or group. Continuing education courses can be used by entrepreneurs to fill skill gaps as well as by local industry to train and strengthen their employee base.

Opportunity: Funding

There are a variety of existing funding opportunities for entrepreneurs in Southwest Louisiana

Angel Investors Network

The Angels of Southwest Louisiana is the only angel network that focuses on the region. This group has a very specialized, narrow focus on funding entrepreneurs with early-stage companies that have high growth potential, as determined by an examination of the proposed revenue model and management team. Investment amounts range from $100,000 to $250,000, but the group has expressed an ability to reach out to other angel investors if larger investments are needed.

Accion

Accion USA has a presence in the Southwest Louisiana region through Accion Texas, which serves Louisiana via offices in Alexandria, Baton Rouge, New Orleans, and Shreveport. Accion Texas provides credit and services to small businesses that do not have access to loans from commercial sources. This access to credit includes loans of up to $50,000 for startups and $250,000 for existing businesses for merchandise, equipment, expansion, or working capital. Accion Texas also offers disaster recovery funds to eligible locations, which includes both Calcasieu and Cameron Parishes. This funding stream offers loans of up to $250,000 at seven percent to businesses that create at least one job that will benefit low- and very low-income individuals.

SBA 504 Loan Program

Southwest Louisiana has several commercial banks that offer SBA loans, including Franklin Financial Company, Capital One, JP Morgan Chase, and MidSouth Bank. While many of the banks expressed a limited capacity for 7(a) loans during the site visit, many of them provide ongoing access to 504 loans. The representatives we spoke with during the site visit believed that only two percent of bank loans were in past-due status, which indicates some opportunity for low-risk expansion of bank-funded loan programs.

Industry Investment

The local oil and gas industry has a history of supporting local economic development, including a $1 million investment by Cheniè in 2007 targeted at reef development in support of the Lake

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14 SBA 7(a) loans target businesses that handle exports to foreign countries, businesses that operate in rural areas, and businesses that have been impacted by NAFTA in addition to a few other specific business types

15 SBA 504 loans provide approved small businesses with long-term, fixed-rate financing to acquire fixed assets for expansion or modernization
Calcasieu fishing industry. During the site visit many industry representatives expressed interest in future financial investment in the area’s economic development.

Opportunity: Oil and Gas Industry

Contracting and Procurement
There is a huge opportunity for contracting and procurement with the oil and gas industry. During the site visit, a group of representatives from the petrochemical and capital access communities believed there were several thousand area contractors and as much as $44-49 billion announced for investment in future projects. While the industry has made some efforts to utilize local vendors and suppliers, concentrated efforts such as CITGO’s vendor fairs could help connect small businesses with industry opportunities.

In addition to industry procurement opportunities, small businesses should be connected with opportunities in government procurement. The Louisiana Procurement Technical Assistance Center (LA PTAC), with 130 active clients and over $52 million in contracts and subcontracts, can help to further bridge this gap with meeting with small businesses and working with them to match their capabilities with procurement opportunities in government as well as assisting them during the bidding process.

Facility Expansions
There are several upcoming large expansions planned in the oil and gas industry that will result in contract, procurement, and support service opportunities for entrepreneurs. Cheniere has plans to spend $10 billion to acquire the ability to export liquefied natural gas (LNG) at their LNG import facility. This expansion is expected to create 3,000 jobs during the construction phase and 150 permanent jobs at the new facility. In addition, Sasol is planning an $16-21 billion investment in Calcasieu Parish to construct a gas-to-liquids facility. This project would result in approximately 1,250 direct jobs and over 5,000 indirect jobs.

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Opportunity: Tourism Industry

Active Convention and Visitors Bureau

The Lake Charles/Southwest Louisiana Convention and Visitors Bureau (CVB) and the Jeff Davis Economic Development and Tourist Commission actively promote the area’s events, attractions, and businesses to visitors and residents. The CVBs are very active in regional economic development and disaster recovery networks, and are eager to participate in a growing effort to support entrepreneurship in Southwest Louisiana. For example, the Lake Charles/Southwest Louisiana CVB offers a “Game On! Hospitality Ambassadors” training program that provides workers with up-to-date knowledge of local businesses and attractions. The goal of this program, in addition to promoting the region’s attractions to hospitality employees, is to build relationships with businesses and employees in the attraction, hotel, restaurant, and hospitality industries. The CVB also shares information about the area’s assets through a very engaging and informative website as well as a printed “Getaway Guide” that promotes local businesses, events (including over 75 festivals per year), and attractions to visitors. Each of these venues—the ambassadors program, website, and Getaway Guide—can be used to promote new and existing small businesses to a broad audience.

The CVBs are proactive in attracting visitors to the area. These efforts include recruiting youth sports tournaments, conventions, and meetings to the Southwest Louisiana region as well as cooperating with tour bus companies to attract international visitors. The CVBs can directly connect these meeting planners, travel companies, and the community at large with small businesses suited to the particular needs of an event or group. In addition, the CVBs are in a position to raise awareness of existing gaps in the services and amenities available to visitors. For example, during the site visit multiple tourism and hospitality representatives identified opportunities such as: recruiting locals to lead tours in and around Lake Charles, establishing more family attractions for visitors attending youth sports events, and encouraging more restaurants and recreational retail outlets on the lake. This type of information could be useful to entrepreneurs at the SEED Center who are still developing a business plan or to existing business owners who are searching for expansion opportunities.

Pinnacle Casino

Approximately 120,000 people visit the L’Auberge Casino every week, and the number of casino visitors in Lake Charles is expected to increase in the future due to the construction of a new casino in the lot adjacent to L’Auberge. The new casino, a $500 million investment by Pinnacle Casinos, Inc., is expected to generate 1,800 construction jobs and 1,500 permanent jobs. The developers are hoping to draw from “the six to seven million adults living within a few hundred miles of Lake Charles.”

L’Auberge, Isle of Capri, Delta Downs, Coushatta, and the casino under construction have implications for entrepreneurship in the region. Entrepreneurs have the opportunity to capitalize on support services that existing and future casinos will need, as the casinos will require suppliers and

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vendors, and the casino staff will need shopping options. Entrepreneurs can also benefit from the projected increase in tourism. While the casinos will draw visitors to Lake Charles, they may also visit area small businesses like restaurants and tourism attractions.

**Nature Tourism**

Nature tourism, which includes both ecotourism and agritourism, provides a number of entrepreneurship opportunities for the Southwest Louisiana region. Current outdoor recreation offerings include the Creole Nature Trail, birding, hunting, and fishing. Entrepreneurs can use these amenities as business opportunities. The personal tour app available for the Creole Nature Trail is a great example of innovative thinking within the nature tourism sector. This GPS enabled app features a list of popular stops along the trail, as well as information about the history of each stop, which people can view as they travel the trail. Stakeholders also identified other possibilities for future entrepreneurial activities including locally-led tours of natural areas. Another opportunity exists along Lake Charles, where there are currently no restaurants or recreational retail. As downtown development continues in Lake Charles, there may be greater demand for dining and recreation opportunities along the lake.

In addition to the outdoor recreation opportunities, the construction of a new rum distillery in Jefferson Davis Parish is a great example of the area's agritourism potential. Tours and tastings at the distillery are an effective way to draw visitors to the area, and there is some support for the idea as during IEDC's site visit several tourism representatives expressed interest in creating a distillery trail to attract additional visitors. Such trails have been successful elsewhere- in 2011, the Kentucky Bourbon Trail distilleries drew over 450,000 visitors.21

**Youth Sports**

Southwest Louisiana aims to establish itself as the sports capital of Louisiana. If successful, the associated increase in visitors will present an opportunity for entrepreneurs in the tourism industry as well as small businesses like restaurants and retail establishments. In 2011, Calcasieu Parish hosted 131 youth sporting events with a total visitor count of over 275,000 and an economic impact of $42.7 million.22 According to one stakeholder in the tourism industry, the visitors associated with youth sports events often come in search of family-centric activities beyond the tournament or championship game that brought them to Lake Charles. While there are existing dining, retail, and recreational opportunities for these visiting families, many representatives from the tourism industry expressed a need for additional facilities—especially with regard to recreation and retail—that target families with children. This gap between the businesses and services that exist and the desire from visitors for additional options is a great opportunity for entrepreneurs who are prepared with business plans that address this unmet need.

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Opportunity: Transportation and Infrastructure

Port of Lake Charles

As a bulk and break bulk port, the Port of Lake Charles does not specialize in container shipping but rather specializes in processing various wastes from oil refining. In addition, it serves as a transfer point for goods like rice, flour, petroleum coke and other petroleum products, and forestry products. The Port of Lake Charles is the 12th largest port (by tonnage) in the nation, and it is growing. The Port will soon be classified as a Class A transit hub with Union Pacific’s introduction of unit train service. This project, which is associated with the development of a short-line railroad facility and new grain elevator, will increase agricultural exports and allow the Port to better compete for bids with shippers and therefore provide more opportunities for local businesses.\(^{23, 24}\)

Chennault International Airport Authority

Southwest Louisiana has a large aviation presence. Aerospace and defense companies employ over 1,200 residents in the region, and the area is home to several regional airports, including Chennault International Airport in Lake Charles. Chennault is home to major aerospace companies like Northrop Grumman, Aeroframe Services, and Million Air. Like the Port of Lake Charles, Chennault is expanding with the construction of a $21 million hangar that is expected to create 500 new jobs in the aviation industry.\(^{25}\)

As a hub for several aviation companies, Chennault could become a source of spinoff companies. The airport also has several available sites that established entrepreneurs may find useful. One of the current tenants, Louisiana Millwork, began as a startup in 2000. The company, a building materials manufacturer and supplier, chose to locate at the airport due to the availability of affordable space for manufacturing as well as the location’s easy access to I-10 and I-210.\(^{26}\)

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Challenges and gaps

The overall challenge is to increase the support system for entrepreneurs. This challenge can be addressed by increasing and enhancing access to capital, economic diversity, and business support services.

Challenge: Economic Diversity

Six of Southwest Louisiana’s top ten private employers are in the petrochemical and casino industries. Casinos account for three of the area’s top ten private employers, and another three of the largest employers are in the petroleum and chemicals industry. The petrochemical industry in particular has historically been a reliable source for high-paying jobs in Southwest Louisiana. This has created somewhat of a risk-averse mindset that has inhibited some locals from venturing into other careers, such as entrepreneurship, where the salary for this type of job is not perceived to be as high or reliable.

Top 10 Private Employers

<table>
<thead>
<tr>
<th>Employer</th>
<th>Classification</th>
<th>Location</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>L’Auberge du Lac Casino Resort</td>
<td>Casino/Hotel/Entertainment</td>
<td>Calcasieu Parish</td>
<td>5,000</td>
</tr>
<tr>
<td>Coushatta Casino Resort</td>
<td>Casino/Hotel/Entertainment</td>
<td>Allen Parish</td>
<td>2,400</td>
</tr>
<tr>
<td>Turner Industries Group, LLC</td>
<td>General Contractors</td>
<td>Calcasieu Parish</td>
<td>2,300</td>
</tr>
<tr>
<td>PPG Industries, Inc.</td>
<td>Alkalis &amp; Chlorine Manufacturer</td>
<td>Calcasieu Parish</td>
<td>1,500</td>
</tr>
<tr>
<td>Lake Charles Memorial Hospital</td>
<td>General Medical &amp; Surgical Hospital</td>
<td>Calcasieu Parish</td>
<td>1,250</td>
</tr>
<tr>
<td>CITGO Petroleum Corporation</td>
<td>Petroleum Refinery</td>
<td>Calcasieu Parish</td>
<td>1,194</td>
</tr>
<tr>
<td>Isle of Capri Casino</td>
<td>Casino/Hotel/Entertainment</td>
<td>Calcasieu Parish</td>
<td>1,160</td>
</tr>
<tr>
<td>CHRISTUS St. Patrick Hospital</td>
<td>Hospital</td>
<td>Calcasieu Parish</td>
<td>871</td>
</tr>
<tr>
<td>ConocoPhillips Manufacturing</td>
<td>Petroleum Refinery</td>
<td>Calcasieu Parish</td>
<td>770</td>
</tr>
<tr>
<td>Era Helicopters LLC</td>
<td>Aircraft/Transportation Charter Rental &amp; Leasing Service</td>
<td>Headquarters in Calcasieu Parish</td>
<td>750</td>
</tr>
</tbody>
</table>

Economic diversity is a long-term goal of the region, and has many proven benefits. As existing industries reach maximum output, employment growth can be stunted as a result of natural growth limits. Developing a strong entrepreneurial ecosystem can help add diversity to an economy and mitigate some of the impacts of employment downturns associated with a large organization that has maximized its presence in a particular area. In Southwest Louisiana, increasing entrepreneurship opportunities will open employment alternatives to local talent not involved in the petrochemical and


casino industries. In addition, creating a more diverse economy can help insulate the region from future instability or downturns associated with the tourism and natural resource extraction industries. Many states and communities across the country have already started to incorporate entrepreneurship as a core economic development strategy, as it can produce quality jobs and revenue for communities.  

**Challenge: Access to Capital**

Gaining access to capital is a substantial challenge for entrepreneurs in Southwest Louisiana. The major sources of existing capital—local banks and the angel investor network—have limited capacity to address the various types of entrepreneurs, stages of business development, and the spectrum of loan and investment amounts needed. While a challenge for all entrepreneurs, the lack of early stage seed capital is an especially difficult obstacle for startups in the area who may not have the business history necessary to qualify for many loan programs.

Many traditional sources of funding are not designed for early-stage investments. Venture capitalists are often hesitant to offer seed (equity) investments to startups, and banks are often prohibited from making equity investments. In addition, the majority of representatives from local banks the site visit team met with seemed to only be willing to lend to low-risk groups (which excludes most entrepreneurial ventures) and are not actively pursuing many SBA 7(a) loans. The angel investor network, another local funding source, is new. While the network has expressed some interest in growing, their ability to serve entrepreneurs is limited by investment size and business type. Other alternative (and frequently more flexible) sources of funding—such as investment by SEEDCO, micro-lending, revolving loan funds, community development financial institutions (CDFI), and venture funders—are missing from the existing options.

**Challenge: Business Support Services**

As discussed in the previous “Opportunities” section, there are a number of business support services available in the five-parish region. Many of these programs and services are fragmented, and determining the differences in purpose and function of each organization can be confusing for potential entrepreneurs. While there is some ongoing communication between small business support organizations, there is not a centralized physical or web-based location where entrepreneurs can access the full suite of support organizations and programs. This type of resource could help entrepreneurs self-diagnose and seek the assistance most appropriate for their needs. In addition to the organization-entrepreneur gap, there is a gap in communication between the various business support organizations. Developing a platform and schedule for communication and information sharing between organizations might help avoid resource duplication, helping each organization achieve their particular mission more efficiently.

Funding is another challenge for the region’s business support organizations. The SBDC, for example, has experienced reduced funding in recent years. Part of this funding was lost as a result of the 2010 U.S. Census, which showed a population decrease for the area. The University of New Orleans has stopped participating in the program, and other universities have directed less funding toward the SBDC. Therefore, the SBDC has a reduced capacity to work with entrepreneurs and must rely heavily on outside professionals.

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29 Ibid.
Challenge: Aging Population

The current population of Southwest Louisiana is characterized by a higher than average median age when compared with the state of Louisiana and the nation as a whole. The region also experienced a greater increase in its median age from 2000-2010 than both the state and the nation. The workforce is aging, and older workers, especially in skilled trades, are nearing retirement. Unfortunately, there are not yet enough trained young workers to replace all of the retirees, and, according to one stakeholder, there is a lack of interest among high school students in the skilled trades.

The need for more skilled trade workers among young people is coupled by a need for higher educational achievement in the region. While high school graduation rates in the five-parish region are higher than in both Louisiana and the nation, average college graduation rates are lower.

### Graduation Rates

<table>
<thead>
<tr>
<th></th>
<th>Southwest Louisiana</th>
<th>Louisiana</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school diploma/equivalent</td>
<td>41.38%</td>
<td>34.8%</td>
<td>29.0%</td>
</tr>
<tr>
<td>Some college</td>
<td>18.14%</td>
<td>20.5%</td>
<td>20.6%</td>
</tr>
<tr>
<td>Associate’s degree</td>
<td>6%</td>
<td>4.8%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>9.62%</td>
<td>14.0%</td>
<td>17.6%</td>
</tr>
</tbody>
</table>

Source: ACS 2010 5-year estimates

The disparity between may be partially explained by the prevalence of the oil and gas industry, where high-paying jobs do not always require a four-year college degree. Other potential reasons for lower than average attainment of four-year college degrees include inadequate college preparedness at the K-12 level and the increasing cost of higher education. Comparatively low graduation rates at the post-secondary level in Southwest Louisiana emphasizes the importance of Alliance and SEED Center programs and partnerships with students at the K-12 level in reaching potential entrepreneurs.

Challenge: Barriers to Entry

There are a few systemic and perceptual barriers preventing entrepreneurs from entering the market. These barriers include:

- A lack of equity investment capital;
- The dominance of large, national, one-stop style chain stores;
- Updated zoning regulations, which created new flood zones that demand higher insurance premiums from home and business owners;
- More stringent lending requirements; and
- A less-than-ideal personal financial history that can make opening and/or operating a new business financially challenging.

Other systematic issues that make locating a residence or business in the region more difficult include a projected housing shortage that may accompany planned plant expansions as well as unequal access to broadband internet in rural areas. In addition to these structural barriers, perception plays an important role in the decision to open a new business. Due to a number of unrealized proposals and plans for development along the Lake Charles waterfront, for example, some residents view this area as being too risky or cumbersome for locating a business. A more in-depth discussion of each of these factors is below.
**Zoning.** Following Hurricanes Rita and Ike, the Calcasieu Parish Police Jury adopted new flood plain maps in 2010, and Lake Charles adopted new Flood Insurance Rate Maps in February 2011. The updated maps include new flood zones, which have resulted in higher insurance premiums for existing businesses and homeowners. In addition, new real estate lending requirements have made it difficult for banks to make new housing loans. Both of these factors make growing a new small business or building a new residence in Southwest Louisiana more difficult.

**Lack of broadband access.** Southwest Louisiana is a mixture of cities, towns, and rural areas. While more developed municipalities have access to high-speed internet, many rural areas do not have access to broadband, which is necessary for easy access to e-commerce opportunities.

**Housing shortage.** The planned expansions at Cheniere and Sasol will bring thousands of additional employees to the region during the construction phase. However, the current housing stock is not robust enough to absorb all of the expected new workers. This fact is complicated by other limiting factors such as long-term landowners who are reluctant to sell land for development and newly established flood zones. Each of these factors may make it more difficult for entrepreneurs moving to the area to find affordable housing or to hire workers from outside the region. In addition, if the new workers associated with the plant expansion locate outside of Southwest Louisiana, they are less likely to patronize local businesses.

**Planning fatigue.** The residents of Southwest Louisiana have experienced many different planning initiatives in recent years, which have resulted in some fatigue on the part of the public toward new planning initiatives. A sample of recent planning initiatives in the region includes: a FEMA Long-Term Recovery Plan, lakefront development charrettes, a Calcasieu Parish Comprehensive Land Use Plan, a Southwest Louisiana Regional Housing Study, and the Louisiana Road Home Program. In addition, the city owns much of the land along the Lake Charles waterfront, and there have been a number of unfulfilled plans and proposals over the years. This has created a mental impediment amongst many potential developers who are wary of initiating new projects in the area.

**Personal finances.** Individual financial management is a hurdle for some people looking to start a small business in the region. Representatives from local banks and the SBDC cited personal financial mismanagement as a reason why some entrepreneurs do not qualify for available financing.
Recommendations

Recommendation: Diversify Economy

Economic diversity is important for long-term growth in jobs and revenue. A diverse economy can help insulate a community against industry-specific downturns, offers talented workers a variety of employment opportunities, and can help a community weather quickly changing market and consumer preferences. Entrepreneurship is an effective strategy for communities trying to achieve greater economic diversity, as seen in communities such as Grand Junction, Colorado.

After losing ExxonMobil, one of Grand Junction’s major employers, the community decided to take a proactive approach to creating a more diverse economy through a variety of initiatives, including a new emphasis on entrepreneurship. One of the ways Grand Junction did this was by establishing a Business Incubator Center to support entrepreneurs during the early and long-term growth stages of business development. So far, this strategy has been effective. Since opening in 1987 with a $75,000 grant from the federal government, the Business Incubator Center has helped launch over 200 companies with over $137 million in revenue.30 31

In Southwest Louisiana, the SEED Center, Business Incubator Center, and partner organizations will play a critical role in creating the supportive environment necessary to facilitate greater growth and interest in entrepreneurship. Co-locating a variety of business support services will give entrepreneurs easier access to several different types of assistance in one location, and will encourage networking amongst various aspiring and existing entrepreneurs.

Recommendation: Optimize SEED Center

While there is not a “magic bullet” for designing the perfect array of services and policies to ensure the success of an entrepreneurship ecosystem or business incubator, many successful business support and incubation programs share common practices. With regard to business incubators, the Economic Development Administration found that there was not a single incubator practice, policy, or service guaranteed to produce success. Rather, the “synergy among multiple practices, policies, and services that produce optimal outcomes.”32 The SEED Center is uniquely positioned to help create this type of synergy, leading to greater diversification in the local economy as well as growth in employment and revenue in target (and other) industries. This will be accomplished by providing client companies with business support services and resources tailored to young firms. Given the number of organizations and programs at the SEED Center, it is critical for the SEED Center to have a coordinated and strategic approach to diversifying the local economy through entrepreneurship.

In a strategic analysis conducted for the Alliance in fall 2009, Market Street Services analyzed the region’s existing workforce and recommended that the region focus on the specific industry clusters.

31 See the Case Study section of this report for more information about the entrepreneurship efforts in Grand Junction.
These clusters (identified in the list below) were chosen after a quantitative and qualitative data analysis that included looking at attributes of the local workforce, national economic trends, and existing regional assets as well as the potential job growth and business retention opportunities at a variety of skill and income levels for each industry. The five target industries identified were:

- Healthcare,
- Aerospace and Defense,
- Supply Chain Management,
- Sustainable and Traditional Energy, and
- Gaming and Tourism.

The economic and workforce development goals in Calcasieu Parish’s Long-Term Recovery Planning has some overlap with the Market Street study, as it emphasizes expanding cultural tourism, secondary markets in manufacturing and agriculture products, international trade, and information technology.

IEDC recommends using the five areas identified in the Market Street study as a starting point for targeted new business development. Since Market Street chose these industries after analyzing the workforce talent currently available as well as future growth opportunities, they are a good place to start when developing a vision and strategy for the SEED Center and Business Incubator Center. For example, many effective business incubators choose target industries, which helps the incubator staff decide the types of entrepreneurs to serve in addition to increasing the incubator’s economic value by contributing to growth in high-demand industries.

**Overview of Planned Programs: SEED Center**

The SEED Center, a partnership between the Calcasieu Parish Police Jury, the City of Lake Charles, McNeese State University, the Alliance, and economic development stakeholders from the five parishes, is expected to have many of these characteristics. This facility will host a variety of organizations, business support programs, and development programs, including:

- McNeese State University SBDC, which includes LED’s Small and Emerging Business Development Program (SEBD)
- McNeese State University and faculty offices related to economic development
- McNeese State University programs, such as the Innovation Center
- Service Corp of Retired Executives (SCORE),
- Louisiana PTAC, and
- The Southwest Louisiana Economic Development Alliance
  - Business incubator
  - Export University
  - Kauffman FastTrac programs (NewVenture, GrowthVenture, and TechVenture)
  - Targeted workshops
  - One-on-one business counseling
  - Economic Gardening
Kauffman FastTrac

The mission of the Kauffman Foundation, is to “help individuals attain economic independence by advancing educational achievement and entrepreneurial success.”\(^{33}\) Part of the Foundation’s work in advancing entrepreneurship includes a collection of three effective FastTrac programs known as NewVenture, GrowthVenture, and TechVenture, each of which are tailored to the needs of a specific type of entrepreneur. These programs are designed to offer entrepreneurs approximately 30 hours of classroom-style training in a non-academic environment; however, college students enrolled in courses with FastTrac materials can obtain college credit.\(^{34}\)

Since the FastTrac program began in 1993, affiliate institutions throughout the nation including colleges, chambers of commerce, economic development organizations, business councils, and others, have delivered these programs to over 300,000 entrepreneurs.\(^{35}\) The FastTrac programs have had a significant impact on graduate entrepreneurs:\(^{36}\)

- According to a 2012 survey of 2011 FastTrac program graduates, over 41 percent of the 600 graduates launched or continued their business after completing a FastTrac course
- Most of the business owners in the 2012 alumni survey reported revenue growth after completing a FastTrac program; 25 percent of businesses reported an increase of over 21 percent
- On average, FastTrac program graduates who create jobs after the program hire four full-time employees and two part-time employees\(^{37}\)

In addition to the economic benefit, the FastTrac programs are designed to reach entrepreneurs of different ages and educational levels. For example, in 2012: \(^{38}\)

- The largest group of FastTrac graduates (32%) were between the ages of 45 and 54. Other age breakdowns included 18-24 (4%), 25-34 (21%), 35-54 (25%), and 55 plus (18%)
- The largest educational group of graduates were those with a bachelor’s degree (38%). Other educational groups included high school graduates (6%), those with some college (17%), an associate’s degree (13%), a master’s degree (20%), or trade/vocational training (6%)
- 55 percent of graduates were female; 45 percent were male

The effectiveness and diversity of program offerings, in addition to the applicability to a wide audience, make these programs a good fit for the entrepreneurship support efforts at the SEED Center. An overview of each of the program tracks, and a sample of communities who have benefitted from the implementation of these programs is below.

**FastTrac NewVenture**

The FastTrac NewVenture program is available to entrepreneurs who have an idea for a business, but are not sure how to translate that idea to a business. This course gives entrepreneurs the opportunity to:\(^{39}\)

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\(^{35}\) Ibid.


\(^{38}\) Ibid.

**Strategies & Recommendations for the Southwest Louisiana Economic Development Alliance**
Explore entrepreneurship;
Identify and meet market needs;
Objectively evaluate their business’s concept and plans for moving forward;
Develop a working knowledge of business fundamentals such as marketing, product/service development, management, and financials;
Begin building an infrastructure for business operations and processes;
Explore the risk and success factors in the marketplace;
Understand how to access the human, financial, and business resources;
Network with entrepreneurs and professionals;
Respond to changes that can impact their business; and
Build an actionable business plan.

FastTrac GrowthVenture
The FastTrac GrowthVenture program is for entrepreneurs with an existing business who are looking for support and strategies for future growth. This course allows entrepreneurs to:
Analyze their business and evaluate the market for growth;
Streamline their business to operate more efficiently;
Determine strategies to achieve their goals;
Understand how to access available human, financial, and business resources;
Calculate the funds required to reach their next growth phase;
Create a framework to sustain maximum profitability while growing; and
Use the tools and resources that assist in planning for growth.

FastTrac TechVenture
The FastTrac TechVenture program is tailored to the needs of entrepreneurs developing a technology- or science-based business, which may have unique funding or intellectual property requirements. This program helps entrepreneurs:
Determine market opportunities and business strategies and pursue them successfully;
Define their target customers;
Develop a solid marketing plan;
Learn to assess and build a top management team;
Calculate the funding needed at each stage of their business and discover the best ways to access it;
Learn the importance of protecting intellectual property through licenses, patents, trademarks, and copyrights; and
Hone their elevator pitch and investor presentation.

Participating Communities
Many communities throughout the U.S. have implemented FastTrac course material. A small sample of those communities, and their experiences with FastTrac programs, are highlighted below:

SUNY Levin Institute: In April 2012, the SUNY Levin Institute partnered with the Kauffman Foundation to provide two no-cost FastTrac programs to New Yorkers: NewVenture and GrowthVenture. SUNY has hosted over 50 programs since May 2009 and, among NewVenture alumni, over 33 percent launched a business within six months of completing the program.

program. These businesses are in a variety of sectors, including technology, green/clean tech, professional services, healthcare, retail, and food services.\textsuperscript{42}

- **InnoVA Partners LLC:** InnoVA Partners, the Kauffman FastTrac affiliate for Central Virginia, began their first FastTrac GrowthVenture course in January 2013. The managing director, Steve Hutcherson, believes that FastTrac offers several advantages over traditional curricula for entrepreneurs and their businesses, including a more practical and structured approach to real-world problems; personal interaction between participants, facilitators, content experts, and mentors/coaches; and networking and relationship building.\textsuperscript{43}

**Collaboration**

It is important for the various organizations in the SEED Center to forge close working relationships and align their resources with one another as well as with those of external organizations. Effective collaboration between the various programmatic organizations at the SEED Center will create a web of support and development programs critical to the overall success of the Center as well as, more generally, the development of a sustainable entrepreneurship ecosystem in the region. According to IEDC’s *Unlocking Entrepreneurship*, this “web” of entrepreneurial resource providers should consist of the business support and technical assistance providers (such as the SBDC, SEBD, Export University, Economic Gardening, and FastTrac programs) as well as information networks, funders, and mentors.

In Southwest Louisiana, this “web” is based in large part at the SEED Center, as this building will host key programs that offer educational, financial, and mentoring support to entrepreneurs. Developing effective working relationships between the different organizations and individuals at the SEED Center is a nuanced process and will require the efforts of a skilled SEED Center Coordinator. The strong connections between players in the entrepreneurship ecosystem that the Coordinator is able to cultivate will help ensure that entrepreneurs receive the proper type and level of assistance no matter where the initial point of contact takes place. If an entrepreneur approaches the business incubator staff with a need that cannot be met by the incubator, for example, the entrepreneur should be directed to the SEED Center Coordinator, who will know what organizations or programs are best suited to the entrepreneur’s needs.

Since the SEED Center will be home to many different programs and organizations, there needs to be a framework for how the various organizations within the SEED center will carry out their individual programs as well as how those programs can be coordinated with one another. The basis for this framework is a memorandum of understanding (MOU) that the Alliance has developed. The MOU discusses the responsibilities of McNeese State University and the Alliance as it relates to managing the SEED Center facility. While this document covers topics such as building operations, maintenance, and rent payments, other systems will be needed to coordinate the programmatic efforts of the SEED center’s various organizations.

For example, the SEED Center will need to develop a long-term strategic plan that includes goals, objectives, and action items for the long-term sustainability of the Center. This plan should include topics such as short- and long-term strategic planning, marketing, case management and intake processes for small business support, policies and procedures for the incubator, and funding. Achievement of the plan’s goals, as well as effective collaboration between the SEED Center players, will require a strong leader with the ability to align different organizational procedures and cultures.


\textsuperscript{43} Interview with Steve Hucherson, 2/4/13.
As a start to this process, the chart on the following page outlines a potential schedule for establishing additional programs and policies in marketing, incubator operation, staffing, and funding.

**Business Incubator Center**

In addition to the SEED Center generally, the Business Incubator Center will give entrepreneurs another opportunity to network and receive business support services. Business incubators are a component of many successful entrepreneurship support strategies, offering technical assistance as well as educational and networking opportunities to clients. A well-run incubator will offer entrepreneurs the additional support necessary to facilitate post-graduation business success. Business incubators come in many forms, including those that specialize in certain industries, such as food manufacturing; for profit and nonprofit incubators; mixed-use incubators that assist a combination of companies; and accelerators, which focus on fast-growth and high-impact businesses. While every business incubator will have goals specific to the mission of that particular organization, there are several goals typical of a business incubation program.

- Creating jobs in a community
- Diversifying local economies
- Enhancing a community’s entrepreneurial climate
- Building or accelerating growth in a local industry
- Assisting in community revitalization

The SEED center will contribute to all of these objectives, but the second—diversifying the local economy—is especially important in this region due to the dominance of the oil and gas as well as casino industries, which leave the region vulnerable to economic shifts. While the entrepreneurship programs at the SEED Center should include these industries, there should also be an emphasis on cultivating small businesses in other sectors.

A business incubator can be an important part of an entrepreneurship development strategy, but only if it is run effectively. In 2011, the U.S. Department of Commerce’s Economic Development Administration conducted a survey of over 100 business incubator managers to determine the qualities of a successful program. Services that they found to be most highly correlated with incubator success include:

- Providing entrepreneurial training,
- Offering increased access to investment capital (loans, equity, etc),
- Securing strong supportive relationships with local area higher education institution(s) to support entrepreneurship education and market research,
- Providing production assistance, and
- Developing strong mentor programs such as those organized by SCORE, and Chambers of Commerce.

The average incubation period for a business in an incubator is 33 months. During that time, the client businesses will receive programmatic support in the form of assistance with business basics, access to networking opportunities with fellow incubator clients, marketing assistance, help with financial management, access to capital, and links to higher education resources or those of other strategic partners. Incubator clients will also benefit from the incubator’s physical space through access to low-cost operating space as well as shared business equipment and technology. At the SEED Center, incubator clients will also have the benefit of access to resources and organizations outside of the incubator, which further cultivates a supportive entrepreneurial environment.

Marketing

The SEED Center is currently under construction, and the upcoming organizations and programs should be publicized throughout the five-parish region to make entrepreneurs more aware of available support services. The Business Incubator Center should also be the focus of a major marketing initiative, as tenants should move into the incubator as soon as possible following the center’s opening. An effective marketing strategy will raise awareness within the community of the SEED Center’s construction progress as well as upcoming support service and incubator opportunities. Marketing the SEED Center involves a variety of short- and long-term tasks, which are discussed in greater detail below. Tasks within the SEED Center and Business Incubator Center marketing strategy include tasks such as developing a marketing plan and marketing materials, promoting the SEED Center and Business Incubator Center in the community, and conducting outreach to local organizations.

The SEED Center’s Advisory Board’s Marketing and Public Relations Committee is tasked with developing a marketing and promotion plan to raise awareness of the Center’s organizations and programs and educate the community on its features and benefits. The SEED Center and Business Incubator Center should each have a marketing plan, as the mission and audience of the SEED Center and Business Incubator Center, while related, are slightly different from one another. The development of these plans should begin immediately, if it has not already. While the proposed schedule (see chart on previous pages) calls for an early completion of the marketing plan, this should be treated as a living document that is tweaked and updated as the SEED Center and Business Incubator Center grows. The marketing plans should include action items that will help the SEED Center and Business Incubator Center attract clients, partners, and sponsors. A list of recommended marketing plan characteristics includes:

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### SEED Center
- A statement of the SEED Center’s overall business goal or vision
- A statement of the SEED Center organization’s programs and services
- A description of the overall market and the SEED Center’s role in that market
- An analysis of what the SEED Center does well and where it can improve
- A list of specific marketing goals and strategies and how to achieve them
- A timeline of marketing activities, with responsibilities assigned
- An estimate of the expected costs associated with each strategy or activity
- Ways to measure the success of marketing activities
- An executive summary

### Business Incubator Center
- A statement of the incubator’s overall business goal or vision
- A statement of the incubator’s programs and services
- A description of the overall market and the Business Incubator Center’s role in that market
- An analysis of what the Business Incubator Center does well and where it can improve
- A list of specific marketing goals and strategies and how to achieve them
- A timeline of marketing activities, with responsibilities assigned
- An estimate of the expected costs associated with each strategy or activity
- Ways to measure the success of marketing activities
- An executive summary

Given that SEED Center’s opening date is approaching, marketing for the building’s services and recruitment for the incubator should begin as soon as possible, even before the marketing plan is finalized. The marketing plans will provide a long-term strategy for the SEED Center and Business Incubator Center, but some short-term actions should begin immediately.
Short-term Marketing Actions

SEED Center
☐ Reach out to existing community and Alliance networks with ties to entrepreneurs, including: current incubator tenants, the Chamber SWLA and Fusion Five group, the business community, university students and faculty, and local media. Inform these organizations of opportunities at the SEED Center and establish a point of contact with each target organization.

☐ Develop social media accounts to promote SEED Center events, programming, and construction progress. These accounts should also help entrepreneurs connect with one another as well as with community and SEED Center resources. Before the SEED Center opens, these accounts can feature construction progress and promote ongoing SEED Center organizational programs as well as the upcoming Center opening. Potential forums for social media interaction include a Facebook page and Twitter account for the SEED Center and an open-access entrepreneurs Meetup.com group.

☐ Partner with local organizations to promote the SEED Center.

☐ Finalize the SEED Center marketing plan.

Business Incubator Center
☐ Reach out to existing community and Alliance networks with ties to entrepreneurs, including: current incubator tenants, the Chamber SWLA and Fusion Five group, the business community, university students and faculty, and local media. Inform these organizations of upcoming openings at the Business Incubation Center, where to find additional information on becoming an incubator tenant, and establish a point of contact with each target organization.

☐ Develop social media accounts to promote Business Incubator Center events, programming, and construction progress. These accounts should help entrepreneurs connect with one another as well as with events and resources connected to both the incubator and SEED Center. Potential forums for social media interaction include a LinkedIn group for incubator tenants, a Facebook page and Twitter account for the incubator, and an open-access entrepreneurs Meetup.com group that is cross-marketed with the SEED Center.

☐ Partner with local organizations to promote the Business Incubator Center.

☐ Finalize the Business Incubator Center marketing plan.

Develop a webpage for the SEED Center that includes a sub-page for the Business Incubator Center. This page should include:
SEED Center

☐ The SEED Center mission and vision.

☐ A list of SEED Center organizations, associated missions, and programmatic offerings. The SEED Center organizations should be asked to reciprocate by providing a link to the Center’s webpage on their respective web pages.

☐ A list of economic development organizations, business supporters, governmental offices and contact information, and other resources external to the SEED Center that are available to entrepreneurs. This list should be updated as the SEED Center tenant organizations, programs, services, and partner organizations change.

☐ Instructions for entrepreneurs on how to access SEED Center tenant and partner organizations. This should include contact information for the SEED Center Coordinator, relevant staff contacts and tenant and off-site partner organizations, and relevant intake and application forms.

Business Incubator Center

☐ The Business Incubator Center mission and vision.

☐ An explanation of the purpose and benefits of the incubator.

☐ Incubator policies and procedures, including a downloadable intake form that will give entrepreneurs the opportunity to review and complete required application information before visiting the SEED Center.

☐ Profiles of current tenants and incubator graduates.

☐ Incubator layout, available facilities, and rental costs.

Once complete, the content and design used on the SEED Center and Business Incubator Center webpages can be used as a template for other publications, such as a brochure or handout for easy distribution at events and partner organizations.
### Long-term and Ongoing Marketing Actions

#### SEED Center
- Host a grand opening celebration when the SEED Center opens. This event should be open to the community and could include a sponsored reception, tour of the incubator facilities, and meet-and-greet opportunities with representatives from SEED Center organizations as well as signed tenants.
- The SEED Center Coordinator will need to cultivate personal relationships with contacts in and outside of the SEED Center, including those from the business community, Chamber SWLA and Fusion Five group, McNeese and SOWELA students and faculty, political leaders, Fort Polk, and the local media. The Coordinator should periodically send contacts personalized and general updates on the SEED Center’s programming and stories of the incubator’s success. Updates could be sent as a regular newsletter or in an email message format.
- Maintain a relevant and interactive online presence. This includes regular updating of social media outlets, responding to inquiries, and connecting entrepreneurs with resources.
- Host regular events to promote the SEED Center and provide networking and educational opportunities for the entrepreneurial community. Examples of promotional events include an open house to showcase the SEED Center or a business plan competition involving entrepreneurs from both within and outside of the incubator. Networking events could include expert speaker lectures, networking lunches or breakfasts, and open workshops.

#### Business Incubator Center
- Coordinate a grand opening celebration with the larger SEED center event.
- Showcase the incubator to the community. Publicize each new tenant, every successful financing arrangement, new job acquisitions, new customer acquisitions, and profile past tenants who have become successful business owners. This can be accomplished by publicity in SEED Center communications (newsletter, website, social media, etc.) as well as through partnerships with local media.
- The SEED Center Incubator Director will need to cultivate personal relationships with contacts in and outside of the SEED Center, including those from the business community, Chamber SWLA and Fusion Five group, McNeese and SOWELA students and faculty, political leaders, Fort Polk, and the local media. The director should periodically send that contact personalized and general updates on the incubator’s client and alumni success. These updates could be part of general SEED Center outreach, or conducted independently.
- Maintain a relevant and interactive online presence. This includes regular updating of social media outlets, responding to inquiries, and connecting entrepreneurs with resources.
- Host regular events to promote the Business Incubator Center and provide networking and educational opportunities for incubator clients. Some of these events can be held in coordination with SEED Center events. Examples of promotional events include an open house to showcase the business incubator facilities or a business plan competition involving entrepreneurs from both within and outside of the incubator. Networking events could include expert speaker lectures, networking lunches or breakfasts, and open workshops.
Policies and Procedures

Entrance and Exit Policies
Entrance and exit policies should be developed for both the SEED Center and Business Incubation Center. Since the SEED Center will be the home for several different business support organizations, including the incubator, the SEED Center coordinator will need to coordinate communication between organizations and clients to ensure that client needs are met throughout various business development stages, and that clients are matched with appropriate resources over time.

The SEED Center and Business Incubator Center will be serving different, yet sometimes overlapping, clients, requiring the SEED Center coordinator (who will work with the incubator) to develop a coordinated intake process that includes entrance and exit policies applicable to all clients. These policies should be well-defined, yet somewhat flexible, to meet the needs of many different types of small businesses with varying levels of need. This flexibility is essential, as the SEED Center will be working with thousands of small businesses at all stages and the incubator may often work with high-risk start-ups. With such a diverse pool of client businesses, many clients may not adhere to an expected timeframe for self-sustaining success.

The SEED Center coordinator will ultimately assume responsibility for making sure the SEED Center intake forms are reviewed and the progress of clients is tracked, and maintains a ‘big picture’ view of the SEED Center programs. The incubator director is focused more in the incubator, and will need to work with the coordinator to make sure entrepreneurs are referred to the incubator as needed, as well as screen potential clients to determine if they are a good fit for the incubator. Due to the differing demands of each role, two people should fill the SEED Center coordinator and Incubator director positions. Since the SEED Center coordinator will be acting as a case manager for all clients, the center’s policies should ensure that, no matter who an entrepreneur approaches first, the various SEED Center organizations know to connect that person with the coordinator.

Intake forms vary between different business support programs, but they share common goals: to learn about the potential client’s business and begin to identify what support services might be most beneficial. An incubator will be interested in these things as well, but will have the added responsibility of determining if the potential client is a good fit for the incubator. All clients should fill out the SEED Center intake form, while those clients seeking incubation services would answer a few additional questions and engage in a few extra steps, such as submitting references and participating in interviews. Questions and information typically requested of an applicant on an intake form may include the following items:

<table>
<thead>
<tr>
<th>SEED Center</th>
<th>Business Incubator Center-specific</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Contact information: full name, physical address, email address, phone number, etc.</td>
<td>□ How did the applicant hear about the Business Incubator Center?</td>
</tr>
<tr>
<td>□ Demographic information: gender, age, ethnicity/race, etc.</td>
<td>□ Why is the applicant coming to the Business Incubator Center, and what does s/he expect from the Center?</td>
</tr>
<tr>
<td>□ How did the applicant hear about the SEED Center?</td>
<td>□ Entrepreneurial history: has this person owned a business before? How long ago? What type of business? What size?</td>
</tr>
<tr>
<td>□ Why is the applicant coming to the SEED Center, and what does s/he expect from the Center?</td>
<td>□ Agreement (to be signed by the applicant) to abide by the Business Incubator Center rules, participate in Business Incubator</td>
</tr>
<tr>
<td>□ Business support and incubation needs: a</td>
<td></td>
</tr>
</tbody>
</table>
checklist of available services at the SEED Center as well as associated McNeese State University Programs, such as the Innovation Engineering Institute

- Stage of business development: is this an idea, or an existing business? If existing, who owns it? How long has it been in existence? How many employees are there? What are current revenues?
- Agreement (to be signed by the applicant) to abide by the SEED Center rules, participate in SEED Center surveys, and permission to share applicant information with other SEED Center organizations with the expectation that information will otherwise be kept confidential

Once the intake form has been submitted, the SEED Center Coordinator should meet with the prospective client to go over the intake form, ask for more detailed information as necessary, and review the Center’s services. This meeting should be documented, perhaps on the intake form, to note the date and length of the meeting, parties involved, and topics discussed, including next steps and referral organizations. If the client is asking for incubator space, an incubator intake form should be completed in addition to a request for references that should be verified before offering space to the prospective tenant.

For the Business Incubator, following completion of the intake form, the application undergoes a screening process during which the applicant’s responses are evaluated to determine if the s/he is ready to join the incubator as well as to see if both the individual and the business might be a good fit for the incubator. While applications will be reviewed by the Incubator Director, many existing incubators have found it helpful to include input from a panel during the review process. Utilizing a panel helps to diffuse the pressure of decision-making and brings a variety of perspectives to the review process. In addition, the application review panel is an opportunity to engage business incubator stakeholders with the SEED Center and could include SEED Center board members, successful entrepreneurs, and SEED Center agency staff. If the panel feels that an applicant might be a good fit for the incubator, the next step is to schedule an interview between the Incubator Director, SEED Center Coordinator, and the applicant. If the interview goes well, the Incubator Director would check several references submitted by the potential incubator client. If the panel decides that a business is not a good fit for the incubator, there should be a process for reapplication, which could include a conference between the Incubator Director and the applicant to address and application deficiencies. During this meeting, the applicant would be directed to resources or organizations, such as the SBDC, that can help the entrepreneur develop a stronger application in the future.

Once a decision has been reached regarding which applicants are suitable for the incubator, the result should be:51
- A diverse range of clients to increase synergy and reduce direct competition;

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Strategies & Recommendations for the Southwest Louisiana Economic Development Alliance

- Applicants whose businesses fit the mission of the SEED Center;
- Early-stage businesses within the first two years of business operations that are not yet profitable but are still growing;
- Tenants with the ability to pay any rent or fees charged by the SEED Center while still developing positive cash flow;
- Businesses with a management team capable of handling the operational aspects of a business, or businesses with a willingness to obtain needed technical assistance;
- Businesses that will benefit from the incubator's services and resource network;
- Businesses that will provide economic benefits, such as job and wealth creation, that will benefit the region; and
- Businesses that match the strategic economic sectors recommended in the 2009 Market Street study.

Part of the role of the SEED Center's Business Incubator is to offer inexpensive rent and amenities to developing businesses. The combination of low rent and a supportive environment may make tenants reluctant to leave. Therefore, an exit policy will need to be developed before admitting any clients. Three successful exit strategies include:

- Graduated rent schedules that incrementally increase rent payments with the firm's level of experience until those rates become comparable to (or higher than) those in the market.
- Lease terms that establish a tenant's exit date, as part of the original lease agreement, with the option of extension if both lessor and lessee agree that it would be beneficial to the business.
- Mandatory criteria in order to remain in the incubator, such as:
  - The number of jobs created, net profits, or other metrics that evaluate the degree to which a tenant is meeting incubator objectives.
  - A company's importance to other tenants in the Center, which might be determined by criteria such as providing a high-end skill set.

Tracking

Since SEED Center clients may use several of the resident organizations, it is important to develop a centralized tracking system that uses standard definitions for a client, how to measure contact with that client, and metrics for success for both the client and the SEED Center as a whole. Tracking the activity and points of contact between SEED Center organizations and both clients and incubator tenants will allow the SEED Center to measure client progress, and following up with graduate firms will allow the SEED Center staff to measure economic impact. Data about the success of current and former clients is valuable in that it can help ensure future funding and support, but it may be difficult to obtain. For example, some companies may be wary of sharing personal information. Therefore, it is important to ensure confidentiality and only publicize survey responses in the aggregate. Other challenges in gathering information come from low response rates. While information about current clients can be gathered through regularly scheduled check-in meetings, information from graduates will need to be gathered through mail, email, or person-to-person contact. Over time, the data on current and past clients will provide information on trends and the longer-term economic impact of the SEED Center's services. Potential metrics for success that could be added to the SEED Center's information gathering process are listed below:

- Number of current clients
- Occupancy rate in the SEED Center's incubator

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- Delinquency rate in the SEED Center Incubator
- Total number of SEED Center program and incubator graduates
- Firm graduation and survival rates (this could also be differentiated by SEED Center programs and the incubator)
- Number of graduate firms still in business or that have merged or been acquired
- Client and graduate firm employment (full- and part-time)
- Current monthly salaries and wages paid by client and graduate firms
- Client and graduate firm revenues
- Taxes paid
- Dollar amount of debt capital raised in the most recent full year by client and graduate firms (including bank loans, loans from family and friends, revolving loan funds, or other loan sources)
- Dollar amount of equity capital the client or graduate firm raised in the most recent full year (include investments from angel investors, venture capitalists, seed funds, or other equity capital sources)
- Dollar amount of grant funds raised in the most recent full year by client and graduate firms
- Number of patents generated
- Total economic impact

**Ongoing Communication/Case Management**

Due to the number of organizations that will be operating in the SEED Center and the potential overlap of their programming, the SEED Center Coordinator should organize regularly scheduled meetings between the staff of the in-house agencies in the SEED Center to share program and case management updates, challenges, and successes. These meetings could be arranged in a case management style, with a representative from each SEED Center agency present, to ensure maximum coordination of support resources for the entrepreneurs engaged with the SEED Center's various programs. During case management meetings, the various agency representatives can share progress updates and issues facing clients, offer troubleshooting advice, and coordinate services. The SEED Center's entrance policy should address any client privacy concerns by identifying the type of client information that will be shared between SEED Center agencies.

Ongoing communication should also be a characteristic of the relationship between staff of the SEED Center agencies, incubator tenants, and non-resident entrepreneurs. While the business incubator provides an opportunity for informal networking between tenant entrepreneurs due to their proximity with one another, formalized networking and educational events for incubator tenants and other entrepreneurs in the area will encourage the exchange of ideas and experiences beyond the incubator walls. Possible events include regularly scheduled business roundtables, networking breakfasts and lunches, a speaker series featuring local business and economic development leaders, and workshops.

An informal networking event, which could take place over a meal or other social event, is of particular value as attendees could easily include people from all areas of the entrepreneurship ecosystem including current incubator tenants, SEED Center program and incubator graduates, entrepreneurial faculty from McNeese, business representatives, students interested in becoming entrepreneurs, and members of the general community. At such an event, different entrepreneurs could discuss their products and aspirations, get feedback from other attendees, and perhaps discover partnership opportunities. To get buy-in and attendance from a variety of people, these SEED Center and associated organizations should promote all networking, business development, and open house events on their respective websites and social media networks. SEED Center staff can measure the success of these events by tracking the number of participants as well as through participant surveys that rank the quality and utility of an event.
In addition, the SEED Center Coordinator should maintain regular contact with firms that have graduated from the incubator and other programs. While this should include, at a minimum, annual or biannual surveys to check the firm’s growth, it can also include ongoing assistance to graduate firms that do not need the full support of the incubator but who are not yet fully independent. This continued service could include sharing notices of funding and business opportunities, assistance with grant applications, and advice on specific topics and issues such as marketing and human resources policies, and connecting graduates with previously untapped entrepreneurial programs available through the SEED Center.

Staffing

The various organizations moving into the SEED Center have prior experience working with entrepreneurs, so the SEED Center Coordinator should utilize this experienced staff when designing, monitoring, and tweaking programs and services. In addition, since the Center is new, the staffing and programmatic systems should be flexible and responsive to the needs of business entrepreneurs while still offering all staff clearly defined roles and responsibilities as well as metrics for success and accountability to those metrics. Potential metrics for the incubator include the incubator occupancy rate, delinquency rate, and the number of hours spent with clients. Other programs should be measured for success and accountability as well, using metrics tied to the desired outcome of the program or support service.

In addition to the staff belonging to various business support organizations located at the SEED Center, the Center will need operational staff. Staffing levels should be lean but may require a minimum of the following two roles: a SEED Center Coordinator to coordinate the various SEED Center in-house organizations and events and an Incubator Director. While the majority of the Incubator Director’s time should be spent on client assistance and managing the incubator, the SEED Center Coordinator will be tasked with working with a variety of entrepreneurs as well as outreach efforts. The SEED Center Coordinator should, therefore, have diverse experience in entrepreneurship and business so that s/he will be able to help entrepreneurs access the most appropriate resources, and to facilitate a comprehensive portfolio of business support services. Ideally, the Incubator Director will be trained in all aspects of running a business, may have run a business himself/herself, and will serve on the SEED Center Advisory Board with the SEED Center Coordinator. Desired qualities for candidates seeking these positions include:

- Business and managerial experience;
- The ability to work through credit analysis;
- The ability to leverage available city, state, university, and federal resources;
- The ability to listen and communicate well; and
- Knowledge of market and feasibility studies.

The first characteristic—business and managerial experience—is the most essential, as the most effective advisors will have a strong network and will be familiar with the services available to entrepreneurs. The SEED Center Coordinator should know what types of questions to ask clients, what resources might be a best fit for a particular entrepreneur, and should have relationships with the other small business support organizations in the Center and community. This general knowledge and awareness will help the Coordinator connect clients with support services applicable to the client’s needs.

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The composition of the SEED Center advisory board is another important component of staffing. Currently, there are three officers (Chair, Vice Chair, and Secretary, who is the SEED Center Coordinator) as well as four standing committees identified on the SEED Center Advisory Board. The four committees are the:

- **Legislative Committee**, which will leverage internal and external resources as well as monitor and provide input and guidance to standing committees;
- **Finance Committee**, which will develop a 3-5 year budget and cash flow for the SEED Center and update as needed as well as managing a yearly audit for reporting to stakeholders;
- **Marketing and Public Relations Committee**, which will develop a marketing plan and is responsible for raising awareness and educating the community on features and benefits of the SEED Center; and
- **Long-Range Planning Committee**, which will develop a proposed 3-5 year strategic plan for the SEED Center that involves all stakeholders.

Best practice research indicates that there are a few characteristics of highly effective advisory boards. The SEED Center advisory board representatives should have a collectively diverse portfolio expertise, as board members will be needed to develop and oversee programs, market the incubator, and develop funding models. Highly effective boards often have 8-20 people from the following types of professional backgrounds: a graduate firm, an experienced entrepreneur, a local economic development official, a corporate executive, a representative of the finance community, a business lawyer, a university official, a chamber of commerce representative, and a Mayoral appointee if the Center expects to receive city funding. The SEED Center currently has a list of 23 members with representation from the SBDC, area colleges, local government, economic development, large industry, and small businesses. In addition to the current board composition, we recommend considering including a graduate of the incubator or other entrepreneurial programs (once graduates are available) who will be able to contribute a first-hand perspective of the services available at the SEED Center as well as a representative from the Convention and Visitor’s Bureau to help with outreach and small business promotion.

**Funding**

Developing a reliable and diverse funding stream is critical to long-term success of the SEED Center. The Louisiana Business and Technology Center is an example of a small business support and incubation organization that has been able to achieve financial sustainability by capitalizing on the organization’s rent-free location on the Louisiana State University campus as well as a variety of funding sources. These sources include above-market rates for incubator tenants, and small fees for events. Other organizations, such as the Business Incubator Center, are not totally self-financed, and rely on a funding mix that includes rent, interest income from a revolving loan fund, and grants.

The SEED Center’s finance committee is currently tasked with developing a budget and cash flow, which should include the following best practices:

- The SEED Center’s planning and budgeting processes should be based on realistic assumptions and long-term projections.
- Budgets should be reviewed each month against actual revenues and expenditures.
- The Center should be financially self-sustaining, or have a path to self-sustainability.
- The Center should charge appropriately for its services and space offerings.

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**Strategies & Recommendations for the Southwest Louisiana Economic Development Alliance**
Financial records should be audited annually by an independent auditor or other independent third party.

Amounts due should be collected from clients, and there should be mechanisms for dealing with slow payment or nonpayment.

Once completed, the SEED center incubator will be able to house up to 35 tenants, a dramatic increase over the three to five businesses currently housed in the Alliance’s Magnolia Building location. Most incubators rely on rental fees as a primary source of income; but one strategy for increasing maximizing use of the SEED Center’s facility is to offer non-traditional tenant arrangements. These options could include an affiliate-level membership through which offsite small businesses could use some of the SEED Center’s facilities—like conference rooms and training, or virtual incubation services that offer offsite small businesses online access to the incubator’s resources—for a small fee. Both of these non-traditional options will increase entrepreneur access to the SEED Center and may serve as a pipeline for generating new incubator tenants.

In addition to rental income, other sources of revenue could include fees for services, support from sponsors, and equity or royalty agreements with client companies. According to the SEED Center’s Joint Venture and Cooperative Endeavor Agreement, the University is responsible for utilities, janitorial services, maintenance, insurance, and other costs of operation. The Alliance will pay rent to the University, and is responsible for managing the occupants and rental rates for the facility. McNeese State University and the Alliance staff should therefore work with the finance committee to determine a cost estimate (including staffing, utilities, and overhead) for operating the SEED Center. This will be used to determine the amount of money needed from rental income (and other sources, as appropriate) to fund the SEED Center operations and staff.

57 Ibid.
Networking is another important component of financing the SEED Center. Staff should maintain relationships with potential funding sources by sending contacts updates on the SEED Center’s successes and needs. This relationship-building could be formalized by establishing a funding advisory group, which could include the finance committee as well as representatives from the Angels of Southwest Louisiana, local banks, the entrepreneurship community, and potential private funders. The funding advisory group can help raise awareness of the SEED Center’s work as well as generate interest in finding additional angel investors and other sources of funding for the SEED Center entrepreneurial programs and incubator tenants. In addition to the funding advisory group, holding an annual meeting with all stakeholders, the press, and others to highlight the success of the SEED Center programs, as well as its plans for the future, can help maintain recognition and interest in the SEED Center within the community.

**Recommendation: Financing an Entrepreneurship Ecosystem**

**Develop a Portfolio of Financial Tools**

As discussed in the “Challenges” section, there are significant gaps in access to funding for entrepreneurs in Southwest Louisiana. Therefore, the IEDC Advisory Panel recommends developing a portfolio of financial tools that are available to local entrepreneurs. Forming a Community Development Finance Institution (CDFI) is one way to address the financing gap. CDFIs, which are financial intermediaries that attract capital from private and

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**Developing a Portfolio of Financial Tools:**

**Nashville Entrepreneur Center**

The Nashville Entrepreneur Center (EC) began in 2007 as part of the Chamber of Commerce’s Partnership 2010 initiative. While the EC is available to help entrepreneurs in any sector, the EC prioritizes businesses in one of their four target sectors, which were identified based on Nashville’s existing market advantages as well as opportunities for future growth. Businesses in these four sectors: health care, digital media and environment, technology, and social enterprise are supported by the business incubator, and are connected directly with sources of capital.

The EC receives funding through sponsorships, partnerships, donations, and grants. The EC’s sponsorship program receives support from local government organizations, businesses, and individuals by offering five levels of sponsorship:

- **Industry Vertical Partnership**: This is the highest level of sponsorship, reserved for organizations in the EC’s four key sectors.
- **Equity Partners** are incubator space benefactors and also receive an intrapreneurship scholarship for a sponsor company employee
- **Venture Partners** have the ability to place an intrapreneurship concept in the EC, and their logo is featured on the EC website
- **Angel Partners** are recognized in the EC’s Annual Publications; these partner organizations also receive a link on the EC website
- **Seed Partners** have the ability to pitch services to incubating companies and can lead educational programming.

For more information about the Nashville Entrepreneur Center, visit [www.entrepreneurcenter.com](http://www.entrepreneurcenter.com).
public sources to promote economic development through investments in small businesses or community groups, may help open a door to greater public and private investment. Microloans, unconventional loan collateral, New Market Tax Credits, and financial training and education are examples of how CDFIs assist people who have not been able to access more standard funding streams. CDFIs often have more flexibility than some traditional lending sources like banks and can be comprised of community development banks, community development credit unions, or community development loan funds. Other tools and strategies that could be developed to further entrepreneur's access to capital in the region are discussed below.

- Microfinance organizations work with capital from banks and foundations to provide microloans to small businesses and entrepreneurs to meet gap-funding needs.
- The Federal Self-Employment Assistance Program allows unemployed workers who are interested in entrepreneurship to receive unemployment insurance benefits while they work to open their business, including attending training for business owners.
- Revolving Loan Funds (RLF) provide small businesses with loans at low interest rates. As loans are repaid, funding is opened to new entrepreneurs. Community Development Block Grant (CDBG) dollars are one way to finance a revolving loan fund, but CDBG programs should be undertaken with an awareness of the extensive reporting requirements associated with the use of such funding.
- Small Business Investment Companies (SBICs) are private-sector organizations that make loans and investments in small businesses as long-term ventures. Most SBICs are owned by small groups of local investors, and some are owned by commercial banks. The major strength of SBICs is that the SBA will invest in such organizations, expanding the amount of funds available for investment. SBICs often have more latitude than traditional lending sources, as they set their own policies and make their own investment decisions. They can also participate in mezzanine financing, which is a mixture of equity and debt.

Forming partnerships with existing organizations is another way to increase the availability of funding for Southwest Louisiana's entrepreneurs. Potential partners include:

- **Accion Texas**: Accion USA has a presence in the Southwest Louisiana region through Accion Texas, which serves Louisiana through offices in Alexandria, Baton Rouge, New Orleans, and Shreveport. Accion provides credit and services to small businesses that do not have access to loans from commercial sources.
- **Bank Community Development Corporations (CDCs)**: Bank CDCs are multi-bank consortiums that can make direct equity investments and finance debt. The combination of equity investments from several banks creates a larger pool of equity funds for higher-risk projects and helps leverage other private and public funds.
- **Economic Development Administration (EDA)**: The EDA can help communities establish a revolving business loan fund.
- **Small Business Administration**: This includes guaranteed loans that are administered by SBA-approved institutions as well as access to federal contracting opportunities.
- **Small Business Investor Alliance (SBIA)**: SBIA provides capital to small- and medium-sized businesses nationwide.
- **U.S. Department of Agriculture (USDA)**: USDA offers technical assistance programs as well as loans to rural areas.
- **Venture Capital**: Two New Orleans-based venture capital groups include Advantage Capital Partners, which invests in entrepreneurial small businesses in communities that are underserved by traditional sources of capital, and BizCapital, a sister company of Advantage Capital Partners that partners with the federal government to provide government-guaranteed SBA and USDA loans.
As new funding sources are developed, they can be added to the Alliance’s current list of entrepreneurship funding streams.

**Involve Local Stakeholders**

The funding advisory group discussed in the SEED Center funding section can also be a way to increase financing availability for entrepreneurs and small businesses as well as raise community awareness of the entrepreneurship community. Specific actions include:

- Meeting with the banking industry to identify the specific hurdles to lending that can facilitate the development of solutions to those hurdles.
- Reaching out to local corporations with a history of investment in the community, such as Cheniere, who may be willing to contribute funds as additional financing tools emerge.
- Involving previously overlooked community institutions such as Lake Charles Memorial Hospital, CHRISTUS St. Patrick Hospital, and McNeese State University.

**Leverage Funds**

As entrepreneurship financing streams are identified, those funds should be leveraged to create even greater lending capacity. Strategies for doing this include:

- Utilizing government programs such as SBA 7(a) loan guarantees.
- Creating a SBIC to provide both debt and equity financing with private sector partners.
- Developing an EDA revolving loan fund to match private sector financing.
- Using subordinated debt financing strategies to encourage commercial bank participation.
- Encouraging private sector participation with matching public sector loans and grants.

**Recommendation: Connect Entrepreneurs with Export Opportunities**

Louisiana ranks 16th among the 50 states in export value with a 2010 estimated annual value of $32.9 billion. The Lake Charles metropolitan statistical area (MSA) is the third largest contributor to statewide export value and share behind the New Orleans-Metairie-Kenner and Baton Rouge metro areas. In 2010, the Lake Charles MSA was home to 12 percent, or $4 billion, of the state’s export value. Exports contribute 31 percent of the metro area GDP as well as over 20,000 jobs, and the value of the area’s exports is continuing to grow. From 2003-2008, the annual export growth rate (by value) of Lake Charles’ exports was 9.4 percent; from 2009-2012 that number increased to 13.9 percent.\(^5^8\) IEDC sees the current value of the metro area’s exports, as well as their increasing value, as an area of opportunity and growth at the SEED Center. At present, the Alliance has one staff person assigned to export development, and there is an export assistance program planned for the SEED Center. While this is a good start, the IEDC Advisory Panel recommends taking deliberate steps toward developing the export potential of entrepreneurs and small businesses in Southwest Louisiana to take advantage of the economic benefits associated with this type of enterprise.

Exports comprised nearly half of economic growth in the U.S. during the first year of post-recession recovery and can be a sustaining force in long-term economic growth. This growth is most often

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seen in a regional context, as these areas have the capacity to provide the human capital, infrastructure, goods, and services required to cultivate a strong export economy. Currently, the largest 100 U.S. metro areas generate nearly 65 percent of all exports and 75 percent of all services exports, generating 75 percent of the nation’s economic output. While more than 70 percent of the world’s purchasing power is located outside of the United States, only 1 percent of U.S. firms sell a product or service outside of the U.S. This gap presents a huge potential market opportunity for Southwest Louisiana’s entrepreneurs as well as the regional economy.59

The businesses that are able to take advantage of exporting opportunities at the SEED Center will likely be small- and medium-sized enterprises (SMEs). This type of company is in an excellent position to take advantage of the potential benefits associated with becoming an exporter, which is good for the particular company as well as the regional economy. According to a report by the Brookings Institution, SMEs that export generally experience greater revenue growth and weathered the recession better than non-exporting companies. For example, in one study, manufacturing-based SMEs grew revenue by 37 percent while non-exporting manufacturers experienced a 7 percent decline in revenue.60 The benefits of exporting are not limited to revenue, however, as exporting also spurs innovation. SMEs that export tend to innovate more in products and processes than non-exporters, and high-exporting metro areas generate higher patenting rates.61

Local leaders have the ability to increase the number of firms who export or are ready to export, a task that should be undertaken by the SEED Center in conjunction with the export business development and training classes. Using the Brookings Metropolitan Export Initiative Project’s recommended steps as a guide, IEDC has developed several recommendations for developing the export capacity of the Lake Charles area entrepreneur community.

**Potential Short-term Actions**

- Identify a point person who will serve as a resource for companies who are already exporting or who may be ready to export in the near future. This often requires a full-time person dedicated to export promotion and program implementation; this staff person should be able to work with the Alliance’s existing export staff to connect companies with the various players and resources in the region’s export network.
- Continue to work with organizations such as the Manufacturing Extension Partnership of Louisiana (MEPOL) and the U.S. Export Assistance Center (USAEC) and the Louisiana District Export Council (LDEC) in New Orleans to help connect local businesses with expert advice and export markets. While SEED Center staff can refer business owners to these organizations, the SEED Center could also host jointly sponsored workshops for incubator clients as well as the larger local business community.
- Develop new and expand existing relationships with contacts in corporations that are already involved with exporting as well as people familiar with the logistics of exporting, such as officials at the Port of Lake Charles, the Lake Charles Regional Airport, and local trucking companies. These relationships can be used in concert with Export University to ready local companies for the export market.
- Use the SEED Center and incubator’s intake forms, graduate surveys, and yearly check-ins with current clients to ask entrepreneurs if they are interested in exporting now or in the future.

60 Ibid.
61 Ibid.
future. The companies that reply in the affirmative should be connected with export resources.

- Celebrate successes by publicizing SEED Center program and incubator businesses that achieve export milestones, such as entering a new market, signing a new contract, or showing yearly growth in sales.
- Use export metrics in the SEED Center’s yearly reporting. This can include the number of export-ready firms, the number of companies exporting, the number of markets or countries those companies reach, and total export value as well as overall growth in any of those indicators. This information could be collected during client and alumni check-in meetings and surveys.

**Potential Long-term Actions**

Develop a regional export plan. This is a 6-9 month process that will require the collaboration of multiple regional stakeholders and should include the following steps:\(^{62}\)

- Begin contacting relevant stakeholders, including leaders from key corporations, top industries, workforce, higher education, and transportation infrastructure, to help with the development of the region’s export plan.
- Develop a structure by identifying an organization, leader, or team to champion the export plan effort and guide the planning process to completion. A suggested structure is to establish a core team as well as a steering committee to guide the planning effort. The core team should include a local champion as well as representatives from local and state government and private industry. The steering committee should consist of high-level representatives from organizations whose buy-in is necessary for the successful release and implementation of an export plan. This committee should have 15-30 government, civic, university, private sector, and industry leaders in addition to a full-time staff person dedicated to export development.
- Produce a data-driven market scan. This market scan should:
  - Highlight the region’s export strengths and weaknesses, what exports industries or foreign markets should be targeted for proactive outreach, and what baseline performance metrics could be used to evaluate the plan’s progress.
  - Give an overview of the economy and recent performance, including high-level economic data on employment, unemployment, gross metro product, industry size, specializations, and industry clusters.
  - Summarize the role of exports in the region’s overall economy. This includes metrics for success such as export volume, export growth, export intensity, and export jobs. The anticipated role of the top exporting industries, the current state of affairs regarding goods and services exports, and the top exports by country should also be summarized.
  - Capture local market insight. This can be obtained by a dedicated export staff person through surveys and one-on-one interviews to learn more about exporting activities, opportunities, obstacles, the quality of existing export services and programs, and the benefits of exporting.
- Champion exports. As the export plan is developed, the local champion and committees should stay in contact with export stakeholders and solicit their involvement in the planning process. This will help solidify support before the plan is released.
- Develop a customized export plan. This should be a clear and easy-to-read document that emphasizes the importance of exports to the local economy. The plan should include:
  - The region’s rationale for exports.

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\(^{62}\) Ibid
Key findings from the market assessment.
- The plan’s goals and objectives.
- New programs and initiatives needed to meet the plan’s goals and objectives.
- An implementation plan with roles, responsibilities, and a funding structure.
- Performance goals to measure progress.
- Key policy reforms needed to support the implementation of the export plan.

Finalize decisions that impact the implementation or funding of the export plan. This includes answering questions such as:
- What new products and services will need to be identified to implement the region’s strategies? Are they coordinated with adequate resources?
- What are the full array of operational elements needed to deliver on each of the strategies and new products and services? This could include relevant organizations and partners, leadership and staffing needs, new capacities, and the division of labor for each task.
- What are the financial assumptions? This includes developing a budget with short- and long-term financial resources.

Track and publicize progress. The exact metrics of success will be dependent upon the final export plan, but should include the following indicators (listed with possible metrics):
- Impact of exports: export value, export jobs, export rankings. These metrics could be collected during yearly follow-up surveys with SEED Center clients as well as through general surveying of area businesses.
- Company progress: number of export ready firms, number of companies exporting, number of markets/countries reached by local companies, new firms entering the export supply chain, demand for export services and programs, export growth and success in targeted industry clusters. These metrics could be collected during yearly follow-up surveys with SEED Center clients as well as through general surveying of area businesses.
- Services and activities: customer satisfaction with export services, trade events, overseas mission trips, export partner cooperation and performance. These metrics could be collected in follow-up surveys sent after events and trips, or included in annual client follow-up meetings.
- Global engagement: the number of recommended policies adopted, integration of exports and goals into regional planning and economic development efforts, the inclusion of exports in local indicators of economic performance, the number of foreign languages taught in schools, and the number of international business degrees or concentrations conferred.
- Company success stories: Stories describing local companies and their experiences with various stages of the export process.

Mainstream exports into economic development:
- Emphasize exports so that they become as important indicators of economic performance as more traditional metrics such as business recruitment, retention, and tourism.
- Include export statistics with other regional economic indicators, such as unemployment, and use those statistics in regional benchmark reports, strategies, speeches, and presentations.
- Keep local elected officials, academic and nonprofit leaders, businesses, media, and others aware of exports, ongoing progress, and success stories.
- Align the export plan with other initiatives, such as modernizing freight and logistics, enhancing human capital, and development in key industry clusters.
Strategies & Recommendations for the Southwest Louisiana Economic Development Alliance

Recommendation: Build Staff, Programmatic, and Organizational Capacity

The Alliance and other organizations have some entrepreneurship support systems in place; however, as discussed previously, the efforts of these organizations are not yet coordinated enough to collectively cultivate a strong, supportive entrepreneurship ecosystem in the region. To address the gap between current resources and what is needed to implement a strong network of support for entrepreneurs, the IEDC advisory panel recommends increasing staff and funding capacity at the Alliance and SEED Center to support entrepreneurship programs and education as well as economic development. As the connector between incubator tenants, organizations, and economic development, a strong Alliance is essential to developing the SEED Center into a nexus of entrepreneurial activity.

Recommended capacity-building initiatives include:
- Placing a greater emphasis on partnerships between entrepreneur and small business support organizations.
- Expanding the capacity of staff time and effort to be spent on entrepreneurship development and examining the possibilities for increased funding.
- Continued focus on regional efforts that benefit both rural and developed areas.
- Conducting outreach to groups of potential entrepreneurs.

The Southwest Louisiana Economic Development Alliance

As the organization responsible for coordinating the SEED Center tenants as well as the incubator, the Alliance is in a position to serve as a catalyst for cultivating the region’s entrepreneurship ecosystem and

Developing Partnerships: Fort Collins, CO

Fort Collins has developed an extensive entrepreneurship ecosystem with a variety of mutually-supportive organizations. Each of these organizations has a unique mission, but they refer entrepreneurs to one another depending on need, and partner on projects such as courses, workshops, and networking events. Some of the community’s major entrepreneurship support organizations include:

City of Fort Collins: The city has developed Uniquely Ft. Collins, an industry cluster of businesses that are unique, local, and contributing to the city’s quality of life. In addition, the city has a Shop Ft. Collins First program, which promotes the patronage of local businesses.

Be Local Northern Colorado (BLNC) is a nonprofit that promotes local businesses and farms and hosts community events. Membership in BLNC offers businesses access to resources at partner organization such as local, state, and federal government and Colorado State University.

Lerimer County SBDC, in partnership with the City of Ft. Collins and two local banks, offers Ft. Collins area entrepreneurs access to training through the Leading Edge Entrepreneurship Training Program.

The Rocky Mountain Innosphere, which serves science and technology-based startups, partners with the cities of Ft. Collins and Loveland, Colorado State University, the Northern Colorado Economic Development Corporation, Larimer County, and others to provide entrepreneurs with access to capital and advisors.

The Ft. Collins Area Chamber promotes networking among small businesses and began a Celebrating Small Business Award in 2012.
economic development. Therefore, it is critical that the Alliance staff have the capacity and resources necessary to maximize the organization’s impact on entrepreneurship in Southwest Louisiana.

**Emphasizing Partnerships**

As the coordinating organization at the SEED Center, the Alliance will need to act as a leader (or make sure the correct SEED Center staff person is in place to assume this role) and rally the various Center organizations around the goal of entrepreneurship support. In order to make the entrepreneurship and small business delivery services as efficient as possible, the person(s) in this leadership role should facilitate communication between the SEED Center organizations as well as with relevant external groups such as financial entities. Cooperation will be essential to avoiding, to the greatest extent possible, duplication of efforts as well as making sure gaps in services are identified and addressed. In addition, other entrepreneurship development organizations, such as the Blue Ridge Entrepreneurial Council (BREC), have found that local partnerships are essential to achieving buy-in for events and services. Like the SEED Center, BREC is a regional organization that is tasked with facilitating an entrepreneurial ecosystem. Over time, BREC staff have worked with local-level partners to develop the ability to deliver technical assistance and host events, which has increased community participation and buy-in.

The Alliance is already seen as a regional organization, which is why the Alliance is so critical to efforts to maintain partnerships and cooperation among the various entrepreneurship and small-business support agencies in Southwest Louisiana. In addition to the relationship-builder role, as a regional-level organization it will be important for the Alliance to maintain a focus on the five-Parish area and develop programming for both developed and rural areas so that support services are accessible to all entrepreneurs.

**Expand Capacity of Staff to Focus on Entrepreneurship**

In order to maximize the Alliance’s impact, there should be some additional personnel growth within the organization. The Alliance’s staff is already stretched thinly, and the SEED Center will require additional funding and personnel from the Alliance to fill some of the report recommendations. Recommendations that will require renewed focus and staff effort include assigning staff exclusively to program development in SEED Center organizations, developing targeted marketing and outreach to promote the business incubator, helping entrepreneurs access export markets, and cultivating partnerships with organizations in the education, business, and government communities.

**Entrepreneurship Education**

In order to build a strong pipeline of talent for the entrepreneurial programs and business incubator and further encourage a culture of entrepreneurship, IEDC recommends applying significant staff effort to outreach to populations of potential entrepreneurs. While there are several strong programs currently in use or planned for the region, such as McNeese University’s Innovation Engineering, Economic Gardening, Kauffman FastTrac, and Export University, IEDC has identified a few opportunity areas for further expanding entrepreneurship education to audiences including current entrepreneurs, college and K-12 students, retirees, and underemployed persons. This could be done by strengthening and expanding existing programs in K-12 and college education as well as by developing new programs for retirees and underemployed populations with previous business experience or an interest in starting a business but who do not yet have the skills or knowledge to bring an idea to reality. Outreach could take the form of presentations to community organizations that interact with students, retirees, and underemployed populations or continuing education courses that specifically target these groups.
Existing and Aspiring Entrepreneurs
This group already has an interest in entrepreneurship, and would be best served by ongoing education and technical assistance to help make their existing ideas a reality. Examples of educational formats that would benefit existing and aspiring entrepreneurs include: how-to workshops, seminars, speaker events with successful entrepreneurs, and one-on-one mentoring. The SBDC, the Fusion Five program, and the Next Generation Advocate already offer networking and learning events, are natural partners for expanded educational programming. Both of these organizations have existing relationships with and programs supporting the entrepreneurial community. These connections could be used to leverage contact with those who are interested in starting a business. Educational institutions such as McNeese State University and SOWELA are also potential partners. They can use existing structures to connect students in entrepreneurship programs (such as McNeese’s Innovation Engineering program) to support organizations at the SEED Center. These institutions are also potential partners for workshops and seminars open to the public.

K-12 and College Education
Youth entrepreneurship comes in many forms: class work, internships, and education in relevant topics such as innovation and creativity, financial planning, business development, and marketing. Several organizations in Southwest Louisiana already offer this type of programming, and there is an opportunity with the SEED Center to increase program coordination and thereby increase the overall impact of these various programs on the community. Examples of existing youth education programs include:

- Leader in Me - Sponsored by the Alliance, this program is taught at the elementary school level with curriculum based on Stephen Covey’s *7 Habits of Highly Effective People* that emphasizes problem solving and critical thinking skills.\(^{63}\) This program is already seen as a workforce development tool, and could be tied more directly to entrepreneurial education.
- Junior Achievement - This K-12 after school program is currently offered in Calcasieu, Cameron, and Beauregard Parishes. Junior Achievement focuses on three areas: entrepreneurship, work readiness, and financial literacy, which are all highly relevant to the regional entrepreneurship ecosystem.\(^{64}\)

Expanding these educational offerings to more students will increase the potential entrepreneur base in Southwest Louisiana by raising awareness of entrepreneurship as a career path as well as by equipping those who are thinking about starting their own business with the skills needed to make their ideas a reality.

McNeese State University
The Anne Hurley Economic Education Center at McNeese State University, for example, offers courses, workshops, and seminars to the community at large as well as to public and private school teachers. The programming targeted toward teachers is meant to give them strategies for instructing students in basic economic principles. In addition, the university’s Innovation Engineering Institute, a three-semester minor, allows students to work with local entrepreneurs to “create, communicate, and commercialize” their own business ideas. The SEED Center intake form should include questions to help determine if applicants should be directed to these McNeese programs.

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SOWELA
SOWELA also offers entrepreneurship education through a class that teaches people to reapply skills to creating their own job as a consultant or contractor. This course teaches students to develop an entrepreneurial mindset, financial literacy, and communication.

Additional Program Opportunities
While post-secondary institutions can offer courses, degrees, and certificates focused on entrepreneurship and relevant areas of study to college-age students, structured curriculum and programs available to K-12 students include:

- Youth Entrepreneurial Academy (YEA), a nation-wide program of Independent Youth, a 501(c)3 nonprofit that educates youth ages 12-18 in entrepreneurship. The YEA program teaches youth about entrepreneurship through programming that includes lectures, mentoring by a local entrepreneur, and assisting in the development of a business plan, marketing materials, and a web page.  
- DECA, a nation-wide program in high schools that prepares students for entrepreneurial, marketing, and management careers.
- MicroSociety, a program that shows students how to manage real economic situations by giving elementary and middle school students “micro” currency to invest or borrow for entrepreneurial endeavors.
- A SBA and Junior Achievement program called Mind Your Own Business that educates teen entrepreneurs on starting their own businesses.
- The National Foundation for Teaching Entrepreneurship’s focus on entrepreneurial education for high school students in low-income areas.
- The Rothman Institute of Entrepreneurial Studies at a Farleigh Dickinson University, which has created an online creativity and innovation program and hosts the Discover Business Teen Cam program for high school students each summer to teach innovation and creativity and thereby link those skills to entrepreneurship.

Continuing Education
Entrepreneurship education should not be limited to current K-12 and college students. Post-secondary institutions are uniquely positioned to offer professional training to retirees and people who are either underemployed or seeking a career change. Target populations in this demographic could include retirees from the oil and gas (and other) industries who want to live in the region and may be interested in a second career as a small business owner as well as underemployed spouses at Ft. Polk. These professional and continuing education programs could take several forms, such as allowing non-degree-seeking students to take entrepreneurship and business courses at McNeese or SOWELA or offering classes that specifically target non-students. University or SEED Center sponsored workshops, seminars, business plan competitions, and the Kauffman FastTrac programs are other ways to involve the community in entrepreneurship development.

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Case Studies

Diversifying the Local Economy Through Entrepreneurship: Business Incubator Center (Grand Junction, Colorado)

Background

Grand Junction is a city of approximately 58,500 located in western Colorado’s Mesa County. During the 1970s and 1980s, the city (and surrounding Grand Valley region) benefited from the presence of large oil shale reserves and the associated investment of ExxonMobil, which was a major employer in Grand Junction. In 1982, however, the president of Exxon announced that the company would be leaving the region due to low oil prices that made the extraction and processing of oil from the shale reserve financially impractical. The resulting economic downturn in Grand Junction prompted the community to make a concerted effort to diversify the local economy, which included establishing the Business Incubator Center (BIC) in 1987. Funded by a grant from the Department of Local Affairs and aided by a $1 per square foot lease agreement with a local businessperson, the BIC opened with two tenants. Since that time the BIC has continued to grow in response to the local entrepreneurial community.

In 1999, the BIC moved to a new location on the Department of Energy Campus to better meet the needs of the entrepreneurial community with light manufacturing facilities. In 2002, the BIC expanded once again with a $400,000 capital campaign to open a commercial kitchen incubator. This incubator has become a “critical tool” in supporting the local agriculture community. The BIC currently has the ability to serve 54 clients in the manufacturing, technology, agriculture, construction, and retail industries with light manufacturing and office space, a commercial kitchen incubator, and local SBDC offices. The impact of this Center on the community has been significant. Since 1987, the BIC has helped launch over 260 companies that have generated over $156 million in revenue, 10,461 jobs, and an investment of $58.5 million in capital.71

Financial Stability

As the BIC has expanded programmatically, the organization’s financial structure has also developed. Today, the BIC is 75 percent self-financed. The center generates income from a variety of sources, including incubator rent and program fees, low-cost SBDC workshops, local SBDC offices. The impact of this Center on the community has been significant. Since 1987, the BIC has helped launch over 260 companies that have generated over $156 million in revenue, 10,461 jobs, and an investment of $58.5 million in capital.71

Business Loan Fund interest income, enterprise zone administrative fees, and property management fees from the Department of Energy, which is located on the Center’s campus. Additional sources of income include state grants for the SBDC and Business Loan Fund, city and county support contracts, and donations from private funders. Finally, the BIC has undertaken periodic capital campaigns to raise the funding necessary to move to a new location or maintain the Center’s existing facilities. In the past, funding for these campaigns has come from the Department of Local Affairs Energy and Mineral Impact, the City of Grand Junction, Mesa County, various foundations, and private donations.

Core Programs

The Business Incubator Center seeks to fulfill its mission to diversity the local economy by focusing on four main program areas.

- **Financial assistance**, which is offered through the Business Loan Fund and Micro Loan Fund
- **Business development** in the form of technical help and training
- **Counseling and workshops** available through the SBDC and economic gardening programs
- **Facilitating tax incentives** through the Mesa County Enterprise Zone Program

To support the goal of economic diversification, the business incubation program is open to companies in any industry. Due to a large presence of oil and gas companies in the area, BIC’s early business support services were focused on that industry. Over time, however, the BIC has branched out into other industries to include a focus on incubating businesses in small manufacturing, services, and large-scale food preparation.

Tenant Support Services

As with most business incubators, BIC tenants have access to individual space as well shared-use equipment and spaces such as a conference room, resource room, and break area. In addition, tenant businesses receive a variety of technical assistance, funding, and networking opportunities through the incubator.

Technical Assistance

- The BIC staff, SBDC staff, and consultants offer technical assistance to incubator companies in the form of consulting, mentoring, and training classes.
- Tenant businesses also have access to advisory committees, which are formed on an individual basis in response to the needs of a particular entrepreneur. The advisory committee process begins with a meeting between a small business and the BIC staff to identify specific issues facing the new business that are not adequately addressed by existing BIC staff resources. Once these unmet needs are identified, the BIC staff connects entrepreneurs to an advisory committee of experts with expertise in the issue areas.
- In addition to one-on-one counseling for incubator businesses, the on-site SBDC office offers workshops to both BIC companies and the Mesa County small business community.

Access to capital

- The BIC offers direct financing to tenants through a business loan fund as well as a microloan fund. The “Incubator Bootstrap Fund” is a loan program only available to incubator clients.
Networking and Special Events

- These events combine practical education with networking opportunities and allow entrepreneurs to learn from experts as well as one another.
- Business Over Breakfast is a monthly one-hour panel discussion on topics relevant to the needs of BIC clients.
- Fast Trac Business Basics is a one-hour luncheon that covers popular topics relevant to the needs of startup businesses.
- Open houses and socials are held throughout the year, including an annual holiday open house.

The BIC does not operate in a silo when providing small business support services; rather, the BIC has formed partnerships with other small business support organizations to strengthen the local entrepreneurship ecosystem. Through partnerships with local and national-level organizations, the BIC offers tenants access to resources and networking beyond that available at the Center. Examples of these partnerships and associated benefits include:

- Discounted membership to the local Chamber of Commerce.
- Free use of the Rocky Mountain Incubation Association (RMIA) facilities throughout Colorado as well as access to technical assistance from RMIA’s incubator staff.
- Member privileges at the National Business Incubation Association like discounted payroll services, insurance products designed and priced for small businesses, low-cost bank card processing, and discounted rates on market information.
- The opportunity to participate in trade shows and business showcases, often free of charge.
- Access to student interns from Mesa State College to assist incubator companies with various projects.

Marketing the Incubator

The BIC has a very limited marketing budget and must rely on creative methods for community outreach and engagement. The BIC spend most of the marketing budget on two major annual events, each of which is open to the community. In December, the BIC hosts a holiday open house. This event is held at the business incubator and is open to the community, offering guests food, beverages, music, a silent auction, and the opportunity to meet the incubator clients. The second large event is an annual barbecue that draws between three and four hundred people. Like the holiday open house, this is open to the public. Both events help to raise the profile of the incubator by drawing people to the space who may not otherwise know about the incubator’s resources. These events also give tenants the opportunity to network with each other and community attendees.

These face-to-face events are a valuable source of marketing for the BIC, as most incubator clients arrive via referrals from other organizations like the onsite SBDC office. The SBDC is a major source of incubator tenants, but BIC staff also credit a supportive community with helping to keep the incubator occupancy level steady. This network of support includes relationships with the chamber, city government, county government, library, local community college, and local university. Each of these stakeholder organizations are aware of the BIC and its services and often refer people to the Business Incubation Center.

Business Incubation Center Loan Funds

Business Loan Fund

The business loan fund (BLF) began in 1986 as Mesa’s County Revolving Loan Fund and was established with private and public grant money. The public funds used to start the fund included EDA and Community Development Block Grant (CDBG) money. The CDBG funds are appropriated to the County but pass through to the BIC. The BLF was moved to the BIC a
year later and has since loaned more than $13 million to over 250 Mesa County businesses. According to the BIC, over 95% of these businesses have been successful. Although it began with grant money, the BLF is maintained through repayment of principal and interest from past loans. During an IEDC interview, BIC staff emphasized that the EDA and CDBG portion of the BLF funds are considered “forever federal”. This means that, no matter how many times the EDA and CDBG money circulates through the fund, documentation requirements applicable to EDA and CDBG money must be followed.

The purpose of the BLF is to provide direct financial assistance to businesses in need of capital for expansion by offering additional funding when other sources have been exhausted. This is accomplished through direct loans as well as by filling a secondary lender role, thereby reducing the exposure of a private lender on a particular loan. Loans are available in amounts ranging from $1,500 to $5,000 with a period of three to seven years. The funds can be applied to equipment purchases, working capital, building improvements, inventory, and real estate. In order to obtain a BLF loan, a business must provide the following documents:

- A business plan
- Three years of each of the following documents: historical financial statements, business tax returns, personal tax returns for all primary investors, and cash flow projections
- Personal financial statements for all primary investors
- Cost of living budget
- Schedules of collateral
- Employment plan
- Other info on an as-needed basis, depending on the type of loan requested

Given the potential complexity of the application process for a startup or young business, the BIC staff are available to help with the application process. Once a business obtains a loan, the owner receives more than just financing. This additional assistance includes instruction in business management strategies to improve the chances of success in the future.

Microloan Fund
The Peterson Fund and the Women’s Foundation of Colorado Fund provide microloans to startups and businesses looking to expand in Mesa County. Loan amounts are from $1,500 to $5,000 with a one to three year term. The money may be used for startup or existing business expenses, including capital expenditure and working capital. To qualify for this program, the business owner must meet Colorado’s low- to moderate-income guidelines. As with the RLF, the funding from this program came from loans and grants, and the program offers basic business education along with their loans.

Bootstrap Loan Fund
This loan fund is specifically available to business incubator clients at the BIC. The BIC’s microloan fund staff also works on the bootstrap loan fund, but the BLF funding originates from a separate pool of money. The typical loan period is six months and can be applied to a variety of uses including inventory purchases.

Takeaways
Community Involvement
BIC staff cited the importance of community partnerships in generating tenant flow for the incubator as well as generating general support for the BIC’s work within the community. These partnerships have become a referral mechanism for entrepreneurs in need of the BIC’s services and also serve as a way to publicize the BIC’s offerings. In addition, community
events such as the holiday open house have been a great way to increase awareness of the BIC and promote incubator client businesses.

Responsive Support Programs
Creating a more diverse economy was one of the major reasons that Grand Junction decided to establish the BIC, and this mandate has helped the BIC remain responsive to the needs of local entrepreneurs. Over time, the BIC’s facilities and programmatic offerings have evolved to meet the needs of the community. Two specific examples of this include opening the kitchen incubator in 2002 and establishing the Bootstrap Loan Fund to give incubator clients greater access to capital. Having a clear mandate for economic diversification has benefitted the work of the BIC. The BIC’s programming has been effective, as the organization is credited with helping to launch over 200 companies. In addition, the NBIA has recognized the efficacy of the BIC through five awards for programmatic excellence and client performance.

Access to Capital
The BIC has increased access to capital for entrepreneurs through a variety of loan programs such as the business loan fund and microloan fund. Each loan program is slightly different in the target audience and loan amount, allowing the BIC to connect entrepreneurs at various stages with needed funding. Each of the BIC’s loan programs have been successful at assisting local entrepreneurs, but BIC staff did caution against relying too heavily on federal funding sources due to the increased regulation accompanying federal dollars.
Achieving Financial Self-Sufficiency: Louisiana Business & Technology Center (Baton Rouge, Louisiana)

Background
The Louisiana Business & Technology Center (LBTC) is located in Baton Rouge, Louisiana. Established in 1988 to enhance economic development in Louisiana through the support of existing small businesses as well as the development of new businesses, the LBTC incubator now houses more than 24 small businesses and has helped thousands of other businesses with their programs and initiatives. The overall economic impact of the LBTC’s has been quite substantial.

- $149,194,620 in equity, grants, and loans
- 6,002 recipients (businesses and entrepreneurs) of technical and management assistance
- 542 businesses started after receiving assistance, creating or saving at least 9,605 jobs
- 28 current incubator tenant companies creating 140 full time jobs in Baton Rouge
- 140 incubator graduates, creating 2,278 jobs since 1989; 110 are still in business, a 78% success rate

The LBTC does not give priority to particular target industries. Rather, the LBTC focuses on technology generally and seeks to build on the strengths of their partner university, Louisiana State (LSU), including lab and facility capacity as well as faculty specialties. Areas where faculty specialty overlaps with LBTC’s focus areas include disaster management, the energy sector generally (especially on and offshore oil and gas exploration as well as green/renewable energy), and both solar and water power companies. When determining how to grow and best serve the local entrepreneurship community, the LBTC examines current programmatic and technological offerings to identify gaps in services between what is offered and what entrepreneurs need. For example, in response to a need for high-intensity lab research space, the LBTC took over an old research lab that now houses 15 companies engaged in chemical research.

Core Programs
The LBTC has a variety of onsite and mobile programmatic options to support the local entrepreneurship community:

- Business Incubation on Wheels program
- Student incubator
- Louisiana Going Global
- Technology transfer office
- SBDC

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Strategies & Recommendations for the Southwest Louisiana Economic Development Alliance
Business Incubation on Wheels
The Business Incubation on Wheels Program is a unique mobile small business support tool that brings business counseling and technical assistance to rural and underserved areas of Louisiana. This mobile classroom, housed in a donated 18-wheel truck, was donated to the LBTC and offers programs on how to start, market, and finance a business as well as how to manage and operate a successful business to create jobs and economic growth in a community. The Business Incubation on Wheels Program offers entrepreneurs direct assistance, but the program also works to connect entrepreneurs with support structures in their local community (if working outside of the Baton Rouge area), including incubators for those who live too far away from LBTC’s facility. However, technical assistance is not limited to entrepreneurs. Local partners and economic developers are also offered training opportunities through the Business Incubation on Wheels Program so that follow-up assistance can be given once the mobile classroom leaves the community.

While initially designed to offer entrepreneurship support to rural areas, the flexibility of the Business Incubation on Wheels unit helped it become a vital tool in small business support after Hurricanes Katrina and Rita. The LBTC was able to quickly deploy the unit to affected areas and offer assistance to impacted businesses in the first stages of recovery. This assistance came in the form of counseling, seminars, and relevant information as well as applications for disaster relief programs and loans. More recently, the mobile classroom was deployed during the Deepwater Horizon Oil Spill to offer local businesses counseling and support services.

Student Incubator
LBTC staff believed that the LSU student body was interested in entrepreneurship based on stories of students starting businesses on their own in dorms and apartments. This belief was part of the impetus for the founding of a student incubator in 2010. To raise awareness of the new program and its benefits, LBTC staff approached the LSU engineering school, entrepreneurship clubs, computer science department, and other student organizations with information about the incubator opportunity. The incubator space is affordably priced at $25 per month and includes a shared-use area with four cubicles, couches, tables, work stations, and wireless internet. In addition to the space, the LBTC facilitates strategic meetings between student incubator tenants and mentors who help with the logistical aspects of operating a business such as working with loans and investors, as well as business planning. The student incubator has been a very popular program and, in the latter part of 2012, housed 31 student companies. Since its inception in 2010, the student incubator has graduated 11 student companies that became establishments upon graduation and resulted in the hiring of approximately 32 employees.

The popularity of the student incubator program is maintained by the quality of the support and resources offered to tenants as well as through a student business competition known as the Venture Challenge. The 2012 competition offered $20,000 in seed capital to the winning program. Next year, the LBTC would like to offer $50,000 to the winning entry. The competition’s prize money comes from a variety of corporate and foundation sponsors who join at tiered platinum, gold, silver, and bronze levels. While there is only one winner, many of the participants have gone on to create a business from their idea, including a group of students from the School of Agriculture who developed an organic algae technology company and a Veterinary Medicine student who opened a grooming studio.

Louisiana Going Global
Louisiana Going Global is the LBTC’s export initiative, which was developed in response to a need in the entrepreneurship community for guidance on how to get involved with exporting. The LBTC wanted to develop a formal exporting program, and partnered with Louisiana
Economic Development and the U.S. Department of Commerce to bring export assistance seminars and workshops on how to access international markets to LBTC clients. The Louisiana Going Global program focuses on SMEs interested in exporting to Latin America. While open to a variety of industries, the program focuses on companies in the energy, construction, chemical, advanced manufacturing, agribusiness, and fishing industries looking to expand to Brazil, Colombia, or Mexico. The goals of the program are to increase net exports from Louisiana SMEs to Latin American countries, to assist companies in navigating country-specific rules and regulations, and to grow Louisiana companies.

In addition to providing technical assistance and workshop opportunities, the LBTC is able to expand their client service offerings with resources available through LSU. These services include the ability to print publications in a variety of languages as well as access to information on the culture and business norms to follow when conducting business abroad. Finally, LBTC is one of 15 U.S. incubation programs to receive the National Business Incubation Association’s (NBIA) “soft landing” designation. Through this program, LBTC acts as a testing ground for international companies that are interested in the local market. In the past, the LBTC has worked with companies from China, New Zealand, and Brazil, and it offers incubator services, access to market research and capital, and translation services.

**Financing**

**Financing the LBTC**
The LBTC opened in 1988 with a charge to become self-sufficient within two years. The use of creative revenue streams, as well as the LBTC’s rent-free status on the LSU campus, helped achieve the self-sustaining goal. Rental revenue from incubator tenants is used to cover operating costs, and the LBTC is committed to maintaining high-quality staff and services. Therefore, rents at the incubator and LSU Innovation Park are above the market price. Other sources of revenue include workshops and trainings. Some are free, but others are offered at a cost.

**Financing for Entrepreneurs**
The LBTC does not offer loans or other financing directly to entrepreneurs; rather, the LBTC acts as a connector between entrepreneurs and potential sources of financing. Two of the most frequently used programs are the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) program grants. The primary function of SBIR and STTR programs is to fund new, innovative, early stage (and often higher risk) entrepreneurial projects or expand existing small businesses. SBIR awards, which are frequently used by LBTC clients, are part of a highly competitive federal program established to encourage small businesses in the U.S. to take part in federal research and development with commercialization potential. Both programs are designed to fill funding gaps for entrepreneurs who may have difficulty acquiring funding from traditional sources.

In addition to federal funding, LBTC works with local banks, angel funds, and venture funds to connect those funders with entrepreneurs.

**Marketing**
The LBTC does not have a marketing budget and does not carry out any direct advertising. Therefore, all promotion of the incubator and other programs must be handled through other channels. Many of the LBTC’s outreach programs, such as the mobile classroom and student incubator, help raise the profile of all of the business support services as well as the incubator and act as a recruitment tool for the incubator. In addition, LBTC staff is very intentional
about publicizing tenant accomplishments. If a company gets a patent, SBIR loan, hires a new employee, receives a new certification, etc., the event is publicized. The LBTC has a solid reputation in the community, and the staff maintains good relationships with the workers at local press publications, which helps with publicizing stories. Media coverage helps to raise the profile of the incubator, as staff frequently receive phone calls from people who have seen incubator success stories, and also helps to increase awareness of tenant companies and the products and services they are producing.

**Tracking Progress**

Once a business is a LBTC incubator tenant, they are seen as a tenant for life. This expectation is emphasized throughout all stages of the incubator/tenant relationship, and helps LBTC staff compile robust reporting metrics. Information is collected from client organizations in a variety of ways:

- The LBTC staff maintains ongoing communication with incubator graduates and affiliate companies through an electronic newsletter, events, and both formal and informal check-ins.
- All incubator graduates meet with LBTC staff once per year for an annual review of their status.
- In addition to the annual meetings, LBTC graduates receive an annual mail survey. If companies do not respond to the mail survey or submit incomplete information, they are sent an email survey. If the email does not solicit a response, the LBTC executive director will call the client and go through the survey questions with the business over the phone. The LBTC usually has a high response rate to surveys, but it does not extrapolate data to compensate for unanswered surveys. All of the reported performance metrics (amount of financing received, number of jobs created, etc.) are based on actual data.

**Takeaways**

Since the LBTC was established with a very short timeline for self-sufficiency, developing a reliable revenue stream and quality support services were two high priorities for the LBTC staff. By creating a strong set of business support services as well as capitalizing on a relationship with LSU, the LBTC has positioned themselves as a critical resource for area entrepreneurs. Incubator clients are prepared for above-market rental rates in exchange for excellent facilities and support services that meet their needs, and near constant publicizing of incubator successes helps to raise the profile of participant businesses.

The LBTC works with several partners, including LSU and the local SBDC, to ensure that business support services are relevant and high quality. In addition, the LBTC has remained responsive to community needs by reaching clients in a variety of ways. The Incubator on Wheels program, for example, allows the LBTC to reach entrepreneurs in rural areas and the Louisiana Going Global program helps to connect the local community with foreign markets.
Creating an Entrepreneurial Culture: Blue Ridge Entrepreneurial Council (Western North Carolina)

Background

The Blue Ridge Entrepreneurial Council (BREC) is an initiative of AdvantageWest, a regional economic development partnership that covers a 23-county, 10,000 mile area in western North Carolina. AdvantageWest's area includes the Asheville, North Carolina metropolitan region, which is known for its natural beauty and quality of life as well as a focus on entrepreneurship. In fact, over 17 percent of the total employment in western North Carolina is based on entrepreneurial activity. The area's reliance on entrepreneurship is reflected in AdvantageWest's programs, including BREC, which focuses on education, networking and mentoring, communications, and capital formation for entrepreneurs. BREC has also helped businesses raise capital, brought private equity investors to western North Carolina to evaluate businesses, hosted venture capital conferences in Asheville, and recruited businesses with high-growth potential to region.

In 2011, BREC helped 37 clients in the software/IT, food and beverage, natural products, clean energy, and outdoor products industries. Through the Advantage Opportunity Fund (AOF), BREC also funded $694,000 in 19 seed-stage loans for area start-ups.\(^{73}\)

Services

Education

BREC holds educational events that focus on helping entrepreneurs refine their business acumen. When BREC was first founded, the organization relied on an advisory group comprised of entrepreneurs (approximately 50 percent) as well as people from the economic development and university communities to develop topic ideas. Initially, this group met quarterly and hosted evening educational and networking events. As BREC developed as an organization, and the outreach of its members grew, BREC began to develop relationships with regional organizations and networks. According to Matt Raker at BREC, relying on regional partners has increased participation and buy-in at events, and these partners now provide much of the support for BREC’s events. In Asheville, for example, the local Economic Development Council has developed an entrepreneurship program.

BREC’s most recent educational events have covered topics such as how to increase sales and revenue, bring in more and larger research grants, and raise investment capital. Other programs include an entrepreneur boot camp and targeted seminars on topics such as sales and marketing.

Networking

While education and technical assistance are helpful for entrepreneurs, networking opportunities are also invaluable to developing a business. Therefore, BREC creates and runs both networking and mentoring events year-round to help member share ideas and contacts.

\(^{73}\) Advantage West Annual Report: 2011.
Much as with the educational events, BREC initially assumed responsibility for the planning and execution of all networking events. As relationships with regional stakeholders have grown, many of those groups have begun to host their own events. Examples of these events include Speed Dating for Business, Improve Your Elevator Speech, and Demystifying Web Marketing.

Communications
BREC communicates with the entrepreneurship community via email, the BREC website, and announcements to the media. While BREC is a nexus of entrepreneurial activity and support services, BREC often relies on networks and organizations in smaller regions and municipalities for marketing and communication regarding events and services.

Capital Formation
BREC has several programs designed to connect entrepreneurs with capital opportunities and increase capital in the region. As part of a broad effort to attract capital, since 2003 BREC has held an annual venture capital conference with the Appalachian Regional Commission. The last conference attracted more than 250 people with over $1 billion in capital at each conference. Existing funding structures, such as the Blue Ridge Angel Investor Network (BRAIN) and Advantage Opportunity Fund (AOF) are also available to BREC’s clients. In addition, BREC has helped local companies present at venture capital conferences outside of the mountain region and facilitated introductions to angel investors outside of western North Carolina. BREC’s efforts to increase access to capital in the region are effective. In 2012, new companies in western North Carolina raised more than $6 million in angel and venture capital with assistance from BREC.

Blue Ridge Angel Investor Network
The AdvantageWest Economic Development Group founded BRAIN in 2002, but BRAIN has since developed into an independent corporation that has invested $2 million in companies. BRAIN is focused on companies with intellectual property, job creation potential, and realistic exit strategies that either have an existing presence in western North Carolina or who have a willingness to relocate or expand in the region. The Network’s investors come from a variety of backgrounds and include entrepreneurs, current and retired CEOs, venture capitalists, and business leaders who have founded successful companies. Members do not invest as a group, but rather collaborate during the due diligence phase and then make individual investment decisions. BRAIN investments range from $100,000 to $500,000, with an average holding term of eight years.

BRAIN meets quarterly to review investment applications from ten industry clusters:
1. Advanced manufacturing
2. Communications and information technology
3. Food
4. Life sciences and agribusiness
5. Retirement-related
6. Arts, crafts, and design
7. Healthcare
8. Environment
9. Recreation and Tourism
10. Security

74 Blue Ridge Angel Investor Network. www.brainnc.com
Advantage Opportunity Fund

The AdvantageWest Economic Development Group established the Advantage Opportunity Fund (AOF) to provide high-growth entrepreneurial companies with the critical early-stage funding needed to reach key milestones and bridge funding gaps. The AOF was founded in response to a lack of early-stage funding for western North Carolina entrepreneurs. AdvantageWest relied on best practices from other regions to create this revolving loan fund with seed money from capital partners such as the SBA and North Carolina Rural Center. The AOF currently provides loans of up to $35,000 to high-potential startups or existing companies with potential for high growth. Since its inception, the fund has supported 23 companies with just under $1 million in total loans. These loans were leveraged for a total investment of $10 million. AOF participant companies are frequently unable to access funding through more traditional sources, such as banks or angel networks, due to the company’s stage of development or other issues like an inexperienced management team. This fund, therefore, is an important bridge for entrepreneurs trying to develop their businesses.

In addition to the funding offered to these high-growth companies, loan recipients have access to entrepreneurial training, coaching, and development through AdvantageWest and the Technology Commercialization Center (TCC), which is located at the area’s Small Business Development Center (SBDC).

Certified Entrepreneurial Community

Part of BREC’s mission is to offer technical assistance, networking, and educational events to communities throughout the western North Carolina region. Over time, BREC began to partner with local organizations interested in entrepreneurship to host events and conduct outreach. As these organizations began to assume more responsibility for entrepreneurship programming, AdvantageWest observed the value in empowering local communities to incorporate entrepreneurship in their economic development strategies. The Certified Entrepreneurial Community (CEC) program was created to formalize that process.

To become a CEC, a community must for a “core team” consisting of representatives from the local government, educational, business, and entrepreneurial community who work together over the course of 1.5-2 years to develop an entrepreneurship strategy. AdvantageWest equips these teams with support, training, and a guidebook that describes how to meet the CEC program requirements, including:75

- Assuring that a community is committed to the process
- Assessing the community’s current entrepreneurial landscape
- Creating a comprehensive strategy for entrepreneurial growth
- Mobilizing the community’s entrepreneurial resources
- Identifying and nurturing the community’s most promising entrepreneurial talents

In return, communities receive access to grant funding, support and training from AdvantageWest, assistance with community engagement, and marketing materials. A community is considered a graduate of the program once they have developed a comprehensive report that addresses the criteria above with goals and metrics for the community. This report must be reviewed and given a certificate of approval by a committee of representatives from the Small Business Administration, North Carolina Small Business and Technology Development Council in addition to a banking and finance executive, a venture capitalist, two entrepreneurial company representatives, and the AdvantageWest Board of Directors.

Breakthrough Challenge
The BREC Breakthrough Challenge began in 2011 as a way to further economic development and job growth in North Carolina. The Challenge was created through a partnership between BREC and the Tech20/20 Center for Entrepreneurial Growth, with initial funding from the CITI Foundation.76

Both existing and startup companies are eligible to apply for the Challenge. During the challenge, participants receive eight hours of individual and group coaching in topics such as small business strategic planning, building a sustainable business model, identifying your target market, and building a credible funding plan. After the coaching sessions, participants pitch their business idea to angel investors, fund managers, and finance professionals. The primary goal of these pitch sessions is for the entrepreneurs to receive feedback and develop relationships that may lead to future funding opportunities.

While Breakthrough Challenge participants agree to provide feedback on critical metrics such as the number of employees, revenue, and capital raised for three years after the Challenge has ended, BREC has found follow-up to be a difficult due to time and staff limitations.

Takeaways
Collaboration with Local Partners
While BREC was initially the only organization in western North Carolina offering business support services, it quickly recognized the value in forming relationships with local networks and organizations. The relationship-building process between BREC and local communities eventually led to the creation of the Certified Entrepreneurial Community program, which empowered local communities to incorporate entrepreneurship in their economic development strategies. BREC has also worked with several organizations to develop the Breakthrough Challenge, which encourages regional entrepreneurship through business plan development and networking opportunities.

Access to Capital
Entrepreneurs in western North Carolina often have a difficult time gaining access to capital. After hosting an event with Carolina Connect during which BREC attempted to connect local entrepreneurs with venture capitalists, BREC became more aware of the difficulty in attracting venture capital to the region. Therefore, BREC has pursued a variety of funding mechanisms to support small businesses, including venture capital, angel networks, and a revolving loan fund.

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76 Tech20/20 is a non-profit corporation that works to support the development of high-growth potential companies and jobs by fostering an entrepreneurial ecosystem in the Appalachian region.
University of Central Florida (UCF) Business Incubation Program

Background
The mission of the University of Central Florida Business Incubation Program is to create a university-driven community partnership that provides early stage companies with tools, training and infrastructure to create and enable financially stable high growth, high impact business enterprises. UCF’s Business Incubation Program was founded in late 1999. Its facilities total 141,500+ square feet of office and laboratory space across ten different locations in the state of Florida. Roughly 20 to 25 startups enroll annually in the UCF Business Incubation Program, and on average less than five client companies drop out of the program annually (either voluntarily or because they fail to continue meeting the program’s requirements). On average, clients remain in the incubator program between one to three years.

To date, the UCF Business Incubation Program has assisted 300 companies — including 130 current clients since the program’s creation. The program has also helped generate $500+ million in annual revenues and 1,600+ new jobs with average salaries of $59,000. The UCF Business Incubation Program also maintains a high rate of success — of the 66 companies who graduated (as of June 2011), there are only three that are not still in business, four that were acquired by larger firms, and only nine that have moved out of the Orlando metropolitan area.\(^7\)

Incubator Locations
With ten current locations across five central Florida counties, UCF’s Business Incubation Program is an economic development-focused collaboration between the university, the cities of Apopka (Orange County), Orlando (Seminole County), Winter Springs (Lake County), Leesburg and Sanford (Osceola County), Kissimmee and Saint Cloud (Volusia County), and the Florida High Tech Corridor Council. Below is a list of UCF’s current incubators, the year they opened (in parentheses) and the space occupied by each.

- **Central Florida Research Park** (1999) — 48,000 ft.\(^2\) office, laboratory, and manufacturing space, adjacent to the UCF campus.
- **Orlando** (2007) — 6,000 ft.\(^2\) office space.
- **Sanford** (2009) — Just under 6,000 ft.\(^2\) office space.
- **Saint Cloud** (2010) — 14,000+ ft.\(^2\) office space.
- **Kissimmee** (2010) — 8,000 ft.\(^2\) office space.
- **Daytona Beach International Airport** (2011) — 8,000 ft.\(^2\) office space for 20 (non-retail) companies, located in the airport’s customs building.
- **Apopka** (2012) — 8,000 ft.\(^2\) office space.
- **Leesburg** — 4,000 ft.\(^2\) office space.


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PHOTONICS UCF CAMPUS — 21,000 ft² on main UCF campus with lab space for technology development between industry and UCF researchers. Facility was partly funded by US EDA and maintains a laser and optics industry focus.

Goals

The general goals of the UCF Business Incubation program are focused on economic development. Specifically, the program seeks to (a) expand high impact industries, (b) engage the university in the communities it serves, (c) facilitate technology transfer and collaboration, and (d) provide economic development practitioner-based business training, coaching, and mentoring in order to support:

- Potential Growth of Startups
- University Spin-Offs
- Existing Companies, Restarting
- Existing Company with New Project / Product
- SBIR / STTR Startups

The original intent of the UCF Business Incubator Program was to develop a way for university scientists to license and commercialize technology. This initial objective evolved approximately one year following the launch of the program’s first incubator. The incubation program eventually shifted this strategy after the program received requests to move into other locations. This development altered the program’s objectives by changing the focus from developing exclusively technology-focused venture to creating a more mixed-use program that also developed non-technology startups. In tandem with this diversification of program objectives was a desire of incubation program stakeholders to develop other economic and industry sector strengths in the region and to begin to shift away from the large regional footprint of the tourism industry in the central Florida Orlando metropolitan area.

The dominant, overarching goal of the UCF Business Incubation Program is to create jobs and businesses in the Orlando region and communities that the program serves. The incubation program’s performance metrics generally reflect this objective and are effectively based on measuring progress towards this goal. The UCF Business Incubation Program is selective with regard to the type of data it utilizes to measure performance and illustrate the costs and benefits of the incubation program to stakeholders. For example, the program does not typically examine detailed data like cost per startup to measure program performance, though it does highlight important data that showcase the impact of the incubation program (e.g. the incubation program creates roughly one job per $2,000 of funding — as verified by independent studies that assessed the economic implications of the UCF Business Incubation Program’s impact on the Orlando region).

Services

UCF’s Business Incubation Program provides a variety of services to entrepreneurs and startups that include:

- Mentoring and advisory services focused on:
  - Business development and growth
  - Strategic planning
  - Legal counsel

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- Accounting / tax and human resources assistance
- Government contracting
- Strategic partnerships
- Marketing and public relations
- Financing
- Grant preparation
- Insurance and risk management
- Access to experienced, veteran entrepreneurs
- Access to market research, business plan and presentation preparation / coaching at UCF’s Venture Lab
- Educational programming
- Marketing and public relations support
- Networking opportunities with peer groups, local professionals, USF faculty, etc.
- Adaptable space and flexible leases in several Orlando metropolitan area locations
- Shared reception area, office equipment, conference rooms, and support services

Advisory Boards
The UCF Business Incubation Program maintains five advisory boards that are comprised of university faculty and administration (e.g. College of Business) and relevant entrepreneur and commercialization-related service providers (e.g. patent attorneys). The relatively large number of advisory boards owes to the fact that the UCF Business Incubation Program maintains different advisory boards at different incubator site locations.

The function of the UCF Business Incubation Program’s advisory boards is less focused on providing guidance or advice on the incubator program’s operations — as one incubator official noted, “They’re not there to tell us how to run an incubator” — and more concentrated on ensuring that the incubation program is continually connected to important stakeholders and resources in the community. For example, if an incubator client needs expertise or advice on a specific topic (e.g. raising capital, available angel investment funds, accessing the services of a patent attorney with expertise in a specific industry, etc.), the UCF Business Incubation Program’s advisory boards will attempt to address these challenges by helping to connect the incubator and its clients to members of the community that may be able to offer advice or services to help resolve the client’s particular challenge.

Staffing Levels
UCF Business Incubation Program officials note that an 8,000 square foot incubator facility generally requires — at a minimum — two staff members: an incubator site manager and a program assistant. At its larger incubator facilities — such as the 40,000 square foot facility at the Central Florida Research Park — the incubation program requires at least one additional staff member. In addition to the incubator site manager and program assistant, this facility employs a third staff member whose primary duties include collecting rents on incubator leases, billing and invoicing, bookkeeping activities, and negotiating with contractors on various facility-related items.

Partnerships
The UCF Business Incubation Program offers knowledge and experience to clients in part because of the relationships it has developed. These relationships form a core network of experienced entrepreneurs and entrepreneurship associations (e.g. National Entrepreneur Center), professional
service providers, economic development partnerships (e.g. Metro Orlando Economic Development Commission and Florida High Tech Corridor Council), small business service providers (e.g. UCF SBDC and SCORE), and university experts (e.g. UCF Venture Lab and UCF Center for Entrepreneurship & Innovation). The UCF Business Incubation Program maintains roughly 100 partnerships with Orlando-area businesses and service providers focused on human resources, financial services, legal services, business counseling, telecommunications, government contracting, and media.

University Partnerships
The main university-related partnerships of the UCF Business Incubation Program involve the university's Office of Technology Transfer and the College of Business (and entrepreneurs therein). One of the primary functions of the incubation program's partnership with the UCF Office of Technology Transfer is the “shared responsibility” of keeping one another informed about potential technology commercialization and related opportunities among university faculty and researchers. UCF Business Incubation Program officials note that university scientists often “have to be courted” in order to develop opportunities for technology commercialization ventures. Both the UCF Office of Technology Transfer and UCF Business Incubation Program officials continually hold discussions with university faculty and researchers to inquire about particular research activities, interest in commercialization ventures, the possibility of utilizing incubator space, etc. Officials in both the Office of Technology Transfer and the incubation program work closely to keep one another informed about ongoing discussions with university faculty, research and administrators that may impact both sides of the partnership.

SBDC Partnership
The university and the UCF Business Incubation Program also maintain an active partnership with the university-based SBDC. One of the most important functions of this relationship is the “back and forth” process of referring potential clients to and from both the UCF Business Incubation Program and the SBDC. For example, if the SBDC receives a request for from potential clients for office or laboratory space, SBDC officials will refer these clients to the UCF Business Incubation Program. In one particular instance, incubation program officials referred a potential client that had been deemed to be “too early” in the venture development process to the SBDC for early-stage business counseling services. After consulting with SBDC staff and receiving advisory services, the client then “did his homework” and further developed the venture idea. After further consultation SBDC staff then referred the client back to UCF Business Incubation Program, whereupon the client was then determined to be a viable tenant for incubation in the UCF Business Incubation Program.

Incubation Programs
Soft Landing Program
A “soft landing” incubator program refers to the use of incubator space for small companies or divisions of larger, often international or multinational companies located outside a region. These soft landing incubation programs act as platforms for testing local markets’ viability. Many soft landing incubator programs focus on being test platforms for international companies, but others choose to position themselves as a test platforms for attracting companies from relatively nearby areas — particularly in situations where those areas’ incubator programs have reached capacity and are unable to offer incubator space and services to otherwise qualified tenants. Depending on the needs of clients interested in soft landing programs, the services these programs offer may include:

- Cultural and language training (including translation services)
- Research on domestic and local markets and assistance in entering these markets
- Help obtaining capital access and funding
- Assistance navigating local, state, and federal legal and regulatory challenges (e.g. import/export laws)
- Assistance on patenting and intellectual property protection
- Help obtaining necessary legal documents (e.g. business licenses, driver’s licenses, visas and other immigration-related documentation, etc.)

UCF’s Business Incubation Program offers soft landing satellite office space with flexible short-term leasing (for up to 24 months) at each of its ten incubator sites in five central Florida counties. This soft landing program offers participating client tenants the ability to form important connections and develop networking opportunities within the central Florida business community. The soft landing program also offers access to a network of training and meeting rooms, and to press release creation and distribution services.

**Client Funding Resources**

With the recognition that the UCF Business Incubation will likely “never be self-sustaining,” the incubation program is constantly and aggressively seeking new funding opportunities — for both the incubation program and the clients it serves. Some of the program’s funding resources are listed below to help illustrate the variety and mix of public and private funds that the program utilizes.

**Public Grants**

According to graduate company surveys, there have been 55+ grants — combining for over $33 million in SBIR / STTR funding — that have been awarded to UCF’s Business Incubation Program clients and graduate companies. Moreover, there has been more than $50 million worth of other federal and state grants that have been awarded to support on-going technology development.

**Angel Investment**

The UCF Business Incubation Program made some attempts during the past decade to form an angel investment fund or system that, until recently, never fully materialized. The new UCF Angel System (see the following section for further detail) was launched roughly nine months ago by a UCF stakeholder — a serial entrepreneur and faculty member at the College of Business with vast experience in successful startup ventures. The UCF Angel System founder’s venture capital experience and personal investment in the UCF Angel System is considered by incubation program officials to be a “huge plus” for the program, the university, and the region. The UCF Angel System currently has a dozen certified investors (with $800 million in net worth) and ultimately intends to target roughly 100 total individual investors to participate.

Prior to the development of the UCF Angel System, the UCF Business Incubation Program had to obtain support from individual angel investors in the Orlando region. Since the region lacked a coordinated system of angel investment funding, these investors had to be recruited by incubator officials (though occasionally an angel investor would initiate contact with the UCF Business Incubation Program regarding a particular incubator client). In order to attract additional funding opportunities from other individual investors, UCF Business Incubation Program officials developed a targeted recruitment strategy. This approach involved developing extensive lists of possible investors in the Orlando region, and inviting these individuals to attend presentations from incubator officials (usually hosted at prestigious local clubs). Incubation program officials would also occasionally invite a small number of actual incubator clients to participate in these presentations.

and make a direct investment pitch to the 20 to 30 individual angel investors that were typically in attendance. These meetings were regularly conducted for roughly seven to eight years (prior to the national economic recession in 2008).

**UCF Angel System**

The concept of the UCF Angel System is to organize accredited angel investors into a fund that is modeled on successful US examples of angel investment groups. The UCF Angel System is comprised of a dozen certified investors and is valued at $800 million (net worth). The UCF Angel System has developed a foundation that offers broad financial services for UCF region-affiliated companies and is organized and led by a faculty member of UCF’s College of Business. The application process and rating system for the UCF Angel System is modeled on several different, successful angel investment community models and prototypes throughout the country. UCF’s Angel System incorporates information and best practices from these angel investment groups into its own angel investment system.

The idea evolved when a UCF College of Business faculty member began working closely with partners at the university’s Office of Research and Commercialization, and the Center for Entrepreneurship and Innovation. The UCF Angel System was formed to help address the gap in the connections between those with products and those with potential funding opportunities and resources for startups.

The UCF Angel System built a comprehensive application process for companies with funding needs. This application process is effectively designed to evaluate potential companies prior to seeking out investment. The process helps companies to bolster their attractiveness to potential angel investors and generally helps strengthen a company’s business model. The UCF Angel System provides early stage companies an initial opportunity for recognition by an angel investment community or bootstrapping guidance for a company.

One of the goals of the UCF Angel System is to have all UCF Business Incubation Program tenants complete an application for the program. This offers the opportunity for each UCF Business Incubation Program client to define their company’s objectives and goals. The application process also contains a weighted and rated survey that seeks to assess the company’s time and money commitments (among other items). The survey later becomes part of a rating system to inform and equip each company and the program’s angel investors to determine if angel funding is a realistic option. This process effectively results in a “360-degree” review of each incubator company and which helps increase the likelihood of a company’s potential to close funding gaps.80

**Development Timeline**

The initial UCF Business Incubation Program facility (located at the Central Florida Research Park) took roughly three to four years to reach full capacity and become fully occupied with tenants. The initial planning and development timeline for this facility became somewhat convoluted when the program quickly shifted from developing only the original facility to developing multiple incubator sites in the region. This shift in planning (from planning a single incubator to planning for multiple incubators in multiple locations) was coupled with a similar shift in the incubation program’s overall

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Strategies & Recommendations for the Southwest Louisiana Economic Development Alliance

strategic focus — from developing exclusively technology ventures to also developing non-technology ventures.

UCF Business Incubation Program officials noted that one of the most challenging aspects of creating an incubator development timeline and achieving the program’s job and business creation objectives was managing stakeholder and funder expectations. The program’s funders, in particular, initially expressed expectations that were viewed by incubator officials as unrealistic — anticipating that the incubation program’s initial facility would yield a slew of new enterprises and initial public offerings (IPOs) just six months following the opening of the first incubator facility. UCF incubator officials note that setting realistic expectations among the incubation program’s various stakeholders took a copious amount of communication and occasionally involved telling prominent stakeholders things they didn’t want to hear regarding their unrealistic expectations for quick job and business creation. Roughly a year after the launch of the initial incubator facility, incubation program officials initiated an informal campaign among the program’s stakeholders to continue reminding them that new companies weren’t likely to fully develop until five to six years following the launch of the first incubator.

Client Graduation Timeline

The UCF Business Incubation Program utilizes a four phase approach regarding the graduation timeline for its client companies. The initial evaluation phase focuses on assessing a potential client’s viability as an incubation program tenant followed by admission into the program. The second phase occurs in the first two months of the program and requires an admitted client company to complete an orientation process. The third phase occurs from the third to twelfth months and focuses on a series of strategy sessions and workshops that are designed to assist a client company in developing company growth, market growth, and funding strategies. The fourth phase concentrates on the maturation process of the client company and assists the company in developing a viable business plan and comprehensive business strategy. The fifth and final stage is the graduation phase.

Phase #1 — Evaluation
There are four steps regarding the evaluation stage of UCF Business Incubation Program’s client graduation timeline. The first step is the submission of an application by the client. The next step is the completion of the Excellence in Entrepreneurship, followed by a presentation to the UCF Business Incubation Program Selection Committee. After these first three steps are completed, the fourth step is admission into the program.

Phase #2 — Orientation Months 1 – 2
The orientation phase for a new incubation program client company involves two basic stages. The first stage requires that each client attend and complete an incubator orientation. The second stage requires a client company to complete a business development orientation.

Phase #3 — Growth Months 2 – 12
The program’s growth phase towards client graduation involves a series of three “Strategy Series Work Sessions” each of which are designed to address different early-stage challenges facing the program’s startup tenants.

Company Growth Strategy
The first Strategy Series Work Session is known as the Company Growth Strategy phase and involves the client working to develop an elevator speech, a company value proposition, an example or description of the problem or challenge that the client’s product or services addresses or solves, and fully built out revenue projections.
**Market Growth Strategy**
The second part of the Strategy Series Work Session focuses on market growth strategies. This phase involves developing strategies for targeting customers and developing a client base while learning about market segmentation. It also involves the development of a sustainable competitive advantage for the client company.

**Investment / Funding Strategy**
The third portion of the Strategy Series Work Session concentrates on developing investment and funding strategies for a client company or entrepreneur. Specifically it addresses the topics of government funding, elevator speeches for investors, official presentations for investors, and participation in daily tactical meetings.

**Phase #4 — Maturation**
*Months 6 – 18*
The fourth part of the program’s graduation timeline focuses on presenting a startup tenant’s initial business plan, completing and presenting a finalized business plan, and revisiting a company’s strategic plan.

**Phase #5 — Graduation**
*Months 18 – 36*
The fifth and final stage of the graduation timeline is completion of the program and graduation. This final stage varies in length, but typically takes from one-and-a-half to three years, upon completion of which the company relocates outside of the incubator’s facilities.

**Marketing, Deal Flow, and Entrepreneur Attraction**
Incubator officials note that while the UCF Business Incubation Program doesn’t conduct a formal marketing, public relations, or promotional campaign, the program utilizes several different forms of marketing activities, including:
- Routine client / tenant press releases
- Encouragement of incubator facility uses (for a variety of purposes)
- Open house “Entrepreneur Nights”
- Testimonials and presentations from incubation program graduates

**Client Press Releases**
The UCF Business Incubation Program creates and publishes regular press releases to showcase incubator tenant and client successes. Incubator officials note that they have found this to be an effective way to market the incubation program and its services. These press releases are intended to “get the message out” about incubator clients’ stories, and each press release contains boilerplate language describing the UCF Business Incubation Program and its service offerings. Moreover, the process of developing these press releases has the added benefit of creating opportunities for incubator staff to regularly communicate with tenants and keep current on the status of each incubator client company.

**Facility Utilization**
UCF Business Incubation Program officials note that another effective method of marketing and promoting the incubation program is to invite and encourage a wide variety of entrepreneurship-related groups to utilize physical space within UCF’s incubator facilities. To this end, incubator officials note that incubator facilities’ on-site signage and way-finding should clearly indicate and describe what’s actually inside the facility (e.g. training rooms, incubator space, etc.). Once guests are inside the incubator facility, there is an opportunity for incubation program officials to present information (formally or informally) about the incubation program’s facility and services.
Entrepreneur Nights
The UCF Business Incubation Program hosts open house “Entrepreneur Nights” wherein entrepreneurs are invited to hear presentations and participate in tours by incubator officials to showcase UCF’s incubator facilities and services and illustrate how the incubation program can help startup companies grow and succeed. Entrepreneur Nights are hosted once a month at all ten of UCF incubator locations and typically last a couple of hours. Speakers at these events have included local chamber of commerce leaders, SBDC business counselors, incubator graduates, and important local business leaders (among others). Entrepreneur Nights are usually organized by the local incubator’s staff.

Graduate Testimonials
The UCF Business Incubation Program often requests written and in-person testimonials from former clients and graduates. In situations where a program graduate still resides and conducts business in the Orlando metropolitan region, incubator officials routinely invite them to give live presentations to a broad swath of interested stakeholders. These presentations provide testimony on the value of the UCF Business Incubation Program and its services, while offering first-hand perspective and detailed narratives on specific incubation program services that helped previous incubator tenants succeed.

Public Funding and Return on Investment
The information table to the right refers to the annual amount of public funding that underwrites the UCF Incubation Program’s operations. This funding is allocated by the various local counties, cities, and the Florida High Tech Corridor Council.

In 2011, annual public revenues attributed to client and graduate companies of the UCF Business Incubation Program were estimated to be $9.1+ million (2011). This amount reflects an annual return on investment of 141% on the total ten-year public investment to support UCF’s incubator programs. Comparing the $9.1+ million annual fiscal benefit to total public funding reveals that the return on investment is $5.04 for every dollar invested — meaning that annual benefits are over five times the amount of annual investment, even though five incubators have only recently become fully operational.

If only the annual investments in the initial five incubators (which are currently the source of all graduate companies — 2009 is the final year in which only these facilities were operational) is considered, the return on investment for 2011 increases to more than $10.00 for every $1.00 invested (compared to $5.25 for every $1.00 invested).

<table>
<thead>
<tr>
<th>YEAR</th>
<th>FUNDING</th>
<th>CUMULATIVE</th>
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</thead>
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<tr>
<td>2002</td>
<td>$250,000</td>
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<td>2009</td>
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<tr>
<td>2010</td>
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</tr>
<tr>
<td>2011</td>
<td>$1,807,000</td>
<td>$6,454,000</td>
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**Timeline for Creating an Entrepreneurial Ecosystem**

The following timeline illustrates the general development chronology of the Orlando metropolitan area’s regional entrepreneurial ecosystem, highlighting important milestones and the years in which these milestones were achieved. This information is included here to provide a sense of the long-term nature of developing a fully functional regional entrepreneurship ecosystem and the order in which this particular region’s entrepreneurship stakeholders chose to implement certain projects and venture that help form the core of this ecosystem.

<table>
<thead>
<tr>
<th>PROJECT / VENTURE / DEVELOPMENT</th>
<th>YEAR</th>
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<tbody>
<tr>
<td>Central Florida Research Park</td>
<td>1981</td>
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<tr>
<td>UCF Research Foundation</td>
<td>1991</td>
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<tr>
<td>Technology Transfer Program</td>
<td>1992</td>
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<tr>
<td>Emerging Business Network</td>
<td>1996</td>
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<tr>
<td>Technology Incubator</td>
<td>1999</td>
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<tr>
<td>Excellence in Entrepreneurship</td>
<td>2000</td>
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<tr>
<td>Industry Matching Grants Program</td>
<td>2000</td>
</tr>
<tr>
<td>Boot-Camps for Entrepreneurs</td>
<td>2000</td>
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<tr>
<td>Office of Economic Development</td>
<td>2002</td>
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<tr>
<td>Entrepreneurship Graduate Course</td>
<td>2003</td>
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<tr>
<td>Business Plan Competition</td>
<td>2004</td>
</tr>
<tr>
<td>Venture Lab</td>
<td>2004</td>
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<tr>
<td>Center for Entrepreneurship and Innovation</td>
<td>2005</td>
</tr>
<tr>
<td>Establishment of Angel Fund</td>
<td>2006</td>
</tr>
<tr>
<td>Florida Economic Gardening Institute</td>
<td>2009</td>
</tr>
<tr>
<td>Incubation Program Expansion (currently 10 locations)</td>
<td>2011</td>
</tr>
<tr>
<td>UCF Student Incubator</td>
<td>2012</td>
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North Dakota State University (NDSU) Technology Incubator

Background
The NDSU Technology Incubator and Research and Technology Park are part of the North Dakota State University of Agriculture and Applied Sciences, more commonly known as North Dakota State University (NDSU). Founded in 1890, NDSU is a land-grant based public university located in Fargo, North Dakota.

The NDSU Technology Incubator facility opened in April 2007 in the North Dakota State University Research and Technology Park. At 49,700+ square feet the incubator houses wet /dry laboratory space, manufacturing space, customizable tenant space, shared production areas, executive boardroom, conference rooms, common reception area, T1 lines, dedicated data rooms and phone systems. The incubator opened with five initial technology companies and currently houses 10 tenants along with the region’s angel investment fund headquarters and a RFID\(^{83}\) and wireless sensor laboratory.

Fargo, North Dakota
Fargo is North Dakota’s largest city with a population of 105,000+ (2010). It is also the primary city of the Fargo-Moorhead (MN) metropolitan statistical area (MSA) whose population is 209,000 (2010). The MSA is home to two other colleges — Minnesota State University and Concordia College in Moorhead. Along with NDSU these colleges form the Tri-College University system of Fargo-Moorhead which together creates a student community of over 25,000. This system allows students to take classes at any of the three institutions.

NDSU Technology Incubator
Though the NDSU Technology Incubator is relatively young (just over five years as a fully operational incubator), it has already made a measurable economic impact on regional communities and the university. Some notable achievements (as of August 2012) regarding the NDSU Technology Incubator’s economic impact are referenced in the figures below:

- **Employees (Full-Time / Part-Time)**: 106
- **NDSU Graduates**: 30
- **Annual Wages**: $9,269,943
- **Annual Gross Revenue**: $10,256,219
- **Debt, Equity and Grants Leveraged**: $8,823,978
- **PatentsFiled**: 38

Incubator Services
The services provided by the NDSU Technology Incubator to entrepreneurs and clients focus on professional services, client networking, coaching and mentoring, university relationships, financing and venture capital funds, student employee programs, comprehensive business assistance, and educational events and forums. The NDSU Technology Incubator’s coaching and mentoring program

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\(^{83}\) Radio Frequency Identification (RFID)
provides participants with access to seasoned entrepreneurs and executive professionals across a variety of industries and academic disciplines. Incubator tenant clients have the opportunity to meet quarterly with these coaches and mentors who offer strategic leadership and advisory services as incubator tenants grow their business ventures.

**Early Development Efforts**

**Early Goals and Collaboration**
The NDSU Technology Incubator idea was developed by way of a collaborative effort of leaders from the state of North Dakota and high-level North Dakota State University administration — including leadership from the Research and Technology Park. These stakeholders began with the premise of wanting to ensure future economic development, job creation, and economic diversification (outside of the region’s traditional agriculture and manufacturing industry strengths). NDSU’s Research and Technology Park was established to address this vision and to attract and recruit businesses to the Fargo region.

**Incubator Feasibility Study**
In order to determine the plausibility of the technology incubator concept in the Fargo market area, a feasibility study was conducted by an independent consultant. Completed in April, 2003 this feasibility study evaluated and confirmed the viability of the incubator concept in context of the local business and education environment. The study also included a detailed business plan and offered recommendations for developing the incubator.

*Study Recommendation #1 — Cash Payment for Facility*
The NDSU Technology Incubator’s current Interim Executive Director indicates that there were three primary recommendations from the feasibility report. The first recommendation noted that the NDSU Technology Incubator building / facility should be paid for in cash to ensure a more stable financial future. Following this recommendation, the NDSU Technology Incubator’s stakeholders began a three-year fundraising campaign that ultimately raised $7 million. After this initial funding was raised, construction began in April 2006 with the NDSU Technology Incubator officially opening in April 2007. Despite the initial success in raising funds, the NDSU Technology Incubator faced an unexpected challenge when material prices rose following Hurricane Katrina. These price increases meant that the project was ultimately over budget by roughly $600,000 which had to be financed from a loan (which has since been paid off).

*Study Recommendation #2 — Anchor Tenant Model*
The second key recommendation from the incubator’s feasibility study was that the incubator should develop and operate based on an “anchor tenant” model, in which an initial anchor tenant commits to a long-term lease thereby ensuring some level of cash flow and revenue for the incubator’s early operational stages. The former executive director of North Dakota State University’s Research and Technology Park spearheaded the search for an anchor tenant during the facility’s construction phase and was able to successfully recruit its initial anchor tenant: Bobcat Company.

**Bobcat Company**
Bobcat Company is a local company with its headquarters in West Fargo that builds machinery for construction, farming, and industrial uses. While Bobcat Company is already a major presence in traditional industries of the local economy (e.g. agriculture), the selection of the company as an anchor tenant by the NDSU Technology Incubator was still seen as working towards economic diversification since the tenant would be researching and developing new technology-based products within the incubator facility. Incubator officials explained that the NDSU Technology Incubator believed the company could leverage the established local
strengths of the company’s existing industries while helping develop off-shoot firms that, over time, would evolve into other industries.

**Phoenix International**

NDSU Technology Incubator officials highlighted an example of a serial entrepreneur who is currently at work on a fourth company. The entrepreneur’s first startup company — Phoenix International — is a technology-based firm that developed electronic components for agriculture-based firms like John Deere. Based on the technologies developed for John Deere, the company (which now employs 1,400 workers) began to develop technology products for other non-agriculture-related industries — including technologies used to develop “black box” flight recording devices and other products for the aviation/avionics industry.

The lesson from this example was summed up by incubator officials as “don’t be threatened by technology development.” Technologies developed for a more traditional industry (whether agriculture or petrochemical) may lead to other technology product developments in other seemingly unrelated industries that can ultimately help diversify local or regional economies. Another lesson highlighted in this example is to utilize the talents of entrepreneurs that have the potential to assist the very incubator in which they developed companies and technologies. Phoenix International’s founder is an important, seasoned serial entrepreneur with unique expertise in developing and managing startup companies. His startups have been tenants in the NDSU Technology Incubator, the NDSU Research and Technology Park, and have won national awards from the National Business Incubation Association (NBIA). Given his rich experiences with both startups and the NDSU Technology Incubator, he now sits on the Advisory Board of the incubator and helps to advise other incubator companies.

**Study Recommendation #3 — Client Base**

A third key recommendation from the incubator’s feasibility study relates to targeting potential tenants for the incubator’s initial crop of entrepreneurs and companies. While North Dakota State University was seen as a natural source of potential clients, ultimately the NDSU Technology Incubator’s early leaders reasoned that the incubator should first attempt to find potential startups outside the university and cultivate its initial client base from entrepreneurs within the community. NDSU Technology Incubator officials reasoned that if they were able to showcase early success incubating entrepreneurs outside the university, university researchers would take note and potentially follow suit in the future.

**Incubator Models**

During the fundraising campaign and prior to the facility’s construction, research was conducted on three existing incubators and research parks to use as models for development. The models chosen were Purdue University, Penn State, and Virginia Tech. Incubator officials noted that these examples were chosen for the fact that they shared some similar characteristics with North Dakota State University. First, they were considered to be rurally isolated. Second, they have university president-led regional economic development strategies. Third, they combine outreach to existing companies with an emphasis on entrepreneurial programs. While these incubators were (and continue to be) larger and more well-established that NDSU, as a land grant university, NDSU shares broadly similar economic development embedded in their mission. The models helped NDSU to shape the NDSU Technology Incubator’s facility layout, building features, and incubation program practices.

**Setting Expectations**

The NDSU Technology Incubator’s Executive Director was also instrumental in managing concerns and expectations among stakeholders during the development phases of the facility. This was achieved in part through constant communication during the development timeline and process and by determining consensus on realistic goals for the NDSU Technology Incubator at the onset.
Incubator officials also noted the importance of selecting the services that the incubator would provide, and fully committing to provide those services. Doing so allowed the NDSU Technology Incubator to orient itself during development phases regarding how it could best deliver those services.

**Technology Incubator: Administration and Organizational Structure**

**Organizational Structure**
The administrative structure of the NDSU Technology Incubator was first laid out in the business plan that was developed alongside the incubator’s feasibility study. NDSU’s Technology Incubator is staffed by three full-time employees and two university students who work part-time during the school year and full-time during months in which they are not enrolled in university courses. The executive director serves as a full-time director for both the incubator and the Research and Technology Park. The associate director and an operational specialist are the other full-time employees who work solely with the incubator. Incubator officials note that the current staffing level for the NDSU Technology Incubator is “lean” and would benefit from additional staff. As the NDSU Technology Incubator has grown, the incubator’s leaders are looking to determine how to expand the incubator’s staffing level to continue providing excellent services to its clients.

**Advisory Committee**
Another critically important component to the NDSU Technology Incubator’s organizational structure is its Advisory Committee. This committee is comprised of ten total members that include seven experienced “C-Level” executives from business, technology, and financial sectors alongside three prominent members from the university community — North Dakota State University’s President, Provost, and Vice President for Research, Creative Activities and Technology Transfer. The seven corporate / industry-related board members all represent sectors that the NDSU Technology Incubator targets for future entrepreneurship growth.

**Technology Incubator: Partnerships and Programs**

**Partnerships**

**Corporate**
The NDSU Technology Incubator’s Corporate Sponsorship Program focuses on mutually beneficial partnerships between the business community and the NDSU Technology Incubator. In this program, members of the corporate / business community provide cash donations or in-kind services to the NDSU Technology Incubator. These donated resources, in turn, support critical programs and services that entrepreneurs need to successfully start and grow businesses. When an incubator client needs outside professional business services or products (e.g. legal, accounting, etc.), the incubator’s strategic partners that participate in the corporate sponsorship program donate time or money which then allows incubator clients access to these partners’ services or products for free or at a reduced cost.

**Angel Network**
Approximately six to seven years ago the NDSU Technology Incubator became involved in a beneficial partnership with an angel investment fund known as the Fargo-Moorhead Angel

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84 An organization’s highest-level executives are often dubbed “C-Level,” in reference to the 3-letter corporate acronym titles beginning with the letter “C” (e.g. Chief Executive Officer (CEO), Chief Operations Officer (COO), Chief Financial Officer (CFO), Chief Technology Officer (CTO), etc.)
Investment Fund (FMAIF). The FMAIF is part of a broader angel investment network known as the RAIN Source Capital Fund Network (based in Minnesota) that focuses primarily on angel investment opportunities across six states in the upper Midwestern region of the US. The FMAIF is designed to serve the Fargo-Moorhead metropolitan region. The FMAIF is comprised of 26 investors and its funds total roughly $1.7 million.

The FMAIF looks for equity investment opportunities in early to mid-stage private companies in manufacturing, software or related technology-based sectors that have high growth potential with direct ties to North Dakota and Minnesota. The state of North Dakota also promotes the fund by providing a unique tax credit to individual investors. This tax credit offers angel fund investors a 45% tax credit on the amount invested in the fund.

The NDSU Research and Technology Park has a contractual relationship with the FMAIF. The NDSU Technology Incubator’s executive director (along with a student employee) help to administer the fund and work with both angel investors and the incubator’s tenant companies to prepare meetings and encourage interaction between the two groups. Because this angel investment group meets in the actual incubator facility, the incubator’s tenant companies have an opportunity for exposure to this angel investment group.

The FMAIF’s relationship with this broader capital fund network enables it to share prospective deals with potential investors across the entire RAIN Source Fund Capital Network. This allows an interested investor in the FMAIF the opportunity to try to collectively raise all or a substantial portion of capital for NDSU Technology incubator tenant companies by appealing to other investors in the network (who may be geographically removed from the Fargo region).

Screening Committee
The FMAIF has a committee that screens all potential deals with the NDSU Technology Incubator’s tenant companies. The fund meets every other month at the incubator facility during which one or two entrepreneurs from the NDSU Technology Incubator are invited to attend. Sometimes the investment group will deem a company to be “too early” in its development for consideration of angel funding. Typically the group offers useful feedback to the incubator tenant by pointing out specific items that the entrepreneur would need to address to reach its “sweet spot” before returning to the investment group for re-consideration for funding.

On occasion, the FMAIF screening committee will indicate that they simply aren’t interested in certain companies, or they’ll pronounce that they are interested in a company, then proceed to the due diligence stage. This process entails determining who might be good candidates to advise the company going forward and putting together a report that details the company’s investment potential. After this report is compiled and presented to the screening committee, a vote is conducted on whether or not to make a financial commitment in a company.

Members of this steering committee also have the opportunity to individually invest in a company. For example, in some cases the FMAIF might make a $100,000 commitment to a company, followed by “side-by-side” financial commitments from individuals on the FMAIF steering committee. This provides the NDSU Technology Incubator tenant company an opportunity to turn a $100,000 investment into larger commitments of potentially three to five hundred thousand dollars.

University
The NDSU Technology Incubator maintains a strong partnership with the university that benefits both. In addition to having advisory board members from the university, the incubator uses the university to cultivate its client base. This is achieved by building relationships with various prominent faculty and university administrators (e.g. deans, professors, etc.) from different colleges
(e.g. engineering, pharmacy, and agriculture) who are able to identify exemplary professors and students that may have an interest in the incubator. Maintaining these important relationships allows the NDSU Technology Incubator to identify individuals who may want to pursue a technology or commercialization venture. Moreover, as members of the broader university have become more aware and knowledgeable of the NDSU Technology Incubator’s goals and programs, the various university faculty and administrators have been able to direct and channel potential clients to the incubator.

**Programs & Practices**

**Virtual Incubator**
The virtual incubator was officially operational before the incubator’s physical facility. It is a service provided by the NDSU Technology Incubator after it received a grant that focused on providing services to rural areas of the region. The virtual incubator offered rural citizens access to the incubator’s services, including personal business coaches, entrepreneurial resources, and discussions / interactions with other virtual incubator clients. It should be noted that the virtual program was eventually downgraded as a priority when the NDSU Technology Incubator’s physical facility opened, largely due to staffing constraints and the need to focus on the facility and the new demands of the NDSU Technology Incubator. Incubator officials also note that while the virtual incubator is still operational and provides necessary and helpful services to rural entrepreneurs in the region, officials have witnessed how the face to face interactions within the incubator’s physical environment has resulted in noticeably greater knowledge, idea, and resource sharing. As an example, some tenants in the physical incubator have actually benefitted from product and service sales between themselves and other incubator tenants.

**Student Employee Program**
The university’s Student Employee Program engages with the NDSU Technology Incubator by awarding Entrepreneurial Scholarships. After a competitive application process and review, these scholarships are awarded to a highly selective pool of students who volunteer their time each semester to work for the NDSU Technology Incubator’s clients. This program provides interested students the opportunity to gain invaluable insight for their own potential entrepreneurial ventures through hands-on experience working with a startup venture. Tenants located in the NDSU Technology Incubator benefit from the labor of talented students in the program and from the opportunity to access the university’s top talent to meet current and future workforce needs. As one of the current incubator tenants noted:

> “The Technology Incubator has made it possible for Bobcat Company to be involved in the student scholarship program. This program allows us to work with top university talent from multiple disciplines. The students gain insight to office and laboratory working environments and witness the complete product development life cycle.”
> — Scott Rossow, Bobcat Company

**Marketing**
The NDSU Technology Incubator recognizes the value of marketing not simply the incubator itself, but also its clients and their successes. Public education and outreach promotes the NDSU Technology Incubator’s image and brand, and strengthens existing partnerships by showcasing the successes of both the incubator and its tenant clients.

Incubator officials note that its clients’ graduations present opportunities for education and outreach and the successes being achieved by the incubator. The NDSU Technology Incubator does so by hosting a large event for each startup’s graduation, in which it invites the public, the university, and other incubator stakeholders. Such events allow the incubator to not only market its graduated, growing businesses, but also to demonstrate the fact that the NDSU Technology Incubator is helping
create jobs. Similarly, a recent economic impact study of the NDSU Technology Incubator allows the incubator to directly illustrate the financial impacts of the incubator to its regional audiences.

NDSU Technology Incubator officials also note the importance of publications for not only educating the community about the incubator, but also for illustrating how the incubator is impacting the broader community. NDSU’s Research and Technology Park publishes a magazine known as “The Edge” that informs a broad audience and includes testimonials, advertisements, and articles related to current and previous startup tenants of the incubator that showcase incubator tenants’ successes, products or services. The NDSU Research and Technology Park also composes and distributes multiple e-newsletters throughout the year.

**Capital Access and Resources**

**Client Funding Sources**
In addition to offsetting capital needs with the student employee program and corporate partnerships, the NDSU Technology Incubator works with the clients in accessing capital from a variety of other resources. The NDSU Technology Incubator assists clients in preparing, and applying for, capital from the Fargo-Moorehead Angel Investment Fund, the Bank of North Dakota, and the North Dakota Development Fund. The Bank of North Dakota is a state-owned bank that promotes and encourages agriculture, commerce and industry in North Dakota. This bank serves as a funding resource in partnership with other regional financial institutions, economic development groups and guaranty agencies. The North Dakota Development Fund offers gap financing via loans and equity investments that are typically unavailable from most conventional lenders. This fund is available to any primary-sector industry business (excluding production agriculture).

**Incubator Funding Sources**
The NDSU Technology Incubator accesses capital and funding from a variety of sources. Because the incubator does not have a mortgage its effectively able to operate with a smaller budget. The incubator’s budget is funded in part from the long-term leases of anchor tenants, grants from the US Economic Development Administration and the US Department of Agriculture, among others.