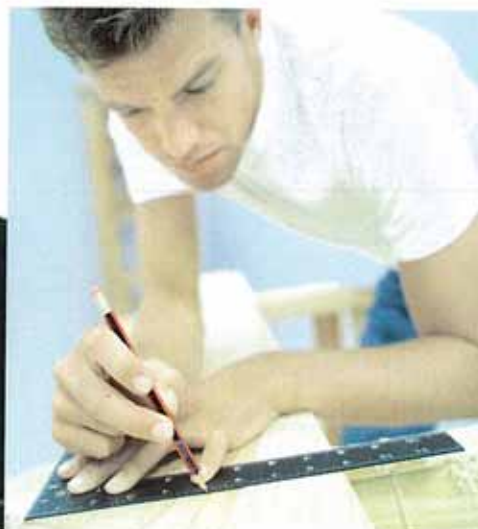
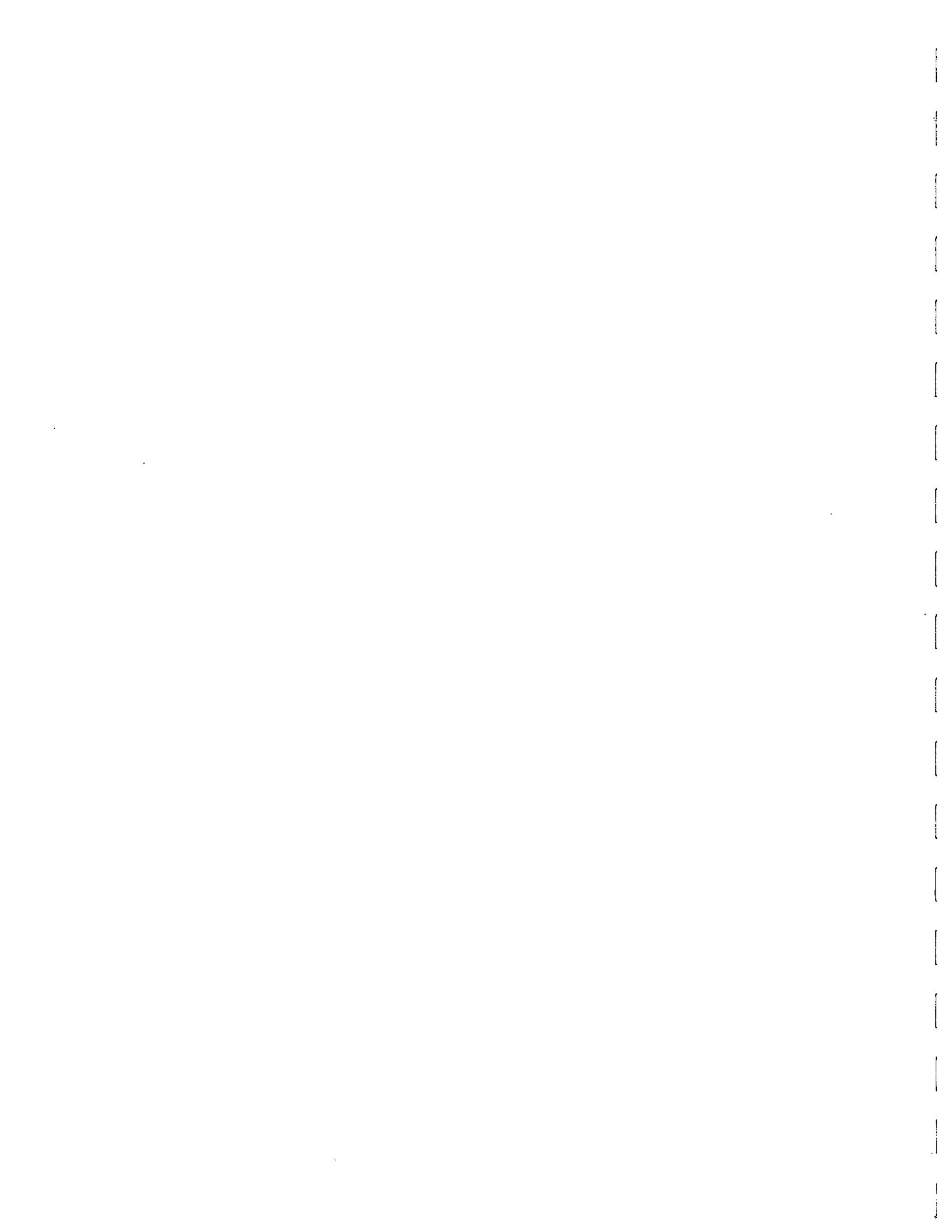




# Alpena Region Incubator Market and Feasibility Analysis & Business and Operating Plan

FINAL REPORT





# **Alpena Region Incubator Market and Feasibility Analysis & Business and Operating Plan**

## **FINAL REPORT**

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Appreciation to the following organizations that provided funding for this study:  
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City of Harrisville  
Village of Lincoln  
Village of Hillman  
City of Rogers City  
Art in the Loft**



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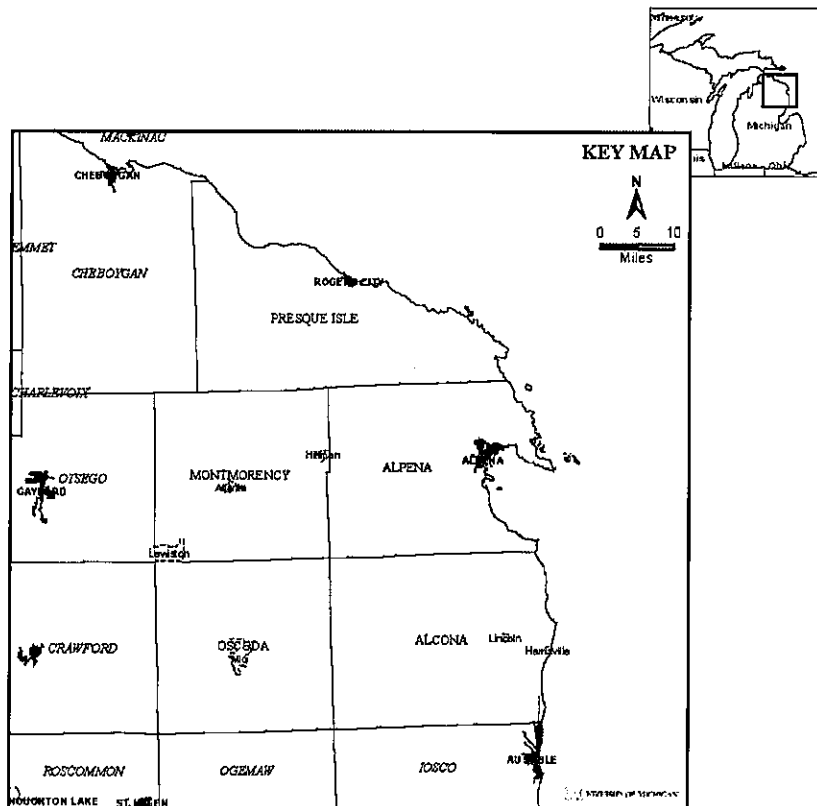
# Project Overview

## Project Introduction

The Northeast Michigan Council of Governments, Alpena Community College, Target Alpena, Michigan State University (MSU) Extension, the Small Business and Technology Development Center (SBTDC) and other partners in collaboration with the Center for Business Acceleration and Incubation Studies (CBAIS) as a part of the University of Michigan Office of the Vice President for Research Institute for Research on Labor, Employment, and the Economy (IRLEE), have conducted a market and feasibility study for arts and crafts, kitchen, and mixed-use business incubator programs in the Northeast Michigan region. The purpose of this project is to analyze the market and demand for these incubator types, assess the needs of entrepreneurs and developing businesses in the Northeast Michigan region, and develop a business and operating plan for any feasible incubators. This market and feasibility study involved the use of surveys, interviews, and statistical analyses to help determine the physical, logistical, support services, and financial requirements for the program. The study was funded in part by the U.S. Department of Agriculture with matching funds provided by local governments and economic development organizations.

## Map of Study Area

The study region is comprised of 5 counties in Northeast Michigan: Alcona, Alpena, Montmorency, Oscoda, and Presque Isle.



## **Demographic Information**

### **Brief History by County**

#### *Alcona*

The county of Alcona is located along Lake Huron in the Northeast region of Michigan's Lower Peninsula. Alcona lays adjacent to Alpena, Oscoda, and Iosco Counties. Alcona became organized on April 1, 1840 and was first named "Negwegon County." The county was renamed Alcona on March 8, 1843.

Alcona County was originally attached to Mackinac County for administrative purposes. The administrative attachment shifted to Cheboygan County in 1853, Alpena County in 1857, Iosco County in 1858, and back to Alpena County in 1859. Harrisville Township, which comprised the entire county at the time, was organized in 1860. Alcona became an organized county in 1869. The County's seal is a single gold star on a green field in the shape of Alcona County. On that seal is written its slogan, "First of 83," which refers to its position alphabetically among Michigan counties.

#### *Alpena*

The county of Alpena is located along the shores of Lake Huron's Thunder Bay in Michigan's Lower Peninsula. Ottawa and Chippewa Indians occupied the area prior to the arrival of the earliest settlers in the 1830s. The region now attributed to Alpena County was first established in 1840 as part of Mackinaw County and became recognized as a separate county in 1857. The abundance of forests and rivers in the region gave rise to saw mills and the lumber industry. The discovery of limestone also added to Alpena's economic development. In 1871 the City of Alpena was incorporated and the county took its current shape.

Although the area's population has declined in recent years, the census projection of 29,520 county residents in 2008 is evidence of the great development Alpena has undergone since its estimated 5,000 residents in the 1870s. Alpena County recently experienced the closing of the Fletcher Paper Mill, a large employer in the region. The area currently supports Alpena Community College, a regional medical center, the Thunder Bay National Marine Sanctuary, various small businesses, wood based manufacturers: Decorative Panels International, Panel Processing, FiberChar, and two large factories associated with the cement industry: Besser Company and Lafarge North America.

### *Montmorency*

Montmorency County is located in the Northeast region of Michigan's Lower Peninsula. The county became organized in 1881; land for the county was appropriated from Cheboygan and Alpena Counties. Brush Creek, now known as the Village of Hillman, was the first county seat, but was moved to Atlanta in 1891. Atlanta is located at the center of the county at the junction of M-32 and M-33. In the late 1800s numerous lumber companies and saw mills in Northern Michigan profited from the abundant resources in Montmorency's forests.

Despite support for the lumber industry over the years, Montmorency County is still roughly 86% covered by forestation. Currently the service industry and retail trade relating to tourism make up most of the economic base in this predominately rural area, in addition to forest industries and agriculture. Dairy, small grains, and beans are the dominant farming activities, primarily taking place in the northeast corner of the county. Montmorency supported an estimated population of 10,335 residents in 2008.

### *Oscoda*

Oscoda County is in the heart of Northeastern Michigan. Currently, there are no incorporated cities or villages in the county, including Mio, the county seat. Oscoda County was established on March 10, 1881. It was originally attached to Alcona County as Comins Township. Prior to that, the area belonged to Native Americans who ceded it to the United States Government through the Treaty of Saginaw in 1819. Oscoda County consisted of three townships: Atherton, Mt. Pindus, and Comins; there are now nine townships, as a result of population growth during the boom of the lumbering and railroad industries.

### *Presque Isle*

The area that became Presque Isle County was first surveyed in 1840, the same year the U.S. Lighthouse Service built a lighthouse on Presque Isle Point along Lake Huron. Originally a part of Mackinac County, the area was transferred to Cheboygan County in 1853 and Alpena County in 1858. Presque Isle County was legally established by legislative action in 1875.

The first settlers of European descent arrived in the area around 1861, attracted by the towering stands of white pine and hardwoods. The area's earliest lumber market was initiated due to steamboats passing up and down the Lake Huron shore. Lumbering and related businesses and farming were the county's primary industries until the Michigan Limestone and Chemical Co. developed their limestone quarry, processing plant, and shipping facility at Rogers City in 1911. That facility, now owned by Carmeuse Lime, continues to operate today. Mining, shipping, lumbering, farming, tourism, and a multitude of small businesses form the backbone of the county's current economy.

## **Economic Status by County**

### *Alcona*

According to the 2008 Population Estimates by the U.S. Census Bureau, the population of Alcona County declined by 1.4% from 11,719 in 2000 to 11,556 in 2008. As reported by the U.S. Census Bureau in 2000, of the population 25 years and older, 79.7% of Alcona County citizens hold high school diplomas, while 10.9% hold a bachelor's degree or higher. In 1999, 9.1% of families in Alcona County lived below the poverty level. In 2007 the average household size in Alcona was 2.24 people, the median household income was estimated to be \$34,121, and the median age was about 49 years, with 29.4% of the population 65 years or older.

### *Alpena*

According to the U.S. Census Bureau's 2008 Population Estimates, the population of Alpena County declined by roughly 1,794 citizens, over 5%, from 31,314 in 2000 to a total of 29,520 in 2008. The U.S. Census Bureau 2005-2007 Profile estimates that 86.2% of Alpena residents 25 years of age and older hold high school diplomas, and 15.9% hold a bachelor's degree or higher. An estimated 10.3% of families were below the poverty level and the average household size in Alpena was 2.27 people. The median household income in Alpena County was estimated to be \$35,329. The median age in Alpena was about 44 years with 18.7% of the population 65 years or older.

### *Montmorency*

According to the U.S. Census Bureau's 2008 Population Estimates, the population of Montmorency County increased by 0.2% between 2000 and 2008. (*Demographic estimates for 2005-2007 were not available for Montmorency County; the year 2000 was referenced for the following information.*) The median age in Montmorency was 47 years with 23.9% of the population 65 years or older. The average household size was 2.29 people. The median household income was \$30,005 and 9.8% of families lived below the poverty level. In Montmorency County 74.8% of residents over 25 years graduated high school and 8.2% held a bachelors degree or higher.

### *Oscoda*

According to the 2008 Population Estimates by the U.S. Census Bureau, the population of Oscoda County declined by 6.2% between 2000 and 2008 from 9,418 to 8,836. (*Complete demographic estimates for 2005-2007 were not available for Oscoda County; the year 2000 was referenced for most of the following information.*) In Oscoda County 73.7% of citizens held high school diplomas, while 8.0% held a bachelor's degree or higher. In 1999, 10.3% of Oscoda families were below the poverty level. The average household size



was 2.39 people. In 2007, the median household income was \$31,385, and the median age in Oscoda was about 44 years, with 22.5% of the population 65 years or older.

*Presque Isle*

According to the U.S. Census Bureau's 2008 Population Estimates the population of Presque Isle County decreased by 5.6%, from 14,411 in 2000 to a total of 13,650 in 2008. *(Demographic estimates for 2005-2007 were not available for Presque Isle County; the year 2000 was referenced for the following information.)* The median age in Presque Isle County was 45.1 years with 22.3% of the population 65 years or older. The average household size was 2.31 people. The median household income was \$37,426 and 6.8% of families lived below the poverty level. In Presque Isle County 77.0% of residents over 25 years graduated high school and 11.5% had a bachelors degree or higher.

## **Motivation and Goal of Study**

The Center for Business Acceleration and Incubation Studies, under the Institute for Research on Labor, Employment, and the Economy at the University of Michigan, helps achieve objectives such as economic development and diversification through the establishment and promotion of business incubators. CBAIS undertakes regional studies to determine how to best accelerate economic growth and recovery.

CBAIS partnered with the Northeast Michigan Council of Governments, Alpena Community College, the Target Alpena Development Corporation, MSU Extension, the SBTDC, and other partners, to study the feasibility of establishing a mixed-use business incubator, kitchen incubator, and/or arts and crafts incubator in the greater Alpena region. Properly run business incubator programs can enable entrepreneurs to create successful business ventures and provide new jobs for the region. Once sufficient demand for business incubator program(s) was determined, the study assessed prospective locations, developed a business and operating plan, and projected the financial model for the business incubator program(s) under a conservative, a moderate, and an optimistic model.

## **Methods and Analysis**

### **Methodology**

#### *Prior Research*

The methodology for this study was based on the prior successful research conducted at the University of Michigan CBAIS, regarding business incubator market and feasibility analyses, strategic business and operating plans, and performance measurement. The methodology employed a stakeholder based approach whereby data were collected from individuals, organizations, and institutions with a vested interest in the outcome of the proposed initiative. Data were collected by different means, including surveys and interviews, and analyzed to yield information.

#### *Initial Meeting*

The sequence of events for the project began with an initial public meeting that provided a forum for explaining the goals of the study, identifying key stakeholders, and notifying all interested parties of the schedule of events and expected outcomes of the project.

The initial public meeting included:

- Local Government Officials
- Local Business and Development Leaders
- Local Education Officials
- Entrepreneurs
- Federal and State Officials

#### *Survey Instrument Development and Administration*

Based on survey input obtained from participants in prior studies and information acquired from additional sources, survey instruments were developed, pilot-tested, and used to collect data from the population of the entrepreneur stakeholder group (recent county Doing Business As- DBA- registration files, MSU Extension clients, SBTDC clients, respondents to local press releases, artists from art fairs, art guilds and the Art in the Loft). The data were entered into an Access database using a codebook for data entry that was developed concurrently with the survey instruments. Analysis was performed through the use of the statistical package R analysis software. Professional service providers (PSPs) were contacted and interviewed over the phone by methods developed and pilot-tested at the University of Michigan CBAIS, as determined through the original agreement with the primary collaborating agencies.

#### *Literature Research*

An extensive literature search was conducted to obtain information about the shape of the incubator industry on a state and national level. This helped identify different approaches, techniques, programs, and elements of best practice in organizing, establishing and operating business incubator programs. Extensive research was also conducted to provide the regional context for a business incubator program with regard to recent economic development projects and studies in the Northeast Michigan region.

#### *Comparative Study*

A comparative study of successful and developing arts and crafts and mixed-use business incubators was conducted to identify different arts and crafts and mixed-use business incubator operating models, business support programs, types of governance, sources of funding and other essential aspects of establishing and operating an incubator facility. Examples of successful and developing incubators were researched and reported in the form of case studies.

#### *Market Demand*

Important to successful entrepreneurial ventures is knowledge of the demand level in the entrepreneurial community for the services and facilities provided by a business incubator program. A broad review of the entrepreneurial market was performed that procured information about current and projected demand trends for space, equipment, professional guidance, business training, and more within various industries of the greater Alpena region. This review consisted of three surveys designed for the Alpena region that were

distributed to entrepreneurial communities. The three survey types targeted artists (arts and crafts incubator survey), producers of food-related services and products (kitchen incubator survey), and other miscellaneous industries (mixed-use business survey). Extensive efforts were made to make the surveys available to all entrepreneurs in all three groups, including partnering with MSU Extension and the SBTDC to distribute among their client base.

### *Report and Recommendations*

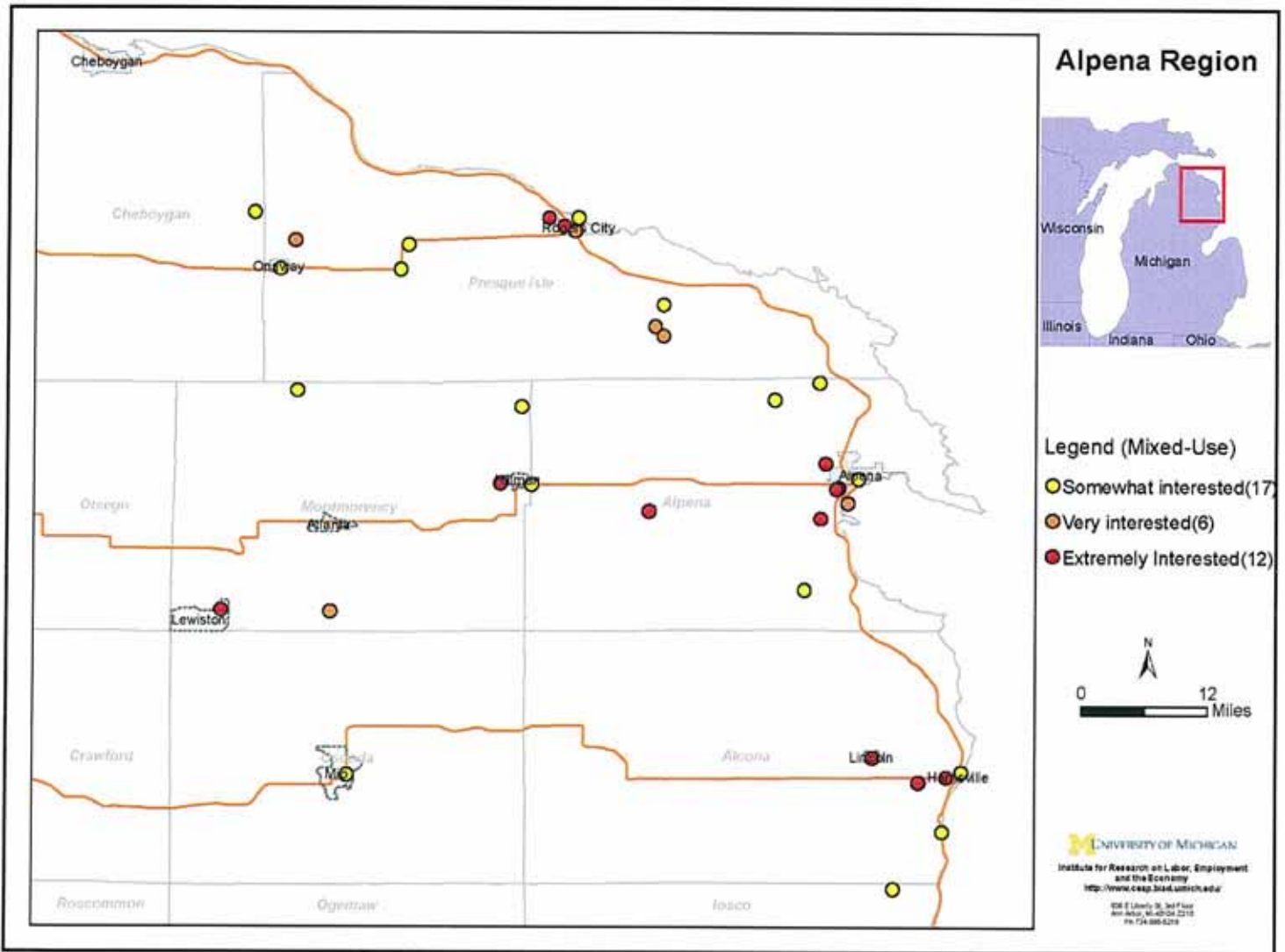
Based on the analysis of the collected data and information, the Center for Business Acceleration and Incubation Studies prepared this final report on the market demand and project feasibility of the Alpena Region Incubator Project. The report includes a market and feasibility analysis, synthesized recommendations, a business plan and next steps to implementation, a guide for facility assessments, a business incubator program guide, and a professional service provider network. Based on the gathered information and rendered knowledge, strategies and recommendations for the implementation of the Alpena Region Incubator Project are addressed.

# Regional Maps

## Map of Interested Mixed-Use Entrepreneurs

This map shows the location of entrepreneurs that took the mixed-use business incubator survey and reported being somewhat, very, or extremely interested in participating in a business incubator program (reported interest of 3, 4, or 5 on a scale of 1-5).

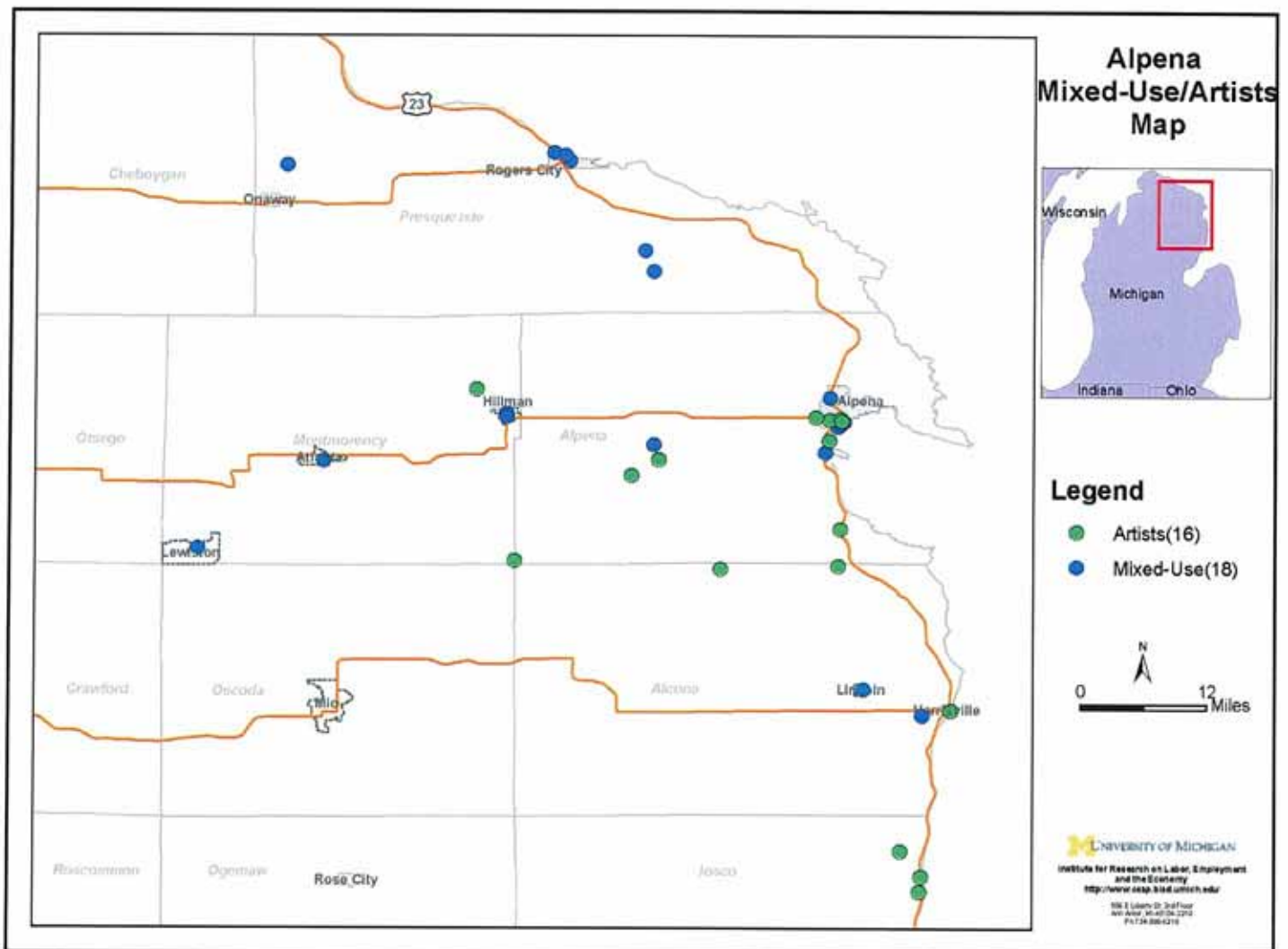
Refer to question 29 in the Mixed-Use Survey, Appendix A.





## Map of Highest Entrepreneurial Interest

This map shows the location of the artists and mixed-use entrepreneurs that responded as either *very interested* or *extremely interested* in a business incubator program.



# Results and Findings

## Overall Response

**FIGURE 1**

Survey	Requested Survey	Returned and Completed	Response Rate
Arts & Crafts	164	37	22.56%
Kitchen	24	9	37.50%
Mixed-Use	71	42	59.15%

The table above illustrates the interest level for each type of incubator. Hundreds of entrepreneurs and small business owners from the Northeast Michigan region were sent information about the incubator study and a postcard that they returned to the CBAIS research team if they were interested in filling out a survey for the mixed-use, kitchen, and/or arts and crafts incubator programs. Those who returned postcards were counted under “Requested Survey” and were sent the survey(s) they requested. Those who returned a completed survey were recorded as “Returned and Completed”. The “Response Rate” shows the percentage of people who returned completed surveys from all those who requested surveys.

No further kitchen data are provided in the remainder of this report due to the lack of response.

## Likelihood to Lease Space

**FIGURE 2**

Survey	Very & Extremely Interested	Total Responses	Percentage
Arts & Crafts	16	37	43.24%
Mixed-Use	18	42	42.86%

## Current Entrepreneur Business Trends

The following data refer to current business activities. The data were broken down into two columns. The first column, **Of All Respondents**, reports all data from the surveys collected. The second column, **Of Most Likely**, reports all data from those who said they



would be very or extremely likely to lease space from the incubator if it were currently in operation.

The numbers refer to the exact count of survey respondents who responded to the question or particular option of a question. The percentages refer to the fraction of respondents who answered "Yes" to the question or particular option of a question. Numbers are shown in cases when it is beneficial to know the total number of survey respondents who preferred the respective option, whereas percentages are shown when it is beneficial to know the proportion of survey respondents (vs. numbers) who preferred the respective option.

For instance, it is more beneficial to know exactly how many survey respondents require 300 square feet of office space as this allows us to estimate the minimum square footage of office space the incubation program should provide. On the other hand, it is more beneficial to know the proportion of survey respondents that use office space daily for business operation purposes as this allows us to decide the importance of providing more office space in the incubation program.

**Current Sector / Current Medium:** The sector in which the respondent's operating business is categorized as, or the medium used to produce the respondent's art/craft.

**Current Advertising Methods:** The methods with which the respondent currently uses to advertise for his/her business and/or products.

**Current Annual Revenue:** The estimated annual revenue the respondent's business and/or products currently earn. Numbers are in thousands of dollars. (\$10K = \$10,000)

**Current Working / Production / Sales Location:** Where the respondent currently runs his/her business, or where the respondent currently produces or sells his/her products.

**Current Business / Production Size:** How much square footage the respondent's currently operating business requires, or how much square footage the respondent currently requires for production.

**Planning to Expand Business / Production / Sales Space:** The percentage of respondents planning to expand the square footage necessary to maintain business operations.

**Planning to Relocate:** The percentage of respondents planning to relocate business operations.

FIGURE 3			
MIXED-USE			
		Of All Respondents	Of Most Likely
Current Sector	Arts & Crafts	5.00%	6.00%
	Medical Services	8.00%	11.00%
	Retail	15.00%	6.00%
	Service	48.00%	56.00%
	Technology Development	8.00%	17.00%
	Other	13.00%	6.00%
	No Response	5.00%	0.00%
Current Advertising Methods	Word of Mouth	87.50%	100.00%
	Catalog	2.50%	5.56%
	Internet	32.50%	38.89%
	Flyers	32.50%	38.89%
	Newspapers	55.00%	61.11%
	Phonebook	27.50%	44.44%
	Other	37.50%	33.33%
Current Annual Revenue	\$0 - \$10K	11	4
	\$26K - \$100K	9	5
	\$101K - \$250K	3	2
	\$251K - \$500K	4	2
	(Other)	3	2
	No Response	7	3
Current Working Location	Home Office	47.50%	55.56%
	Rented Office	12.50%	166.70%
	Shared Space	10.00%	11.11%
	Own Property	30.00%	27.78%

FIGURE 4				
ARTS & CRAFTS				
		Of All Respondents	Of Most Likely	
Current Medium	Ceramics	11.11%	18.75%	
	Watercolor	25.00%	43.75%	
	Oil	11.11%	18.75%	
	Pencil	11.11%	12.50%	
	Cartoon	0.00%	0.00%	
	Computer	11.11%	18.75%	
	Graphic	11.11%	18.75%	
	Photography	13.89%	12.50%	
	Wood	11.11%	12.50%	
	Glass	2.78%	6.25%	
	Fabrics	25.00%	12.50%	
	Other	47.22%	56.25%	
	Current Advertising Methods	Word of Mouth	52.78%	68.75%
Catalog		0.00%	0.00%	
Internet		19.44%	25.00%	
Magazines		0.00%	0.00%	
Newspapers		13.89%	25.00%	
Phonebook		8.33%	18.75%	
Exhibitions		16.67%	37.50%	
Press		11.11%	12.50%	
Postcards		8.33%	12.50%	
Affiliations		11.11%	18.75%	
Galleries		8.33%	12.50%	
Publications		5.56%	6.25%	
Other		16.67%	25.00%	
Current Annual Revenue	\$0 - \$10K	27	13	
	\$11K - \$25K	1	1	
	\$26K - \$100K	1	1	
	(Other)	0	0	
	No Response	7	1	
Current Production Location	Home Office	27.78%	31.25%	
	Rented Office	83.33%	18.75%	
	Home Studio	44.44%	50.00%	
	Rented Studio	0.00%	0.00%	
	Home Gallery	1.78%	0.00%	
	Public Gallery	0.00%	0.00%	
	Other	19.44%	12.50%	

FIGURE 3 continued			
MIXED-USE			
		Of All Respondents	Of Most Likely
Current Business Size	0 - 100 sq ft	6	1
	101 - 300 sq ft	8	4
	301 - 500 sq ft	5	4
	501 - 700 sq ft	3	2
	701 - 1,000 sq ft	1	0
	1,001 - 2,000 sq ft	7	3
	Above 2,000 sq ft	7	3
	No Response	3	1
	Planning to Expand Business Space		28.95%
Planning to Relocate		28.95%	44.44%

FIGURE 4 continued			
ARTS & CRAFTS			
		Of All Respondents	Of Most Likely
Current Sales Location	Home Office	5.56%	12.50%
	Rented Office	2.78%	6.25%
	Home Studio	19.44%	31.25%
	Rented Studio	0.00%	0.00%
	Home Gallery	1.78%	0.00%
	Public Gallery	19.44%	37.50%
	Other	55.56%	37.50%
Current Production Space Size	0 - 100 sq ft	9	6
	101 - 300 sq ft	10	7
	301 - 500 sq ft	1	1
	501 - 700 sq ft	2	0
	701 - 1,000 sq ft	2	0
	1,001 - 2,000 sq ft	2	0
	Above 2,000 sq ft	1	1
	No Response	9	1
	Planning to Expand Production Space		16.67%
Planning to Expand Sales Space		11.11%	12.50%
Planning to Relocate		19.44%	31.25%

## Incubator Specifications

**Feasible Traveling Distance:** The distance in miles the survey respondent is willing to travel to gain access to the business incubator program and/or facility.

**Feasible Incubator Usage (days/week):** Days per week the respondent reported he/she would be likely to use the incubator if it were currently operating.

**Feasible Incubator Usage (hours/day):** Hours per day the respondent reported he/she would be likely to use the incubator if it were currently operating.

**Feasible Incubator Space:** Type of space the respondent reported he/she would be likely to rent from the incubator if it were currently operating.

**Feasible Operating Space:** Amount of operating space the respondent reported he/she would be likely to rent from the incubator if it were currently operating.

**Feasible Office Space:** Amount of office space the respondent reported he/she would be likely to rent from the incubator if it were currently operating.

**Feasible Operating Space Rent:** The amount the respondent reported he/she would be willing to pay for access to operating space in units of dollars per square footage per year (\$ / sq ft / yr).

**Feasible Office Space Rent:** The amount the respondent reported he/she would be willing to pay for access to office space in units of dollars per square footage per year (\$ / sq ft / yr).

**Interested in Leasing Booth:** The percentage of art survey respondents claiming interest in leasing a booth if such were offered in the art incubator.

**Interested in Being "Featured Artist":** The percentage of art survey respondents claiming interest in being a featured artist/crafter.

**Interested in Selling Works in Gallery on Consignment:** The percentage of art survey respondents claiming interest in having some works for sale in a gallery on consignment.

**Preferable Incubator-Offered Materials:** The percentage of art survey respondents who preferred the incubator offer the specified material.

FIGURE 5			
MIXED-USE			
		Of All Respondents	Of Most Likely
Feasible Traveling Distance	1 - 2 miles	2	1
	3 - 5 miles	1	1
	6 - 10 miles	5	3
	11 - 20 miles	11	0
	21 - 50 miles	11	7
	Above 50 miles	4	3
	No Response	6	3

FIGURE 6			
ARTS & CRAFTS			
		Of All Respondents	Of Most Likely
Feasible Traveling Distance	1 - 2 miles	1	1
	3 - 5 miles	2	0
	6 - 10 miles	6	4
	11 - 20 miles	11	8
	21 - 50 miles	9	3
	Above 50 miles	1	0
	No Response	6	0

FIGURE 5 continued			
MIXED-USE			
		Of All Respondents	Of Most Likely
Feasible Incubator Usage (days/week)	Less than 1 day	2	1
	1 - 2 days	10	2
	3 - 4 days	7	4
	5 - 6 days	9	5
	7 days	1	0
	No Response	11	6
Feasible Incubator Usage (hours/day)	Less than 1 hour	2	1
	1 - 3 hours	10	2
	4 - 6 hours	5	3
	7 - 9 hours	10	5
	10 - 12 hours	1	1
	No Response	12	6
Feasible Incubator Space	Office	42.50%	38.89%
	Studio	15.00%	22.22%
	Lab	2.50%	0.00%
	Other	40.00%	44.44%
Feasible Operating Space	0 - 100 sq ft	5	1
	101 - 300 sq ft	8	4
	301 - 500 sq ft	2	2
	501 - 700 sq ft	2	0
	701 - 1,000 sq ft	3	1
	1,001 - 2,000 sq ft	4	2
	Above 2,000 sq ft	6	3
	No Response	10	5
Feasible Office Space	0 - 100 sq ft	8	4
	101 - 300 sq ft	9	4
	301 - 500 sq ft	3	1
	501 - 700 sq ft	2	0
	1,001 - 2,000 sq ft	2	1
	Above 2,000 sq ft	1	1
	No Response	15	7
Feasible Operating Space Rent	\$3 - \$5	12	6
	\$6 - \$10	6	3
	\$11 - \$15	2	1
	No Response	20	8

FIGURE 6 continued			
ARTS & CRAFTS			
		Of All Respondents	Of Most Likely
Feasible Incubator Usage (days/week)	Less than 1 day	4	0
	1 - 2 days	5	3
	3 - 4 days	9	7
	5 - 6 days	2	2
	7 days	1	1
	No Response	15	3
Feasible Incubator Usage (hours/day)	Less than 1 hour	4	0
	1 - 3 hours	5	3
	4 - 6 hours	8	5
	7 - 9 hours	4	3
	10 - 12 hours	1	1
	No Response	14	3
Feasible Incubator Space	Office	2.78%	6.25%
	Classroom	22.22%	43.75%
	Retail	36.11%	50.00%
	Studio	25.00%	27.50%
	Gallery	36.11%	43.75%
	Other	8.33%	18.75%
Feasible Operating Space	0 - 100 sq ft	10	7
	101 - 300 sq ft	8	4
	301 - 500 sq ft	3	3
	No Response	15	2
Feasible Operating Space Rent	\$3 - \$5	16	9
	\$6 - \$10	3	2
	\$11 - \$15	1	1
	No Response	16	4

FIGURE 5 continued			
MIXED USE			
		Of All Respondents	Of Most Likely
Feasible Office Space Rent	\$3 - \$5	13	6
	\$6 - \$10	5	4
	\$11 - \$15	1	0
	No Response	21	9

FIGURE 6 continued			
ARTS & CRAFTS			
		Of All Respondents	Of Most Likely
Interested in Leasing Booth		55.56%	87.50%
Interested in Being "Featured Artist"		69.44%	81.25%
Interested in Selling Works in Gallery on Consignment		80.56%	87.50%
Preferable Incubator-Offered Materials	Kiln	27.78%	56.25%
	Clay	27.78%	56.25%
	Glaze	22.22%	50.00%
	Tools	25.00%	56.25%
	Brush	16.67%	37.50%
	Paint	16.67%	37.50%
	Papers	27.78%	43.75%
	Pencils	16.67%	31.25%
	Inks	16.67%	25.00%
	Charcoals	13.89%	25.00%
	Texture	11.11%	25.00%
	Computers	27.78%	50.00%
	Software	22.22%	43.75%
	Dark Room	15.56%	12.50%
	Films	8.33%	18.75%
	Cameras	8.33%	18.75%
	Raw Wood	16.67%	25.00%
	Hand Tools	16.67%	31.25%
	Electronic Tools	13.89%	25.00%
	Glues	13.89%	31.25%
	Oven	13.89%	31.25%
	Sand	13.89%	25.00%
	Fabric	22.22%	37.50%
Looms	16.67%	31.25%	
Yarn	13.89%	31.25%	
Thread	11.11%	25.00%	
Needles	11.11%	25.00%	
Paddin	8.33%	18.75%	
Basket	11.11%	18.75%	
Other	36.11%	37.50%	

## Needed Incubator Assistance and Importance of Various Incubator Characteristics

**Assistance Needed to Start Business:** Percentage of survey respondents who reported to require assistance in the particular business aspect in order to begin their entrepreneurial ventures.

FIGURE 7			
MIXED-USE			
		Of All Respondents	Of Most Likely
Assistance Needed to Start Business	Business Plan Development	37.50%	55.56%
	Financial Management	37.50%	44.44%
	Accounting / Tax Preparation	20.00%	27.78%
	Purchasing	12.50%	16.67%
	Legal	22.50%	33.33%
	Networking	22.50%	33.33%
	Employment/ Employee Benefits	7.50%	5.56%
	Starting Your Own Business	10.00%	5.56%
	Business Counseling	27.50%	38.89%
	Personnel Management / Payroll	10.00%	11.11%
	Sales and Marketing	35.00%	44.44%
	Advertising	25.00%	44.44%
	Technical (Business-Related Assistance)	25.00%	38.89%
	Education	15.00%	16.67%
	Obtaining and Using Credit	15.00%	16.67%
Other	5.00%	5.56%	

FIGURE 8			
ARTS & CRAFTS			
		Of All Respondents	Of Most Likely
Assistance Needed to Start Business	Business Plan Development	27.78%	50.00%
	Financial Management	16.67%	25.00%
	Accounting / Tax Preparation	19.44%	31.25%
	Purchasing	8.33%	12.50%
	Legal	16.67%	18.75%
	Networking	25.00%	50.00%
	Employment/ Employee Benefits	11.11%	18.75%
	Starting Your Own Business	13.89%	25.00%
	Business Counseling	13.89%	25.00%
	Personnel Management / Payroll	13.89%	18.75%
	Sales and Marketing	33.33%	56.25%
	Advertising	30.56%	56.25%
	Technical (Business-Related Assistance)	19.44%	37.50%
	Education	2.78%	0.00%
	Obtaining and Using Credit	16.70%	31.25%
Other	13.89%	0.00%	

The remaining data are from questions framed on a 1 through 5 rating scale, 5 indicating the particular service to be extremely important to the survey respondent. The numbers reflect the averages of survey responses. The exact questions can be found in the surveys located in the appendix. Mixed-Use Survey (Appendix Section A) refers to questions 38 through 42. Arts & Crafts Survey (Appendix Section C) refers to questions 43 through 46.

**Importance of Business-Related Service:** Average of responses regarding how important access to each business-related service in the business incubator program would be to respondents.

**Importance of Facilities-Related Services:** Average of responses regarding how important access to each facility-related service in the business incubator program would be to respondents.

**Importance of Business Incubator Assistance:** Average of responses regarding how important access to assistance in each particular business aspect in the business incubator program would be to respondents.

**Importance of Characteristics of Facility:** Average of responses regarding how important access to each incubator facility characteristic in the business incubator program would be to respondents.

**Importance of Finance-Related Services:** Average of responses regarding how important access to each finance-related service in the business incubator program would be to respondents.

FIGURE 9			
MIXED-USE			
		Of All Respondents	Of Most Likely
Importance of Business-Related Services	Secretarial / Clerical	3.3	3.8
	Photocopying and Printing	3.2	3.6
	Mail / Fax	2.9	3.3
	Reception / Telephone Answering	3.1	3.7
	Conference Room	2.9	3.4
	Lunch Room / Cafeteria	2.1	2.2
	Other	4.0	0.0
	Importance of Facilities-Related Services	Warehouse / Storage Facilities	2.5
Parking / Security Services		2.5	2.7
Loading Dock		2.1	2.3
Material Handling		2.1	2.3
Special Electric Power		2.2	2.3
Special Ventilation		2.2	2.3
Special Air Conditioning		2.1	2.1
Special Heating		1.9	2.0
Lab Space		1.7	1.5
Medical Care Equipment		1.6	1.4
Patient Examination Room		1.8	1.9
Fork Lifts / Carts / Dock Pallets		2.0	2.0
Other		4.6	5.0
Importance of Business Incubator Assistance		Business Plan Development	3.6
	Financial Management / Accounting	3.7	4.1
	Tax Assistance	3.6	4.0
	Individualized Business Advising	3.7	4.6
	Personnel Management	3.0	3.3

FIGURE 10			
ARTS & CRAFTS			
		Of All Respondents	Of Most Likely
Importance of Business-Related Services	Secretarial / Clerical	2.4	3.0
	Photocopying and Printing	2.9	3.3
	Mail / Fax	2.7	3.3
	Reception / Telephone Answering	2.3	2.8
	Conference Room	2.0	2.4
	Lunch Room / Cafeteria	2.4	2.5
	Other	1.6	3.0
	Importance of Facilities-Related Services	Warehouse / Storage Facilities	2.5
Parking / Security Services		2.8	3.2
Loading Dock		2.2	2.6
Material Handling		2.1	2.5
Special Electric Power		2.3	2.9
Special Ventilation		2.4	3.1
Special Air Conditioning		2.2	2.7
Special Heating		2.0	2.5
Lab Space		1.8	2.0
Medical Care Equipment		1.7	2.0
Patient Examination Room		1.6	1.8
Fork Lifts / Carts / Dock Pallets		1.8	2.1
Other		5.0	5.0
Importance of Business Incubator Assistance		Business Plan Development	3.2
	Financial Management / Accounting	3.2	3.8
	Tax Assistance	3.1	3.8
	Individualized Business Advising	3.0	3.8
	Personnel Management	2.4	2.7



FIGURE 9 continued			
MIXED-USE			
		Of All Respondents	Of Most Likely
Importance of Business Incubator Assistance	Sales / Marketing / Advertising	3.8	4.4
	Purchasing	2.7	3.2
	Legal Services	3.1	3.5
	Specific Job-Related Skill Training	3.1	3.8
	Education and Networking	3.3	3.8
	Other	4.6	4.6
Importance of Characteristics of Facility	Location	4.2	4.5
	Flexibility of Hours	4.2	4.6
	Instructions / Training	3.5	3.9
	Cost of Space	4.1	4.5
	On-Site Child Care	2.2	2.1
	Other	0.0	0.0
Importance of Finance-Related Services	Venture Capital	3.5	4.0
	Availability of Commercial Loans	3.4	3.5
	Revolving Loans	3.2	3.4
	Big Business Sponsorships	2.9	3.4
	Other	5.0	5.0

FIGURE 10 continued			
ARTS & CRAFTS			
		Of All Respondents	Of Most Likely
Importance of Business Incubator Assistance	Sales / Marketing / Advertising	3.8	4.3
	Purchasing	2.5	3.0
	Legal Services	2.6	3.3
	Specific Job-Related Skill Training	2.5	3.0
	Education and Networking	3.0	3.6
	Other	3.0	3.6
Importance of Characteristics of Facility	Location	4.3	4.9
	Flexibility of Hours	3.6	4.3
	Instructions / Training	3.0	3.7
	Cost of Space	0.5	4.8
	On-Site Child Care	1.8	2.2
	Other	1.5	2.0

## Discussion of Results

The majority of the **Most Likely** mixed-use survey respondents own businesses involved in the service industry, technology development, and medical services (Figure 3); and that of the arts survey respondents are involved with watercolor and a variety of other mediums, such as jewelry, paper, and fabrics (Figure 4). The business incubator program management team should take this into consideration when structuring the incubation program.

Program managers should also note that the majority of business owners and artisans work from home offices and home studios, respectively, and since some of these respondents reported to have plans of expanding business space, managers should focus on providing office space for mixed-use incubator clients and production space for art incubator clients. The majority of arts respondents also reported to sell their products in home studios and public galleries.

Respondents have also claimed that if the incubator were currently operating, they would be most likely to rent office space from a mixed-use business incubator or retail, classroom, and gallery space from an arts incubator. For the arts incubator specifications, an impressive number of respondents claimed they would be interested in leasing a booth from the incubator, being a featured artist if possible, and selling their works in a gallery on consignment. (Figures 3 and 4)

The business incubator program management team should also focus on the different business needs reported as well. Mixed-use survey respondents have reported to require the most assistance in **Business Plan Development, Financial Management, Sales and Marketing, and Advertising** (Figure 7). Meanwhile arts survey respondents seem to require the most assistance in **Business Plan Development, Networking, Sales and Marketing, and Advertising** (Figure 8).

Managers should also make note of the averages regarding the importance of various incubator-related services. Managers should focus on those averages above 3.5 since the scale rates from 1 to 5 and the sample size is rather small. The **Other** mixed-use business incubator-related services that correspond to **interest levels 4 and 5** consist of **high speed internet, product education for the general public, and assistance with obtaining grants** (Figure 9). And the **Other** arts incubator-related services consist of **special lighting and tourist entertainment** (Figure 10).

## **Overview of Business Incubation Programs**

A business incubator program involves entrepreneurs and experienced business professionals working together, often in a common facility, to develop startups into successful ventures. The incubator facility could provide space for individual entrepreneurs, shared equipment, and product development in order to reduce the costs of starting and developing a business. The business incubator program also facilitates networking and the provision of services, such as accounting, legal, banking, and marketing at a low cost. After 2-3 years of professional assistance and incubation, entrepreneurs can graduate and enter the marketplace with a mature business. The intent of a business incubator program is to support new ventures in order to diversify the economy and help develop a thriving community by creating/retaining jobs and fostering economic growth.

### **Mixed-Use Background**

A mixed-use business incubator program incorporates many different business types, and thus offers a variety of equipment and services to meet the needs of the individual business types. Mixed-use business incubator programs are usually established as non-profit organizations. Common needs have included office space, production space, loading docks and handling materials, as well as other necessities to meet the needs of starting and developing businesses. In addition to these resources, mixed-use business incubator programs also offer access to various services of general management skills, marketing, accounting, legal, banking, and more at a low cost. Offering services in addition to resources constitutes the difference between a business incubator facility and a business incubator program; the supporting business services can make a significant positive difference in the startup process.

### **Arts and Crafts Background**

An arts and crafts business incubator program supports artists, artisans, and craftspeople through aiding the successful start and growth of new art businesses. An arts and crafts business incubator program is a regional center for artists to work on projects, sell wares, hold classes and craft related demonstrations, and overall, to promote arts and crafts throughout the community, as well as receive professional business assistance and training. An arts and crafts incubator facility often provides office space, studio space, classrooms, a gallery, and/or a commercial venue featuring artist booths. The business incubator program also provides professional assistance to the participating entrepreneurs in areas such as tax preparation, legal matters, advertising and marketing, technology, and other professional services.

## **Literature Search and Regional Context for Incubation**

In order to further determine how a business incubator program will best service the local area, the future business incubator program management should use available national and state resources, in addition to assessing the information and regional development produced by other recent studies in the Northeast Michigan region.

### **National Level**

Nationally and internationally, the number of business incubators, the level of interest in building incubation facilities, and the provision of funding incubators has grown. Organizations such as the National Business Incubation Association (NBIA) in the United States facilitate networking and research best practices, communicating with working incubators to gain insight into useful and problematic trends in incubator management for different populations. The NBIA has a very active publishing department regarding the business incubation trends, best practices, and management or marketing considerations. Information about some of NBIA's works can be found in Appendix I. Currently the University of Michigan's Institute for Research on Labor, Employment, and the Economy is partnering with NBIA and the State University of New York at Albany in a study of best practices for business incubators. The results of this national study of business incubation will be made accessible to the public in the fall of 2010.

*Contact information for NBIA is listed in Appendix H.*

### **State Level**

The Michigan Business Incubator Association (MBIA) is an active organization that holds annual events, conferences, and workshops to help promote awareness of business incubation and facilitate innovative efforts and networking among Michigan incubators. The MBIA also publishes a bulletin that provides current information to the incubator network in Michigan. The State of Michigan has expressed interest in supporting innovation as a source of new employers, to complement their efforts to attract foreign investment and large companies. There is increased demand on the part of cities to investigate business incubators as feasible, long-term economic development strategies. The opportunity exists for a statewide support network that shares resources, success stories, and management strategies.

*Contact information for MBIA is listed in Appendix H.*

### **Regional Level**

There exist many studies and projects that have been recently developed for the counties of Alcona, Alpena, Montmorency, Oscoda, and Presque Isle that offer economic development information and advice relevant to this incubator study.

### *Alcona/Harrisville Arts and Crafts Incubator Study*

Conducted in 2000, this study assessed the interest of potential arts and crafts incubator tenants, potential tenants working in other sectors compatible with artists and craftspeople, and arts and crafts customers in an incubator facility in Harrisville, Michigan. Surveys were drafted and distributed to potential tenants, arts and crafts compatible tenants, and customers. The establishment of an arts and crafts incubator was supported. The study recommended the Alcona County EDC or the local Chamber of Commerce become the anchor tenant and all other tenants operate on a seasonal basis due to the flux of tourists. The study also suggested that the Alcona EDC market the facility to a private owner once the business incubator program became implemented, and then use the proceeds to fund another economic development initiative.

The establishment that resulted from this study is currently located in the old Harrisville movie theater facility and is referred to as "The Harbor Town Market." The Harbor Town Market functions as a retail location for a few arts, crafts, and gift related businesses. Of the seven suites available in the Harbor Town Market facility, three are still vacant and available for rent. The facility is not regarded as an incubator and currently does not provide specific studio/production space. The Chamber of Commerce does occupy one of the suites in the facility. The facility remains owned by Alcona County and was never sold to a private owner.

### *Village of Lincoln Business Incubator Facility Feasibility Study*

This study was conducted in 2007 by the Anderson Group to assess the feasibility of business incubator facility(s) in the Village of Lincoln. The study concluded that the Cole's Warehouse and the Weather Guard Warehouse were suitable incubator facilities. Please refer to Appendix M for descriptions and photos from the Anderson Economic Group's DRAFT of the report of the three building assessed in the study, the Alcona Auto Parts Store, the Cole's Warehouse, and the Weather Guard Building. The Cole's Warehouse was suggested for a business incubator that specializes in household services, and it was recommended that the Weather Guard Warehouse be used as professional space for new businesses related to financial insurance, information, professional and technical services, the management of companies, or the health/medical sector. The study also discussed the possibility of a Health Park in the Village of Lincoln due to the numerous health services offered in Alcona County. This study focused on the feasibility of incubator facility(s) and did not assess the feasibility or need of a business incubator program.

### *Cool Cities Initiative: Alpena Community Cultural and Arts Study*

This study was completed in 2009 to gain information regarding arts and culture in the Alpena community and to outline resources and assets for Alpena's cultural development. The study surveyed individual artists, cultural and arts organizations, and citizens in order to assess Alpena's cultural needs and wants. This study reported that what individual artists needed most were marketing assistance, display/sale space, and increased art education opportunities. Cultural and art organizations also need marketing assistance in addition to help with fundraising and grant writing. The organizations also expressed a desire to increase coordination and collaboration between artistic organizations. Citizens responded that the most important cultural and arts aspect of Alpena is year-round cultural and arts events.

### *Alpena Downtown Retail Incentive Program*

The intent of this current initiative is to fill existing vacancies within the Downtown Development Authority district by providing incentives for new retail businesses wishing to start-up or relocate into the downtown Alpena area. The program offers advantages to the landlords of the downtown facilities, such as prescreening businesses for tenancy. The program would offer an initial low rental rate to qualified businesses, but as a business stabilizes in its downtown location the rental rates will gradually increase. The initial low rates will be possible by the landlord subsidizing  $\frac{1}{2}$  of the rent payment, the DDA paying  $\frac{1}{4}$ , and the business paying  $\frac{1}{4}$ . By the end of two years the business owner will be responsible for the full rent payment.

# Synthesized Recommendations

## Introduction

The following recommendations combine information regarding the location of high-potential entrepreneurs, business interests of the entrepreneurs, and the professional service and assistance needed by high-potential entrepreneurs. The purpose of these synthesized recommendations is to provide the future incubator management team and the future business incubator program board of directors with feasible options about locations, characteristics, and programmatic features of the business incubator program. These recommendations are subject to change given the assessment of potential appropriate incubator facilities and their locations.

## Overall Business Incubator Program Structure

Two feasible options for the operational structure of the Alpena Region Incubator Project are described below. The research and data compiled and analyzed in this study support the establishment of an arts and crafts incubator and a mixed-use business incubator, but does not support the establishment of a kitchen incubator. Given that two different kinds of incubators are feasible for the region, it must be decided if these two different incubation projects should operate as one program or two separate programs.

### *Option 1 - One Program*

The project would operate as a single business incubator program governed by one board of directors with two different divisions: mixed-use and arts and crafts. Under this option, the incubator management would need only one central business incubator program executive director. Seminars and classes offered by professional service providers would be open for both artists and entrepreneurs to attend. The business incubator program could operate in one singular central facility with shared office space for both artists and mixed-use entrepreneurs, but having separate production space. The financial breakdown of this programmatic option can be viewed in the *Alpena Combined Incubator* sub-section of the *Financial Operating Plan* section in this report. Operating in one central facility is not necessary to be considered one business incubator program. Satellite facilities may exist in conjunction with one central program.

### *Option 2 - Two Programs*

The project would operate as two separate programs. The main difference would be the existence of two business incubator program executive directors, one to run the mixed-use

business incubator program and one to run the arts and crafts business incubator program. The governing board of directors would also have separate, distinct subcommittees of artists and owners of mixed-use type businesses that would specialize in advising and governing the respective business incubator programs. Entrepreneurs and artists could still attend seminars and classes together, but this would be coordinated by the two executive directors. Under this option, the arts and crafts incubator program and the mixed-use business incubator program would most likely operate in separate facilities as well. The financial breakdown for this option can be viewed in the *Alpena Art Incubator* and *Alpena Mixed-Use Business Incubator* sub-sections of the *Financial Operating Plan* section in this report.

The following is a list of additional options for incubator facility location, incubator characteristics, and programmatic features. These options are specific for the mixed-use business incubator and arts and crafts incubator projects, but can be relevant for either the one incubator program or two incubator program operating structure.

## **Mixed-Use Business Incubator**

### **Recommended Location Areas**

High-potential entrepreneurs rated the most important characteristics of an incubator facility as location, flexibility of hours, and cost of space. Available facilities could be assessed and renovated as quickly as possible in order to begin the start-up phase of the mixed-use business incubator.

There are three clusters of high-potential entrepreneurs in the incubator study region: one in the Harrisville/Lincoln area, one around the City of Alpena, and one around Rogers City. Please refer to Appendix K to view a table that lists the high-potential entrepreneurs' interest level, business sector, location, and distance willing to travel to reach a business incubator program. Of the other high-potential entrepreneurs scattered throughout the west-side of the incubator study region, the majority are willing to drive a far enough distance to reach Harrisville/Lincoln, Alpena, or Rogers City.

The following are two options for the initial facility locations concerning the establishment for a mixed-use business incubator program.

#### *Option 1 - One Central Facility*

One central location with respect to the study region's high-potential entrepreneurs could be selected as the singular location for the mixed-use business incubator program. Some high-potential entrepreneurs that are located along the incubator study region's boundaries



may not be willing to drive far enough to reach the facility. However, having one main facility could be a cost effective way to service a majority of high-potential entrepreneurs.

### *Option 2 - Network of Satellite Facilities*

A mixed-use business incubator program for the Northeast Michigan region could otherwise consist of three satellite facilities, one facility located near each of the three areas: (1) Harrisville/Lincoln, (2) the City of Alpena, and (3) Rogers City. Operating three facilities could prove more challenging, but could service high-potential entrepreneurs in the Northeast Michigan region more locally.

## **Entrepreneurial Characteristics**

High-potential entrepreneurs from all areas of the region reported that they work with similar business sector groups. The large majority of entrepreneurs responded as working in the service sector, but the types of provided service vary greatly. Other sectors that high-potential entrepreneurs reported as working in are technology development, medical service, and retail. Due to the varying entrepreneurial interest, a mixed-use business incubator is appropriate. To capture this interest in innovation and incubate it successfully, the incubator management team should establish relationships with high-potential entrepreneurs to better assess equipment and service needs prior to investment in implementation.

## **Programmatic Features**

The services and assistance that high-potential entrepreneurs reported as needing the most in order to start a business are business plan development, financial management/accounting, sales and marketing, and advertising. When arranging seminars and connecting entrepreneurs with the professional service providers the incubator management team could prioritize the provision of these services.

## **Arts and Crafts Incubator**

### **Recommended Location Areas**

There are two clusters of interested artists in the incubator study region: one around the City of Alpena and another smaller group around Harrisville. Although there are artists scattered throughout Montmorency County, the west side of Alpena County, and the borders of Alcona County (even a few in Iosco County), the majority of these artists

responded in the survey as willing to travel a far enough distance to reach either the City of Alpena or Harrisville.

Concerning the establishment of an arts and crafts business incubator program there are three options for the start-up facility locations for the arts and crafts incubator facility(s). Responses from the survey show that the high-potential artists most value the incubator facility characteristics of location, cost of space, and flexibility of hours.

#### *Option 1 - Expansion of Existing Programs in Both Locations*

Operating facilities already exist in both Harrisville and the City of Alpena that work with artists and the sale of their work. In order to establish the arts and crafts business incubator program as quickly as possible, the incubator management team could direct interested artists to any underutilized space in either of these locations. The incubator management team would also need to work to expand and develop these existing programs to include additional incubation services, such as professional business service assistance and educational seminars. This has an additional benefit of sharing resources with current programs as well as supporting their existing artist networks.

#### *Option 2 - Reuse of Existing Facilities in Both Locations*

Any unused facilities around Harrisville and the City of Alpena could be located, restored, and/or renovated to fit the gallery, office, and production space needs of the interested artists. These facilities could work in collaboration with those already established locations that service artists in Harrisville and Alpena, but provide additional space and a central location for the incubation program services, such as professional business support assistance, educational seminars, and other services.

#### *Option 3 - Establishment of One Central Facility*

Identify one unused facility in a location between the areas where high-potential artists are located. This facility should then be assessed, reported and/or renovated, and equipped with gallery, office, and production space and equipment. Having only one main facility may prove to be a cost effective way to service a majority of interested artists.

### **Artist Characteristics**

Interested artists located near the Harrisville area reported that they work with the following mediums: photography, glass, fabrics, watercolor, ceramics, and digital art/graphic design.

Interested artists in the Alpena area reported that they work with the following mediums: watercolor, oil, pencil, ceramics, digital art/graphic design, photography, wood, and fabrics.

For both the Harrisville and Alpena area there is a diverse interest in various mediums which suggests that no single potential incubator location should *specialize* in the production and sale of specific artistic mediums. Once established, the incubator facilities should provide equipment and tools consistent with artist interests. Please refer to *Figure 6* in the *Incubator Specifications* sub-section in the *Results and Findings* section and the *Equipment and Cost Estimates* sub-section in the *Financial Operating Plan* section for a specific breakdown of the equipment needs of the specific group of artists surveyed for this study.

### **Programmatic Features**

The services and assistance that high-potential artists reported as needing the most in order to start an arts/crafts business venture are business plan development, networking, sales and marketing, and advertising. When arranging seminars and connecting artists with the professional service providers, the incubator management team could prioritize the provision of these services.

# Business Plan and Next Steps to Implementation

## Overview

This section outlines the steps and stages of implementation that must take place before either an arts and crafts and/or a mixed-use business incubator program can be established. These steps consist of organizing an initial meeting of an advisory board, establishing ownership of the business incubator program(s), deciding on a governance structure, forming an operation structure, assessing how much management and staffing is necessary for incubator operation, selecting and revitalizing incubator facilities, securing funding, and marketing the business incubator program to the regional community.

## Comprehensive Timeline

The following schedule is a proposed timeline for implementing the different aspects of the arts and crafts or mixed-use business incubator program's operations mentioned in this report.

<b>Mixed-Use/Arts and Crafts Incubator Implementation Steps</b>					
	<b>Implementation Step</b>				<b>Time Frame</b>
1	Meet with advisory board Establish permanent board of directors Decide over ownership, governance, operation structure, and management/staffing				Month 1-2
2	Establish communication with high-potential entrepreneurs Begin processing entrepreneurs to become future tenants Decide about facility(s): build new or reconfigure existing, if reconfigure then which buildings, if new then where Identify funding sources and prepare grant application				Month 2-3
4	Conduct preliminary engineering, architecture, and design activities for any facilities needing reconfiguration Identify final site choice if building new Submit grant proposal				Month 4-6
5	Obtain funding				Month 6-18
Choose to reconfigure facility(s)			Choose to build new facility(s)		
6	Begin site preparation Begin marketing activities	Funding + 1-2 months	6	Begin site preparation Begin marketing activities	Funding + 1-2 months
7	Begin reconfiguration	Funding + 1-3 months	7	Begin construction	Funding + 6 months
8	Complete construction	Funding + 2-4 months	8	Complete construction	Funding + 18 months
9	Begin operations	Funding + 5 months	9	Begin operations	Funding + 19 months

## Steps

### *Meeting of Advisory Board*

Local leaders, community representatives, and persons with business or economic development expertise with an interest or stake in the Alpena region business incubator program should make up an advisory board responsible for guiding business incubator program development, and convene to outline and implement a strategic plan for establishing incubation program(s). This advisory board should nominate, elect, and establish a permanent “Incubator Program Board of Directors”. There will be four important topics regarding implementation of the business incubator program that this advisory group must address:

1. The ownership of the business incubator program(s)
2. The governing structure and governance of the business incubator program(s)
3. The management needs and management of the business incubator program(s)
4. The operation strategy and operation of the business incubator program(s)

### *Ownership*

The business incubator program board of directors will need to assess the possible options for ownership of the business incubator program(s). An organization or entity (existing or created by the incubator board of directors) will assume legal ownership, legal responsibility, and liability for the business incubator program(s). This organization or entity also needs to be a qualified applicant for federal funding.

There are several feasible models of ownership for a business incubator program. One such option is for ownership to be established under an existing governmental or organizational structure such as a regional organization, county, or city government entity. Other options include the creation of a separate nonprofit organization to assume ownership. A final option is for a local economic development corporation or community development corporation to assume ownership. Local circumstances and strengths will help determine the best option for ownership.

### *Governance*

The board of directors established by the advisory board will govern the business incubator program. The board of directors should be comprised of key stakeholders, including, but not limited to, county and municipal government representatives, and representatives from the business, financial (banking), and education communities. This board of directors will be the body that oversees and advises the incubator management; therefore it is important that the board of directors be comprised of knowledgeable, committed, and responsible individuals from the region. The board of directors will need to formulate a set of by-laws

to structure the purpose and boundaries of their functions and influence regarding establishing the business incubator programs and future day-to-day operations. For guidance in writing the business incubator program by-laws the board of directors could refer to the book, Put It in Writing; refer to the Appendix I for more information about this book.

The board of directors should also recruit, train, and mentor the business incubator program management team and help establish criteria and specification for the incubator facility, equipment, and service.

### *Management and Staffing*

The incubator management, administration, and maintenance staff must be in place prior to the start of operations. Depending on the size and number of facilities, the minimum management and administrative staff positions will include a center executive director, possibly a day-to-day operations manager, receptionist, and an administrative assistant. Additional support personnel that may be needed includes custodial, maintenance, and grounds assistance; these are positions that could be under contract.

### *Operation Structure*

Several feasible options exist for the operation structure of the Alpena Region Business incubator program. (See the *Synthesized Recommendations* section).

Firstly, the board of directors will need to decide whether or not the arts and crafts incubator(s) and the mixed-use business incubator(s) should be run under the same business incubator program. This decision will determine whether there will be a separate executive director for both the mixed-use business incubator(s) and the art incubator(s) or if one executive director will oversee both projects.

Secondly, the board will need to decide whether to establish a series of mixed-use business incubator satellites or a central sole-incubator facility.

Thirdly, the board of directors will need to assess whether a single-central art incubator facility, a network of satellite facilities, or the use of facilities already in operation is best for the establishment of the arts and crafts business incubator program.

After selecting the most feasible option for incubator operation, the board should develop specific rules and procedures for communication across incubator facilities and staff, rules and jurisdiction, and any additional/relevant guidelines for smooth operation.

### *Establish Communication with High-Potential Entrepreneurs*

Once the permanent board of directors and incubator management team has been established, members of the board and management team should contact CBAIS to retrieve the confidential contact information for the high-potential entrepreneurs and artists. The

incubator management team should establish communication with these artists and entrepreneurs as soon as possible. The incubator management team and board of directors will need to establish a process of selecting the first incubator tenants from this group of high-potential artists and entrepreneurs. Throughout the rest of incubator implementation process, the incubator management team should keep close communication with the future incubator tenants and keep them updated with all progress. The incubator management should also begin to provide services and initiate contact between future incubator tenants and PSPs in a virtual environment.

### *Facility Assessment*

As part of the project, a preliminary assessment has been made of facilities that may be appropriate to serve as an incubator site. The preliminary assessment includes recommendations for revitalization and/or modifications. If no suitable facilities exist in an appropriate location, the construction of a new facility may be recommended. The preliminary assessment information can be found in the *Facility Criteria and Preliminary Assessment* section.

The board of directors will take the preliminary facility assessment, location of facilities, and location of high-potential entrepreneurs into account when making the final selection of facility(s) to house the business incubator program.

### *Facility Acquisition and Revitalization*

This section addresses necessary steps towards incubator implementation that are not included or provided by this study.

After the preliminary facility assessments, environmental reviews, engineering reviews, and property value appraisals should be performed for the facilities with the highest potential as business incubator program sites.

The environmental review determines whether there are toxic or hazardous materials, waste, or contamination in the facility and on the surrounding property, since older facilities often have asbestos, lead paint, chemicals, solvents, or other materials that may require removal, neutralization, remediation, or encapsulation.

The engineering study addresses the structural integrity, electrical, heating, ventilating, air-conditioning, and other aspects of the site including modifications and additions necessary to meet the requirements for the types of commercial equipment to be housed in the potential incubation facility. The appraisal also helps determine the fair market value of the site.

Upon satisfactory completion of the environmental, engineering, and appraisal assessments, the facility should be revitalized to meet code requirements and to be used for incubation. During revitalization, capital improvements to the facility could include special

equipment, infrastructure modifications (such as electrical, plumbing, heating and cooling), and meeting safety requirements.

### *Funding and Capitalization for Operation*

Many funding opportunities exist for a nonprofit planning to build and operate a business incubator program. Most of these opportunities fund the acquisition or revitalization of a physical building and equipment. These funds can be obtained through several federal government agencies, including the Economic Development Administration of the U.S. Department of Commerce, the U.S. Department of Labor, and U.S. the Department of Agriculture. Additional sources exist within state initiatives or economic development corporations, such as the Michigan Economic Development Corporation, that have a vested interest in supporting innovation as a strategy for stabilizing and improving the economy. Fewer funding opportunities are available for for-profit entities or individuals wanting to establish a business incubator program.

Funding for the operation of the business incubator program should come from revenue generated from rent and equipment or service fees collected from incubator tenants. Training, classes, and seminars hosted by the business incubator program over topics like business planning, marketing, financial management, etc. can generate additional revenue for the facility. In addition, the business incubator program can establish entrepreneurship classes, consulting, or programs outside of the incubator to secure external income.

### *Marketing to the Region*

Once funding is secured and the revitalization and acquisition of potential facilities are underway, the incubator management team should focus on marketing the business incubator program to the regional community. There are several important groups that need to actively support the business incubator program.

First, those entrepreneurs and artists that expressed high interest in an incubator should be contacted. An organized effort must be made to communicate effectively to these high-potential entrepreneurs what opportunities are available to them at through business incubator program. This can be done through direct mailing, emailing, or telephone contact.

Next, it is crucial that local businesses in the area become knowledgeable and supportive regarding the opportunities and benefits of the services offered by the business incubator program. Businesses in the area may have become aware of the potential incubator through various phases of this market and feasibility study. Additional town hall meetings, press releases, and informational material will assist in the initial advertising and introduction and future performance of this project.



Professional service providers are critical participants to the business incubator program that must be actively supportive in order to successfully mentor new ventures and incubate new businesses. The professional service providers who initially expressed interest should be contacted using methods such as direct mail, email, or telephone. Their contact information can be found in Appendix F. Additional interested and supportive professional service providers should be continually recruited by the incubator management team.

In addition, outreach and educational efforts should be made in the region to foster a community culture of entrepreneurship and provide the business incubator program with a constant flow of tenants. This effort is important for the longevity and success of the business incubator program. For more information, the Cultivating Entrepreneurial Communities program and the Generation E Institute (described in the *Resources for Business Incubator Program Expansion* section) can be consulted for additional entrepreneurial outreach and education ideas/methods.

Marketing channels and mediums include: newsletters, presentations, newspapers, radio and television ads, recruiting visitations to potential entrepreneurs, special events such as open houses, and collaboration with local organizations such as churches and community groups.

# Facility Criteria and Preliminary Assessment

## Facility Selection Criteria

When selecting a facility for both a mixed-use and arts and crafts incubator, it is primarily important to find a quality location. In finding a quality location for a mixed-use or arts and crafts incubator there are three main components: (1) geography and (2) building/site infrastructure. After finding the right combination of geography and infrastructure, the facility itself must be examined for (3) adequacy.

### *Geography*

The facility should be easily accessible by regular means of transport, such as by public transportation (if available) and car (this would entail that it have convenient access to local population centers), and appropriately distanced to the entrepreneurs (see data and results in Appendices J and K). Facility accessibility issues related to road condition and location could result in decreased interest by potential entrepreneurs for using an incubator and inhibit further use by those who do participate. The facility location should also be selected central to potential entrepreneurs. The size of population centers in close proximity to any potential facility site should also be considered, both to facilitate in the marketing and distribution of products as well as improve access of facility tenants to local professional service providers.

### *Infrastructure*

Infrastructure requirements include available or direct access to clean water, sufficient electricity, and a waste water treatment system. A facility without a waste water sewage system would require a septic tank, which is expensive and should not be necessary. It is also important for the acquired building to have an adequate and reliable power supply in order for entrepreneurs to use their equipment effectively. There should also be adequate access to communication utilities such as phones and internet.

### *Facility Adequacy*

The interior area of any potential facility should be sufficiently large that tenants are not excessively constrained for space but not so large that utility costs are unnecessarily high. When looking at potential facilities, it is important to consider the existing and desired site plan. Walls that are structurally weight bearing are difficult and costly to convert; therefore, facilities with non-weight-bearing wall structures are preferable. Finally, the overall condition and age of the potential facility is important, since facilities either aging or in poor condition can be both costly to repair and maintain. Corresponding renovation costs necessary to convert older and dilapidated buildings can also prove too high for a mixed-use or arts and crafts incubator project's budget.

## **Preliminary Assessment**

### *Harbor Town Market*

- Three vacant suites
- Marketing campaign needed

### *Alcona Auto Parts Building*

- Severe deterioration
- Not suitable for business incubator

### *Cole's Warehouse*

- Not insulated
- Adequate floor plan
- Functional high-bay and loading dock
- Possible mixed-use incubator site

### *Weather Guard Warehouse*

- Inadequate floor plan
- Not suitable

### *Art in the Loft*

- Currently fully operational
- Recommend it be supported for artist space

### *Ron Chatfield's Building*

- Good condition
- Suitable IT infrastructure
- Possible office/professional/service incubator site

### *The Armory Building*

- Floor plan and historic preservation requirements make it insufficient

### *The Grambau Center*

- Not visited- zoning changes would be required

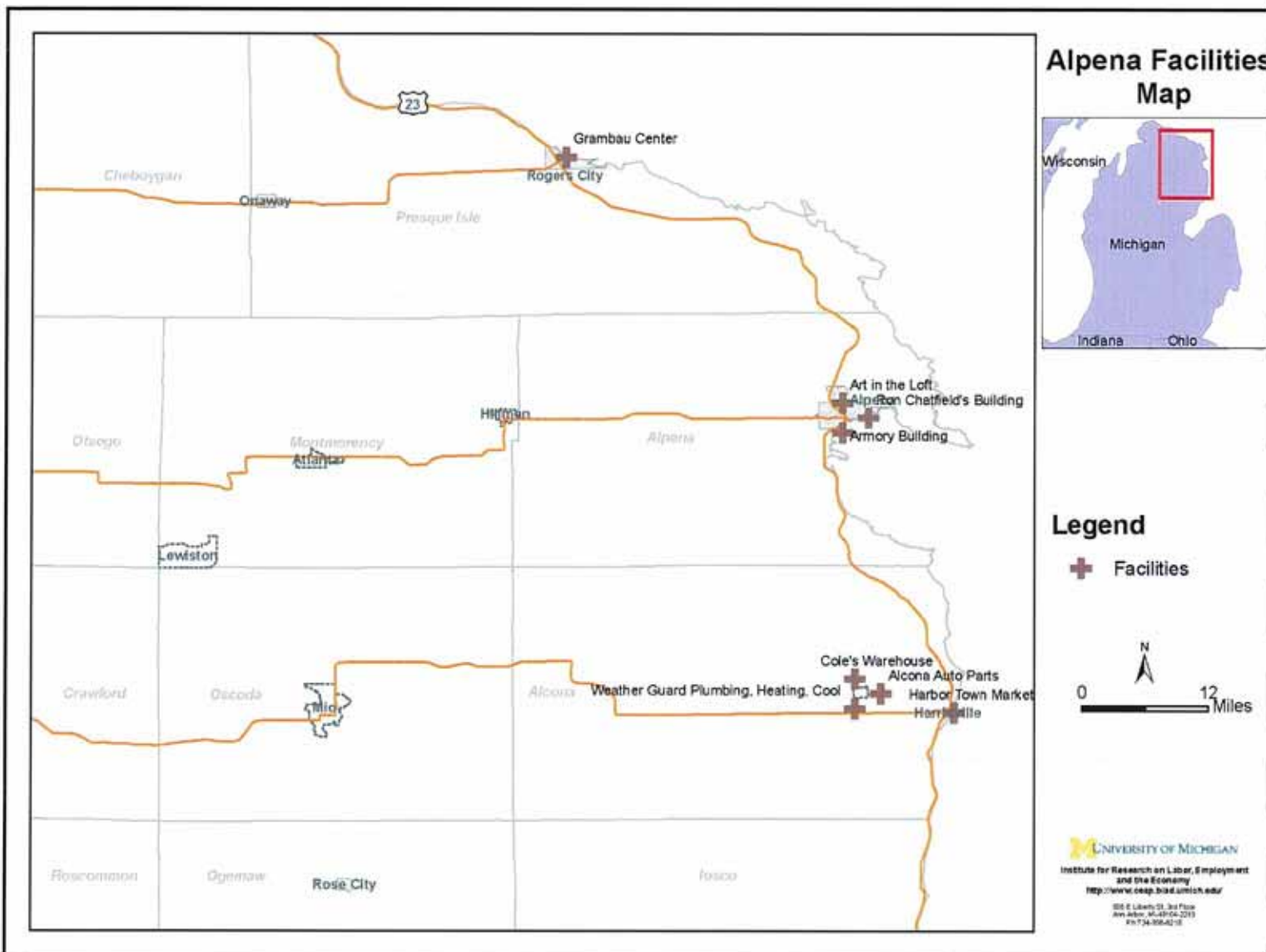
### **Overall Facility Assessment Status**

There are no final candidates for the business incubator site identified at this time.

*Please refer to Appendix L for a copy Larry Molnar's itinerary from his visit to Northeast Michigan for the Preliminary Facility Assessment.*

## Map of Potential Facilities and Highest Entrepreneurial Interest

This is a map showing all the potential incubator facilities the CBAIS was made aware of in the Alpena Incubator Study Region.



# Strategic Plan Considerations

## Introduction

Once the facilities have been selected, the incubator management team and board of directors should begin to design the strategic plan for implementing the remaining elements of the business incubator program.

A business incubator is a business that produces new businesses, and an integral part to any small to medium-sized business is the creation of business and strategic plans. The business plan clarifies the purpose of the firm and estimates costs associated with the initial start-up and capitalization of the business, as well as projections for costs and revenues over a certain time period. A strategic plan is a clarification of how the business will grow strategically, including information to support future investment and operating decisions. While the business plan can be seen as a guide to understanding the current and future expected operating environment for the business, the strategic plan can be seen as the rational vision supported by decisions quantified in the business plan. Developing a strategic plan is also an exercise in group process and is meant to bring the governing individuals of a business incubator program together to forge a unified vision for the organization, comprised of input from leaders, owners, and stakeholders. In that way, ownership for the health of the venture is distributed.

This section is meant to provide a general overview on the creation of a strategic plan for a small to medium-sized business, including specific information on what might be included in a strategic plan written for a mixed-use or arts and crafts incubator program. Irrespective of the venture, there are several key elements to any strategic plan:

1. The Executive Summary provides a summary for outside readers about the main topics featured in the strategic plan. It should be a concise statement of the desired strategic objectives.
2. The Organizational Description conveys the general organizational structure of the venture, as well the major products and services produced by the venture.
3. The Mission Statement describes the purpose of the organization.
4. The Vision Statement clarifies the direction in which the organization seeks to head, specified by the types of activities it will be involved with and described by the customers it plans to serve.
5. The Values Statement communicates the overall priorities in how the organization operates.

6. The Goals and Strategies section describes the organization's short- and long-term goals, and lists strategies by which those goals may be achieved.

## **Key Sections of Strategic Plan**

### *The Executive Summary*

The executive summary is meant to be the public face for the strategic plan. It should portray the general image of a mixed-use or arts and crafts incubator program without encumbering the casual reader with too much information. The executive summary states the key aspects of your strategic plan in a concise format, including key goals and objectives. The key elements to an executive summary include:

1. The scope and purpose of the strategic plan
2. The nature of the business
3. The organizational structure of the business
4. The goals and strategies of the business

### *The Organizational Description*

This section is meant to clarify the legal disposition of the business/organization, as well as to communicate its leadership structure. It should be taken into consideration when determining the legal status of the business incubator program that nonprofits are often most eligible for federal grant opportunities.

### *The Mission Statement*

The mission statement describes the general purpose of a business/organization. For a mixed-use business incubator program, this will likely cover two topic areas:

1. The promotion of local entrepreneurs and small business,
2. A commitment to maintaining a solvent, efficiently-run business.

For an arts and crafts incubator program, this will likely cover two topic areas:

1. The promotion of local craftsmanship and art ventures,
2. A commitment to maintaining a solvent, efficiently run business.

Mission statements can be written in a continuum of styles, from highly-analytical to somewhat philosophic. What is crucial is that the reader comes away with a definitive sense of what the business incubator program actually does.

### *The Vision Statement*

The vision statement should clarify how the organization carries out its objectives, referencing the core strengths of the business. When writing a vision statement, it may be useful for the business incubator program management to consider the following:

1. How can its strengths can be used to improve the success, in this case, of mixed-use or arts and crafts incubator clients?
2. What additional steps will be needed to improve the services being offered by the mixed-use or arts and crafts incubator?
3. What skills or knowledge will be necessary to help incubator staff both assist and attract additional incubator tenants?
4. How will these services change in the long-term?

### *The Values Statement*

The values statement should represent the core priorities of the business, the underlying objectives that describe why the business was created in the first place. Value statements typically may be consolidated to four to six core values that resonate through the operation of the mixed-use or arts and crafts incubator program.

### *Goals and Strategies*

The statement of goals and strategies should describe the ways in which the business incubator program will achieve its overall vision as described in the vision statement, as well as what the outcomes will be for each goal that is achieved. Possible incubator goals may include providing tenants with the knowledge and appropriate facilities to improve their business capacity. This goal may be achieved using workshops and educational opportunities on starting and maintaining a small business. Generally, the goals of individual tenants will differ from those of the incubator, but the incubator plays a role informing the goals and the success of its tenants. Goals are often specific and may have 2 to 4 specific strategies, each that describe the steps toward achievement.

# Business Incubator Program Guide

As part of implementing a strategic plan the incubator board of directors should outline plans for the pricing structure, equipment and utility requirements, and provision of professional assistance for both mixed-use and arts and crafts business incubator programs.

## Pricing

There are various pricing structures that a business incubator can adopt when charging tenants. These pricing structures are relevant for both an arts and crafts incubator and a mixed-use business incubator. If separate art and mixed-use business incubator facilities become established in the incubator study region, the separate facilities could be operated under different pricing structures if the business incubator program management deems that best for the business incubator programs. For example, costs for most office space, storage space, and consulting services are straight forward and can often times be prorated. Usage costs for incubator production space and equipment may vary considerably because they contain intangible costs such as depreciation, regular wear and tear, and opportunity cost. The goal of all incubation programs is to be self-sufficient. Thus, pricing should generate revenue appropriate to running the incubator. The three most common structures are pricing by frequency of use, ability to pay, and types and time of use.

### *Frequency of Use*

The general idea behind a frequency of use pricing structure is to charge different rates to tenants based on how often they utilize the incubator facility and equipment. Listed below are six different groups of tenants categorized by their frequency of use.

1. **Anchor Tenant-** Anchor tenants use a combination of the incubator facility/equipment and program services on a mid to long term basis, and often receive discounts as a result of their regular use. Anchor tenants typically have a more stable revenue flow than other tenants and can reasonably anticipate their monthly incubator usage. Anchor tenants prepay monthly rent for incubator facility space and often in exchange they receive discount percentages based on the total dollar value of their use.
2. **Production Business Tenants-** Production tenants are new or existing businesses that use either a single incubator service or a combination of a few services. Production tenants are billed monthly for the previous month's usage of incubator office space and business services. For this category of tenants, production space and use of equipment is billed in ¼ hour increments; all other storage and services are itemized and billed for separately.
3. **Non-Production Business Users-** Non-production business users are those business owners that only require office and sales space. Non-production business users are tenants with no need for production space, but could benefit



from the business development services and low rental rates of a business incubator. This category of tenants prepays monthly rent for office space. Rental rates for sales space or gallery space are determined on a case-by case basis.

4. **Venture Development Users-** Venture development users are those entrepreneurs that are engaged in the early stages of business development. Venture Development tenants require use of the incubator office space and business services and sometimes a small amount of production space/equipment usage. These tenants must prepay their monthly rent of incubator office space. Any amount of production space/equipment used would be charged at the same rate as "production tenants."
5. **Non-Business Users-** Non-business users are one-time or very occasional users. Storage and production rates are typically higher for this tenant category. In terms of an art incubator this type of tenant may also rent gallery/sale space as a featured artist for a limited amount of time at a higher rate than regular tenants.
6. **Incubator Affiliate Clients-** Incubator affiliate clients are those established businesses and business owners in the community that at a given time period do not need or desire physical location in the incubator facility but would benefit from a certain level of use of the facility, equipment, and services (i.e.: use of conference room, attend a PSP seminar, etc.). These Incubator Affiliates can be charged a pre-pay-as-you-go monthly rate for non-resident usage of the incubator services, equipment, etc. The usage rate can range from \$100 to \$200 per month depending on the services, equipment, and facility space.

### *Types and Times of Use*

The types and times of use pricing structure is also an effective way for business incubator programs to determine facility rental and services rates. The following factors should be considered when planning such a types and times of use pricing structure.

**Type of Equipment Used-** In general, the more sophisticated or expensive a piece of equipment is to purchase and maintain, the more costly its rent could be to a user. The incubator manager should determine rent categories for the specific production equipment offered in the incubator facility, such that the cost covers maintenance, insurance or possible replacement. The amount of usage by the tenant should be taken into account when billing for specific equipment.

**Amount of Space-** Each entrepreneur's need for space can vary considerably. When using production equipment, a predetermined amount of floor and tabletop workspace can be designated prior to operation of the equipment. When additional space is needed, additional charges can apply.

**Number of Workers-** Basic production area rental rates should be based on 1 to 3 workers/employees on average. If more than 3 workers, on average, regularly engage in production, rental rates should increase for every additional worker.

**Hours of Use-** Discounts to the normal hourly rate can be made available for those users who are able to use the production area during non-peak or off hours.

### *Ability to Pay*

A business incubator program should recognize that not all entrepreneurs have the same ability to pay for services. Since an business incubator program's commitment is often to helping entrepreneurial ventures graduate the program with higher revenue in order to develop an economically stronger local area, lower income entrepreneurs should be taken into consideration when devising a pricing plan. If possible, the incubator management team should also develop a subsidy program for low-revenue generating entrepreneurs and businesses to apply. Adjusting rental rates based on the stated ability to pay estimates is appropriate, after verifying the price against the incubator's operating budget. Business incubator programs should direct incubating companies towards establishment and growth outside of the incubator and in the community through their pricing plan and other program structure.

## **Equipment and Utility Requirements**

Below are lists of incubator office equipment, facility characteristics, and administrative utilities, in addition to production equipment specific to an arts and crafts incubator.

In general, production equipment for a mixed-use business incubator cannot be generalized due to the wide variation of equipment needs. The production equipment for the Alpena region mixed-use business incubator facility(s) should be directly determined by the needs of those entrepreneurs that choose to participate in the incubation program as tenants.

Standard incubator office:

- Commercial office space
- Conference room for meetings or other group work
- Computer technology: access to scanner, laser printer, and computers equipped with business, graphical, word processing, and internet software
- Resource library, featuring industry trade publications, catalogs, and files on topic-specific areas
- Telephone usage for local calls
- Reception, fax machine, copy machine, and other office related support services
- Heating, cooling, and lighting
- General janitorial services/waste disposal
- Facility maintenance

Typical mixed-use business incubator facility characteristics:

- Loading floor and dock
- Industrial Electrical service
- Potable water and waste water treatment
- Road access with sufficient load capacity
- High-bay area to accommodate overhead lifting
- Industrial air-handling units

Typical arts and crafts incubator facility characteristics and equipment:

- Studio space
- Exhibition gallery space
- Access to graphic design/digital art software
- Dark rooms, kilns, oven, counters, sinks, and individual storage areas
- Cameras, hand tools, electronic tools, looms
- Small tools and equipment: paintbrushes, paint, paper, palettes, inks, film, glue, raw wood, fabrics, threads, clay, etc.

Please also refer to the *Equipment and Cost Estimate* sub-section of the *Financial Operating Section* of this report.

*Gerl, Ellen. Incubating the Arts: Establishing a Program to Help Artists and Arts Organizations Become Viable Businesses. Comp. Joy MillerUpton and Meredith Erlewine. USA: NBIA Publications, October, 2000.*

## **Provision of Professional Assistance**

Aside from providing tenants with equipment and space, business incubator programs connect entrepreneurs with local professionals that offer technical assistance. This is an essential part of an incubation program that often makes a significant difference in the success of entrepreneurs. Business incubator programs should focus on providing assistance in the following areas:

**Business & Financial Planning** - Starting and running a successful business requires careful planning, constant reassessment, and extreme flexibility. The incubator management and members of the professional service provider network should be able to help small businesses and art entrepreneurs develop practical, working business plans that will help them to remain focused and goal-directed.

The incubator should also provide guidance and assistance with financial planning, from preliminary cost analysis to long-term financial projections. Program staff and members of the professional service provider network should also be capable of linking the startup businesses to various sources of financial assistance, from traditional lending institutions to other area resources.

**Accounting, Legal, and Insurance Services** - In order to ensure a smooth transition into the program, the incubator should provide accounting, legal, and insurance guidance services. By having access to these professional service providers through the incubator professional service provider network, tenants can focus their attention to other aspects of starting up their business. These services are vital in organizing a successful business incubator program, and they should be easily accessible to tenants.

**Market Research & Access** - The incubator management team and members of the professional service provider network help businesses investigate, analyze, and react to a wide variety of market opportunities. They should provide practical, hands-on training to assist firms in developing those marketing strategies that are best suited to the long-term goals of individual businesses.

**Technology** - In order for artists and entrepreneurs to be competitive, they must take advantage of the power of technology. Business incubator programs should offer access to technology training, which may include everything from an introduction to basic software programs to creating a web page. Knowledge of modern technology is critical in establishing and maintaining a successful business and these services can also make a business incubator program more successful.

**Product Development** – In order for artists and entrepreneurs to develop competitive products that capture new markets and generate profits, appropriate research and development should occur. The business incubator program should provide assistance with product design, prototyping, and development.

# Financial Operating Plan

## Financials

The following models depict three different facilities in three different scenarios for a total of nine projected models. The three facilities are (1) a stand-alone arts and crafts incubator, (2) a stand-alone mixed-use business incubator, and (3) a combined arts and crafts and mixed-use business incubator. The three scenarios are (1) a conservative projection, (2) a moderate projection, and (3) an optimistic projection. The moderate projection is our targeted result. The conservative projection falls at 10 percent contingency lower, and the optimistic projection exceeds our targeted result.

Each facility has a set of three success models, and is preceded by a site-plan estimate that allocates percentages of buildings to particular usages (i.e., allocation for operating space and allocation for office space). The site-plan estimate is then followed by the set of success models: the conservative projection, moderate projection, and optimistic projection.

All models are based on a set of assumptions. Provided below is a brief explanation of those assumptions, as well as other information to keep in mind before analyzing these financial models.

## Budget narrative: Model Assumptions and Explanation of Formulas

The following are brief explanations of assumptions made in the financial models. The three types of facilities (arts, mixed-use, and combined) share some assumptions. The assumptions are first laid out in that order.

The highlighted assumptions are not assumptions but formulas to explain how the numbers for the respective rows were calculated.

### *Arts Facility*

- [1] Projected likely operating space average tenant would rent from the incubator.
- [2] Projected likely operating space average anchor tenant would rent from the incubator.
- [3] Rate 3 part-time tenants rent operating space for less than 10 hours per week at the base rate.
- [4] Rate 2 part-time tenants rent operating space for 10-20 hours per week at 20% higher rent than Rate 3 part-time tenants.
- [5] Rate 1 part-time tenants rent operating space for 20-30 hours per week at 20% higher rent than Rate 2 part-time tenants.
- [6] Full-time tenant rent is 20% higher rent than Rate 1 part-time tenant rent.
- [7] Anchor tenant rent is equal to full-time tenant rent.
- [8] Total annual anchor rent = monthly anchor rent x number of anchor tenants x 12 mth/yr
- [9] Rates 1 and 2 each consists of 40% of part-time tenants.

- [9a]  $\text{Total annual part-time operating rent} = \text{monthly part-time operating rent} \times 0.4 \times \text{number of part-time tenants} \times 12 \text{ mth/yr}$
- [10] Rate 3 consists of 20% of part-time tenants.
- [10a]  $\text{Total annual part-time operating rent} = \text{monthly part-time operating rent} \times 0.2 \times \text{number of part-time tenants} \times 12 \text{ mth/yr}$
- [11] Office units primarily rented by anchor tenants.
- [12] A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.
- [13] Student fees are \$10 per class for 10 classes per course, which totals to \$100 per course per quarter for Year 1.
- [14] Instructor fees are \$25 per class for 10 classes per course, which totals to \$250 per course per quarter for Year 1.

### *Mixed-Use Facility*

- [1] Projected likely operating space average tenant would rent from the incubator.
- [2] Number of tenants requiring operating space can be either full-time or part-time tenants, which is included in the numbers in the above two rows, and thus do not effect the total number of incubator tenants.
- [3] Rate 3 part-time tenants rent operating space for less than 10 hours per week at the base rate.
- [4] Rate 2 part-time tenants rent operating space for 10-20 hours per week at 20% higher rent than Rate 3 part-time tenants.
- [5] Rate 1 part-time tenants rent operating space for 20-30 hours per week at 20% higher rent than Rate 2 part-time tenants.
- [6] Full-time tenant rent is 20% higher rent than Rate 1 part-time tenant rent.
- [7] 50% of tenants requiring operating space are full-time tenants.
- [7a]  $\text{Total annual full-time operating rent} = \text{monthly full-time operating rent} \times 0.5 \times \text{number of tenants requiring operating space} \times 12 \text{ mth/yr}$
- [8] Rates 1 and 2 each consists of 40% of part-time tenants.
- [8a]  $\text{Total annual part-time operating rent} = \text{monthly part-time operating rent} \times 0.5 \times 0.4 \times \text{number of tenants requiring operating space} \times 12 \text{ mth/yr}$
- [9] Rate 3 consists of 20% of part-time tenants.
- [9a]  $\text{Total annual part-time operating rent} = \text{monthly part-time operating rent} \times 0.5 \times 0.2 \times \text{number of tenants requiring operating space} \times 12 \text{ mth/yr}$
- [10]  $\text{Total annual full-time office rent} = \text{monthly full-time office rent} \times \text{number of full-time tenants} \times 12 \text{ mth/yr}$
- [11] A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.
- [12] Student fees are \$10 per class for 10 classes per course, which totals to \$100 per course per quarter for Year 1.
- [13] Instructor fees are \$25 per class for 10 classes per course, which totals to \$250 per course per quarter for Year 1.

### *Combined Facility*

- [1] Projected likely operating space average tenant would rent from the incubator.
- [2] Number of mixed-use tenants requiring operating space can be either full-time or part-time tenants, which is included in the numbers in the above rows, and thus do not effect the total number of incubator tenants.
- [3] Rate 3 part-time tenants rent operating space for less than 10 hours per week at the base rate.
- [4] Rate 2 part-time tenants rent operating space for 10-20 hours per week at 20% higher rent than Rate 3 part-time tenants.
- [5] Rate 1 part-time tenants rent operating space for 20-30 hours per week at 20% higher rent than Rate 2 part-time tenants.

- [6] Full-time tenant rent is 20% higher rent than Rate 1 part-time tenant rent.
- [7] Total annual full-time rent = monthly full-time rent x number of full-time tenants x 12 mth/yr
- [7a] 50% of mixed-use tenants requiring operating space are full-time tenants.
- [7b] Total annual full-time mixed-use operating rent = monthly full-time mixed-use operating rent x 0.5 x number of mixed-use tenants requiring operating space x 12 mth/yr
- [8] Rates 1 and 2 each consists of 40% of part-time tenants.
- [8a] Total annual part-time art operating rent = monthly part-time art operating rent x 0.4 x number of part-time art tenants x 12 mth/yr
- [8b] Total annual part-time mixed-use operating rent = monthly part-time mixed-use operating rent x 0.5 x 0.4 x number of mixed-use tenants requiring operating space x 12 mth/yr
- [8c] Total annual part-time office rent = monthly part-time office rent x 0.4 x number of part-time mixed-use tenants x 12 mth/yr
- [9] Rate 3 consists of 20% of part-time tenants.
- [9a] Total annual part-time art operating rent = monthly part-time art operating rent x 0.2 x number of part-time art tenants x 12 mth/yr
- [9b] Total annual part-time mixed-use operating rent = monthly part-time mixed-use operating rent x 0.5 x 0.2 x number of mixed-use tenants requiring operating space x 12 mth/yr
- [9c] Total annual part-time office rent = monthly part-time office rent x 0.2 x number of part-time mixed-use tenants x 12 mth/yr
- [10] Office units primarily rented by mixed-use tenants.
- [11] A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.
- [12] Student fees are \$10 per class for 10 classes per course, which totals to \$100 per course per quarter for Year 1.
- [13] Instructor fees are \$25 per class for 10 classes per course, which totals to \$250 per course per quarter for Year 1.

### *Operating/Office Space Usage and Rent Structures*

Assumption [1] from all three types is gathered from the survey data. Based on the survey data, the square footage shown in the respective cell is a projection of the likely space an average tenant would rent from the incubator.

Operating and office space usages are broken down into revenue received from full- and part-time tenant rent payments. Assumptions [3] through [5] from all three types show that the more hours a tenants rents from the incubator, the per square footage rate at which they are charged increases by increments of 20%. This is to compensate for the higher usage and, thus, higher rate of equipment deterioration and depreciation rendered by the more frequent usage.

### *Course Structure and Enrollment*

The last three assumptions of each list describe the structure of the courses, should the business incubator program offer any. We suggest that courses be offered on a quarterly basis. For these three models, the courses are structured such that each course consists of 10 classes over 13 weeks at one class per week, thus leaving three weeks open. Students are charged at \$10 per class; a total course revenue of \$100 per student per course. Instructors are paid \$25 per class; a total course cost of \$250 per course.

### *Important Notes*

You will notice that, in every type of facility, there is a large increase in net income from the conservative model to the moderate model, and again from the moderate model to the optimistic model. This is simply the result of increases in the total number of tenants, the total number of full-time tenants, and the total number of students per course. These three factors increase the revenues from operating space usage, office space usage, and course enrollment. However, of the total amount of expenses, only instructor fees increase with each model, which is fractional compared to the amount of revenue increase. This creates the large increases in net income seen between the three models of all three types of facilities.

Some cost estimates may be high in the models. It was difficult gathering real numbers of operating expenses in the Alpena area, so some numbers in operation costs were purposely estimated to be high to compensate for the lack of real data. On the other hand, some costs may be estimated too low as well due to this lack of real data.

Also keep in mind that this is a **simplified financial model**, and thus other potential incubator revenues were not considered. Types of other revenue can include utility fees (although such fees are considered inclusive within the rent structures used in these models), incubator services fees for non-tenant clients (those businesses renting neither operating nor office space, but still requesting business-related services), and revenues generated through consulting fees.

In the following models, certain rows are highlighted in different colors. The **light green** cells indicate important deterministic numbers regarding incubator characteristics. The **light blue** cells indicate annual totals for the respective revenue or operation cost.



## Alpena Art Incubator

### Art incubator site plan estimates

Estimate	Figures	Sq. ft. remaining	% Used
Total Building (sq ft)	4,500	4,500	(0.0%)
Usable Space (walls, bathrooms, hallways, etc. excluded)	92.0%		
Usable Area (sq ft)	4,140	4,140	(8.0%)
Administrative Space (non-leasable)	3.0%		
Administrative Area (sq ft)	135	4,005	(11.0%)
Shared Administrative Space (conference room, copy room, etc.)	4.0%		
Shared Adminimistrative Space (sq ft)	180	3,825	(15.0%)
Remaining Leasable Space	4,185		
Operating Space	67.0%		
Operating Space (sq ft)	3,015	810	(82.0%)
Anchor Tenant Private Office Space	8%		
Anchor Tenant Private Office Space (sq ft)	360	450	(90.0%)
Contingency	10.0%		
Contingency Space (sq ft)	450	360	(100.0%)

Financial Model for Renovated Art Facility

Conservative Model

Fixed Variables							
Operating Space (sq ft)	3,015				Inflation	3.5%	
Likely Per Unit Operating Space (sq ft) <sup>[1]</sup>	150				Fringe Benefits	30.0%	
Likely Anchor Tenant Operating Space (sq ft) <sup>[2]</sup>	300						
Anchor Tenant Private Office Space (sq ft)	360				Depreciation (\$/yr)	\$1,000.00	
Office Space per unit (sq ft)	120				Unexpected Costs	10.0%	
Projections	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Operating hours / week	40	40	40	40	40	40	40
Tenants							
Projected total number of tenants	12	13	14	14	14	14	14
Number of anchor tenants	2	2	2	2	2	2	2
Number of full-time tenants	5	6	7	8	8	8	9
Number of part-time tenants	5	5	5	4	4	4	3
Total occupancy rate	69.7%	74.6%	79.6%	79.6%	79.6%	79.6%	79.6%
Operating Space Rental Revenue							
Rent for operating space (\$/sq ft)	\$1.50	\$1.55	\$1.61	\$1.66	\$1.72	\$1.78	\$1.84
Anchor tenant rent (\$/month) <sup>[7]</sup>	\$778	\$805	\$833	\$862	\$892	\$924	\$956
Full-time tenant rent (\$/month) <sup>[6]</sup>	\$389	\$402	\$416	\$431	\$446	\$462	\$478
Rate 1: Part-time tenant rent (\$/month) <sup>[5]</sup>	\$324	\$335	\$347	\$359	\$372	\$385	\$398
Rate 2: Part-time tenant rent (\$/month) <sup>[4]</sup>	\$270	\$279	\$289	\$299	\$310	\$321	\$332
Rate 3: Part-time tenant rent (\$/month) <sup>[3]</sup>	\$225	\$233	\$241	\$249	\$258	\$267	\$277
Anchor tenant operating rent (annual total) <sup>[8]</sup>	\$9,331	\$9,658	\$9,996	\$10,346	\$10,708	\$11,083	\$11,470
Full-time tenant operating rent (annual total)	\$23,328	\$28,973	\$34,985	\$41,383	\$42,831	\$44,330	\$51,617
Rate 1: Part-time operating rent (annual total) <sup>[9][9a]</sup>	\$7,776	\$8,048	\$8,330	\$6,897	\$7,139	\$7,388	\$5,735
Rate 2: Part-time operating rent (annual total)	\$6,480	\$6,707	\$6,942	\$5,748	\$5,949	\$6,157	\$4,779
Rate 3: Part-time operating rent (annual total) <sup>[10][10a]</sup>	\$2,700	\$2,795	\$2,892	\$2,395	\$2,479	\$2,565	\$1,991
Office Space Rental Revenue <sup>[11]</sup>							
Rent for office space (\$/sq ft)	\$3.00	\$3.11	\$3.21	\$3.33	\$3.44	\$3.56	\$3.69
Anchor tenant rent (\$/month)	\$360	\$373	\$386	\$399	\$413	\$428	\$443
Anchor tenant office rent (annual total) <sup>[8]</sup>	\$8,640	\$8,942	\$9,255	\$9,579	\$9,915	\$10,262	\$10,621
Course Enrollment Estimates							
Number of courses per quarter <sup>[12]</sup>	6	6	6	6	6	6	6
Total courses per year	24	24	24	24	24	24	24
Number of students per course	16	16	16	16	16	16	16
Total students enrolled per year	384	384	384	384	384	384	384
Student fees per course <sup>[13]</sup>	\$100	\$104	\$107	\$111	\$115	\$119	\$123
Instructor fees per course <sup>[14]</sup>	\$250	\$259	\$268	\$277	\$287	\$297	\$307

Course enrollment (annual total)	\$38,400	\$39,744	\$41,135	\$42,575	\$44,065	\$45,607	\$47,203
Instructor fees (annual total)	\$2,400	\$2,484	\$2,571	\$2,661	\$2,754	\$2,850	\$2,950
<b>Staff salary expenses</b>							
Executive Director / Operating Manager	\$30,000	\$31,050	\$32,137	\$33,262	\$34,426	\$35,631	\$36,878
Secretary / Clerical	\$15,000	\$15,525	\$16,068	\$16,630	\$17,212	\$17,814	\$18,437
Fringe benefits (30% of total salaries)	\$13,500	\$13,973	\$14,462	\$14,968	\$15,491	\$16,034	\$16,595
Salary expenses with benefits (annual total)	\$58,500	\$60,548	\$62,667	\$64,860	\$67,129	\$69,479	\$71,910
<b>Operation expenses</b>							
Custodial staff	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Grounds maintenance	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Membership fees	\$400	\$414	\$428	\$443	\$459	\$475	\$492
Travel	\$600	\$621	\$643	\$665	\$689	\$713	\$738
Telephone	\$1,800	\$1,863	\$1,928	\$1,996	\$2,066	\$2,138	\$2,213
Incubator Promotion	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Office supplies	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Postage	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Utilities	\$15,000	\$15,525	\$16,068	\$16,631	\$17,213	\$17,815	\$18,439
Service agreements	\$500	\$518	\$536	\$554	\$574	\$594	\$615
Insurance / Bonds	\$3,000	\$3,105	\$3,214	\$3,326	\$3,443	\$3,563	\$3,688
Depreciation	\$0	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188
Operation expenses (annual total)	\$27,300	\$29,257	\$30,280	\$31,339	\$32,436	\$33,570	\$34,745

**[Assumptions]**

- [1] Projected likely operating space average tenant would rent from the incubator.
- [2] Projected likely operating space average anchor tenant would rent from the incubator.
- [3] Rate 3 part-time tenants rent operating space for less than 10 hours per week at the base rate.
- [4] Rate 2 part-time tenants rent operating space for 10-20 hours per week at 20% higher rent than Rate 3 part-time tenants.
- [5] Rate 1 part-time tenants rent operating space for 20-30 hours per week at 20% higher rent than Rate 2 part-time tenants.
- [6] Full-time tenant rent is 20% higher rent than Rate 1 part-time tenant rent.
- [7] Anchor tenant rent is equal to full-time tenant rent.
- [8] Total annual anchor rent = monthly anchor rent x number of anchor tenants x 12 mth/yr
- [9] Rates 1 and 2 each consists of 40% of part-time tenants.
- [9a] Total annual part-time operating rent = monthly part-time operating rent x 0.4 x number of part-time tenants x 12 mth/yr
- [10] Rate 3 consists of 20% of part-time tenants.
- [10a] Total annual part-time operating rent = monthly part-time operating rent x 0.2 x number of part-time tenants x 12 mth/yr
- [11] Office units primarily rented by anchor tenants.
- [12] A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.
- [13] Student fees are \$10 per class for 10 classes per course, which totals to \$100 per course per quarter for Year 1.
- [14] Instructor fees are \$25 per class for 10 classes per course, which totals to \$250 per course per quarter for Year 1.

*7-Year Budget (Renovated Art Facility, Conservative) with 10% Contingency*

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
<b>Revenues</b>							
Operating Rent: anchor tenants	9,331	9,658	9,996	10,346	10,708	11,083	11,470
Operating Rent: full-time tenants	23,328	28,973	34,985	41,383	42,831	44,330	51,617
Operating Rent: Rate 1 part-time tenants	7,776	8,048	8,330	6,897	7,139	7,388	5,735
Operating Rent: Rate 2 part-time tenants	6,480	6,707	6,942	5,748	5,949	6,157	4,779
Operating Rent: Rate 3 part-time tenants	2,700	2,795	2,892	2,395	2,479	2,565	1,991
Office Rent: anchor tenants	8,640	8,942	9,255	9,579	9,915	10,262	10,621
Course Enrollment	38,400	39,744	41,135	42,575	44,065	45,607	47,203
<b>Total Revenue</b>	<b>\$96,655</b>	<b>\$104,867</b>	<b>\$113,535</b>	<b>\$118,922</b>	<b>\$123,084</b>	<b>\$127,392</b>	<b>\$133,417</b>
<b>Expenses</b>							
Staff Salaries with Benefits	58,500	60,548	62,667	64,860	67,129	69,479	71,910
Instructor Fees	2,400	2,484	2,571	2,661	2,754	2,850	2,950
Operation Expenses	27,300	29,257	30,280	31,339	32,436	33,570	34,745
<b>Total Expenses</b>	<b>\$88,200</b>	<b>\$92,288</b>	<b>\$95,517</b>	<b>\$98,860</b>	<b>\$102,319</b>	<b>\$105,899</b>	<b>\$109,604</b>
10% for Unexpected Expenses	\$8,820	\$9,229	\$9,552	\$9,886	\$10,232	\$10,590	\$10,960
<b>Net Income</b>	<b>(\$365)</b>	<b>\$3,350</b>	<b>\$8,466</b>	<b>\$10,176</b>	<b>\$10,533</b>	<b>\$10,903</b>	<b>\$12,853</b>

## Financial Model for Renovated Art Facility

### Moderate Model

Fixed Variables							
Operating Space (sq ft)	3,015				Inflation	3.5%	
Likely Per Unit Operating Space (sq ft) <sup>[1]</sup>	150				Fringe Benefits	30.0%	
Likely Anchor Tenant Operating Space (sq ft) <sup>[2]</sup>	250						
Anchor Tenant Private Office Space (sq ft)	360				Depreciation (\$/yr)	\$1,000.00	
Office Space per unit (sq ft)	120				Unexpected Costs	10.0%	
Projections	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Operating hours / week	40	40	40	40	40	40	40
Tenants							
Projected total number of tenants	15	16	16	17	17	18	18
Number of anchor tenants	2	2	2	2	2	2	2
Number of full-time tenants	7	8	9	10	10	10	10
Number of part-time tenants	6	6	5	5	5	6	6
Total occupancy rate	81.3%	86.2%	86.2%	91.2%	91.2%	96.2%	96.2%
Operating Space Rental Revenue							
Rent for operating space (\$/sq ft)	\$1.50	\$1.55	\$1.61	\$1.66	\$1.72	\$1.78	\$1.84
Anchor tenant rent (\$/month) <sup>[7]</sup>	\$648	\$671	\$694	\$718	\$744	\$770	\$797
Full-time tenant rent (\$/month) <sup>[6]</sup>	\$389	\$402	\$416	\$431	\$446	\$462	\$478
Rate 1: Part-time tenant rent (\$/month) <sup>[5]</sup>	\$324	\$335	\$347	\$359	\$372	\$385	\$398
Rate 2: Part-time tenant rent (\$/month) <sup>[4]</sup>	\$270	\$279	\$289	\$299	\$310	\$321	\$332
Rate 3: Part-time tenant rent (\$/month) <sup>[3]</sup>	\$225	\$233	\$241	\$249	\$258	\$267	\$277
Anchor tenant operating rent (annual total) <sup>[8]</sup>	\$15,552	\$16,096	\$16,660	\$17,243	\$17,846	\$18,471	\$19,117
Full-time tenant operating rent (annual total)	\$32,659	\$38,631	\$44,981	\$51,728	\$53,539	\$55,413	\$57,352
Rate 1: Part-time operating rent (annual total) <sup>[9] [9a]</sup>	\$9,331	\$9,658	\$8,330	\$8,621	\$8,923	\$11,083	\$11,470
Rate 2: Part-time operating rent (annual total)	\$7,776	\$8,048	\$6,942	\$7,184	\$7,436	\$9,235	\$9,559
Rate 3: Part-time operating rent (annual total) <sup>[10] [10a]</sup>	\$3,240	\$3,353	\$2,892	\$2,994	\$3,098	\$3,848	\$3,983
Office Space Rental Revenue <sup>[11]</sup>							
Rent for office space (\$/sq ft)	\$3.00	\$3.11	\$3.21	\$3.33	\$3.44	\$3.56	\$3.69
Anchor tenant rent (\$/month)	\$360	\$373	\$386	\$399	\$413	\$428	\$443
Anchor tenant office rent (annual total) <sup>[6]</sup>	\$8,640	\$8,942	\$9,255	\$9,579	\$9,915	\$10,262	\$10,621
Course Enrollment Estimates							
Number of courses per quarter <sup>[12]</sup>	6	6	6	6	6	6	6
Total courses per year	24	24	24	24	24	24	24
Number of students per course	17	17	17	17	17	17	17
Total students enrolled per year	408	408	408	408	408	408	408
Student fees per course <sup>[13]</sup>	\$100	\$104	\$107	\$111	\$115	\$119	\$123
Instructor fees per course <sup>[14]</sup>	\$250	\$259	\$268	\$277	\$287	\$297	\$307

Course enrollment (annual total)	\$40,800	\$42,228	\$43,706	\$45,236	\$46,819	\$48,458	\$50,154
Instructor fees (annual total)	\$2,400	\$2,484	\$2,571	\$2,661	\$2,754	\$2,850	\$2,950
<b>Staff salary expenses</b>							
Executive Director / Operating Manager	\$30,000	\$31,050	\$32,137	\$33,262	\$34,426	\$35,631	\$36,878
Secretary / Clerical	\$15,000	\$15,525	\$16,068	\$16,630	\$17,212	\$17,814	\$18,437
Fringe benefits (30% of total salaries)	\$13,500	\$13,973	\$14,462	\$14,968	\$15,491	\$16,034	\$16,595
Salary expenses with benefits (annual total)	\$58,500	\$60,548	\$62,667	\$64,860	\$67,129	\$69,479	\$71,910
<b>Operation expenses</b>							
Custodial staff	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Grounds maintenance	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Membership fees	\$400	\$414	\$428	\$443	\$459	\$475	\$492
Travel	\$600	\$621	\$643	\$665	\$689	\$713	\$738
Telephone	\$1,800	\$1,863	\$1,928	\$1,996	\$2,066	\$2,138	\$2,213
Incubator Promotion	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Office supplies	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Postage	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Utilities	\$15,000	\$15,525	\$16,068	\$16,631	\$17,213	\$17,815	\$18,439
Service agreements	\$500	\$518	\$536	\$554	\$574	\$594	\$615
Insurance / Bonds	\$3,000	\$3,105	\$3,214	\$3,326	\$3,443	\$3,563	\$3,688
Depreciation	\$0	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188
Operation expenses (annual total)	\$27,300	\$29,257	\$30,280	\$31,339	\$32,436	\$33,570	\$34,745
<b>[Assumptions]</b>							
[1] Projected likely operating space average tenant would rent from the incubator.							
[2] Projected likely operating space average anchor tenant would rent from the incubator.							
[3] Rate 3 part-time tenants rent operating space for less than 10 hours per week at the base rate.							
[4] Rate 2 part-time tenants rent operating space for 10-20 hours per week at 20% higher rent than Rate 3 part-time tenants.							
[5] Rate 1 part-time tenants rent operating space for 20-30 hours per week at 20% higher rent than Rate 2 part-time tenants.							
[6] Full-time tenant rent is 20% higher rent than Rate 1 part-time tenant rent.							
[7] Anchor tenant rent is equal to full-time tenant rent.							
[8] Total annual anchor rent = monthly anchor rent x number of anchor tenants x 12 mth/yr							
[9] Rates 1 and 2 each consists of 40% of part-time tenants.							
[9a] Total annual part-time operating rent = monthly part-time operating rent x 0.4 x number of part-time tenants x 12 mth/yr							
[10] Rate 3 consists of 20% of part-time tenants.							
[10a] Total annual part-time operating rent = monthly part-time operating rent x 0.2 x number of part-time tenants x 12 mth/yr							
[11] Office units primarily rented by anchor tenants.							
[12] A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.							
[13] Student fees are \$10 per class for 10 classes per course, which totals to \$100 per course per quarter for Year 1.							
[14] Instructor fees are \$25 per class for 10 classes per course, which totals to \$250 per course per quarter for Year 1.							

*7-Year Budget (Renovated Art, Moderate) with 10% Contingency*

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
<b>Revenues</b>							
Operating Rent: anchor tenants	15,552	16,096	16,660	17,243	17,846	18,471	19,117
Operating Rent: full-time tenants	32,659	38,631	44,981	51,728	53,539	55,413	57,352
Operating Rent: Rate 1 part-time tenants	9,331	9,658	8,330	8,621	8,923	11,083	11,470
Operating Rent: Rate 2 part-time tenants	7,776	8,048	6,942	7,184	7,436	9,235	9,559
Operating Rent: Rate 3 part-time tenants	3,240	3,353	2,892	2,994	3,098	3,848	3,983
Office Rent: anchor tenants	8,640	8,942	9,255	9,579	9,915	10,262	10,621
Course Enrollment	40,800	42,228	43,706	45,236	46,819	48,458	50,154
<b>Total Revenue</b>	<b>\$117,998</b>	<b>\$126,957</b>	<b>\$132,766</b>	<b>\$142,586</b>	<b>\$147,576</b>	<b>\$156,769</b>	<b>\$162,256</b>
<b>Expenses</b>							
Staff Salaries with Benefits	58,500	60,548	62,667	64,860	67,129	69,479	71,910
Instructor Fees	2,400	2,484	2,571	2,661	2,754	2,850	2,950
Operation Expenses	27,300	29,257	30,280	31,339	32,436	33,570	34,745
<b>Total Expenses</b>	<b>\$88,200</b>	<b>\$92,288</b>	<b>\$95,517</b>	<b>\$98,860</b>	<b>\$102,319</b>	<b>\$105,899</b>	<b>\$109,604</b>
10% for Unexpected Expenses	\$8,820	\$9,229	\$9,552	\$9,886	\$10,232	\$10,590	\$10,960
<b>Net Income</b>	<b>\$20,978</b>	<b>\$25,440</b>	<b>\$27,697</b>	<b>\$33,840</b>	<b>\$35,025</b>	<b>\$40,280</b>	<b>\$41,691</b>

Financial Model for Renovated Art Facility

Optimistic Model

Fixed Variables							
Operating Space (sq ft)	3,015				Inflation	3.5%	
Likely Per Unit Operating Space (sq ft) <sup>[1]</sup>	125				Fringe Benefits	30.0%	
Likely Anchor Tenant Operating Space (sq ft) <sup>[2]</sup>	250						
Anchor Tenant Private Office Space (sq ft)	360				Depreciation (\$/yr)	\$1,000.00	
Office Space per unit (sq ft)	120				Unexpected Costs	10.0%	
Projections	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Operating hours / week	40	40	40	40	40	40	40
Tenants							
Projected total number of tenants	18	19	20	21	21	21	21
Number of anchor tenants	3	3	3	3	3	3	3
Number of full-time tenants	9	10	11	12	13	13	13
Number of part-time tenants	6	6	6	6	5	5	5
Total occupancy rate	87.1%	91.2%	95.4%	99.5%	99.5%	99.5%	99.5%
Operating Space Rental Revenue							
Rent for operating space (\$/sq ft)	\$1.50	\$1.55	\$1.61	\$1.66	\$1.72	\$1.78	\$1.84
Anchor tenant rent (\$/month) <sup>[7]</sup>	\$648	\$671	\$694	\$718	\$744	\$770	\$797
Full-time tenant rent (\$/month) <sup>[6]</sup>	\$324	\$335	\$347	\$359	\$372	\$385	\$398
Rate 1: Part-time tenant rent (\$/month) <sup>[5]</sup>	\$270	\$279	\$289	\$299	\$310	\$321	\$332
Rate 2: Part-time tenant rent (\$/month) <sup>[4]</sup>	\$225	\$233	\$241	\$249	\$258	\$267	\$277
Rate 3: Part-time tenant rent (\$/month) <sup>[3]</sup>	\$188	\$194	\$201	\$208	\$215	\$223	\$230
Anchor tenant operating rent (annual total) <sup>[8]</sup>	\$23,328	\$24,144	\$24,990	\$25,864	\$26,769	\$27,706	\$28,676
Full-time tenant operating rent (annual total)	\$34,992	\$40,241	\$45,814	\$51,728	\$58,000	\$60,030	\$62,131
Rate 1: Part-time operating rent (annual total) <sup>[9][9a]</sup>	\$7,776	\$8,048	\$8,330	\$8,621	\$7,436	\$7,696	\$7,966
Rate 2: Part-time operating rent (annual total)	\$6,480	\$6,707	\$6,942	\$7,184	\$6,197	\$6,414	\$6,638
Rate 3: Part-time operating rent (annual total) <sup>[10][10a]</sup>	\$2,700	\$2,795	\$2,892	\$2,994	\$2,582	\$2,672	\$2,766
Office Space Rental Revenue <sup>[11]</sup>							
Rent for office space (\$/sq ft)	\$3.00	\$3.11	\$3.21	\$3.33	\$3.44	\$3.56	\$3.69
Anchor tenant rent (\$/month)	\$360	\$373	\$386	\$399	\$413	\$428	\$443
Anchor tenant office rent (annual total) <sup>[8]</sup>	\$12,960	\$13,414	\$13,883	\$14,369	\$14,872	\$15,392	\$15,931
Course Enrollment Estimates							
Number of courses per quarter <sup>[12]</sup>	7	7	7	7	7	7	7
Total courses per year	28	28	28	28	28	28	28
Number of students per course	18	18	18	18	18	18	18
Total students enrolled per year	504	504	504	504	504	504	504
Student fees per course <sup>[13]</sup>	\$100	\$104	\$107	\$111	\$115	\$119	\$123
Instructor fees per course <sup>[14]</sup>	\$250	\$259	\$268	\$277	\$287	\$297	\$307



Course enrollment (annual total)	\$50,400	\$52,164	\$53,990	\$55,879	\$57,835	\$59,859	\$61,954
Instructor fees (annual total)	\$2,800	\$2,898	\$2,999	\$3,104	\$3,213	\$3,326	\$3,442
<b>Staff salary expenses</b>							
Executive Director / Operating Manager	\$30,000	\$31,050	\$32,137	\$33,262	\$34,426	\$35,631	\$36,878
Secretary / Clerical	\$15,000	\$15,525	\$16,068	\$16,630	\$17,212	\$17,814	\$18,437
Fringe benefits (30% of total salaries)	\$13,500	\$13,973	\$14,462	\$14,968	\$15,491	\$16,034	\$16,595
Salary expenses with benefits (annual total)	\$58,500	\$60,548	\$62,667	\$64,860	\$67,129	\$69,479	\$71,910
<b>Operation expenses</b>							
Custodial staff	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Grounds maintenance	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Membership fees	\$400	\$414	\$428	\$443	\$459	\$475	\$492
Travel	\$600	\$621	\$643	\$665	\$689	\$713	\$738
Telephone	\$1,800	\$1,863	\$1,928	\$1,996	\$2,066	\$2,138	\$2,213
Incubator Promotion	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Office supplies	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Postage	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Utilities	\$15,000	\$15,525	\$16,068	\$16,631	\$17,213	\$17,815	\$18,439
Service agreements	\$500	\$518	\$536	\$554	\$574	\$594	\$615
Insurance / Bonds	\$3,000	\$3,105	\$3,214	\$3,326	\$3,443	\$3,563	\$3,688
Depreciation	\$0	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188
Operation expenses (annual total)	\$27,300	\$29,257	\$30,280	\$31,339	\$32,436	\$33,570	\$34,745
<b>[Assumptions]</b>							
[1] Projected likely operating space average tenant would rent from the incubator.							
[2] Projected likely operating space average anchor tenant would rent from the incubator.							
[3] Rate 3 part-time tenants rent operating space for less than 10 hours per week at the base rate.							
[4] Rate 2 part-time tenants rent operating space for 10-20 hours per week at 20% higher rent than Rate 3 part-time tenants.							
[5] Rate 1 part-time tenants rent operating space for 20-30 hours per week at 20% higher rent than Rate 2 part-time tenants.							
[6] Full-time tenant rent is 20% higher rent than Rate 1 part-time tenant rent.							
[7] Anchor tenant rent is equal to full-time tenant rent.							
[8] Total annual anchor rent = monthly anchor rent x number of anchor tenants x 12 mth/yr							
[9] Rates 1 and 2 each consists of 40% of part-time tenants.							
[9a] Total annual part-time operating rent = monthly part-time operating rent x 0.4 x number of part-time tenants x 12 mth/yr							
[10] Rate 3 consists of 20% of part-time tenants.							
[10a] Total annual part-time operating rent = monthly part-time operating rent x 0.2 x number of part-time tenants x 12 mth/yr							
[11] Office units primarily rented by anchor tenants.							
[12] A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.							
[13] Student fees are \$10 per class for 10 classes per course, which totals to \$100 per course per quarter for Year 1.							
[14] Instructor fees are \$25 per class for 10 classes per course, which totals to \$250 per course per quarter for Year 1.							

*7-Year Budget (Renovated Art Facility, Optimistic) with 10% Contingency*

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
<b>Revenues</b>							
Operating Rent: anchor tenants	23,328	24,144	24,990	25,864	26,769	27,706	28,676
Operating Rent: full-time tenants	34,992	40,241	45,814	51,728	58,000	60,030	62,131
Operating Rent: Rate 1 part-time tenants	7,776	8,048	8,330	8,621	7,436	7,696	7,966
Operating Rent: Rate 2 part-time tenants	6,480	6,707	6,942	7,184	6,197	6,414	6,638
Operating Rent: Rate 3 part-time tenants	2,700	2,795	2,892	2,994	2,582	2,672	2,766
Office Rent: anchor tenants	12,960	13,414	13,883	14,369	14,872	15,392	15,931
Course Enrollment	50,400	52,164	53,990	55,879	57,835	59,859	61,954
<b>Total Revenue</b>	<b>\$138,636</b>	<b>\$147,512</b>	<b>\$156,840</b>	<b>\$166,640</b>	<b>\$173,691</b>	<b>\$179,771</b>	<b>\$186,063</b>
<b>Expenses</b>							
Staff Salaries with Benefits	58,500	60,548	62,667	64,860	67,129	69,479	71,910
Instructor Fees	2,800	2,898	2,999	3,104	3,213	3,326	3,442
Operation Expenses	27,300	29,257	30,280	31,339	32,436	33,570	34,745
<b>Total Expenses</b>	<b>\$88,600</b>	<b>\$92,702</b>	<b>\$95,946</b>	<b>\$99,303</b>	<b>\$102,778</b>	<b>\$106,374</b>	<b>\$110,096</b>
10% for Unexpected Expenses	\$8,860	\$9,270	\$9,595	\$9,930	\$10,278	\$10,637	\$11,010
<b>Net Income</b>	<b>\$41,176</b>	<b>\$45,540</b>	<b>\$51,300</b>	<b>\$57,407</b>	<b>\$60,636</b>	<b>\$62,759</b>	<b>\$64,957</b>

## Alpena Mixed-Use Business Incubator

### Mixed-use business incubator site plan estimates

Estimate	Figures	Sq. ft. remaining	% Used
Total Building (sq ft)	6,500	6,500	(0.0%)
Usable Space (walls, bathrooms, hallways, etc. excluded)	92.0%		
Usable Area (sq ft)	5,980	5,980	(8.0%)
Administrative Space (non-leasable)	3.5%		
Administrative Area (sq ft)	228	5,753	(11.5%)
Shared Administrative Space (conference room, copy room, etc.)	4.5%		
Shared Adminimistrative Space (sq ft)	293	5,460	(16.0%)
Remaining Leasable Space	5,980		
Operating Space	30.0%		
Operating Space (sq ft)	1,950	3,510	(46.0%)
Number of Tenant Private Office Units	20		
Total Tenant Private Office Space	46.0%		
Total Tenant Private Office Space (sq ft)	2,990	520	(92.0%)
Contingency	8.0%		
Contingency Space (sq ft)	520	0	(100.0%)

Financial Model for Renovated Mixed-Use Facility

Conservative Model

Fixed Variables							
Operating Space (sq ft)	1,950				Inflation	3.5%	
Likely Per Unit Operating Space (sq ft) <sup>[1]</sup>	300				Fringe Benefits	30.0%	
Private Per Unit Office Space (sq ft)	150						
Number of Private Office Units	20				Depreciation (\$/yr)	\$1,000.00	
					Unexpected Costs	10.0%	
Projections	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Operating hours / week	40	40	40	40	40	40	40
Tenants							
Projected total number of tenants	12	13	14	15	15	15	15
Number of full-time tenants	7	8	9	10	11	11	12
Number of part-time tenants	5	5	5	5	4	4	3
Number of tenants requiring operating space <sup>[2]</sup>	2	3	4	5	5	5	5
Total operating space occupancy rate	30.8%	46.2%	61.5%	76.9%	76.9%	76.9%	76.9%
Total office space occupancy rate	60.0%	65.0%	70.0%	75.0%	75.0%	75.0%	75.0%
Operating Space Rental Revenue							
Rent for operating space (\$/sq ft)	\$1.50	\$1.55	\$1.61	\$1.66	\$1.72	\$1.78	\$1.84
Full-time tenant rent (\$/month) <sup>[6]</sup>	\$778	\$805	\$833	\$862	\$892	\$924	\$956
Rate 1: Part-time tenant rent (\$/month) <sup>[5]</sup>	\$648	\$671	\$694	\$718	\$744	\$770	\$797
Rate 2: Part-time tenant rent (\$/month) <sup>[4]</sup>	\$540	\$559	\$578	\$599	\$620	\$641	\$664
Rate 3: Part-time tenant rent (\$/month) <sup>[3]</sup>	\$450	\$466	\$482	\$499	\$516	\$534	\$553
Full-time tenant operating rent (annual total) <sup>[7] [7a]</sup>	\$9,331	\$14,487	\$19,992	\$25,864	\$26,769	\$27,706	\$28,676
Rate 1: Part-time operating rent (annual total) <sup>[8] [8a]</sup>	\$3,110	\$4,829	\$6,664	\$8,621	\$8,923	\$9,235	\$9,559
Rate 2: Part-time operating rent (annual total)	\$2,592	\$4,024	\$5,553	\$7,184	\$7,436	\$7,696	\$7,966
Rate 3: Part-time operating rent (annual total) <sup>[9] [9a]</sup>	\$1,080	\$1,677	\$2,314	\$2,994	\$3,098	\$3,207	\$3,319
Office Space Rental Revenue							
Rent for private office space (\$/sq ft)	\$3.00	\$3.11	\$3.21	\$3.33	\$3.44	\$3.56	\$3.69
Full-time tenant rent per unit (\$/month) <sup>[6]</sup>	\$775	\$802	\$830	\$859	\$889	\$920	\$953
Rate 1: Part-time tenant rent (\$/month) <sup>[5]</sup>	\$646	\$668	\$692	\$716	\$741	\$767	\$794
Rate 2: Part-time tenant rent (\$/month) <sup>[4]</sup>	\$538	\$557	\$577	\$597	\$618	\$639	\$662
Rate 3: Part-time tenant rent (\$/month) <sup>[3]</sup>	\$449	\$464	\$480	\$497	\$515	\$533	\$551
Full-time tenant office rent (annual total) <sup>[10]</sup>	\$65,101	\$77,005	\$89,662	\$103,112	\$117,393	\$121,502	\$137,186
Rate 1: Part-time office rent (annual total) <sup>[8]</sup>	\$15,500	\$16,043	\$16,604	\$17,185	\$14,229	\$14,727	\$11,432
Rate 2: Part-time office rent (annual total)	\$12,917	\$13,369	\$13,837	\$14,321	\$11,858	\$12,273	\$9,527
Rate 3: Part-time office rent (annual total) <sup>[9]</sup>	\$5,382	\$5,570	\$5,765	\$5,967	\$4,941	\$5,114	\$3,970
Course Enrollment Estimates							
Number of courses per quarter <sup>[11]</sup>	5	5	5	6	6	6	6
Total courses per year	20	20	20	24	24	24	24

Number of students per course	14	14	14	14	14	14	14
Total students enrolled per year	280	280	280	336	336	336	336
Student fees per course <sup>[12]</sup>	\$100	\$104	\$107	\$111	\$115	\$119	\$123
Instructor fees per course <sup>[13]</sup>	\$250	\$259	\$268	\$277	\$287	\$297	\$307
Course enrollment (annual total)	\$28,000	\$28,980	\$29,994	\$37,253	\$38,557	\$39,906	\$41,303
Instructor fees (annual total)	\$5,000	\$5,175	\$5,356	\$6,652	\$6,885	\$7,126	\$7,376

**Staff salary expenses**

Executive Director / Operating Manager	\$50,000	\$51,750	\$53,561	\$55,436	\$57,376	\$59,384	\$61,462
Secretary / Clerical	\$25,000	\$25,875	\$26,781	\$27,718	\$28,688	\$29,692	\$30,731
Fringe benefits (30% of total salaries)	\$22,500	\$23,288	\$24,103	\$24,946	\$25,819	\$26,723	\$27,658
Salary expenses with benefits (annual total)	\$97,500	\$100,913	\$104,445	\$108,100	\$111,883	\$115,799	\$119,851

**Operation expenses**

Custodial staff	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Grounds maintenance	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Membership fees	\$500	\$518	\$536	\$554	\$574	\$594	\$615
Travel	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Telephone	\$3,000	\$3,105	\$3,214	\$3,326	\$3,443	\$3,563	\$3,688
Incubator Promotion	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Office supplies	\$1,200	\$1,242	\$1,285	\$1,330	\$1,377	\$1,425	\$1,475
Postage	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Utilities	\$17,000	\$17,595	\$18,211	\$18,848	\$19,508	\$20,191	\$20,897
Service agreements	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,782	\$1,844
Insurance / Bonds	\$6,500	\$6,728	\$6,963	\$7,207	\$7,459	\$7,720	\$7,990
Depreciation	\$0	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188
Operation expenses (annual total)	\$35,700	\$37,951	\$39,278	\$40,652	\$42,075	\$43,547	\$45,070

**[Assumptions]**

- [1] Projected likely operating space average tenant would rent from the incubator.
- [2] Number of tenants requiring operating space can be either full-time or part-time tenants, which is included in the numbers in the above two rows, and thus do not effect the total number of incubator tenants.
- [3] Rate 3 part-time tenants rent operating space for less than 10 hours per week at the base rate.
- [4] Rate 2 part-time tenants rent operating space for 10-20 hours per week at 20% higher rent than Rate 3 part-time tenants.
- [5] Rate 1 part-time tenants rent operating space for 20-30 hours per week at 20% higher rent than Rate 2 part-time tenants.
- [6] Full-time tenant rent is 20% higher rent than Rate 1 part-time tenant rent.
- [7] 50% of tenants requiring operating space are full-time tenants.
- [7a] Total annual full-time operating rent = monthly full-time operating rent x 0.5 x number of tenants requiring operating space x 12 mth/yr
- [8] Rates 1 and 2 each consists of 40% of part-time tenants.
- [8a] Total annual part-time operating rent = monthly part-time operating rent x 0.5 x 0.4 x number of tenants requiring operating space x 12 mth/yr
- [9] Rate 3 consists of 20% of part-time tenants.
- [9a] Total annual part-time operating rent = monthly part-time operating rent x 0.5 x 0.2 x number of tenants requiring operating space x 12 mth/yr
- [10] Total annual full-time office rent = monthly full-time office rent x number of full-time tenants x 12 mth/yr
- [11] A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.
- [12] Student fees are \$10 per class for 10 classes per course, which totals to \$100 per course per quarter for Year 1.
- [13] Instructor fees are \$25 per class for 10 classes per course, which totals to \$250 per course per quarter for Year 1.

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

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
<b>Revenues</b>							
Operating Rent: full-time tenants	9,331	14,487	19,992	25,864	26,769	27,706	28,676
Operating Rent: Rate 1 part-time tenants	3,110	4,829	6,664	8,621	8,923	9,235	9,559
Operating Rent: Rate 2 part-time tenants	2,592	4,024	5,553	7,184	7,436	7,696	7,966
Operating Rent: Rate 3 part-time tenants	1,080	1,677	2,314	2,994	3,098	3,207	3,319
Office Rent: full-time tenants	65,101	77,005	89,662	103,112	117,393	121,502	137,186
Office Rent: Rate 1 part-time tenants	15,500	16,043	16,604	17,185	14,229	14,727	11,432
Office Rent: Rate 2 part-time tenants	12,917	13,369	13,837	14,321	11,858	12,273	9,527
Office Rent: Rate 3 part-time tenants	5,382	5,570	5,765	5,967	4,941	5,114	3,970
Course Enrollment	28,000	28,980	29,994	37,253	38,557	39,906	41,303
<b>Total Revenue</b>	<b>\$143,013</b>	<b>\$165,983</b>	<b>\$190,386</b>	<b>\$222,502</b>	<b>\$233,204</b>	<b>\$241,367</b>	<b>\$252,937</b>
<b>Expenses</b>							
Staff Salaries with Benefits	97,500	100,913	104,445	108,100	111,883	115,799	119,851
Instructor Fees	5,000	5,175	5,356	6,652	6,885	7,126	7,376
Operation Expenses	35,700	37,951	39,278	40,652	42,075	43,547	45,070
<b>Total Expenses</b>	<b>\$138,200</b>	<b>\$144,038</b>	<b>\$149,079</b>	<b>\$155,405</b>	<b>\$160,843</b>	<b>\$166,472</b>	<b>\$172,297</b>
10% for Unexpected Expenses	\$13,820	\$14,404	\$14,908	\$15,540	\$16,084	\$16,647	\$17,230
<b>Net Income</b>	<b>(\$9,007)</b>	<b>\$7,541</b>	<b>\$26,399</b>	<b>\$51,557</b>	<b>\$56,277</b>	<b>\$58,248</b>	<b>\$63,411</b>

Financial Model for Renovated Mixed-Use Facility

Moderate Model

Fixed Variables							
Operating Space (sq ft)	1,950			Inflation		3.5%	
Likely Per Unit Operating Space (sq ft) <sup>[1]</sup>	300			Fringe Benefits		30.0%	
Private Per Unit Office Space (sq ft)	150						
Number of Private Office Units	20			Depreciation (\$/yr)		\$1,000.00	
				Unexpected Costs		10.0%	
Projections	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Operating hours / week	40	40	40	40	40	40	40
Tenants							
Projected total number of tenants	15	16	17	18	18	19	19
Number of full-time tenants	10	11	12	12	13	13	13
Number of part-time tenants	5	5	5	6	5	6	6
Number of tenants requiring operating space <sup>[2]</sup>	3	4	5	6	6	6	6
Total operating space occupancy rate	46.2%	61.5%	76.9%	92.3%	92.3%	92.3%	92.3%
Total office space occupancy rate	75.0%	80.0%	85.0%	90.0%	90.0%	95.0%	95.0%
Operating Space Rental Revenue							
Rent for operating space (\$/sq ft)	\$1.50	\$1.55	\$1.61	\$1.66	\$1.72	\$1.78	\$1.84
Full-time tenant rent (\$/month) <sup>[6]</sup>	\$777.60	\$804.82	\$832.98	\$862.14	\$892.31	\$923.54	\$955.87
Rate 1: Part-time tenant rent (\$/month) <sup>[5]</sup>	\$648.00	\$670.68	\$694.15	\$718.45	\$743.59	\$769.62	\$796.56
Rate 2: Part-time tenant rent (\$/month) <sup>[4]</sup>	\$540.00	\$558.90	\$578.46	\$598.71	\$619.66	\$641.35	\$663.80
Rate 3: Part-time tenant rent (\$/month) <sup>[3]</sup>	\$450.00	\$465.75	\$482.05	\$498.92	\$516.39	\$534.46	\$553.16
Full-time tenant operating rent (annual total) <sup>[7] [7a]</sup>	\$13,996.80	\$19,315.58	\$24,989.54	\$31,037.00	\$32,123.30	\$33,247.62	\$34,411.28
Rate 1: Part-time operating rent (annual total) <sup>[8] [8a]</sup>	\$4,665.60	\$6,438.53	\$8,329.85	\$10,345.67	\$10,707.77	\$11,082.54	\$11,470.43
Rate 2: Part-time operating rent (annual total)	\$3,888.00	\$5,365.44	\$6,941.54	\$8,621.39	\$8,923.14	\$9,235.45	\$9,558.69
Rate 3: Part-time operating rent (annual total) <sup>[9] [9a]</sup>	\$1,620.00	\$2,235.60	\$2,892.31	\$3,592.25	\$3,717.97	\$3,848.10	\$3,982.79
Office Space Rental Revenue							
Rent for private office space (\$/sq ft)	\$3.00	\$3.11	\$3.21	\$3.33	\$3.44	\$3.56	\$3.69
Full-time tenant rent per unit (\$/month) <sup>[6]</sup>	\$775	\$802	\$830	\$859	\$889	\$920	\$953
Rate 1: Part-time tenant rent (\$/month) <sup>[5]</sup>	\$646	\$668	\$692	\$716	\$741	\$767	\$794
Rate 2: Part-time tenant rent (\$/month) <sup>[4]</sup>	\$538	\$557	\$577	\$597	\$618	\$639	\$662
Rate 3: Part-time tenant rent (\$/month) <sup>[3]</sup>	\$449	\$464	\$480	\$497	\$515	\$533	\$551

Full-time tenant office rent (annual total) <sup>[10]</sup>	\$93,001	\$105,882	\$119,550	\$123,734	\$138,737	\$143,593	\$148,619
Rate 1: Part-time office rent (annual total) <sup>[8]</sup>	\$15,500	\$16,043	\$16,604	\$20,622	\$17,787	\$22,091	\$22,864
Rate 2: Part-time office rent (annual total)	\$12,917	\$13,369	\$13,837	\$17,185	\$14,822	\$18,409	\$19,054
Rate 3: Part-time office rent (annual total) <sup>[9]</sup>	\$5,382	\$5,570	\$5,765	\$7,161	\$6,176	\$7,671	\$7,939
<b>Course Enrollment Estimates</b>							
Number of courses per quarter <sup>[11]</sup>	5	5	5	6	6	6	6
Total courses per year	20	20	20	24	24	24	24
Number of students per course	15	15	15	15	15	15	15
Total students enrolled per year	300	300	300	360	360	360	360
Student fees per course <sup>[12]</sup>	\$100	\$104	\$107	\$111	\$115	\$119	\$123
Instructor fees per course <sup>[13]</sup>	\$250	\$259	\$268	\$277	\$287	\$297	\$307
Course enrollment (annual total)	\$30,000	\$31,050	\$32,137	\$39,914	\$41,311	\$42,757	\$44,253
Instructor fees (annual total)	\$5,000	\$5,175	\$5,356	\$6,652	\$6,885	\$7,126	\$7,376
<b>Staff salary expenses</b>							
Executive Director / Operating Manager	\$50,000	\$51,750	\$53,561	\$55,436	\$57,376	\$59,384	\$61,462
Secretary / Clerical	\$25,000	\$25,875	\$26,781	\$27,718	\$28,688	\$29,692	\$30,731
Fringe benefits (30% of total salaries)	\$22,500	\$23,288	\$24,103	\$24,946	\$25,819	\$26,723	\$27,658
Salary expenses with benefits (annual total)	\$97,500	\$100,913	\$104,445	\$108,100	\$111,883	\$115,799	\$119,851
<b>Operation expenses</b>							
Custodial staff	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Grounds maintenance	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Membership fees	\$500	\$518	\$536	\$554	\$574	\$594	\$615
Travel	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Telephone	\$3,000	\$3,105	\$3,214	\$3,326	\$3,443	\$3,563	\$3,688
Incubator Promotion	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Office supplies	\$1,200	\$1,242	\$1,285	\$1,330	\$1,377	\$1,425	\$1,475
Postage	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Utilities	\$17,000	\$17,595	\$18,211	\$18,848	\$19,508	\$20,191	\$20,897
Service agreements	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,782	\$1,844
Insurance / Bonds	\$6,500	\$6,728	\$6,963	\$7,207	\$7,459	\$7,720	\$7,990
Depreciation	\$0	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188
Operation expenses (annual total)	\$35,700	\$37,951	\$39,278	\$40,652	\$42,075	\$43,547	\$45,070
<b>[Assumptions]</b>							
[1] Projected likely operating space average tenant would rent from the incubator.							
[2] Number of tenants requiring operating space can be either full-time or part-time tenants, which is included in the numbers in the above two rows, and thus do not effect the total number of incubator tenants.							
[3] Rate 3 part-time tenants rent operating space for less than 10 hours per week at the base rate.							
[4] Rate 2 part-time tenants rent operating space for 10-20 hours per week at 20% higher rent than Rate 3 part-time tenants.							



[5]	Rate 1 part-time tenants rent operating space for 20-30 hours per week at 20% higher rent than Rate 2 part-time tenants.
[6]	Full-time tenant rent is 20% higher rent than Rate 1 part-time tenant rent.
[7]	50% of tenants requiring operating space are full-time tenants.
[7a]	Total annual full-time operating rent = monthly full-time operating rent x 0.5 x number of tenants requiring operating space x 12 mth/yr
[8]	Rates 1 and 2 each consists of 40% of part-time tenants.
[8a]	Total annual part-time operating rent = monthly part-time operating rent x 0.5 x 0.4 x number of tenants requiring operating space x 12 mth/yr
[9]	Rate 3 consists of 20% of part-time tenants.
[9a]	Total annual part-time operating rent = monthly part-time operating rent x 0.5 x 0.2 x number of tenants requiring operating space x 12 mth/yr
[10]	Total annual full-time office rent = monthly full-time office rent x number of full-time tenants x 12 mth/yr
[11]	A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.
[12]	Student fees are \$10 per class for 10 classes per course, which totals to \$100 per course per quarter for Year 1.
[13]	Instructor fees are \$25 per class for 10 classes per course, which totals to \$250 per course per quarter for Year 1.

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

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
<b>Revenues</b>							
Operating Rent: full-time tenants	13,997	19,316	24,990	31,037	32,123	33,248	34,411
Operating Rent: Rate 1 part-time tenants	4,666	6,439	8,330	10,346	10,708	11,083	11,470
Operating Rent: Rate 2 part-time tenants	3,888	5,365	6,942	8,621	8,923	9,235	9,559
Operating Rent: Rate 3 part-time tenants	1,620	2,236	2,892	3,592	3,718	3,848	3,983
Office Rent: full-time tenants	93,001	105,882	119,550	123,734	138,737	143,593	148,619
Office Rent: Rate 1 part-time tenants	15,500	16,043	16,604	20,622	17,787	22,091	22,864
Office Rent: Rate 2 part-time tenants	12,917	13,369	13,837	17,185	14,822	18,409	19,054
Office Rent: Rate 3 part-time tenants	5,382	5,570	5,765	7,161	6,176	7,671	7,939
Course Enrollment	30,000	31,050	32,137	39,914	41,311	42,757	44,253
<b>Total Revenue</b>	<b>\$180,970</b>	<b>\$205,269</b>	<b>\$231,046</b>	<b>\$262,213</b>	<b>\$274,305</b>	<b>\$291,934</b>	<b>\$302,152</b>
<b>Expenses</b>							
Staff Salaries with Benefits	97,500	100,913	104,445	108,100	111,883	115,799	119,851
Instructor Fees	5,000	5,175	5,356	6,652	6,885	7,126	7,376
Operation Expenses	35,700	37,951	39,278	40,652	42,075	43,547	45,070
<b>Total Expenses</b>	<b>\$138,200</b>	<b>\$144,038</b>	<b>\$149,079</b>	<b>\$155,405</b>	<b>\$160,843</b>	<b>\$166,472</b>	<b>\$172,297</b>
10% for Unexpected Expenses	\$13,820	\$14,404	\$14,908	\$15,540	\$16,084	\$16,647	\$17,230
<b>Net Income</b>	<b>\$28,950</b>	<b>\$46,827</b>	<b>\$67,060</b>	<b>\$91,267</b>	<b>\$97,378</b>	<b>\$108,815</b>	<b>\$112,625</b>

Financial Model for Renovated Mixed-Use Facility

Optimistic Model

Fixed Variables							
Operating Space (sq ft)	1,950				Inflation	3.5%	
Likely Per Unit Operating Space (sq ft) <sup>[1]</sup>	278				Fringe Benefits	30.0%	
Private Per Unit Office Space (sq ft)	150						
Number of Private Office Units	20				Depreciation (\$/yr)	\$1,000.00	
					Unexpected Costs	10.0%	
Projections	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Operating hours / week	40	40	40	40	40	40	40
Tenants							
Projected total number of tenants	18	19	20	20	20	20	20
Number of full-time tenants	12	13	14	15	16	16	16
Number of part-time tenants	6	6	6	5	4	4	4
Number of tenants requiring operating space <sup>[2]</sup>	4	5	6	7	7	7	7
Total operating space occupancy rate	57.0%	71.3%	85.5%	99.8%	99.8%	99.8%	99.8%
Total office space occupancy rate	90.0%	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Space Rental Revenue							
Rent for operating space (\$/sq ft)	\$1.50	\$1.55	\$1.61	\$1.66	\$1.72	\$1.78	\$1.84
Full-time tenant rent (\$/month) <sup>[6]</sup>	\$721	\$746	\$772	\$799	\$827	\$856	\$886
Rate 1: Part-time tenant rent (\$/month) <sup>[5]</sup>	\$600	\$621	\$643	\$666	\$689	\$713	\$738
Rate 2: Part-time tenant rent (\$/month) <sup>[4]</sup>	\$500	\$518	\$536	\$555	\$574	\$594	\$615
Rate 3: Part-time tenant rent (\$/month) <sup>[3]</sup>	\$417	\$432	\$447	\$462	\$479	\$495	\$513
Full-time tenant operating rent (annual total) <sup>[7][7a]</sup>	\$17,294	\$22,374	\$27,788	\$33,554	\$34,729	\$35,944	\$37,202
Rate 1: Part-time operating rent (annual total) <sup>[8][8a]</sup>	\$5,765	\$7,458	\$9,263	\$11,185	\$11,576	\$11,981	\$12,401
Rate 2: Part-time operating rent (annual total)	\$4,804	\$6,215	\$7,719	\$9,321	\$9,647	\$9,985	\$10,334
Rate 3: Part-time operating rent (annual total) <sup>[9][9a]</sup>	\$2,002	\$2,590	\$3,216	\$3,884	\$4,020	\$4,160	\$4,306
Office Space Rental Revenue							
Rent for private office space (\$/sq ft)	\$3.00	\$3.11	\$3.21	\$3.33	\$3.44	\$3.56	\$3.69
Full-time tenant rent per unit (\$/month) <sup>[6]</sup>	\$775	\$802	\$830	\$859	\$889	\$920	\$953
Rate 1: Part-time tenant rent (\$/month) <sup>[5]</sup>	\$646	\$668	\$692	\$716	\$741	\$767	\$794
Rate 2: Part-time tenant rent (\$/month) <sup>[4]</sup>	\$538	\$557	\$577	\$597	\$618	\$639	\$662
Rate 3: Part-time tenant rent (\$/month) <sup>[3]</sup>	\$449	\$464	\$480	\$497	\$515	\$533	\$551
Full-time tenant office rent (annual total) <sup>[10]</sup>	\$111,601	\$125,133	\$139,475	\$154,668	\$170,753	\$176,730	\$182,915
Rate 1: Part-time office rent (annual total) <sup>[8][8b]</sup>	\$18,600	\$19,251	\$19,925	\$17,185	\$14,229	\$14,727	\$15,243
Rate 2: Part-time office rent (annual total)	\$15,500	\$16,043	\$16,604	\$14,321	\$11,858	\$12,273	\$12,702
Rate 3: Part-time office rent (annual total) <sup>[9][9b]</sup>	\$6,458	\$6,684	\$6,918	\$5,967	\$4,941	\$5,114	\$5,293
Course Enrollment Estimates							
Number of courses per quarter <sup>[11]</sup>	6	6	6	7	7	7	7
Total courses per year	24	24	24	28	28	28	28

Number of students per course	16	16	16	16	16	16	16
Total students enrolled per year	384	384	384	448	448	448	448
Student fees per course <sup>[12]</sup>	\$100	\$104	\$107	\$111	\$115	\$119	\$123
Instructor fees per course <sup>[13]</sup>	\$250	\$259	\$268	\$277	\$287	\$297	\$307
Course enrollment (annual total)	\$38,400	\$39,744	\$41,135	\$49,671	\$51,409	\$53,208	\$55,071
Instructor fees (annual total)	\$6,000	\$6,210	\$6,427	\$7,761	\$8,033	\$8,314	\$8,605
<b>Staff salary expenses</b>							
Executive Director / Operating Manager	\$50,000	\$51,750	\$53,561	\$55,436	\$57,376	\$59,384	\$61,462
Secretary / Clerical	\$25,000	\$25,875	\$26,781	\$27,718	\$28,688	\$29,692	\$30,731
Fringe benefits (30% of total salaries)	\$22,500	\$23,288	\$24,103	\$24,946	\$25,819	\$26,723	\$27,658
Salary expenses with benefits (annual total)	\$97,500	\$100,913	\$104,445	\$108,100	\$111,883	\$115,799	\$119,851
<b>Operation expenses</b>							
Custodial staff	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Grounds maintenance	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Membership fees	\$500	\$518	\$536	\$554	\$574	\$594	\$615
Travel	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Telephone	\$3,000	\$3,105	\$3,214	\$3,326	\$3,443	\$3,563	\$3,688
Incubator Promotion	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Office supplies	\$1,200	\$1,242	\$1,285	\$1,330	\$1,377	\$1,425	\$1,475
Postage	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Utilities	\$17,000	\$17,595	\$18,211	\$18,848	\$19,508	\$20,191	\$20,897
Service agreements	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,782	\$1,844
Insurance / Bonds	\$6,500	\$6,728	\$6,963	\$7,207	\$7,459	\$7,720	\$7,990
Depreciation	\$0	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188
Operation expenses (annual total)	\$35,700	\$37,951	\$39,278	\$40,652	\$42,075	\$43,547	\$45,070
<b>[Assumptions]</b>							
[1] Projected likely operating space average tenant would rent from the incubator.							
[2] Number of tenants requiring operating space can be either full-time or part-time tenants, which is included in the numbers in the above two rows, and thus do not effect the total number of incubator tenants.							
[3] Rate 3 part-time tenants rent operating space for less than 10 hours per week at the base rate.							
[4] Rate 2 part-time tenants rent operating space for 10-20 hours per week at 20% higher rent than Rate 3 part-time tenants.							
[5] Rate 1 part-time tenants rent operating space for 20-30 hours per week at 20% higher rent than Rate 2 part-time tenants.							
[6] Full-time tenant rent is 20% higher rent than Rate 1 part-time tenant rent.							
[7] 50% of tenants requiring operating space are full-time tenants.							
[7a] Total annual full-time operating rent = monthly full-time operating rent x 0.5 x number of tenants requiring operating space x 12 mth/yr							
[8] Rates 1 and 2 each consists of 40% of part-time tenants.							
[8a] Total annual part-time operating rent = monthly part-time operating rent x 0.5 x 0.4 x number of tenants requiring operating space x 12 mth/yr							
[9] Rate 3 consists of 20% of part-time tenants.							
[9a] Total annual part-time operating rent = monthly part-time operating rent x 0.5 x 0.2 x number of tenants requiring operating space x 12 mth/yr							
[10] Total annual full-time office rent = monthly full-time office rent x number of full-time tenants x 12 mth/yr							
[11] A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.							
[12] Student fees are \$10 per class for 10 classes per course, which totals to \$100 per course per quarter for Year 1.							
[13] Instructor fees are \$25 per class for 10 classes per course, which totals to \$250 per course per quarter for Year 1.							

*7-Year Budget (Renovated Mixed-Use Facility, Optimistic) with 10% Contingency*

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
<b>Revenues</b>							
Operating Rent: full-time tenants	17,294	22,374	27,788	33,554	34,729	35,944	37,202
Operating Rent: Rate 1 part-time tenants	5,765	7,458	9,263	11,185	11,576	11,981	12,401
Operating Rent: Rate 2 part-time tenants	4,804	6,215	7,719	9,321	9,647	9,985	10,334
Operating Rent: Rate 3 part-time tenants	2,002	2,590	3,216	3,884	4,020	4,160	4,306
Office Rent: full-time tenants	111,601	125,133	139,475	154,668	170,753	176,730	182,915
Office Rent: Rate 1 part-time tenants	18,600	19,251	19,925	17,185	14,229	14,727	15,243
Office Rent: Rate 2 part-time tenants	15,500	16,043	16,604	14,321	11,858	12,273	12,702
Office Rent: Rate 3 part-time tenants	6,458	6,684	6,918	5,967	4,941	5,114	5,293
Course Enrollment	38,400	39,744	41,135	49,671	51,409	53,208	55,071
<b>Total Revenue</b>	<b>\$220,424</b>	<b>\$245,491</b>	<b>\$272,044</b>	<b>\$299,755</b>	<b>\$313,162</b>	<b>\$324,123</b>	<b>\$335,467</b>
<b>Expenses</b>							
Staff Salaries with Benefits	97,500	100,913	104,445	108,100	111,883	115,799	119,851
Instructor Fees	6,000	6,210	6,427	7,761	8,033	8,314	8,605
Operation Expenses	35,700	37,951	39,278	40,652	42,075	43,547	45,070
<b>Total Expenses</b>	<b>\$139,200</b>	<b>\$145,073</b>	<b>\$150,150</b>	<b>\$156,514</b>	<b>\$161,991</b>	<b>\$167,659</b>	<b>\$173,526</b>
10% for Unexpected Expenses	\$13,920	\$14,507	\$15,015	\$15,651	\$16,199	\$16,766	\$17,353
<b>Net Income</b>	<b>\$67,304</b>	<b>\$85,911</b>	<b>\$106,879</b>	<b>\$127,591</b>	<b>\$134,972</b>	<b>\$139,697</b>	<b>\$144,588</b>

## Alpena Combined Incubator

### Combined incubator site plan estimates

Estimate	Figures	Sq. ft. remaining	% Used
Total Building (sq ft)	10,000	10,000	(0.0%)
Usable Space (walls, bathrooms, hallways, etc. excluded)	92.0%		
Usable Area (sq ft)	9,200	9,200	(8.0%)
Administrative Space (non-leasable)	4.0%		
Administrative Area (sq ft)	400	8,800	(12.0%)
Shared Administrative Space (conference room, copy room, etc.)	5.0%		
Shared Adminimistrative Space (sq ft)	500	8,300	(17.0%)
Remaining Leasable Space	9,100		
Arts Operating Space	20.0%		
Arts Operating Space (sq ft)	2,000	6,300	(37.0%)
Mixed-Use Operating Space	25.0%		
Mixed-Use Operating Space (sq ft)	2,500	3,800	(62.0%)
Number of Tenant Private Office Units	20		
Total Tenant Private Office Space	30.0%		
Total Tenant Private Office Space (sq ft)	3,000	800	(92.0%)
Contingency	8.0%		
Contingency Space (sq ft)	800	0	(100.0%)

Financial Model for Renovated Combined Facility

Conservative Model

Fixed Variables								
Arts and Crafts Operating Space (sq ft)	2,000				Inflation	3.5%		
Likely Per Unit Operating Space (sq ft) <sup>(1)</sup>	150				Fringe Benefits	30.0%		
Mixed-Use Operating Space (sq ft)	2,500				Depreciation (\$/yr)	\$2,000.00		
Likely Per Unit Operating Space (sq ft) <sup>(1)</sup>	300				Unexpected Costs	10.0%		
Mixed-Use Private Office Space (sq ft)	3000				Course Growth Rate (course/year)	1		
Per Unit Private Office Space (sq ft)	150							
Number of Private Office Units	20							
Projections		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Operating hours / week		40	40	40	40	40	40	40
Tenants								
Projected total number of tenants	18	20	22	24	24	24	24	
Total number of full-time tenants	10	12	14	16	17	17	18	
Number of full-time arts tenants	4	5	6	7	7	7	7	
Number of full-time mixed-use tenants	6	7	8	9	10	10	11	
Total number of part-time tenants	8	8	8	8	7	7	6	
Number of part-time arts tenants	4	4	4	3	3	3	2	
Number of part-time mixed-use tenants	4	4	4	5	4	4	4	
Number of mixed-use tenants requiring operating space <sup>(2)</sup>	2	3	4	5	5	5	5	
Total operating space occupancy rate	40.0%	50.0%	60.0%	66.7%	66.7%	66.7%	63.3%	
Total office space occupancy rate	50.0%	55.0%	60.0%	70.0%	70.0%	70.0%	75.0%	
Arts Operating Space Rental Revenue								
Rent for operating space (\$/sq ft)	\$1.50	\$1.55	\$1.61	\$1.66	\$1.72	\$1.78	\$1.84	
Full-time tenant rent (\$/month) <sup>(6)</sup>	\$389	\$402	\$416	\$431	\$446	\$462	\$478	
Rate 1: Part-time tenant rent (\$/month) <sup>(5)</sup>	\$324	\$335	\$347	\$359	\$372	\$385	\$398	
Rate 2: Part-time tenant rent (\$/month) <sup>(4)</sup>	\$270	\$279	\$289	\$299	\$310	\$321	\$332	
Rate 3: Part-time tenant rent (\$/month) <sup>(3)</sup>	\$225	\$233	\$241	\$249	\$258	\$267	\$277	
Full-time tenant operating rent (annual total) <sup>(7)</sup>	\$18,662	\$24,144	\$29,987	\$36,210	\$37,477	\$38,789	\$40,146	
Rate 1: Part-time operating rent (annual total) <sup>(8)(8a)</sup>	\$6,221	\$6,439	\$6,664	\$5,173	\$5,354	\$5,541	\$3,823	
Rate 2: Part-time operating rent (annual total)	\$5,184	\$5,365	\$5,553	\$4,311	\$4,462	\$4,618	\$3,186	
Rate 3: Part-time operating rent (annual total) <sup>(9)(9a)</sup>	\$2,160	\$2,236	\$2,314	\$1,796	\$1,859	\$1,924	\$1,328	
Mixed-Use Operating Space Rental Revenue								
Rent for operating space (\$/sq ft)	\$1.50	\$1.55	\$1.61	\$1.66	\$1.72	\$1.78	\$1.84	
Full-time tenant rent (\$/month) <sup>(6)</sup>	\$778	\$805	\$833	\$862	\$892	\$924	\$956	
Rate 1: Part-time tenant rent (\$/month) <sup>(5)</sup>	\$648	\$671	\$694	\$718	\$744	\$770	\$797	
Rate 2: Part-time tenant rent (\$/month) <sup>(4)</sup>	\$540	\$559	\$578	\$599	\$620	\$641	\$664	
Rate 3: Part-time tenant rent (\$/month) <sup>(3)</sup>	\$450	\$466	\$482	\$499	\$516	\$534	\$553	

Full-time tenant operating rent (annual total) <sup>(7a) (7b)</sup>	\$9,331	\$14,487	\$19,992	\$25,864	\$26,769	\$27,706	\$28,676
Rate 1: Part-time operating rent (annual total) <sup>(8) (8b)</sup>	\$3,110	\$4,829	\$6,664	\$8,621	\$8,923	\$9,235	\$9,559
Rate 2: Part-time operating rent (annual total)	\$2,592	\$4,024	\$5,553	\$7,184	\$7,436	\$7,696	\$7,966
Rate 3: Part-time operating rent (annual total) <sup>(9) (9b)</sup>	\$1,080	\$1,677	\$2,314	\$2,994	\$3,098	\$3,207	\$3,319
<b>Office Space Rental Revenue<sup>(10)</sup></b>							
Rent for private office space (\$/sq ft)	\$3.00	\$3.11	\$3.21	\$3.33	\$3.44	\$3.56	\$3.69
Full-time tenant rent per unit (\$/month) <sup>(6)</sup>	\$778	\$805	\$833	\$862	\$892	\$924	\$956
Rate 1: Part-time tenant rent per unit (\$/month) <sup>(5)</sup>	\$648	\$671	\$694	\$718	\$744	\$770	\$797
Rate 2: Part-time tenant rent per unit (\$/month) <sup>(4)</sup>	\$540	\$559	\$578	\$599	\$620	\$641	\$664
Rate 3: Part-time tenant rent per unit (\$/month) <sup>(3)</sup>	\$450	\$466	\$482	\$499	\$516	\$534	\$553
Full-time tenant office rent (annual total) <sup>(7)</sup>	\$55,987	\$67,605	\$79,967	\$93,111	\$107,078	\$110,825	\$126,175
Rate 1: Part-time office rent (annual total) <sup>(8) (8c)</sup>	\$12,442	\$12,877	\$13,328	\$17,243	\$14,277	\$14,777	\$15,294
Rate 2: Part-time office rent (annual total)	\$10,368	\$10,731	\$11,106	\$14,369	\$11,898	\$12,314	\$12,745
Rate 3: Part-time office rent (annual total) <sup>(9) (9c)</sup>	\$4,320	\$4,471	\$4,628	\$5,987	\$4,957	\$5,131	\$5,310
<b>Course Enrollment Estimates</b>							
Number of courses per quarter <sup>(11)</sup>	10	11	12	13	14	15	16
Total courses per year	40	44	48	52	56	60	64
Number of students per course	16	16	16	16	16	16	16
Total students enrolled per year	640	704	768	832	896	960	1024
Student fees per course <sup>(12)</sup>	\$100	\$104	\$107	\$111	\$115	\$119	\$123
Instructor fees per course <sup>(13)</sup>	\$250	\$259	\$268	\$277	\$287	\$297	\$307
Course enrollment (annual total)	\$64,000	\$72,864	\$82,270	\$92,245	\$102,818	\$114,018	\$125,876
Instructor fees (annual total)	\$10,000	\$11,385	\$12,855	\$14,413	\$16,065	\$17,815	\$19,668
<b>Staff salary expenses</b>							
Executive Director / Operating Manager	\$50,000	\$51,750	\$53,561	\$55,436	\$57,376	\$59,384	\$61,462
Secretary / Clerical	\$25,000	\$25,875	\$26,781	\$27,718	\$28,688	\$29,692	\$30,731
Fringe benefits (30% of total salaries)	\$22,500	\$23,288	\$24,103	\$24,946	\$25,819	\$26,723	\$27,658
Salary expenses with benefits (annual total)	\$97,500	\$100,913	\$104,445	\$108,100	\$111,883	\$115,799	\$119,851
<b>Operation expenses</b>							
Custodial staff	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Grounds maintenance	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Membership fees	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Travel	\$2,000	\$2,070	\$2,142	\$2,217	\$2,295	\$2,375	\$2,459
Telephone	\$5,000	\$5,175	\$5,356	\$5,544	\$5,738	\$5,938	\$6,146
Incubator Promotion	\$3,000	\$3,105	\$3,214	\$3,326	\$3,443	\$3,563	\$3,688
Office supplies	\$3,000	\$3,105	\$3,214	\$3,326	\$3,443	\$3,563	\$3,688
Postage	\$2,000	\$2,070	\$2,142	\$2,217	\$2,295	\$2,375	\$2,459
Utilities	\$30,000	\$31,050	\$32,137	\$33,262	\$34,426	\$35,631	\$36,878
Service agreements	\$4,000	\$4,140	\$4,285	\$4,435	\$4,590	\$4,751	\$4,917
Insurance / Bonds	\$15,000	\$15,525	\$16,068	\$16,631	\$17,213	\$17,815	\$18,439
Depreciation	\$0	\$2,000	\$2,070	\$2,142	\$2,217	\$2,295	\$2,375
Operation expenses (annual total)	\$68,000	\$72,381	\$74,914	\$77,535	\$80,248	\$83,057	\$85,963



<b>[Assumptions]</b>							
[1] Projected likely operating space average tenant would rent from the incubator.							
[2] Number of mixed-use tenants requiring operating space can be either full-time or part-time tenants, which is included in the numbers in the above rows, and thus do not effect the total number of incubator tenants.							
[3] Rate 3 part-time tenants rent operating space for less than 10 hours per week at the base rate.							
[4] Rate 2 part-time tenants rent operating space for 10-20 hours per week at 20% higher rent than Rate 3 part-time tenants.							
[5] Rate 1 part-time tenants rent operating space for 20-30 hours per week at 20% higher rent than Rate 2 part-time tenants.							
[6] Full-time tenant rent is 20% higher rent than Rate 1 part-time tenant rent.							
[7] Total annual full-time rent = monthly full-time rent x number of full-time tenants x 12 mth/yr							
[7a] 50% of mixed-use tenants requiring operating space are full-time tenants.							
[7b] Total annual full-time mixed-use operating rent = monthly full-time mixed-use operating rent x 0.5 x number of mixed-use tenants requiring operating space x 12 mth/yr							
[8] Rates 1 and 2 each consists of 40% of part-time tenants.							
[8a] Total annual part-time art operating rent = monthly part-time art operating rent x 0.4 x number of part-time art tenants x 12 mth/yr							
[8b] Total annual part-time mixed-use operating rent = monthly part-time mixed-use operating rent x 0.5 x 0.4 x number of mixed-use tenants requiring operating space x 12 mth/yr							
[8c] Total annual part-time office rent = monthly part-time office rent x 0.4 x number of part-time mixed-use tenants x 12 mth/yr							
[9] Rate 3 consists of 20% of part-time tenants.							
[9a] Total annual part-time art operating rent = monthly part-time art operating rent x 0.2 x number of part-time art tenants x 12 mth/yr							
[9b] Total annual part-time mixed-use operating rent = monthly part-time mixed-use operating rent x 0.5 x 0.2 x number of mixed-use tenants requiring operating space x 12 mth/yr							
[9c] Total annual part-time office rent = monthly part-time office rent x 0.2 x number of part-time mixed-use tenants x 12 mth/yr							
[10] Office units primarily rented by mixed-use tenants.							
[11] A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.							
[12] Student fees are \$10 per class for 10 classes per course, which totals to \$100 per course per quarter for Year 1.							
[13] Instructor fees are \$25 per class for 10 classes per course, which totals to \$250 per course per quarter for Year 1.							

7-Year Budget (Renovated Combined Facility, Conservative) with 10% Contingency

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
<b>Revenues</b>							
Arts Operating Rent: full-time tenants	18,662	24,144	29,987	36,210	37,477	38,789	40,146
Arts Operating Rent: Rate 1 part-time tenants	6,221	6,439	6,664	5,173	5,354	5,541	3,823
Arts Operating Rent: Rate 2 part-time tenants	5,184	5,365	5,553	4,311	4,462	4,618	3,186
Arts Operating Rent: Rate 3 part-time tenants	2,160	2,236	2,314	1,796	1,859	1,924	1,328
Mixed-Use Operating Rent: full-time tenants	9,331	14,487	19,992	25,864	26,769	27,706	28,676
Mixed-Use Operating Rent: Rate 1 part-time tenants	3,110	4,829	6,664	8,621	8,923	9,235	9,559
Mixed-Use Operating Rent: Rate 2 part-time tenants	2,592	4,024	5,553	7,184	7,436	7,696	7,966
Mixed-Use Operating Rent: Rate 3 part-time tenants	1,080	1,677	2,314	2,994	3,098	3,207	3,319
Office Rent: full-time tenants	55,987	67,605	79,967	93,111	107,078	110,825	126,175
Office Rent: Rate 1 part-time tenants	12,442	12,877	13,328	17,243	14,277	14,777	15,294
Office Rent: Rate 2 part-time tenants	10,368	10,731	11,106	14,369	11,898	12,314	12,745
Office Rent: Rate 3 part-time tenants	4,320	4,471	4,628	5,987	4,957	5,131	5,310
Course Enrollment	64,000	72,864	82,270	92,245	102,818	114,018	125,876
<b>Total Revenue</b>	<b>\$195,458</b>	<b>\$231,748</b>	<b>\$270,339</b>	<b>\$315,108</b>	<b>\$336,406</b>	<b>\$355,781</b>	<b>\$383,403</b>
<b>Expenses</b>							
Staff Salaries	97,500	100,913	104,445	108,100	111,883	115,799	119,851
Instructor Fees	10,000	11,385	12,855	14,413	16,065	17,815	19,668
Operation Expenses	68,000	72,381	74,914	77,535	80,248	83,057	85,963
<b>Total Expenses</b>	<b>\$175,500</b>	<b>\$184,679</b>	<b>\$192,213</b>	<b>\$200,049</b>	<b>\$208,197</b>	<b>\$216,671</b>	<b>\$225,482</b>
10% for Unexpected Expenses	\$17,550	\$18,468	\$19,221	\$20,005	\$20,820	\$21,667	\$22,548
<b>Net Income</b>	<b>\$2,408</b>	<b>\$28,602</b>	<b>\$58,905</b>	<b>\$95,055</b>	<b>\$107,389</b>	<b>\$117,444</b>	<b>\$135,373</b>

## Financial Model for Renovated Combined Facility

### Moderate Model

Fixed Variables							
Arts and Crafts Operating Space (sq ft)	2,000				Inflation	3.5%	
Likely Per Unit Operating Space (sq ft) <sup>(1)</sup>	150				Fringe Benefits	30.0%	
Mixed-Use Operating Space (sq ft)	2,500				Depreciation (\$/yr)	\$2,000.00	
Likely Per Unit Operating Space (sq ft) <sup>(1)</sup>	300				Unexpected Costs	10.0%	
Mixed-Use Private Office Space (sq ft)	3000				Course Growth Rate	1	
Per Unit Private Office Space (sq ft)	150				(course/year)		
Number of Private Office Units	20						
Projections	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Operating hours / week	40	40	40	40	40	40	40
Tenants							
Projected total number of tenants	24	26	27	29	29	31	31
Total number of full-time tenants	15	17	19	20	21	21	21
Number of full-time arts tenants	6	7	8	9	9	9	9
Number of full-time mixed-use tenants	9	10	11	11	12	12	12
Total number of part-time tenants	9	9	8	9	8	10	10
Number of part-time arts tenants	5	5	4	4	4	5	5
Number of part-time mixed-use tenants	4	4	4	5	4	5	5
Number of mixed-use tenants requiring operating space <sup>(2)</sup>	3	4	5	6	6	6	6
Total operating space occupancy rate	56.7%	66.7%	73.3%	83.3%	83.3%	86.7%	86.7%
Total office space occupancy rate	65.0%	70.0%	75.0%	80.0%	80.0%	85.0%	85.0%
Arts Operating Space Rental Revenue							
Rent for operating space (\$/sq ft)	\$1.50	\$1.55	\$1.61	\$1.66	\$1.72	\$1.78	\$1.84
Full-time tenant rent (\$/month) <sup>(6)</sup>	\$389	\$402	\$416	\$431	\$446	\$462	\$478
Rate 1: Part-time tenant rent (\$/month) <sup>(5)</sup>	\$324	\$335	\$347	\$359	\$372	\$385	\$398
Rate 2: Part-time tenant rent (\$/month) <sup>(4)</sup>	\$270	\$279	\$289	\$299	\$310	\$321	\$332
Rate 3: Part-time tenant rent (\$/month) <sup>(3)</sup>	\$225	\$233	\$241	\$249	\$258	\$267	\$277
Full-time tenant operating rent (annual total) <sup>(7)</sup>	\$27,994	\$33,802	\$39,983	\$46,556	\$48,185	\$49,871	\$51,617
Rate 1: Part-time operating rent (annual total) <sup>(8)(8a)</sup>	\$7,776	\$8,048	\$6,664	\$6,897	\$7,139	\$9,235	\$9,559
Rate 2: Part-time operating rent (annual total)	\$6,480	\$6,707	\$5,553	\$5,748	\$5,949	\$7,696	\$7,966
Rate 3: Part-time operating rent (annual total) <sup>(9)(9a)</sup>	\$2,700	\$2,795	\$2,314	\$2,395	\$2,479	\$3,207	\$3,319
Mixed-Use Operating Space Rental Revenue							
Rent for operating space (\$/sq ft)	\$1.50	\$1.55	\$1.61	\$1.66	\$1.72	\$1.78	\$1.84
Full-time tenant rent (\$/month) <sup>(6)</sup>	\$778	\$805	\$833	\$862	\$892	\$924	\$956
Rate 1: Part-time tenant rent (\$/month) <sup>(5)</sup>	\$648	\$671	\$694	\$718	\$744	\$770	\$797
Rate 2: Part-time tenant rent (\$/month) <sup>(4)</sup>	\$540	\$559	\$578	\$599	\$620	\$641	\$664
Rate 3: Part-time tenant rent (\$/month) <sup>(3)</sup>	\$450	\$466	\$482	\$499	\$516	\$534	\$553

Full-time tenant operating rent (annual total) <sup>(7a) (7b)</sup>	\$13,997	\$19,316	\$24,990	\$31,037	\$32,123	\$33,248	\$34,411
Rate 1: Part-time operating rent (annual total) <sup>(8) (8b)</sup>	\$4,666	\$6,439	\$8,330	\$10,346	\$10,708	\$11,083	\$11,470
Rate 2: Part-time operating rent (annual total)	\$3,888	\$5,365	\$6,942	\$8,621	\$8,923	\$9,235	\$9,559
Rate 3: Part-time operating rent (annual total) <sup>(9) (9b)</sup>	\$1,620	\$2,236	\$2,892	\$3,592	\$3,718	\$3,848	\$3,983
<b>Office Space Rental Revenue<sup>(10)</sup></b>							
Rent for private office space (\$/sq ft)	\$3.00	\$3.11	\$3.21	\$3.33	\$3.44	\$3.56	\$3.69
Full-time tenant rent per unit (\$/month) <sup>(6)</sup>	\$778	\$805	\$833	\$862	\$892	\$924	\$956
Rate 1: Part-time tenant rent per unit (\$/month) <sup>(5)</sup>	\$648	\$671	\$694	\$718	\$744	\$770	\$797
Rate 2: Part-time tenant rent per unit (\$/month) <sup>(4)</sup>	\$540	\$559	\$578	\$599	\$620	\$641	\$664
Rate 3: Part-time tenant rent per unit (\$/month) <sup>(3)</sup>	\$450	\$466	\$482	\$499	\$516	\$534	\$553
Full-time tenant office rent (annual total) <sup>(7)</sup>	\$83,981	\$96,578	\$109,954	\$113,802	\$128,493	\$132,990	\$137,645
Rate 1: Part-time office rent (annual total) <sup>(8) (8c)</sup>	\$12,442	\$12,877	\$13,328	\$17,243	\$14,277	\$18,471	\$19,117
Rate 2: Part-time office rent (annual total)	\$10,368	\$10,731	\$11,106	\$14,369	\$11,898	\$15,392	\$15,931
Rate 3: Part-time office rent (annual total) <sup>(9) (9c)</sup>	\$4,320	\$4,471	\$4,628	\$5,987	\$4,957	\$6,414	\$6,638
<b>Course Enrollment Estimates</b>							
Number of courses per quarter <sup>(11)</sup>	10	11	12	13	14	15	16
Total courses per year	40	44	48	52	56	60	64
Number of students per course	17	17	17	17	17	17	17
Total students enrolled per year	680	748	816	884	952	1020	1088
Student fees per course <sup>(12)</sup>	\$100	\$104	\$107	\$111	\$115	\$119	\$123
Instructor fees per course <sup>(13)</sup>	\$250	\$259	\$268	\$277	\$287	\$297	\$307
Course enrollment (annual total)	\$68,000	\$77,418	\$87,412	\$98,011	\$109,244	\$121,144	\$133,743
Instructor fees (annual total)	\$10,000	\$11,385	\$12,855	\$14,413	\$16,065	\$17,815	\$19,668
<b>Staff salary expenses</b>							
Executive Director / Operating Manager	\$50,000	\$51,750	\$53,561	\$55,436	\$57,376	\$59,384	\$61,462
Secretary / Clerical	\$25,000	\$25,875	\$26,781	\$27,718	\$28,688	\$29,692	\$30,731
Fringe benefits (30% of total salaries)	\$22,500	\$23,288	\$24,103	\$24,946	\$25,819	\$26,723	\$27,658
Salary expenses with benefits (annual total)	\$97,500	\$100,913	\$104,445	\$108,100	\$111,883	\$115,799	\$119,851
<b>Operation expenses</b>							
Custodial staff	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Grounds maintenance	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Membership fees	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Travel	\$2,000	\$2,070	\$2,142	\$2,217	\$2,295	\$2,375	\$2,459
Telephone	\$5,000	\$5,175	\$5,356	\$5,544	\$5,738	\$5,938	\$6,146
Incubator Promotion	\$3,000	\$3,105	\$3,214	\$3,326	\$3,443	\$3,563	\$3,688
Office supplies	\$3,000	\$3,105	\$3,214	\$3,326	\$3,443	\$3,563	\$3,688
Postage	\$2,000	\$2,070	\$2,142	\$2,217	\$2,295	\$2,375	\$2,459
Utilities	\$30,000	\$31,050	\$32,137	\$33,262	\$34,426	\$35,631	\$36,878
Service agreements	\$4,000	\$4,140	\$4,285	\$4,435	\$4,590	\$4,751	\$4,917
Insurance / Bonds	\$15,000	\$15,525	\$16,068	\$16,631	\$17,213	\$17,815	\$18,439
Depreciation	\$0	\$2,000	\$2,070	\$2,142	\$2,217	\$2,295	\$2,375
Operation expenses (annual total)	\$68,000	\$72,381	\$74,914	\$77,535	\$80,248	\$83,057	\$85,963

<b>[Assumptions]</b>							
[1] Projected likely operating space average tenant would rent from the incubator.							
[2] Number of mixed-use tenants requiring operating space can be either full-time or part-time tenants, which is included in the numbers in the above rows, and thus do not effect the total number of incubator tenants.							
[3] Rate 3 part-time tenants rent operating space for less than 10 hours per week at the base rate.							
[4] Rate 2 part-time tenants rent operating space for 10-20 hours per week at 20% higher rent than Rate 3 part-time tenants.							
[5] Rate 1 part-time tenants rent operating space for 20-30 hours per week at 20% higher rent than Rate 2 part-time tenants.							
[6] Full-time tenant rent is 20% higher rent than Rate 1 part-time tenant rent.							
[7] Total annual full-time rent = monthly full-time rent x number of full-time tenants x 12 mth/yr							
[7a] 50% of mixed-use tenants requiring operating space are full-time tenants.							
[7b] Total annual full-time mixed-use operating rent = monthly full-time mixed-use operating rent x 0.5 x number of mixed-use tenants requiring operating space x 12 mth/yr							
[8] Rates 1 and 2 each consists of 40% of part-time tenants.							
[8a] Total annual part-time art operating rent = monthly part-time art operating rent x 0.4 x number of part-time art tenants x 12 mth/yr							
[8b] Total annual part-time mixed-use operating rent = monthly part-time mixed-use operating rent x 0.5 x 0.4 x number of mixed-use tenants requiring operating space x 12 mth/yr							
[8c] Total annual part-time office rent = monthly part-time office rent x 0.4 x number of part-time mixed-use tenants x 12 mth/yr							
[9] Rate 3 consists of 20% of part-time tenants.							
[9a] Total annual part-time art operating rent = monthly part-time art operating rent x 0.2 x number of part-time art tenants x 12 mth/yr							
[9b] Total annual part-time mixed-use operating rent = monthly part-time mixed-use operating rent x 0.5 x 0.2 x number of mixed-use tenants requiring operating space x 12 mth/yr							
[9c] Total annual part-time office rent = monthly part-time office rent x 0.2 x number of part-time mixed-use tenants x 12 mth/yr							
[10] Office units primarily rented by mixed-use tenants.							
[11] A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.							
[12] Student fees are \$10 per class for 10 classes per course, which totals to \$100 per course per quarter for Year 1.							
[13] Instructor fees are \$25 per class for 10 classes per course, which totals to \$250 per course per quarter for Year 1.							

7-Year Budget (Renovated Combined Facility, Moderate) with 10% Contingency

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
<b>Revenues</b>							
Arts Operating Rent: full-time tenants	27,994	33,802	39,983	46,556	48,185	49,871	51,617
Arts Operating Rent: Rate 1 part-time tenants	7,776	8,048	6,664	6,897	7,139	9,235	9,559
Arts Operating Rent: Rate 2 part-time tenants	6,480	6,707	5,553	5,748	5,949	7,696	7,966
Arts Operating Rent: Rate 3 part-time tenants	2,700	2,795	2,314	2,395	2,479	3,207	3,319
Mixed-Use Operating Rent: full-time tenants	13,997	19,316	24,990	31,037	32,123	33,248	34,411
Mixed-Use Operating Rent: Rate 1 part-time tenants	4,666	6,439	8,330	10,346	10,708	11,083	11,470
Mixed-Use Operating Rent: Rate 2 part-time tenants	3,888	5,365	6,942	8,621	8,923	9,235	9,559
Mixed-Use Operating Rent: Rate 3 part-time tenants	1,620	2,236	2,892	3,592	3,718	3,848	3,983
Office Rent: full-time tenants	83,981	96,578	109,954	113,802	128,493	132,990	137,645
Office Rent: Rate 1 part-time tenants	12,442	12,877	13,328	17,243	14,277	18,471	19,117
Office Rent: Rate 2 part-time tenants	10,368	10,731	11,106	14,369	11,898	15,392	15,931
Office Rent: Rate 3 part-time tenants	4,320	4,471	4,628	5,987	4,957	6,414	6,638
Course Enrollment	68,000	77,418	87,412	98,011	109,244	121,144	133,743
<b>Total Revenue</b>	<b>\$248,230</b>	<b>\$286,782</b>	<b>\$324,095</b>	<b>\$364,603</b>	<b>\$388,092</b>	<b>\$421,835</b>	<b>\$444,958</b>
<b>Expenses</b>							
Staff Salaries	97,500	100,913	104,445	108,100	111,883	115,799	119,851
Instructor Fees	10,000	11,385	12,855	14,413	16,065	17,815	19,668
Operation Expenses	68,000	72,381	74,914	77,535	80,248	83,057	85,963
<b>Total Expenses</b>	<b>\$175,500</b>	<b>\$184,679</b>	<b>\$192,213</b>	<b>\$200,049</b>	<b>\$208,197</b>	<b>\$216,671</b>	<b>\$225,482</b>
10% for Unexpected Expenses	\$17,550	\$18,468	\$19,221	\$20,005	\$20,820	\$21,667	\$22,548
<b>Net Income</b>	<b>\$55,180</b>	<b>\$83,636</b>	<b>\$112,661</b>	<b>\$144,550</b>	<b>\$159,076</b>	<b>\$183,497</b>	<b>\$196,928</b>

Financial Model for Renovated Combined Facility

Optimistic Model

Fixed Variables							
Arts and Crafts Operating Space (sq ft)	2,000				Inflation	3.5%	
Likely Per Unit Operating Space (sq ft) <sup>(1)</sup>	150				Fringe Benefits	30.0%	
Mixed-Use Operating Space (sq ft)	2,500				Depreciation (\$/yr)	\$2,000.00	
Likely Per Unit Operating Space (sq ft) <sup>(1)</sup>	300				Unexpected Costs	10.0%	
Mixed-Use Private Office Space (sq ft)	3000				Course Growth Rate (course/year)	1	
Per Unit Private Office Space (sq ft)	150						
Number of Private Office Units	20						
Projections	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Operating hours / week	40	40	40	40	40	40	40
Tenants							
Projected total number of tenants	29	31	33	35	35	36	36
Total number of full-time tenants	19	21	23	24	27	27	27
Number of full-time arts tenants	8	9	10	11	12	12	12
Number of full-time mixed-use tenants	11	12	13	13	15	15	15
Total number of part-time tenants	10	10	10	11	8	9	9
Number of part-time arts tenants	5	5	5	5	4	4	4
Number of part-time mixed-use tenants	5	5	5	6	4	5	5
Number of mixed-use tenants requiring operating space <sup>(2)</sup>	4	5	6	7	7	7	7
Total operating space occupancy rate	70.0%	80.0%	90.0%	100.0%	100.0%	100.0%	100.0%
Total office space occupancy rate	80.0%	85.0%	90.0%	95.0%	95.0%	100.0%	100.0%
Arts Operating Space Rental Revenue							
Rent for operating space (\$/sq ft)	\$1.50	\$1.55	\$1.61	\$1.66	\$1.72	\$1.78	\$1.84
Full-time tenant rent (\$/month) <sup>(6)</sup>	\$389	\$402	\$416	\$431	\$446	\$462	\$478
Rate 1: Part-time tenant rent (\$/month) <sup>(5)</sup>	\$324	\$335	\$347	\$359	\$372	\$385	\$398
Rate 2: Part-time tenant rent (\$/month) <sup>(4)</sup>	\$270	\$279	\$289	\$299	\$310	\$321	\$332
Rate 3: Part-time tenant rent (\$/month) <sup>(3)</sup>	\$225	\$233	\$241	\$249	\$258	\$267	\$277
Full-time tenant operating rent (annual total) <sup>(7)</sup>	\$37,325	\$43,460	\$49,979	\$56,901	\$64,247	\$66,495	\$68,823
Rate 1: Part-time operating rent (annual total) <sup>(8)(8a)</sup>	\$7,776	\$8,048	\$8,330	\$8,621	\$7,139	\$7,388	\$7,647
Rate 2: Part-time operating rent (annual total)	\$6,480	\$6,707	\$6,942	\$7,184	\$5,949	\$6,157	\$6,372
Rate 3: Part-time operating rent (annual total) <sup>(9)(9a)</sup>	\$2,700	\$2,795	\$2,892	\$2,994	\$2,479	\$2,565	\$2,655
Mixed-Use Operating Space Rental Revenue							
Rent for operating space (\$/sq ft)	\$1.50	\$1.55	\$1.61	\$1.66	\$1.72	\$1.78	\$1.84
Full-time tenant rent (\$/month) <sup>(6)</sup>	\$778	\$805	\$833	\$862	\$892	\$924	\$956
Rate 1: Part-time tenant rent (\$/month) <sup>(5)</sup>	\$648	\$671	\$694	\$718	\$744	\$770	\$797
Rate 2: Part-time tenant rent (\$/month) <sup>(4)</sup>	\$540	\$559	\$578	\$599	\$620	\$641	\$664
Rate 3: Part-time tenant rent (\$/month) <sup>(3)</sup>	\$450	\$466	\$482	\$499	\$516	\$534	\$553

Full-time tenant operating rent (annual total) <sup>[7a][7b]</sup>	\$18,662	\$24,144	\$29,987	\$36,210	\$37,477	\$38,789	\$40,146
Rate 1: Part-time operating rent (annual total) <sup>[8][8b]</sup>	\$6,221	\$8,048	\$9,996	\$12,070	\$12,492	\$12,930	\$13,382
Rate 2: Part-time operating rent (annual total)	\$5,184	\$6,707	\$8,330	\$10,058	\$10,410	\$10,775	\$11,152
Rate 3: Part-time operating rent (annual total) <sup>[9][9b]</sup>	\$2,160	\$2,795	\$3,471	\$4,191	\$4,338	\$4,489	\$4,647
<b>Office Space Rental Revenue<sup>[10]</sup></b>							
Rent for private office space (\$/sq ft)	\$3.00	\$3.11	\$3.21	\$3.33	\$3.44	\$3.56	\$3.69
Full-time tenant rent per unit (\$/month) <sup>[6]</sup>	\$778	\$805	\$833	\$862	\$892	\$924	\$956
Rate 1: Part-time tenant rent per unit (\$/month) <sup>[5]</sup>	\$648	\$671	\$694	\$718	\$744	\$770	\$797
Rate 2: Part-time tenant rent per unit (\$/month) <sup>[4]</sup>	\$540	\$559	\$578	\$599	\$620	\$641	\$664
Rate 3: Part-time tenant rent per unit (\$/month) <sup>[3]</sup>	\$450	\$466	\$482	\$499	\$516	\$534	\$553
Full-time tenant office rent (annual total) <sup>[7]</sup>	\$102,643	\$115,894	\$129,946	\$134,494	\$160,616	\$166,238	\$172,056
Rate 1: Part-time office rent (annual total) <sup>[8][8c]</sup>	\$15,552	\$16,096	\$16,660	\$20,691	\$14,277	\$18,471	\$19,117
Rate 2: Part-time office rent (annual total)	\$12,960	\$13,414	\$13,883	\$17,243	\$11,898	\$15,392	\$15,931
Rate 3: Part-time office rent (annual total) <sup>[9][9c]</sup>	\$5,400	\$5,589	\$5,785	\$7,184	\$4,957	\$6,414	\$6,638
<b>Course Enrollment Estimates</b>							
Number of courses per quarter <sup>[11]</sup>	10	11	12	13	14	15	16
Total courses per year	40	44	48	52	56	60	64
Number of students per course	18	18	18	18	18	18	18
Total students enrolled per year	720	792	864	936	1008	1080	1152
Student fees per course <sup>[12]</sup>	\$100	\$104	\$107	\$111	\$115	\$119	\$123
Instructor fees per course <sup>[13]</sup>	\$250	\$259	\$268	\$277	\$287	\$297	\$307
Course enrollment (annual total)	\$72,000	\$81,972	\$92,554	\$103,776	\$115,670	\$128,270	\$141,610
Instructor fees (annual total)	\$10,000	\$11,385	\$12,855	\$14,413	\$16,065	\$17,815	\$19,668
<b>Staff salary expenses</b>							
Executive Director / Operating Manager	\$50,000	\$51,750	\$53,561	\$55,436	\$57,376	\$59,384	\$61,462
Secretary / Clerical	\$25,000	\$25,875	\$26,781	\$27,718	\$28,688	\$29,692	\$30,731
Fringe benefits (30% of total salaries)	\$22,500	\$23,288	\$24,103	\$24,946	\$25,819	\$26,723	\$27,658
Salary expenses with benefits (annual total)	\$97,500	\$100,913	\$104,445	\$108,100	\$111,883	\$115,799	\$119,851
<b>Operation expenses</b>							
Custodial staff	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Grounds maintenance	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721	\$1,781	\$1,843
Membership fees	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148	\$1,188	\$1,229
Travel	\$2,000	\$2,070	\$2,142	\$2,217	\$2,295	\$2,375	\$2,459
Telephone	\$5,000	\$5,175	\$5,356	\$5,544	\$5,738	\$5,938	\$6,146
Incubator Promotion	\$3,000	\$3,105	\$3,214	\$3,326	\$3,443	\$3,563	\$3,688
Office supplies	\$3,000	\$3,105	\$3,214	\$3,326	\$3,443	\$3,563	\$3,688
Postage	\$2,000	\$2,070	\$2,142	\$2,217	\$2,295	\$2,375	\$2,459
Utilities	\$30,000	\$31,050	\$32,137	\$33,262	\$34,426	\$35,631	\$36,878
Service agreements	\$4,000	\$4,140	\$4,285	\$4,435	\$4,590	\$4,751	\$4,917
Insurance / Bonds	\$15,000	\$15,525	\$16,068	\$16,631	\$17,213	\$17,815	\$18,439
Depreciation	\$0	\$2,000	\$2,070	\$2,142	\$2,217	\$2,295	\$2,375
Operation expenses (annual total)	\$68,000	\$72,381	\$74,914	\$77,535	\$80,248	\$83,057	\$85,963



<b>[Assumptions]</b>								
[1] Projected likely operating space average tenant would rent from the incubator.								
[2] Number of mixed-use tenants requiring operating space can be either full-time or part-time tenants, which is included in the numbers in the above rows, and thus do not effect the total number of incubator tenants.								
[3] Rate 3 part-time tenants rent operating space for less than 10 hours per week at the base rate.								
[4] Rate 2 part-time tenants rent operating space for 10-20 hours per week at 20% higher rent than Rate 3 part-time tenants.								
[5] Rate 1 part-time tenants rent operating space for 20-30 hours per week at 20% higher rent than Rate 2 part-time tenants.								
[6] Full-time tenant rent is 20% higher rent than Rate 1 part-time tenant rent.								
[7] Total annual full-time rent = monthly full-time rent x number of full-time tenants x 12 mth/yr								
[7a] 50% of mixed-use tenants requiring operating space are full-time tenants.								
[7b] Total annual full-time mixed-use operating rent = monthly full-time mixed-use operating rent x 0.5 x number of mixed-use tenants requiring operating space x 12 mth/yr								
[8] Rates 1 and 2 each consists of 40% of part-time tenants.								
[8a] Total annual part-time art operating rent = monthly part-time art operating rent x 0.4 x number of part-time art tenants x 12 mth/yr								
[8b] Total annual part-time mixed-use operating rent = monthly part-time mixed-use operating rent x 0.5 x 0.4 x number of mixed-use tenants requiring operating space x 12 mth/yr								
[8c] Total annual part-time office rent = monthly part-time office rent x 0.4 x number of part-time mixed-use tenants x 12 mth/yr								
[9] Rate 3 consists of 20% of part-time tenants.								
[9a] Total annual part-time art operating rent = monthly part-time art operating rent x 0.2 x number of part-time art tenants x 12 mth/yr								
[9b] Total annual part-time mixed-use operating rent = monthly part-time mixed-use operating rent x 0.5 x 0.2 x number of mixed-use tenants requiring operating space x 12 mth/yr								
[9c] Total annual part-time office rent = monthly part-time office rent x 0.2 x number of part-time mixed-use tenants x 12 mth/yr								
[10] Office units primarily rented by mixed-use tenants.								
[11] A course consists of 10 classes over one quarter of a year (13 weeks) at one class per week.								
[12] Student fees are \$10 per class for 10 classes per course, which totals to \$100 per course per quarter for Year 1.								
[13] Instructor fees are \$25 per class for 10 classes per course, which totals to \$250 per course per quarter for Year 1.								

7-Year Budget (Renovated Combined Facility, Optimistic) with 10% Contingency

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
<b>Revenues</b>							
Arts Operating Rent: full-time tenants	37,325	43,460	49,979	56,901	64,247	66,495	68,823
Arts Operating Rent: Rate 1 part-time tenants	7,776	8,048	8,330	8,621	7,139	7,388	7,647
Arts Operating Rent: Rate 2 part-time tenants	6,480	6,707	6,942	7,184	5,949	6,157	6,372
Arts Operating Rent: Rate 3 part-time tenants	2,700	2,795	2,892	2,994	2,479	2,565	2,655
Mixed-Use Operating Rent: full-time tenants	18,662	24,144	29,987	36,210	37,477	38,789	40,146
Mixed-Use Operating Rent: Rate 1 part-time tenants	6,221	8,048	9,996	12,070	12,492	12,930	13,382
Mixed-Use Operating Rent: Rate 2 part-time tenants	5,184	6,707	8,330	10,058	10,410	10,775	11,152
Mixed-Use Operating Rent: Rate 3 part-time tenants	2,160	2,795	3,471	4,191	4,338	4,489	4,647
Office Rent: full-time tenants	102,643	115,894	129,946	134,494	160,616	166,238	172,056
Office Rent: Rate 1 part-time tenants	15,552	16,096	16,660	20,691	14,277	18,471	19,117
Office Rent: Rate 2 part-time tenants	12,960	13,414	13,883	17,243	11,898	15,392	15,931
Office Rent: Rate 3 part-time tenants	5,400	5,589	5,785	7,184	4,957	6,414	6,638
Course Enrollment	72,000	81,972	92,554	103,776	115,670	128,270	141,610
<b>Total Revenue</b>	<b>\$295,063</b>	<b>\$335,668</b>	<b>\$378,753</b>	<b>\$421,618</b>	<b>\$451,949</b>	<b>\$484,374</b>	<b>\$510,177</b>
<b>Expenses</b>							
Staff Salaries	97,500	100,913	104,445	108,100	111,883	115,799	119,851
Instructor Fees	10,000	11,385	12,855	14,413	16,065	17,815	19,668
Operation Expenses	68,000	72,381	74,914	77,535	80,248	83,057	85,963
<b>Total Expenses</b>	<b>\$175,500</b>	<b>\$184,679</b>	<b>\$192,213</b>	<b>\$200,049</b>	<b>\$208,197</b>	<b>\$216,671</b>	<b>\$225,482</b>
10% for Unexpected Expenses	\$17,550	\$18,468	\$19,221	\$20,005	\$20,820	\$21,667	\$22,548
<b>Net Income</b>	<b>\$102,013</b>	<b>\$132,522</b>	<b>\$167,319</b>	<b>\$201,564</b>	<b>\$222,932</b>	<b>\$246,036</b>	<b>\$262,147</b>

## Equipment and Cost Estimates

### *Art Equipment*

The following list of equipment has the highest demand according to the survey data. Prices for the following equipment were taken from online store websites. As usual, there are varieties of each at different costs, so a range was provided.

Equipment	Estimated Cost
Paint	\$15 - \$50 / Gallon
Paper	\$6 - \$20 / 500sheets
Computers	\$273 - \$2,488
Software	\$73 - \$250
Fabric	\$8.50 - \$20.45 / Yard
Kiln	\$200 - \$3,000
Clay (Air-dry Clay)	\$115 / 5 lb
Clay (Oven-bake Clay)	\$52 / 8 lb, (\$1.09, \$1.59, \$1.84) / 2 oz
Glaze	(\$1.84, \$2.66, \$3.51) / 2 oz or \$7.85 / 4 oz
Brush	\$0.23 - \$14.79

### *Office Equipment*

Personal Office Equipment			
Equipment	Amount	Estimated Cost	Estimated Total Cost
Bookcase	1	\$100	\$100
Office Desk	1	\$500	\$500
Office Chair	1	\$100	\$100
Filing Cabinet	1	\$200	\$200
Regular Chairs	2	\$50	\$100
<b>TOTAL PER OFFICE</b>			\$1,000
<b>TOTAL 20 OFFICES</b>			\$20,000

## **Resources for Business Incubator Program Expansion**

### **Generation E Institute**

The Generation E Institute (GEI) creates entrepreneurial curricula focused on providing students in the K-12 system with an engaging classroom experience through the creation of startup business ventures by students. GEI works closely with school systems, civic leaders, business organizations, and economic development institutions in communities to provide training and technical assistance to educators. This allows educators to effectively utilize GEI's curricula to teach their students the skills and practices of successful entrepreneurship. Praised as a model educational program by Michigan's Governor, Jennifer Granholm, the Generation E Institute has shown considerable growth by expanding from five schools in Battle Creek to 85 schools across Michigan over a four year period. This expansion has taken GEI to 19 counties in the state, where it has certified 167 educators, reached over 4,000 students, and facilitated the creation of more than 2,100 student businesses. The GEI curricula could be considered for K-12 school systems throughout the Alpena Region Business incubator program area as a possible opportunity for youth entrepreneurship, potentially facilitating youth involvement in the regional incubation program.

### **Alpena Community College**

The involvement of Alpena Community College (ACC) in the Alpena Region Business incubator program area creates a potential opportunity for supporting the entrepreneurship and start-up business ideas of young adults attending or graduated from ACC. After a few years of successful operation, the intent of a business incubator program is to "graduate" incubator tenants as successful and sustainable business owners. As incubator tenants graduate, the incubator management would need a system of replenishing the available space in the business incubator program. ACC students and alumni could be one source of potential entrepreneurs to fill vacancies in the incubator.

There are different levels of involvement ACC could take with the business incubator program. ACC students could simply take a survey or go through an interview process that all potential incubator tenants would need to complete before tenancy. Incubator management and ACC administrators could also establish a more structured process of ensuring ACC students' involvement in the incubator. The incubator could set aside space for ACC students which then could be filled through the operation of a specialized process for interested ACC students only (i.e.: online surveys, interviews, ACC course or program, etc.). The level of involvement ACC students have with the business incubator program will need to be determined through the collaboration of ACC administrators and the future incubator management team.

## **Creating Entrepreneurial Communities- MSU Extension**

The Creating Entrepreneurial Communities (CEC) program, developed and led by the MSU Extension Economic Development Team, in collaboration with its partners, set a goal of improving Michigan's economy by encouraging entrepreneurship within communities. This initiative has two main components: holding entrepreneurship conferences and facilitating "Community Coaching Programs"-where knowledgeable economic development leaders from MSU Extension and SBTDC coach a team of leaders from local communities in establishing economic development programs tailored to the respective communities' needs. The Alpena Business Incubator Region can keep these components of the CEC program in mind as they continue to work towards successful and sustainable economic development.

CEC Program Guide. East Lansing: MSU Extension, 2007 < <http://www.michigan.gov/>>.

## Key Elements of Success

Some of the key elements that contribute to the success of a mixed use/arts business incubator program are listed below. These ten key elements are adapted from The Comprehensive Guide to Business Incubation, section on “Ten Keys to Incubation Success,” by Dinah Adkins, president and CEO of the National Business Incubation Association.

1. Effective business programs are based on **legitimate feasibility studies** and business plans. These essential documents must identify the market an incubator will serve and prove its financial viability.
2. Think of the business incubator as a **service program not a facility**. Incubator managers must invest in people and knowledge more than in bricks and mortar.
3. Top incubators are **well-managed**, which means they provide appropriate salaries and benefits to individuals who have the skills to help companies grow and to transform their communities.
4. **Flexibility and commitment to service** are key to effective incubation. Incubator staff members themselves must be entrepreneurial and non-bureaucratic and recognize they are in a service industry.
5. Effective **business incubator managers are proactive** in the provision of services. They screen clients, analyze their strengths and weaknesses, help set benchmarks for growth, and bring in mentors and professional service providers to provide customized assistance.
6. A top-of-class program **knows its mission**, and its management board and staff clearly understand and work to support that mission. Regular evaluation of all aspects of the program ensures that the incubator meets its goals, evolves with the market, and incorporates new tools and technologies to better serve its clients.
7. The best business incubation programs are **integrated into their community** networks, resources, and economic development plans and strategies.
8. Top incubators adhere to NBIA’s *Principles and Best Practices of Business Incubation*. (A list of these best practices can be found in Appendix G.)
9. Top incubator managers engage in **continual learning**. Business incubation is a new and continuously evolving field of study; managers need to participate in professional development activities, ongoing learning, and networking to improve their skills.

10. Effective incubator **managers are committed, idealistic, and hard-headedly realistic** at the same time. They take a hard and honest look at their communities, roll up their sleeves and get to work.

*Adkins, Dinah. "Ten Keys to Incubation Success." A Comprehensive Guide to Business Incubation. 2nd ed. Athens, OH: NBIA Publications, 2004. 26-27.*

## **Case Studies**

### **Overview**

To ensure the success of Alpena region mixed-use and arts and crafts business incubator programs, it is important to learn from the experiences of successful and currently developing business incubator programs.

### **Mixed-use business incubator Cases**

#### *Successful Mixed-use business incubators*

The Business Innovation Center, located in Mobile, Alabama was first established in 1986 to assist in launching small businesses. The incubator services various sectors of business; however it does have specified entry criteria for becoming a tenant. Tenants must be innovative, have potential for job creation, and most importantly have the ability to export their product or service outside of Mobile County within one year.

The Business Innovation Center is comprised of one 48,000 square foot building, and it also provides various services to its tenants including training classes, as well as one on one training with the tenants. The incubator currently has 150 clients, and carries a 3 person staff, consisting of an administrative manager, a facilities manager, and an executive director. They are each paid on a salary and work full time.

The incubator has been funded through the City of Mobile, Mobile County, the Chamber of Commerce, tenant rent, and revenue from the other various services they provide. Tenant facility space varies from about 450 to about 1,200 square feet with rent ranging from \$600-\$650 per month. Some small revenue is drawn and carried over each year, and the demand for the incubator has been high enough to sustain the program for 23 years. The incubator goals have remained consistent: the Business Innovation Center strives to start at least 2 companies per month (24 per year), create at least 26 jobs per year, and also to make at least \$1 million net economic impact per year into Mobile.

### *Developing Mixed-use business incubator*

The Muskingum County Business Incubator was established in 2005 in Zanesville, Ohio. According to their website ([www.mcabi.info/index.html](http://www.mcabi.info/index.html)), the mission of the incubator is “to provide a positive economic impact for the Muskingum County and the region by providing intensive services and support to entrepreneurs in order to improve their chances for success and rate of growth.” The incubator services various types of businesses, and requires potential tenants to complete an application and prepare a business plan prior to tenancy. At 6,000 square feet, the Muskingum County Incubator is still developing and hopes to expand into another facility sometime in the near future.

The incubator holds multiple specialized processes, including monthly workshops, consultations, in addition to providing a mentor board and advisory council. Operating the incubator is a four person staff. The executive director and the regional coordinator both work full time and are each paid on salary, whereas an administrative assistant and a webmaster both work part time and are each paid an hourly wage.

The Muskingum County Business Incubator was originally funded through the State of Ohio Department of Jobs and Family Services, and has since gained funds through other grants as well as through the County Commissioner. The facility currently charges \$6 per square foot for manufacturing space and \$8 per square foot for office space.

Although it has served and assisted many small businesses and entrepreneurs, the Muskingum County Business Incubator is still developing. It has assisted with over 150 inquiries and served 40 affiliate clients as well as 7 residential clients. The incubator has been able to create the Appalachian Angel Fund, as well as service 8 counties. It hopes to be able to attain a new facility soon as well as remain financially sustainable.

## **Arts and Crafts Incubator Cases**

### *Successful Arts and Crafts Incubator*

The idea of the NC Arts Incubator in Siler City, North Carolina was initiated in 2002 with the mission of creating a supportive artists’ community, combined with business education and hands-on retail experience. This incubator accepts developing artists as tenants and also houses “resident artists,” more established artists in the community that provide stability to the program and mentoring for the incubating artists.

The incubator partners with the local Small Business Administration to offer an educational series called “Artist Up and Away.” This series provides sessions in tax laws, self promotion, display, advertising, small group discussion sessions, group critiques, etc.



The NC Arts Incubator currently exists as a campus of 10 studio areas, galleries and retail centers occupying a full city block. The NC Arts Incubator employs four staff members. The director is a part-time paid position responsible for all aspects of operation: advertising, event planning, physical plant maintenance and development, book keeping, recruitment, and public relations. There is a contracted laborer for maintenance and an accountant to do the quarterly reports and help with all financial activity. The gallery is managed by a volunteer.

Initial funding for the incubator came from donations, funds from the Siler City budget, loans, and a rural grant administered by Hobbs Upchurch and the Town of Siler City. Fundraising activities, county funds, and tenant rent fees currently finance the incubator's upkeep and operation. The majority of funds for operation come from tenant rent fees; tenants pay a monthly rent that varies with the amount of studio space occupied. The incubator may also begin charging a utility fee to offset the expense of heating/cooling and a firing fee for kiln operation.

#### *Developing Arts and Crafts Incubator*

The Appalachian Artisan Center in Hindman, Kentucky was established in 2006. This arts and cultural incubator currently services artists, crafters, musicians, and even storytellers. The Appalachian Artisan Center operates with three different facilities: one building houses a café, gallery space, and office space for the artists and the incubator managers, the other two buildings are studios for art production, although one of these studios is still under renovation.

This center currently has six incubator clients. Each potential client must go through an application and interview process to determine if the individual is a good fit for the Artisan Center. The center offers their new clients a one year "scholarship" with which they are granted use of the incubator facility and services at no cost for one year. After the first year clients are subject to graduated rental rates.

The Appalachian Artisan Center was initially funded by government grants and continues to fundraise and apply for grants in order to sustain the incubator. Amanda Combs, the Assistant Director, states that one of the greatest challenges the incubator faces is generating enough revenue from art sales to sustain the incubator facility and services. Hindman is in a rural area of Kentucky and there is not a steady flow of tourists visiting the region. Another challenge that faces this developing incubator is encouraging artists to take advantage of the facility. Again due to the rural setting many potential clients are discouraged about driving long distances to produce their art at an incubator when "they can do it in their garage at home in pajamas," says Amanda.

The incubator is managed by two full-time, salaried staff members: an executive director and assistant director. There are six part-time employees that are paid an hourly rate and run the café and incubator office. Currently the Appalachian Artisan Center hosts periodic seminars that educate incubator clients in business management. The incubator

management is working on securing more one-on-one opportunities for clients to meet with business professionals that offer legal, accounting, consulting, and marketing services.

### *Contact Featured Incubators*

The contact information for the incubators used in the case studies is available in Appendix H. It is advised that future incubator management contact these existing incubators for further support in determining the processes for implementing and operating the business incubator program.

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## Appendices

### A. Mixed-Use Incubator Survey

# Alpena Region Incubator Market and Feasibility Analysis Study

## *Survey of Entrepreneurs for Mixed-Use Business Incubator Program*

EDA University of Center for Economic Diversification at the University of  
Michigan in Collaboration with the Northeast Michigan Council of  
Governments, Alpena Community College, Target Alpena and MSU  
Extension  
*The Alpena Region Incubator Market and Feasibility Analysis Study*



*Before you begin the survey, please read the following, about 'Business Incubators':*

**Business incubator programs** provide a fully-equipped facility as well as a network of professionals to assist small businesses with business-related training, technical assistance, legal assistance, access to financing, and other professional services from established area firms on a pro bono or reduced-cost basis. The network of professionals includes attorneys, bankers, business consultants, economic development specialists, and corporate managers. The success of an incubator program is highly dependent on local entrepreneurs with a desire to start new ventures and the willingness of local professionals to assist these new businesses. Businesses participating in an incubation program usually "graduate" and operate with minimal aid or assistance from the incubator program at the end of three years.

*This is the survey for entrepreneurs. Your participation in this survey is completely voluntary, and you may skip any question that makes you feel uncomfortable or withdraw at any time. The confidentiality of your answers and contact information will be fully protected. This survey will take approximately 15 minutes to complete.*

#### **A. Personal Information**

1. Name: (Mr./ Mrs./ Ms./Dr.): \_\_\_\_\_

Position in business (if applicable): \_\_\_\_\_

Business Name (if applicable): \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

#### **B. Business Interest**

2. Is your business currently operating or registered?

\_\_\_\_\_ Yes (*please continue on page 4*)

\_\_\_\_\_ No (*please jump to page 5*)

If you answered 'Yes' to Question 2, please answer questions 3 through 14:

3. Indicate how long your business has been in operation:  
 1-3 mo.     4-6 mo.     6-12mo.     1-5yrs.     5+yrs
4. Including yourself, how many employees does your business currently employ?  
 1-2     3-4     5-6     7-10     11-25     Over 25
5. What is the legal status of your business?  
 Sole Proprietorship     Partnership     Corporation  
 PC     LLC     Sub Chapter S
6. Do you consider your role as a business owner or entrepreneur to be:  
 Full time     Part time     Supplemental Income     Hobby     Other \_\_\_\_\_
7. In what sector or industry category would you classify your business?  
 Technology development (please specify) \_\_\_\_\_  
 Retail (please specify) \_\_\_\_\_  
 Wholesale (please specify) \_\_\_\_\_  
 Light manufacturing/ engineering (please specify) \_\_\_\_\_  
 Service (please specify) \_\_\_\_\_  
 Medical technology (please specify) \_\_\_\_\_  
 Medical services (please specify) \_\_\_\_\_  
 Transportation provision (please specify) \_\_\_\_\_  
 Arts and crafts (please specify) \_\_\_\_\_  
 Other (please specify) \_\_\_\_\_
8. How do you advertise your business? (Please check all that apply)  
 Word of mouth     Catalog     Internet     Flyers     Newspapers  
 Phone Book     Other (please specify) \_\_\_\_\_
9. Please mention the target market of your products/services:  
a. City/ County/ State/ Country: \_\_\_\_\_  
b. Customer/ Client: \_\_\_\_\_
10. What is the approximate annual sales revenue of your business?  
 \$0-\$10,000     \$11,000-\$25,000     \$26,000-\$100,000  
 \$101,000-\$250,000     \$251,000-\$500,000     \$501,000-\$1,000,000  
 +\$1,000,000     Other (please specify) \_\_\_\_\_
11. Please indicate where your business operations are currently located:  
 Home Office     Rented Office  
 Shared space w/ another business     In Property owned by you/your business
12. What amount of square footage does your business currently occupy?  
 100 sq. ft.     100-300 sq.ft.     301-500 sq. ft.     501-700 sq. ft.  
 701-1,000 sq.ft.     1,001-2,000 sq. ft.     2,000+ sq. ft.
13. Do you anticipate expanding the square footage of your business facility in the next two years?  
 Yes     No
14. Do you anticipate moving to a different location in the next two years?     Yes     No

\*\*\*Please jump to page 6 and complete the remainder of the survey\*\*\*

*If you answered 'No,' to Question 2, please answer questions 15 through 18:*

15. Indicate the sector your planned business will operate in:  
\_\_\_ Technology development *(please specify)* \_\_\_\_\_  
\_\_\_ Retail *(please specify)* \_\_\_\_\_  
\_\_\_ Wholesale *(please specify)* \_\_\_\_\_  
\_\_\_ Light manufacturing/ engineering *(please specify)* \_\_\_\_\_  
\_\_\_ Service *(please specify)* \_\_\_\_\_  
\_\_\_ Medical technology *(please specify)* \_\_\_\_\_  
\_\_\_ Medical services *(please specify)* \_\_\_\_\_  
\_\_\_ Transportation provision *(please specify)* \_\_\_\_\_  
\_\_\_ Arts and crafts *(please specify)* \_\_\_\_\_  
\_\_\_ Other *(please specify)* \_\_\_\_\_
16. What will be the legal status of your planned business?  
\_\_\_ Sole Proprietorship      \_\_\_ Partnership      \_\_\_ Corporation  
\_\_\_ PC                              \_\_\_ LLC                              \_\_\_ Sub Chapter S
17. Will you consider your role as a business owner or entrepreneur to be:  
\_\_\_ Full time    \_\_\_ Part time    \_\_\_ Supplemental Income    \_\_\_ Hobby    \_\_\_ Other \_\_\_\_\_
18. When do you plan to start your business?  
\_\_\_ 1-3 mo.    \_\_\_ 4-6 mo.    \_\_\_ 7-12mo.    \_\_\_ 1-2yrs.    \_\_\_ +2yrs.  
\_\_\_\_\_ *(mo./dd./yyyy) Please mention the projected start date if known*



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*Proceed to next page*

**C. Incubator Information**

19. What kind of space would you use for your business in an incubator facility?  
 Office  Manufacturing  
 Studio  Lab  
 Other (please specify) \_\_\_\_\_
20. What amount of square footage for operating would be required by your business in an incubator facility?  
 100 sq. ft.  100-300 sq.ft.  301-500 sq. ft.  501-700 sq. ft.  
 701-1000 sq.ft.  1001-2000 sq. ft.  2000+ sq. ft.
21. What is the maximum you would be willing to pay for *operating space* per square foot per year in an incubator facility?  
 \$3-\$5  \$6-\$10  \$11-\$15  \$16-\$20  \$20+
22. What amount of square footage for office space would be required by your business in an incubator facility?  
 100 sq. ft.  100-300 sq.ft.  301-500 sq. ft.  501-700 sq. ft.  
 701-1000 sq.ft.  1001-2000 sq. ft.  2000+ sq. ft.
23. What is the maximum you would be willing to pay for *office space* per square foot per year in an incubator facility?  
 \$3-\$5  \$6-\$10  \$11-\$15  \$16-\$20  \$20+
24. Do you have a written business plan?  
 Yes  No
25. If 'Yes', does your business plan include (please check all that apply):  
 Company Description  Mission/Vision Statement  Product/Service Description  
 Industry Analysis  Market Analysis  Marketing Plan  
 Sales Plan  Operations Plan  Management Organization  
 Financial Plan
26. Please rate on 5-point scale what you think are the **CRITICAL** barriers to starting a business, where: 5 = **extremely critical**, 4 = **very critical**, 3 = **somewhat critical**, 2 = **not very critical** and 1 = **not at all critical** (please circle one)

	Extremely	Very	Somewhat	Not very	
Not at all					
Finance	5	4	3	2	1
Competition	5	4	3	2	1
Developing a customer base	5	4	3	2	1
Employment (hiring)	5	4	3	2	1
Advertising / Marketing	5	4	3	2	1
Finding start-up capital	5	4	3	2	1
Legal barriers	5	4	3	2	1
Other (please Specify)					
(a) _____	5	4	3	2	1
(b) _____	5	4	3	2	1
(c) _____	5	4	3	2	1

27. If you have an idea for a new business or to improve an existing business, what assistance do you need to help you get the business started, or to provide you with the skills so you are able to move your idea forward? *(Please check all that apply)*
- |   |  |
|---|--|
| <input type="checkbox"/> Developing a Business plan           | <input type="checkbox"/> Business counseling                     |
| <input type="checkbox"/> Financial management                 | <input type="checkbox"/> Personnel Management/Payroll            |
| <input type="checkbox"/> Accounting/ tax preparation          | <input type="checkbox"/> Sales and Marketing                     |
| <input type="checkbox"/> Purchasing                           | <input type="checkbox"/> Advertising                             |
| <input type="checkbox"/> Legal                                | <input type="checkbox"/> Technical (Business-related assistance) |
| <input type="checkbox"/> Networking                           | <input type="checkbox"/> Education                               |
| <input type="checkbox"/> Employment/Employee Benefits         | <input type="checkbox"/> Obtaining and Using Credit              |
| <input type="checkbox"/> Starting your own business           |  |
| <input type="checkbox"/> Other <i>(please describe)</i> _____ |  |

28. If you checked any of the options in Question 26, what would be the best way to contact you about training or class opportunities? *(please check all that apply)*
- |  |   |
|--|---|
| <input type="checkbox"/> Phone                               | <input type="checkbox"/> Internet website <i>(please specify)</i> _____ |
| <input type="checkbox"/> Email                               | <input type="checkbox"/> Direct mail                                    |
| <input type="checkbox"/> Other <i>(please specify)</i> _____ |   |

29. Indicate your level of INTEREST in participating in a business incubator program on a 5-point scale. *(Please circle one)*

<i>Extremely Interested</i>	<i>Very</i>	<i>Somewhat</i>	<i>Not very</i>	<i>Not at all interested</i>
5	4	3	2	1

30. As an entrepreneur, please rate on a 5-point scale how VALUABLE you believe a business incubator program will be in helping your business. *(Please circle one)*

<i>Extremely Valuable</i>	<i>Very</i>	<i>Somewhat</i>	<i>Not very</i>	<i>Not at all valuable</i>
5	4	3	2	1

31. Which local newspapers and publications do you read? *(Please check all that apply)*

<input type="checkbox"/> Alpena News	<input type="checkbox"/> MSU Bulletin
<input type="checkbox"/> Presque Isle County Advance	<input type="checkbox"/> Cheboygan Daily Tribune
<input type="checkbox"/> Montmorency County Tribune	<input type="checkbox"/> Oscoda County Herald
<input type="checkbox"/> Alcona County Review	<input type="checkbox"/> Gaylord Herald Times
<input type="checkbox"/> Other <i>(please specify)</i> _____	

32. How far are you willing to travel to reach the business incubator program/ facility?

<input type="checkbox"/> Under 1 mile	<input type="checkbox"/> 1-2 miles	<input type="checkbox"/> 3-5 miles	<input type="checkbox"/> 6-10 miles
<input type="checkbox"/> 11-20 miles	<input type="checkbox"/> 21-50 miles	<input type="checkbox"/> +50 miles	

33. What is your primary source of personal transportation? *(Please check ones that apply)*

<input type="checkbox"/> Van	<input type="checkbox"/> Truck	<input type="checkbox"/> Automobile
<input type="checkbox"/> Walk only	<input type="checkbox"/> Public transportation	
<input type="checkbox"/> Other <i>(please specify)</i> _____		

34. Does your business own a vehicle?  Yes  No  Same as personal vehicle

35. If your business owns a vehicle which is different from your personal vehicle, what type(s) of vehicle does your business own? *(Please check ones that apply)*

<input type="checkbox"/> Van	<input type="checkbox"/> Truck	<input type="checkbox"/> Automobile
<input type="checkbox"/> Other <i>(Please specify)</i> _____		

36. Does your company have an equity/ownership relationship with another business?

Yes  No

37. If you answered 'Yes' to Question 36, please specify the kind of relationship your business has or will have:

- Joint venture
- Partnership
- Subsidiary/division of your company
- Your company is a subsidiary
- Other (*Please describe*) \_\_\_\_\_

Below is a list of shared services, business and technical assistance, incubator characteristics, and benefits which could be offered to participants of incubators and the larger business community in the Alpena region. Please rate the level of usefulness / importance of each item on a 5-point scale.

<b>38. Business-related Incubator Services</b>	<i>Extremely</i>	<i>Very</i>	<i>Somewhat</i>	<i>Not very</i>	
<i>Not at all</i>					
<input type="checkbox"/> Secretarial/ Clerical	5	4	3	2	1
<input type="checkbox"/> Photocopying and Printing	5	4	3	2	1
<input type="checkbox"/> Mail/ Fax	5	4	3	2	1
<input type="checkbox"/> Reception/ Telephone Answering	5	4	3	2	1
<input type="checkbox"/> Conference Room	5	4	3	2	1
<input type="checkbox"/> Computer Access	5	4	3	2	1
<input type="checkbox"/> Assistance with Business Software	5	4	3	2	1
<input type="checkbox"/> Lunch Room/ Cafeteria	5	4	3	2	1
<input type="checkbox"/> Other: _____	5	4	3	2	1
<i>(Please describe)</i>					

<b>39. Facilities-related Incubator Services</b>	<i>Extremely</i>	<i>Very</i>	<i>Somewhat</i>	<i>Not very</i>	
<i>Not at all</i>					
<input type="checkbox"/> Warehouse/ Storage Facilities	5	4	3	2	1
<input type="checkbox"/> Parking/ Security Services	5	4	3	2	1
<input type="checkbox"/> Loading Dock	5	4	3	2	1
<input type="checkbox"/> Material Handling	5	4	3	2	1
<input type="checkbox"/> Special Electrical Power	5	4	3	2	1
<input type="checkbox"/> Special Ventilation	5	4	3	2	1
<input type="checkbox"/> Special Air Conditioning	5	4	3	2	1
<input type="checkbox"/> Special Heating	5	4	3	2	1
<input type="checkbox"/> Lab Space	5	4	3	2	1
<input type="checkbox"/> Medical Care Equipment	5	4	3	2	1
<input type="checkbox"/> Patient Examination Rooms	5	4	3	2	1
<input type="checkbox"/> Fork Lifts/ Carts/ Dock Pallets	5	4	3	2	1
<input type="checkbox"/> Other: _____	5	4	3	2	1
<i>(Please describe)</i>					

<b>40. Business Incubator Assistance</b>	<i>Extremely</i>	<i>Very</i>	<i>Somewhat</i>	<i>Not very</i>	
<i>Not at all</i>					
<input type="checkbox"/> Business Plan Development	5	4	3	2	1
<input type="checkbox"/> Financial Management/Accounting	5	4	3	2	1
<input type="checkbox"/> Tax Assistance	5	4	3	2	1
<input type="checkbox"/> Individualized Business Advising	5	4	3	2	1
<input type="checkbox"/> Personnel Management	5	4	3	2	1
<input type="checkbox"/> Sales/ Marketing/ Advertising	5	4	3	2	1
<input type="checkbox"/> Purchasing	5	4	3	2	1
<input type="checkbox"/> Legal Services	5	4	3	2	1
<input type="checkbox"/> Specific Job-Related Skill Training	5	4	3	2	1
<input type="checkbox"/> Education and Networking	5	4	3	2	1
<input type="checkbox"/> Other: _____	5	4	3	2	1

(Please describe)

<b>41. Financial Incubator Services</b>	<i>Extremely</i>		<i>Very</i>	<i>Somewhat</i>	<i>Not very</i>
<i>Not at all</i>					
___ Venture Capital	5	4	3	2	1
___ Availability of Commercial Loans	5	4	3	2	1
___ Revolving Loans	5	4	3	2	1
___ Big business sponsorships	5	4	3	2	1
___ Other: _____	5	4	3	2	1

(Please describe)

<b>42. Characteristics of the Incubator Facility</b>	<i>Extremely</i>		<i>Very</i>	<i>Somewhat</i>	<i>Not very</i>
<i>Not at all</i>					
___ Location	5	4	3	2	1
___ Flexibility of Hours	5	4	3	2	1
___ Instructions/ Training	5	4	3	2	1
___ Cost of Space	5	4	3	2	1
___ On-Site Child Care	5	4	3	2	1
___ Other: _____	5	4	3	2	1

(Please describe)

<b>43. Incubator Benefits to the Community</b>	<i>Extremely</i>		<i>Very</i>	<i>Somewhat</i>	<i>Not</i>
<i>very Not at all</i>					
___ Creation of new firms	5	4	3	2	1
___ Creation of new jobs	5	4	3	2	1
___ Creation of new entry level jobs	5	4	3	2	1
___ Creation of new high wage jobs	5	4	3	2	1
___ Development of new technology	5	4	3	2	1
___ Improvement of wages in community	5	4	3	2	1
___ Retention of business in community	5	4	3	2	1
___ Expansion of existing businesses	5	4	3	2	1
___ Enhancement of business climate	5	4	3	2	1
___ Improved community image (i.e. revitalization of neighborhoods)	5	4	3	2	1
___ Increase of local real estate values	5	4	3	2	1
___ Increase in property tax revenues	5	4	3	2	1
___ Student jobs/ Internships	5	4	3	2	1
___ Assist minorities/ women/ disabled in becoming business owners	5	4	3	2	1
___ Other: _____	5	4	3	2	1

(Please describe)

44. How many days a week would you use the incubator for your business needs?

\_\_\_ 0 days \_\_\_ 1-2 days \_\_\_ 3-4 days \_\_\_ 5-6 days \_\_\_ 7 days

45. How many hours per day would you need to use the incubator?

\_\_\_ 0 hours \_\_\_ 1-3 hours \_\_\_ 4-6 hours \_\_\_ 7-9 hours \_\_\_ 10-12 hours \_\_\_ 12+ hours

46. What time of day would you need to use the incubator? (Please check all that apply)

\_\_\_ 8:00 AM to Noon \_\_\_ 8:00 PM to Midnight \_\_\_ N/A  
\_\_\_ Noon to 4:00 PM \_\_\_ Midnight to 4:00 AM  
\_\_\_ 4:00 PM to 8:00 PM \_\_\_ 4:00 AM to 8:00 AM

---

**D. Demographic Information**

47. What is your age group?  
 18-25 yrs     26-35 yrs     36-45 yrs     46-50 yrs  
 51-60 yrs     61-70 yrs     71+ yrs

48. What town do you live in, or is closest to your home?

- Alpena
  - Atlanta
  - Barton City
  - Black River
  - Comins
  - Curran
  - Fairview
  - Glennie
  - Greenbush
  - Harrisville
  - Hawks
  - Herron
  - Hillman
  - Hubbard Lake
  - Lachine
  - Lewiston
  - Lincoln
  - Luzerne
  - Mikado
  - Millersburg
  - Mio
  - Onaway
  - Ossineke
  - Posen
  - Presque Isle
  - Rogers City
  - Spruce
  - Other (please specify)
-

---

49. Do you know of anyone else who might be interested in the business incubator program and facility?

*(Please list below)*

Name: *(Mr./ Mrs./ Miss)*

---

Position in business *(if applicable)*:

---

Business Name *(if applicable)*:

---

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

***Thank you for your participation!***  
***Please write any additional comments and/ or concerns below:***

---

**B. Kitchen Incubator Survey**

**Alpena Region Incubator Market and  
Feasibility Analysis Study**

*Survey of Entrepreneurs for  
Kitchen Incubator Program*

EDA University of Center for Economic Diversification at the University of  
Michigan in Collaboration with the Northeast Michigan Council of Governments,  
Alpena Community College, Target Alpena and MSU Extension  
*The Alpena Region Incubator Market and Feasibility Analysis Study*





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**Before you begin the survey, please read the following about 'Business Incubators:'**

Business incubator programs provide a fully-equipped facility as well as a network of professionals to assist small businesses with business-related training, technical assistance, legal assistance, access to financing, and other professional services from established area firms on a pro bono or reduced-cost basis. The network of professionals includes attorneys, bankers, business consultants, economic development specialists, and corporate managers. The success of an incubator program is highly dependent on local entrepreneurs with a desire to start new ventures and the willingness of local professionals to assist these new businesses. Businesses participating in an incubation program usually "graduate" and operate with minimal aid or assistance from the incubator program at the end of three years.

**Your participation in this survey is completely voluntary, and you may stop taking it at any time, or skip any questions that make you feel uncomfortable. The confidentiality of your answers will be fully protected.**

### **Demographics**

1. What is your gender?

Male       Female

2. What is your age group?

18-25yrs     26-35yrs     36-45yrs     46-50yrs  
 51-60 yrs     61-70yrs     71+yrs

3. What town do you live in, or is closest to your home?

<input type="checkbox"/> Alpena	<input type="checkbox"/> Lewiston
<input type="checkbox"/> Atlanta	<input type="checkbox"/> Lincoln
<input type="checkbox"/> Barton City	<input type="checkbox"/> Luzerne
<input type="checkbox"/> Black River	<input type="checkbox"/> Mikado
<input type="checkbox"/> Comins	<input type="checkbox"/> Millersburg
<input type="checkbox"/> Curran	<input type="checkbox"/> Mio
<input type="checkbox"/> Fairview	<input type="checkbox"/> Onaway
<input type="checkbox"/> Glennie	<input type="checkbox"/> Ossineke
<input type="checkbox"/> Greenbush	<input type="checkbox"/> Posen
<input type="checkbox"/> Harrisville	<input type="checkbox"/> Presque Isle
<input type="checkbox"/> Hawks	<input type="checkbox"/> Rogers City
<input type="checkbox"/> Herron	<input type="checkbox"/> Spruce
<input type="checkbox"/> Hillman	<input type="checkbox"/> Other (please specify)
<input type="checkbox"/> Hubbard Lake	_____
<input type="checkbox"/> Lachine	_____

## Information about Your Business and Operation

Please fill out all questions for the business you have/would like to begin that would need space in a kitchen incubator facility.

4. What is your Company Information? (If listed incorrectly, cross out and write in correction)

Company Name: \_\_\_\_\_

Phone: \_\_\_\_\_

Mailing Address: \_\_\_\_\_, County Road 452, Hillman, MI 49746

Website: \_\_\_\_\_

5. Are you a member of any Business associations?

Yes  No

↳ If yes, which ones? \_\_\_\_\_

6. What is the legal status of your business?

Sole Proprietorship

Corporation

Partnership

Other

Limited Liability Corporation

Please specify Other: \_\_\_\_\_

7. How long have you been in operation?

Still Planning

0-6 months

1 year

2-3 years

4-5 years

6-10 years

10-15 years

16+ years

8. Do you have a written Business Plan?

Yes  No

9. What type of business do you have? (please check **all** that apply)

Bakery

Specialty/Gourmet Producer

Brewery/Winery

Organic Product Line

Catering

Supermarket/Deli

Cart/Street Vendor

Value-added Processing

Farm\*

Other

Home-based entrepreneur

Please specify Other: \_\_\_\_\_

Restaurant

\* If you farm, please make sure to also answer questions 52-55.

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10. What type of additional business venture would you be interested in developing?

*(Please check all that apply)*

- |  |   |
|--|---|
| <input type="checkbox"/> Bakery                  | <input type="checkbox"/> Specialty/Gourmet Producer |
| <input type="checkbox"/> Brewery/Winery          | <input type="checkbox"/> Organic Product Line       |
| <input type="checkbox"/> Catering                | <input type="checkbox"/> Supermarket/Deli           |
| <input type="checkbox"/> Cart/Street Vendor      | <input type="checkbox"/> Value-added Processing     |
| <input type="checkbox"/> Farming                 | <input type="checkbox"/> Other                      |
| <input type="checkbox"/> Home-based entrepreneur | <i>Please specify Other: _____</i>                  |
| <input type="checkbox"/> Restaurant              |   |

11. What types of agriculturally derived product do you currently produce?

*(Please check all that apply)*

- |  |   |
|--|---|
| <input type="checkbox"/> Beer/Wine                 | <input type="checkbox"/> Jam/Jelly          |
| <input type="checkbox"/> Breads                    | <input type="checkbox"/> Sandwiches         |
| <input type="checkbox"/> Cakes, Pies, Cookies      | <input type="checkbox"/> Salads             |
| <input type="checkbox"/> Cider                     | <input type="checkbox"/> Sauces/Salsas      |
| <input type="checkbox"/> Ethnic Food               | <input type="checkbox"/> Soups              |
| <input type="checkbox"/> Fresh fruits/vegetables   | <input type="checkbox"/> Dairy Products     |
| <input type="checkbox"/> Full Course Meals         | <input type="checkbox"/> Fish Products      |
| <input type="checkbox"/> Honey                     | <input type="checkbox"/> Meat Products      |
| <input type="checkbox"/> Ice Cream/Frozen Desserts | <input type="checkbox"/> Vegetable Products |
| <input type="checkbox"/> Ingredient                | <input type="checkbox"/> Other              |

*Please specify Ingredient: \_\_\_\_\_*

*Please specify Other: \_\_\_\_\_*

12. What types of additional agriculturally derived products would you be interested in producing or plan to produce in the future?

*(Please check all that apply)*

- |  |   |
|--|---|
| <input type="checkbox"/> Beer/Wine                 | <input type="checkbox"/> Jam/Jelly          |
| <input type="checkbox"/> Breads                    | <input type="checkbox"/> Sandwiches         |
| <input type="checkbox"/> Cakes, Pies, Cookies      | <input type="checkbox"/> Salads             |
| <input type="checkbox"/> Cider                     | <input type="checkbox"/> Sauces/Salsas      |
| <input type="checkbox"/> Ethnic Food               | <input type="checkbox"/> Soups              |
| <input type="checkbox"/> Fresh fruits/vegetables   | <input type="checkbox"/> Dairy Products     |
| <input type="checkbox"/> Full Course Meals         | <input type="checkbox"/> Fish Products      |
| <input type="checkbox"/> Honey                     | <input type="checkbox"/> Meat Products      |
| <input type="checkbox"/> Ice Cream/Frozen Desserts | <input type="checkbox"/> Vegetable Products |
| <input type="checkbox"/> Ingredient                | <input type="checkbox"/> Other              |

*Please specify Ingredient: \_\_\_\_\_*

*Please specify Other: \_\_\_\_\_*

13. Processing Equipment: Do you currently own or use the equipment listed in the table below? Please indicate if you own the equipment, whether you use it for your current production, and if you would need to use it for producing a product in the future.

*For example, if you do not own a broiler but use it now (either renting or borrowing) for the products you make and will use it for the products you want to make in the future, your row should look like this:*

<b>Equipment</b>	<b>Own it</b>	<b>Use it Now</b>	<b>Use in Future</b>
Broiler		✓	✓

*(End of example.)*

<b>Equipment</b>	<b>Own it</b>	<b>Use it Now</b>	<b>Use in Future</b>
		↙	↓

<b>Equipment</b>	<b>Own it</b>	<b>Use it Now</b>	<b>Use in Future</b>
Broiler			
Convection oven			
Forced Air Oven			
Steamer Oven			
Standard Range/Oven			
Deep fryer			
Griddle			
Grill			
Microwave			
Steamer			
Steam kettle			
Tilting Braising Pans			
Tilt Kettle and Filler			
Stationary Kettle and Filler			
Commercial mixer			
Food processor			
Slicer			
Juicer			
Chafing Dishes			

Dish Washer/Sanitizer  
 Kitchen Utensils  
 Stainless Steel Table  
 Bottling/Canning Machinery  
 Packaging Machinery  
 Scale 40lb  
 Portion Scale 5lb  
 Climate Controlled Storage  
 Dry Storage  
 Roll In Refrigerator  
 Roll In Freezer  
 Reach In Freezer  
 Reach In Fridge  
 Walk in Cooler/Freezer  
 Freeze Dryer  
 Flash Freezer  
 Other *specify Other:*  
 2<sup>nd</sup> Other:

14. If you consistently process/cook specific raw fruits or produce, please specify which kinds:

<i>Fruit or Vegetable(s)</i>	<i>Variety</i>
------------------------------	----------------

---

15. At what facility are you currently preparing your product?

<input type="checkbox"/> At Home	<input type="checkbox"/> Community Center	<input type="checkbox"/> Eagles Lodge	<input type="checkbox"/> Firehouse
<input type="checkbox"/> Moose Lodge	<input type="checkbox"/> Religious Facility	<input type="checkbox"/> Restaurant	<input type="checkbox"/> School
<input type="checkbox"/> VFW	<input type="checkbox"/> Other	<i>Please specify Other:</i> _____	

16. What is your current arrangement with the facility?

<input type="checkbox"/> Owner of facility	<input type="checkbox"/> Part-Time Lease	<input type="checkbox"/> Full-Time Lease
--	--	--

Other    *Please specify Other:* \_\_\_\_\_

17. Is the facility that you use certified for preparation of food or other agricultural products?  
 No certification     County-inspected     State-inspected     USDA certified  
 FDA certified     ISO certified     Other

↳ *Please specify Other:* \_\_\_\_\_

18. Do you have a leasing contract with the facility?

Yes     No

19. How many employees do you currently have **excluding yourself**?

1-3     4-6     7-9     10+

20. Do you have an employee contract and/or training procedure?

Yes     No

21. How do you currently market your product to attract new clients?

*(please check all that apply)*

<input type="checkbox"/> Advertise	<input type="checkbox"/> Free Samples
<input type="checkbox"/> Catalog	<input type="checkbox"/> Internet
<input type="checkbox"/> Concession Booth	<input type="checkbox"/> Word of mouth
<input type="checkbox"/> Festivals/Fairs/Street Events/etc	<input type="checkbox"/> Other

Flyers    *Please specify Other:* \_\_\_\_\_

22. How would you like to market your product in the future?

*(please check all that apply)*

<input type="checkbox"/> Advertise	<input type="checkbox"/> Free Samples
<input type="checkbox"/> Catalog	<input type="checkbox"/> Internet
<input type="checkbox"/> Concession Booth	<input type="checkbox"/> Word of mouth
<input type="checkbox"/> Festivals/Fairs/Street Events/etc	<input type="checkbox"/> Other

Flyers    *Please specify Other:* \_\_\_\_\_

23. How are you currently financing your business?

*(please check all that apply)*

<input type="checkbox"/> Loans	<input type="checkbox"/> Operation is self-sufficient
<input type="checkbox"/> Part-Time Employment Income	<input type="checkbox"/> Other

Full-Time Employment Income    *Please specify Other:* \_\_\_\_\_

Savings

**IMPORTANT!**

*The following questions are financial. All information is kept strictly confidential, and is collected for statistical purposes ONLY. This information is critical to understanding how we*

may serve your community, and which services you would benefit from most. You have the right to skip questions that make you uncomfortable.

If you have questions, please call (734) 998-6214.

If your business is not yet generating income, questions 26-30 may not apply to you.

24. In an average year, what gross annual revenue does your business **currently generate**? Please consider *only* the business that you would like to include in the incubator facility.

<input type="checkbox"/> Business not yet launched	<input type="checkbox"/> \$15,001 - \$20,000	<input type="checkbox"/> \$200,001 - \$400,000
<input type="checkbox"/> \$1 - \$500	<input type="checkbox"/> \$20,001 - \$30,000	<input type="checkbox"/> \$400,001 - \$600,000
<input type="checkbox"/> \$501 - \$1,000	<input type="checkbox"/> \$30,001 - \$40,000	<input type="checkbox"/> \$600,001 - \$800,000
<input type="checkbox"/> \$1,001 - \$3,000	<input type="checkbox"/> \$40,001 - \$50,000	<input type="checkbox"/> \$800,001 - \$1,000,000
<input type="checkbox"/> \$3,001 - \$5,000	<input type="checkbox"/> \$50,001 - \$75,000	<input type="checkbox"/> \$1,000,001 - \$2,000,000
<input type="checkbox"/> \$5,001 - \$10,000	<input type="checkbox"/> \$75,001 - \$100,000	<input type="checkbox"/> \$2,000,001 +
<input type="checkbox"/> \$10,001 - \$15,000	<input type="checkbox"/> \$100,001 - \$200,000	

25. In an average year, what gross annual revenue do you expect your business to be generating **three years from now**? Please consider *only* the business that you would like to include in the incubator facility.

<input type="checkbox"/> Business not yet launched	<input type="checkbox"/> \$10,001 - \$15,000	<input type="checkbox"/> \$100,001 - \$200,000
<input type="checkbox"/> \$1 - \$500	<input type="checkbox"/> \$15,001 - \$20,000	<input type="checkbox"/> \$200,001 - \$400,000
<input type="checkbox"/> \$501 - \$1,000	<input type="checkbox"/> \$20,001 - \$30,000	<input type="checkbox"/> \$400,001 - \$600,000
<input type="checkbox"/> \$1,001 - \$3,000	<input type="checkbox"/> \$30,001 - \$40,000	<input type="checkbox"/> \$600,001 - \$800,000
<input type="checkbox"/> \$3,001 - \$5,000	<input type="checkbox"/> \$40,001 - \$50,000	<input type="checkbox"/> \$800,001 - \$1,000,000
<input type="checkbox"/> \$5,001 - \$10,000	<input type="checkbox"/> \$50,001 - \$75,000	<input type="checkbox"/> \$1,000,001 - \$2,000,000
	<input type="checkbox"/> \$75,001 - \$100,000	<input type="checkbox"/> \$2,000,001 +

26. Procurement: In an average year, approximately how many dollars do you spend purchasing items from each vendor type listed in the table below? Please estimate a dollar amount, then write what kinds of items/materials you buy from that vendor type.



---

Vendor Type	\$ - Estimated Spending	Items/Materials Purchased
Internally grown/produced	\$	
Companies based in Alpena, Alcona, Montmorency, Oscoda, or Presque Isle counties	\$	
Companies based in Michigan	\$	
National companies	\$	
International companies	\$	
Online purchasing	\$	
Other <i>Please specify Other:</i>	\$	

*Please estimate current and desired-future revenues generated from sources given below. Please consider each category estimate separately, as they may overlap. For example, revenue generated by selling to a local restaurant may be counted in both the category "Restaurants" and the category "Retail outlets – companies based in your County."*

27. Sales Customers: Who purchases your product. In an average year, approximately how much gross revenue is generated by each type of Customer Types below?

Check if you would like to increase sales with this Customer Type within the next 2yrs ↗

Customer Type	\$ - Estimated Current Revenue	Target this type within 2yrs?	\$ - Desired amount that you would like your revenue to increase to within 2yrs
Caterers	\$		\$
Cooperatives	\$		\$
Individuals	\$		\$
Restaurants	\$		\$
Schools	\$		\$
Retail outlets – companies based in your County	\$		\$
Retail outlets – Michigan companies	\$		\$
Retail outlets – National companies	\$		\$
Retail outlets – International companies	\$		\$
Value-Added Processing companies – companies based in your County	\$		\$
Value-Added Processing companies – Michigan companies	\$		\$
Value-Added Processing companies – National companies	\$		\$

Value-Added Processing companies – International companies

\$

\$

\$

Wholesale outlets – companies based in your county

\$

\$

\$

Wholesale outlets – Michigan companies

\$

\$

\$

Wholesale outlets – National companies

\$

\$

\$

Wholesale outlets – International companies  
*Continued next page*

\$

\$

\$

\$ - Desired amount that you would like your revenue to increase to within 2yrs

Target this type within 2yrs?

\$ - Estimated Current Revenue

**Customer Type**

Other *Please specify Other:*

2<sup>nd</sup> Other *Please specify Other:*

3<sup>rd</sup> Other *Please specify Other:*

28. Sales Locations: Where customers can buy your product. In an average year, approximately how much revenue is generated at each of the Location Types below?

Check if you would like to increase sales using this Location Type within the next 2yrs

\$ - Desired amount that you would like your revenue to increase to within 2yrs

Target this type within 2yrs?

Number of Locations \$ - Estimated Current Revenue

**Location Type**

From my Company-Owned Building/ Location(s)

\$

\$

From my company Rented Building/Location(s)

\$

\$

From Distributors that buy directly from me

\$

\$

From Retail Stores that buy directly from me

\$

\$

By Phone

\$

\$

By Catalog

\$

\$

By Internet on my Company Owned Website(s)

\$

\$

By Internet on host/foreign Website(s)

\$

\$

http://

\$

\$

http://

\$

\$

Other *Please specify Other:*

\$

\$

## Small Business Incubator Feasibility

29. If the small business incubator facility provided needed equipment and services, how likely is it that you would lease a space?

*Extremely Likely*

*Not Likely*

\_\_\_5

\_\_\_4

\_\_\_3

\_\_\_2

\_\_\_1

The following 6 questions refer to space requirements. (check **one** column per question)

	150 or less sq ft	151- 300 sq ft	301- 500 sq ft	501- 800 sq ft	801- 1000 sq ft	1001+ sq ft
30. How much production space do you currently use?						
31. How much <b>additional</b> production space will you require in the future?						
32. How much inventory/storage space do you currently use?						
33. How much <b>additional</b> inventory/storage space will you require in the future?						
34. How much office space do you currently use?						
35. How much <b>additional</b> office space will you require in the future?						

36. How far are you willing to travel **one-way** to prepare your food product in a commercially licensed kitchen facility and/or access business support services?

\_\_\_ 0-15 miles

\_\_\_ 16-25 miles

\_\_\_ 26-50 miles

\_\_\_ 51-75 miles

\_\_\_ 75-100 miles

\_\_\_ 101+ miles

37. How many days a week would you use the kitchen incubator to produce/prepare your product?

\_\_\_ 1-2 days

\_\_\_ 3-4 days

\_\_\_ 5-6 days

\_\_\_ 7 days

38. How many hours per day would you need the kitchen incubator?

\_\_\_ 1-4 hours    \_\_\_ 4-6 hours    \_\_\_ 6-8 hours    \_\_\_ 8-12 hours    \_\_\_ 12+ hours

39. During which hours of the day would you need to use the kitchen incubator?  
(please check **all** that apply)

\_\_\_ 8am-Noon    \_\_\_ Noon-4pm    \_\_\_ 4pm-8pm  
\_\_\_ 8pm-Midnight    \_\_\_ Midnight-4am    \_\_\_ 4am-8am

40. Would you use other hours if lower pricing were available for off-peak usage times?  
\_\_\_ Yes    \_\_\_ No

41. What is the most you would be able to pay per hour of kitchen use?

\_\_\_ \$5/hour    \_\_\_ \$10/hour    \_\_\_ \$15/hour  
\_\_\_ \$20/hour    \_\_\_ \$25/hour    \_\_\_ \$25+ /hour

42. How much would you be willing to pay for the use of special production equipment such as canning, bottling, or packaging equipment?

\_\_\_ \$0-5/hour    \_\_\_ \$6-10/hour    \_\_\_ \$11-15/hour    \_\_\_ \$16+/hour

43. What is the most you would be willing to pay every month per pallet of dry storage?

\_\_\_ \$15-20/month    \_\_\_ \$21-25/month    \_\_\_ \$26-30/month    \_\_\_ \$31+ /month

44. What is the most you would be willing to pay every month per pallet of cooler **or** freezer storage?

\_\_\_ \$35-40/month    \_\_\_ \$41-45/month    \_\_\_ \$46-50/month    \_\_\_ \$51+ /month

45. What is the most you would be willing to pay every month for office space, utilities, internet access, local phone, fax and copy machines, shipping/receiving areas, and parking combined?

\_\_\_ \$151-200/month    \_\_\_ \$201-250/month    \_\_\_ \$251-300/month    \_\_\_ \$300+ /month

### **Administrative and Business Service Needs**

46. What kind of office equipment/space do you currently use to operate your business?

(please check **all** that apply)

___ None	___ Fax Machine
___ Copy Machine	___ Filing System
___ Computer with Word Processing, Spreadsheet, and Relational Database Applications	___ Internet Access
___ Conference Room	___ Printer
___ Desk	___ Telephone and Voicemail
	___ Other

Please specify Other: \_\_\_\_\_

47. What business services would benefit your business operation? *(please check all that apply)*

- |   |  |
|---|--|
| <input type="checkbox"/> Accounting                               | <input type="checkbox"/> Marketing                         |
| <input type="checkbox"/> Banking                                  | <input type="checkbox"/> Sales                             |
| <input type="checkbox"/> Business Plan Development                | <input type="checkbox"/> Shipping                          |
| <input type="checkbox"/> Financial                                | <input type="checkbox"/> Regulations Compliance Assistance |
| <input type="checkbox"/> Industry Resources/Networking Assistance | <input type="checkbox"/> Research & Development            |
| <input type="checkbox"/> Inventory                                | <input type="checkbox"/> Warehousing                       |
| <input type="checkbox"/> Legal                                    | <input type="checkbox"/> Other                             |
| <input type="checkbox"/> Lending                                  | <i>Please specify Other: _____</i>                         |
| <input type="checkbox"/> Management                               |  |

48. Would you be interested in attending seminars or classes in any of the following subjects? *(please check all that apply)*

- |   |   |
|---|---|
| <input type="checkbox"/> Accounting                 | <input type="checkbox"/> Recipe Costing and Product Pricing               |
| <input type="checkbox"/> Employee Recruitment       | <input type="checkbox"/> Restaurant Operation                             |
| <input type="checkbox"/> Employee Training          | <input type="checkbox"/> Sanitation (for example: ServSafe Certification) |
| <input type="checkbox"/> Labeling and Packaging     | <input type="checkbox"/> Writing a Business Plan                          |
| <input type="checkbox"/> Marketing                  | <input type="checkbox"/> Other  |
| <input type="checkbox"/> Obtaining and Using Credit | <i>Please specify Other: _____</i>  |
| <input type="checkbox"/> Payroll                    |   |

49. Do you know of anyone who would be interested in using an agricultural-product oriented small business incubator? Please give their information below:

Name of Owner \_\_\_\_\_  
Business Name \_\_\_\_\_  
Phone Number \_\_\_\_\_  
Mailing Address \_\_\_\_\_  
Email \_\_\_\_\_  
URL \_\_\_\_\_

**STOP!** The following questions are for farmers and growers only. All other respondents have finished their portion of the survey. Thank You.

**Questions for Farmers and Growers Only**

50. How many acres do you farm?

- 1-2 acres
- 3-5 acres
- 6-10 acres
- 11-15 acres
- 16-20 acres
- 21-30 acres
- 31-50 acres
- 51-75 acres
- 76-100 acres
- 101-150 acres
- 151-200 acres
- 201-300 acres
- 301-400 acres
- 401-500 acres
- 501-750 acres
- 751-1,000 acres
- 1,001-1,500 acres
- 1,501-2,000 acres
- 2,001-5,000 acres
- 5,001+



grow this food	Food	Variety	Production	Produced/yr
	Apples	<b>Variety:</b>	acres	lbs
		Empire Apple	acres	lbs
		Fuji Apple	acres	lbs
		Gala Apple	acres	lbs
		Golden Delicious Apple	acres	lbs
		Honeycrisp Apple	acres	lbs
		Ida Red Apple	acres	lbs
		Jonagold Apple	acres	lbs
		Jonathan Apple	acres	lbs
		Mcintosh Apple	acres	lbs
		Northern Spy Apple	acres	lbs
		Paula Red Apple	acres	lbs
		Red Delicious Apple	acres	lbs
		Rome Apple	acres	lbs
Check here if you grow this food	Food: Fruit	Variety	Acres In Production	Pounds Produced/yr
	Apricots	--	acres	lbs
	Blackberries	--	acres	lbs
	Blueberries	--	acres	lbs
	Cherries	<b>Variety:</b>	acres	lbs
		Sweet Cherry	acres	lbs
		Tart Cherry	acres	lbs
	Cranberry	--	acres	lbs
	Grapes	<b>Variety:</b>	acres	lbs
		Niagara Grape	acres	lbs
		Concord Grape	acres	lbs
		Delaware Grape	acres	lbs
		Fredonia Grape	acres	lbs
		Vinifera Grapes	acres	lbs
	Melons	<b>Variety:</b>	acres	lbs
		Cantaloupe Melon	acres	lbs
		Watermelon	acres	lbs
	Nectarine	--	acres	lbs
	Peaches	<b>Variety:</b>	acres	lbs
		Freestone Peach	acres	lbs
		Cling Peach	acres	lbs
	Pear	<b>Variety:</b>	acres	lbs
		Bartlett Pear	acres	lbs
		Bosc Pear	acres	lbs
		Clapp's Favorite Pear	acres	lbs
		Seckel Pear	acres	lbs
		D'Anjou Pear	acres	lbs
	Plum	<b>Variety:</b>	acres	lbs
		European Plums	acres	lbs
		Japanese Plums	acres	lbs
	Raspberry	<b>Variety:</b>	acres	lbs
		Black Raspberries	acres	lbs
		Golden Raspberries	acres	lbs
		Red Raspberries	acres	lbs

	Squash	<b>Variety:</b>	acres	lbs
		Acorn Squash	acres	lbs
		Banana Squash	acres	lbs
		Buttercup Squash	acres	lbs
		Butternut Squash	acres	lbs
		Hubbard Squash	acres	lbs
		Spaghetti Squash	acres	lbs
		Turban Squash	acres	lbs
<b>Check here if you grow this food</b> <i>Continued next page</i>	<b>Food: Fruit</b>	<b>Variety</b>	<b>Acres In Production</b>	<b>Pounds Produced/yr</b>
		Yellow Crookneck Squash	acres	lbs
		Yellow Straightneck Squash	acres	lbs
		Zucchini Squash	acres	lbs
	Strawberries	--	acres	lbs
	Tomatoes	<b>Variety:</b>	acres	lbs
		Cherry Tomato	acres	lbs
		Roma Tomato	acres	lbs
		Vine Ripe, Round Tomato	acres	lbs
		Heirloom Tomatoes	acres	lbs
<b>Check here if you grow this food</b>	<b>Food: Vegetable</b>	<b>Variety</b>	<b>Acres In Production</b>	<b>Pounds Produced/yr</b>
	Beets	--	acres	lbs
	Broccoli	--	acres	lbs
	Cabbage	--	acres	lbs
	Carrots	--	acres	lbs
	Chard	<b>Variety:</b>	acres	lbs
		Rainbow Chard	acres	lbs
		Swiss Chard	acres	lbs
	Corn	<b>Variety:</b>	acres	lbs
		Sweet Corn	acres	lbs
		Indian Corn	acres	lbs
		Yellow Corn	Acres	lbs
	Cucumber	<b>Variety:</b>	acres	Lbs
		Pickling	acres	lbs
		Slicing	acres	lbs
	Dill Weed	--	acres	lbs
	Eggplant	--	acres	lbs
	Green Beans	--	acres	lbs
	Greens	<b>Variety:</b>	acres	lbs
		Mustard	acres	lbs
		Collard	acres	lbs
		Turnip	acres	lbs
	Peppers	<b>Variety:</b>	acres	lbs
		Bell	acres	lbs
		Colored	acres	lbs
		Chilis	acres	lbs
	Okra	--	acres	lbs
	Onions	<b>Variety:</b>	acres	lbs
		Leeks	acres	lbs

		Red Onion	acres	lbs	
		Scallions	acres	lbs	
<b>Check here if you grow this food</b> <i>Continued next page</i>	<b>Food: Vegetable</b>	<b>Variety</b>	<b>Acres In Production</b>	<b>Pounds Produced/yr</b>	
		Shallots	acres	lbs	
		White Onion	acres	lbs	
		Yellow Onion	acres	lbs	
		Parsnips	--	acres	lbs
		Potato	<b>Variety:</b>	acres	lbs
			Yukon Gold Potato	acres	lbs
			Red-Skinned Potato	acres	lbs
			Russet Potato	acres	lbs
			White Potato	acres	lbs
		Pumpkins	<b>Variety:</b>		
			Pie Pumpkin	acres	lbs
			Ornamental Pumpkin	acres	lbs
		Radishes	--	acres	lbs
		Rhubarb	--	acres	lbs
		Rutabagas	--	acres	lbs
		Soybeans	--	acres	lbs
		Sugar Snap Peas	--	acres	lbs
		Sweet Potato	--	acres	lbs
		Turnips	--	acres	lbs
<b>Check here if you grow this food</b>	<b>Food: Category</b>	<b>Variety:</b>	<b>Acres in Production/yr</b>	<b>Pounds Produced/yr</b>	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	
			acres	lbs	

51. How many of those acres do you own?  
\_\_\_\_\_ acres

---

52. Do you sell an agricultural product to one or two specific companies every year? If so, which companies?

Yes       No

↳ If yes, which companies? \_\_\_\_\_

53. Please mark which foods you grow, the varieties, and how many acres are in production with that food in a given year. If a food you produce is not listed, please write it in the open spaces at the end of the list.

# Alpena Region Incubator Market and Feasibility Analysis Study

*Survey of Artists, Artisans and Crafters*

EDA University of Center for Economic Diversification at the University of Michigan in  
Collaboration with the Northeast Michigan Council of Governments, Alpena Community  
College, Target Alpena and MSU Extension

*The Alpena Region Incubator Market and Feasibility Analysis Study*

***Before you begin the survey, please read the following about 'Arts and Crafts Incubators':***

**An arts and crafts business incubator** is a regional center for artists and crafters to work on projects, sell wares, hold craft related demonstrations and classes, and promote arts and crafts in the community. Its facilities include office space, studio space, gallery space and commercial venues. An incubation program supports the successful start and growth of new art ventures by providing a network of professionals to assist with business-related trainings, technical and legal assistance, and access to financial and professional services on a pro-bono or reduced cost basis.

The success of an arts and crafts incubator highly depends on the willingness of local artists and crafters to start new ventures, and of local professionals to assist these ventures. Artists and crafters participating in an incubation program usually "graduate" and go on to operate with minimal assistance at the end of three years.

This survey of interest and need for an arts and crafts incubator in the Northeast Michigan region is a part of the Alpena Region Incubator Project. The potential arts and crafts incubator facility, if actualized, would complement the existing arts initiatives in the region. This study is designed to help determine the possibility of establishing such an incubation program in the Northeast Michigan region.

**This survey is for artists, artisans and crafters. Your participation in this survey is completely voluntary. You may skip any question that makes you feel uncomfortable, or withdraw from the survey at any time. The confidentiality of your answers and contact information will be fully protected. This survey will take approximately 15 minutes to complete.**

***C. Personal Information***

1. Name: (Mr./ Mrs./ Ms./ Dr.): Darlene Jaye

Position in arts/crafts production and sale (i.e. head artist, assistant craftsman, sole artist, etc):  
\_\_\_\_\_

Name of arts/crafts venture (if applicable): \_\_\_\_\_

Home Address:  
1990 Fern Rd.  
Oscoda, MI 48750

Venture Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
E-mail: \_\_\_\_\_

Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
E-mail: \_\_\_\_\_

***B. Demographic Information***

2. What is your age group?  
 18-25 yrs     26-35 yrs     36-45 yrs     46-50 yrs  
 51-60 yrs     61-70 yrs     71+ yrs

3. What town do you live in or are nearest to?

\_\_\_\_\_

4. Do you know of anyone else who might be interested in the arts and crafts business incubator program and facility?

\_\_\_\_ Yes                      \_\_\_\_ No

If 'Yes', please list below:

Name: (Mr./ Mrs./ Miss) \_\_\_\_\_

Position in business (if applicable): \_\_\_\_\_

Business Name (if applicable): \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ Telephone: \_\_\_\_\_

\_\_\_\_\_ Fax: \_\_\_\_\_

\_\_\_\_\_ E-mail: \_\_\_\_\_

Name: (Mr./ Mrs./ Miss) \_\_\_\_\_

Position in business (if applicable): \_\_\_\_\_

Business Name (if applicable): \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ Telephone: \_\_\_\_\_

\_\_\_\_\_ Fax: \_\_\_\_\_

\_\_\_\_\_ E-mail: \_\_\_\_\_

Name: (Mr./ Mrs./ Miss) \_\_\_\_\_

Position in business (if applicable): \_\_\_\_\_

Business Name (if applicable): \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ Telephone: \_\_\_\_\_

\_\_\_\_\_ Fax: \_\_\_\_\_

\_\_\_\_\_ E-mail: \_\_\_\_\_

5. Indicate how long you have been producing and selling arts/crafts:

\_\_\_\_ 1-3 mo.    \_\_\_\_ 4-6 mo.    \_\_\_\_ 7-12mo.    \_\_\_\_ 1-5yrs.    \_\_\_\_ 6+yrs.

6. Including yourself, how many other artists produce and sell arts and crafts for your venture?

\_\_\_\_ 1-2            \_\_\_\_ 3-4            \_\_\_\_ 5-6            \_\_\_\_ 7-10            \_\_\_\_ 11-25            \_\_\_\_ Over 25

7. What is the legal status of your arts/crafts venture? (please check all that apply)

\_\_\_\_ Sole Proprietorship            \_\_\_\_ Partnership            \_\_\_\_ Corporation  
\_\_\_\_ PC                                    \_\_\_\_ LLC                                    \_\_\_\_ Sub Chapter S  
\_\_\_\_ Separate Banking Accounts    \_\_\_\_ Donations                    \_\_\_\_ Non-Profit  
\_\_\_\_ Registered with the City        \_\_\_\_ Not Registered as a Business  
\_\_\_\_ Do Not Know

8. What do you consider your occupation as an artist or craftsman to be?

\_\_\_\_ Full time    \_\_\_\_ Part time    \_\_\_\_ Supplemental Income    \_\_\_\_ Hobby  
\_\_\_\_ Other (please specify) \_\_\_\_\_

9. Which media do you work with? What types of products do you sell or hope to sell?  
 Ceramics/ Clay (*please specify*) \_\_\_\_\_  
 Water Color/ Paint (*please specify*) \_\_\_\_\_  
 Oil Paint (*please specify*) \_\_\_\_\_  
 Pencil/ Charcoal Drawing (*please specify*) \_\_\_\_\_  
 Cartoon/ Time Based (*please specify*) \_\_\_\_\_  
 Computer Based (*please specify*) \_\_\_\_\_  
 Graphic Design (*please specify*) \_\_\_\_\_  
 Photography (*please specify*) \_\_\_\_\_  
 Wood Work/ Furniture (*please specify*) \_\_\_\_\_  
 Glass (*please specify*) \_\_\_\_\_  
 Fabrics (*please specify*) \_\_\_\_\_  
 Other (*please specify*) \_\_\_\_\_
10. Do you advertise your arts/crafts venture?  
 Yes  No
11. If 'yes', how do you advertise your arts/crafts venture? (*please check all that apply*)  
 Word of mouth  Catalog  Internet  Magazines  Newspapers  
 Phone Book  Exhibitions  Press Releases  Postcards  Affiliations  
 Send Portfolios to Art Galleries  Free Publications  
 Other (*please specify*) \_\_\_\_\_
12. What is the target market for your arts/crafts venture?  
a. City/ County/ State/ Country: \_\_\_\_\_  
b. Customer/ Client: \_\_\_\_\_
13. What is the approximate annual sales revenue from your venture?  
 \$0-\$10,000  \$11,000-\$25,000  \$26,000-\$100,000  
 +\$100,000  Other (*please specify*) \_\_\_\_\_
14. Please indicate where your arts/crafts production is currently located:  
 Home Office  Rented Office  
 Home Studio  Rented Studio  
 Home Gallery  Public Gallery  
 Other (*please specify*) \_\_\_\_\_
15. Please indicate where your arts/crafts sale is currently located:  
 Home Office  Rented Office  
 Home Studio  Rented Studio  
 Home Gallery  Public Gallery  
 Other (*please specify*) \_\_\_\_\_
16. What is the square footage of your production space?  
 100 sq. ft.  101-300 sq.ft.  301-500 sq. ft.  501-700 sq. ft.  
 701-1,000 sq.ft.  1,001-2,000 sq. ft.  2,000+ sq. ft.
17. Do you anticipate expanding the square footage of your production space/ facility in the next two years?  
 Yes  No



18. Do you anticipate expanding the square footage of your sales space/ facility in the next two years?  
 Yes  No
19. Do you anticipate moving your venture's production or sales to a different location in the next two years?  
 Yes  No

**C. Incubator Information**

20. What kind of space would you use for your venture in an arts and crafts incubator facility?  
 Office  Classroom  Retail  
 Studio  Gallery  Other (*please specify*) \_\_\_\_\_
21. Would you be interested in teaching an art or craft class in the gallery?  
 Yes  No  
 If 'Yes', what would you teach? \_\_\_\_\_
22. The arts and crafts incubator may have booth space available for lease. Would you be interested in leasing a booth on a regular basis?  
 Yes  No
23. If 'Yes', how often during a year period?  
 Annually  Seasonally  Specific # of Months
24. Instead of leasing a booth on a regular basis, would you be interested in being a "featured artist/crafter" and leasing booth space for a short time frame (week or month)?  
 Yes  No
25. Instead of leasing a booth, would you be interested in having some of your works for sale in the gallery on consignment?  
 Yes  No
26. What kinds of materials would you like the arts/crafts incubator to offer?
- |   |  |
|---|--|
| <input type="checkbox"/> Kiln                             | <input type="checkbox"/> Films                           |
| <input type="checkbox"/> Clay                             | <input type="checkbox"/> Cameras                         |
| <input type="checkbox"/> Glaze/ Slip                      | <input type="checkbox"/> Raw Wood                        |
| <input type="checkbox"/> Tools                            | <input type="checkbox"/> Tools (Hand)                    |
| <input type="checkbox"/> Brush                            | <input type="checkbox"/> Tools (Electronic)              |
| <input type="checkbox"/> Paint w/ Palette                 | <input type="checkbox"/> Glues/ Dowels                   |
| <input type="checkbox"/> Papers                           | <input type="checkbox"/> Oven                            |
| <input type="checkbox"/> Pencils                          | <input type="checkbox"/> Sand                            |
| <input type="checkbox"/> Inks                             | <input type="checkbox"/> ( <i>please specify</i> ) _____ |
| <input type="checkbox"/> Charcoals                        | <input type="checkbox"/> Fabric                          |
| <input type="checkbox"/> Texture Tools                    | <input type="checkbox"/> Looms                           |
| <input type="checkbox"/> Computer –Mac/Windows based      | <input type="checkbox"/> Yam                             |
| <input type="checkbox"/> Software package                 | <input type="checkbox"/> Thread                          |
| <input type="checkbox"/> ( <i>please specify</i> ) _____  | <input type="checkbox"/> Needles                         |
| <input type="checkbox"/> (ie. Adobe CS3, Maya, Final Cut) | <input type="checkbox"/> Padding                         |
| <input type="checkbox"/> Dark Room                        | <input type="checkbox"/> Basket Weaving                  |
| <input type="checkbox"/> Other                            |  |
| <input type="checkbox"/> ( <i>please specify</i> ) _____  |  |

27. How much square footage do you need in an incubator facility for your arts/crafts venture?

100 sq. ft.       101-300 sq.ft.       301-500 sq. ft.       501-700 sq. ft.  
 701-1000 sq.ft.       1001-2000 sq. ft.       2000+ sq. ft.

28. What is the maximum you would be willing to pay for space per square foot per year in an incubator facility?

\$3-\$5       \$6-\$10       \$11-\$15       \$16-\$20       \$20+

29. Do you have a written business plan for your arts/crafts venture?

Yes       No

30. If 'Yes', does your business plan include (*please check all that apply*):

- Arts/Crafts Venture Description
- Mission/ Vision Statement
- Product/ Service Description
- Industry Analysis
- Market Analysis
- Marketing Plan
- Financial Plan
- Sales Plan
- Operations Plan
- Management Organization

31. On a scale of 5, how **CRITICAL** are these barriers to starting a business, where:

**5=extremely critical, 4=very critical, 3=somewhat critical, 2=not very critical, 1=not at all critical**  
*(Please circle one)*

<i>very</i>	<i>Not at all</i>	<i>Extremely</i>	<i>Very</i>	<i>Somewhat</i>	<i>Not</i>	
Finance		5	4	3	2	1
Competition		5	4	3	2	1
Developing a customer base		5	4	3	2	1
Employment (hiring)		5	4	3	2	1
Advertising/ Marketing		5	4	3	2	1
Finding start-up capital		5	4	3	2	1
Legal barriers		5	4	3	2	1
Other ( <i>please specify</i> )						
(a) _____		5	4	3	2	1
(b) _____		5	4	3	2	1
(c) _____		5	4	3	2	1

32. If you have an idea for a new arts/crafts venture or to improve an existing venture, what assistance do you need to help you get the venture started, or to provide you with the skills so you are able to move your idea forward? *(please check all that apply)*

- |  |  |
|--|--|
| <input type="checkbox"/> Developing a Business plan            | <input type="checkbox"/> Business counseling                     |
| <input type="checkbox"/> Financial management                  | <input type="checkbox"/> Personnel Management/ Payroll           |
| <input type="checkbox"/> Accounting/ tax preparation           | <input type="checkbox"/> Sales and Marketing                     |
| <input type="checkbox"/> Purchasing                            | <input type="checkbox"/> Advertising                             |
| <input type="checkbox"/> Legal                                 | <input type="checkbox"/> Technical (Business-related assistance) |
| <input type="checkbox"/> Networking                            | <input type="checkbox"/> Education                               |
| <input type="checkbox"/> Employment/ Employee Benefits         | <input type="checkbox"/> Obtaining and Using Credit              |
| <input type="checkbox"/> Starting your own arts/crafts venture |  |
| <input type="checkbox"/> Other <i>(please describe)</i> _____  |  |

33. If you checked any of the options in Question 32, what would be the best way to contact you about training or class opportunities? *(please check all that apply)*

- |  |   |
|--|---|
| <input type="checkbox"/> Phone                               | <input type="checkbox"/> Internet website <i>(please specify)</i> _____ |
| <input type="checkbox"/> Email                               | <input type="checkbox"/> Direct mail                                    |
| <input type="checkbox"/> Other <i>(please specify)</i> _____ |   |

34. Indicate your level of *INTEREST* in participating in an arts and crafts business incubator program on a 5-point scale. *(please circle one)*

- |                             |             |                 |                 |                              |
|-----------------------------|-------------|-----------------|-----------------|------------------------------|
| <i>Extremely Interested</i> | <i>Very</i> | <i>Somewhat</i> | <i>Not very</i> | <i>Not at all interested</i> |
| 5                           | 4           | 3               | 2               | 1                            |

35. As an entrepreneur, please rate on a 5-point scale how *VALUABLE* you believe an arts and crafts incubator program will be in helping your venture on a 5-point scale. *(please circle one)*

- |                           |             |                 |                 |                            |
|---------------------------|-------------|-----------------|-----------------|----------------------------|
| <i>Extremely Valuable</i> | <i>Very</i> | <i>Somewhat</i> | <i>Not very</i> | <i>Not at all valuable</i> |
| 5                         | 4           | 3               | 2               | 1                          |

36. Which local newspapers and publications do you read? *(please check all that apply)*

- |  |  |
|--|--|
| <input type="checkbox"/> Alpena News                         | <input type="checkbox"/> MSU Bulletin            |
| <input type="checkbox"/> Presque Isle County Advance         | <input type="checkbox"/> Cheboygan Daily Tribune |
| <input type="checkbox"/> Montmorency County Tribune          | <input type="checkbox"/> Oscoda County Herald    |
| <input type="checkbox"/> Alcona County Review                | <input type="checkbox"/> Gaylord Herald Times    |
| <input type="checkbox"/> Other <i>(please specify)</i> _____ |  |

37. How far are you willing to travel to get to the arts and crafts incubator program/ facility?

- |                                       |                                      |                                    |                                     |
|---------------------------------------|--------------------------------------|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Under 1 mile | <input type="checkbox"/> 1-2 miles   | <input type="checkbox"/> 3-5 miles | <input type="checkbox"/> 6-10 miles |
| <input type="checkbox"/> 11-20 miles  | <input type="checkbox"/> 21-50 miles | <input type="checkbox"/> +50 miles |                                     |

38. What is your primary source of personal transportation? *(please check ones that apply)*

- |  |  |                                     |
|--|--|-------------------------------------|
| <input type="checkbox"/> Van                                 | <input type="checkbox"/> Truck                 | <input type="checkbox"/> Automobile |
| <input type="checkbox"/> Walk only                           | <input type="checkbox"/> Public transportation |                                     |
| <input type="checkbox"/> Other <i>(please specify)</i> _____ |  |                                     |

39. Does your arts/crafts venture own a vehicle?

- Yes     No     Same as personal vehicle

40. If 'Yes', what type(s) of vehicle would your venture own if your arts/crafts venture owns a vehicle which is different from your personal vehicle? *(please check ones that apply)*

- |  |                                |                                     |
|--|--------------------------------|-------------------------------------|
| <input type="checkbox"/> Van                                 | <input type="checkbox"/> Truck | <input type="checkbox"/> Automobile |
| <input type="checkbox"/> Other <i>(please specify)</i> _____ |                                |                                     |

41. Does your arts/crafts venture have an equity/ ownership relationship with another business or venture?

Yes  No

42. If you answered 'Yes' to Question 41, please specify the kind of relationship your business has or will have:

Joint venture  Subsidiary/ division of your venture

Partnership  Your venture is a subsidiary

Other (please describe) \_\_\_\_\_

Below is a list of shared services, business and technical assistance, incubator characteristics, and benefits which could be offered to incubator participants and the larger business community in the Alpena region. Please rate the level of **USEFULNESS/IMPORTANCE** of each item on a 5-point scale.

**43. Business-related Incubator Services** *Extremely* *Very* *Somewhat* *Not very*  
*Not at all*

<input type="checkbox"/> Secretarial/ Clerical	5	4	3	2	1
<input type="checkbox"/> Photocopying and Printing	5	4	3	2	1
<input type="checkbox"/> Mail/ Fax	5	4	3	2	1
<input type="checkbox"/> Reception/ Telephone Answering	5	4	3	2	1
<input type="checkbox"/> Conference Room	5	4	3	2	1
<input type="checkbox"/> Computer Access	5	4	3	2	1
<input type="checkbox"/> Assistance with Business Software	5	4	3	2	1
<input type="checkbox"/> Lunch Room/ Cafeteria	5	4	3	2	1
<input type="checkbox"/> Other: _____	5	4	3	2	1

(please describe)

**44. Facilities-related Incubator Services** *Extremely* *Very* *Somewhat* *Not very*  
*Not at all*

<input type="checkbox"/> Warehouse/ Storage Facilities	5	4	3	2	1
<input type="checkbox"/> Parking/ Security Services	5	4	3	2	1
<input type="checkbox"/> Loading Dock	5	4	3	2	1
<input type="checkbox"/> Material Handling	5	4	3	2	1
<input type="checkbox"/> Special Electrical Power	5	4	3	2	1
<input type="checkbox"/> Special Ventilation	5	4	3	2	1
<input type="checkbox"/> Special Air Conditioning	5	4	3	2	1
<input type="checkbox"/> Special Heating	5	4	3	2	1
<input type="checkbox"/> Lab Space	5	4	3	2	1
<input type="checkbox"/> Medical Care Equipment	5	4	3	2	1
<input type="checkbox"/> Patient Examination Rooms	5	4	3	2	1
<input type="checkbox"/> Fork Lifts/ Carts/ Dock Pallets	5	4	3	2	1
<input type="checkbox"/> Other: _____	5	4	3	2	1

(please describe)

**45. Business Incubator Assistance** *Extremely* *Very* *Somewhat* *Not very*  
*Not at all*

<input type="checkbox"/> Business Plan Development	5	4	3	2	1
<input type="checkbox"/> Financial Management/ Accounting	5	4	3	2	1
<input type="checkbox"/> Tax Assistance	5	4	3	2	1
<input type="checkbox"/> Individualized Business Advising	5	4	3	2	1
<input type="checkbox"/> Personnel Management	5	4	3	2	1
<input type="checkbox"/> Sales/ Marketing/ Advertising	5	4	3	2	1
<input type="checkbox"/> Purchasing	5	4	3	2	1
<input type="checkbox"/> Legal Services	5	4	3	2	1
<input type="checkbox"/> Specific Job-Related Skill Training	5	4	3	2	1
<input type="checkbox"/> Education and Networking	5	4	3	2	1

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**D. Interview Sheet for Professional Service Providers**

**Alpena Region Incubator Market and  
Feasibility Analysis Study**

*Survey of Professional Service Providers*

EDA University of Center for Economic Diversification at the University of  
Michigan in Collaboration with the Northeast Michigan Council of Governments,  
Alpena Community College, Target Alpena and MSU Extension  
*The Alpena Region Incubator Market and Feasibility Analysis Study*

Your participation in this survey is completely voluntary, and you may stop taking it at any time or skip questions that make you uncomfortable. The confidentiality of your answers will be fully protected. This survey will take approximately 10 minutes to complete.

**Business/Company/Organization Information**

First, we need contact information for your company. Who would we direct any future correspondence to?

ID#: \_\_\_\_\_

Name: \_\_\_\_\_

Job Title: \_\_\_\_\_

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: (\_\_\_\_) \_\_\_\_\_

Fax: (\_\_\_\_) \_\_\_\_\_

Email: \_\_\_\_\_

1. May we include your contact information on our list of interested professional service providers that will only be released to the program director on the opening of a facility?  
 Yes       No

2. Aside from general \_\_\_\_\_ (insert main general service provided, ex. – business checking, legal, accounting, etc.), are there any specialties or other services your company can provide that would be of interest to small businesses and entrepreneurs? *(Please check all that apply)*

- |   |   |
|---|---|
| <input type="checkbox"/> Accounting and Book keeping          | <input type="checkbox"/> Equipment Related              |
| <input type="checkbox"/> Advertising                          | <input type="checkbox"/> Graphic Design                 |
| <input type="checkbox"/> Banking/Financial                    | <input type="checkbox"/> Information Technology Service |
| <input type="checkbox"/> Business Transactions and Valuations | <input type="checkbox"/> Insurance                      |
| <input type="checkbox"/> Computer Products/Services           | <input type="checkbox"/> Legal Services                 |
| <input type="checkbox"/> Consulting Service                   | <input type="checkbox"/> Marketing                      |
| <input type="checkbox"/> Copying/Duplicating Service          | <input type="checkbox"/> Mediation/Arbitration          |
| <input type="checkbox"/> Credit Related                       | <input type="checkbox"/> Packaging Materials            |
| <input type="checkbox"/> Development/Property Management      | <input type="checkbox"/> Personnel Training             |
| <input type="checkbox"/> Distributor/Wholesaler               | <input type="checkbox"/> Risk Management                |
| <input type="checkbox"/> Economic and Financial Analysis      | <input type="checkbox"/> Tax Service                    |
| <input type="checkbox"/> Employment and Labor Services        | <input type="checkbox"/> Web Designing                  |
| <input type="checkbox"/> Other (Please specify) _____         |   |

3. Have you or your firm ever participated in a Business Incubator program?  Yes       No  
 Explain:

\_\_\_\_\_

\_\_\_\_\_

4. Would you or your firm be willing to teach a class or conduct a seminar/workshop on any of the following subject areas to benefit small businesses in an incubator program? (Please check all that apply)
- Accounting and Book keeping       Banking/Finance

Employment/Employee Benefits  
 Law  
 Management

Obtaining & Using Credit  
 Payroll  
 Preparing a Business Plan

Other: \_\_\_\_\_

Marketing  
 Don't Know  
 Definitely Not

5. Are you interested in being involved in the incubator as a member of the board of directors or in any other capacity?

	Yes	Somewhat	No
Board of Directors.....	_____	_____	_____
Other Support Services, <i>(Please specify)</i>	_____	_____	_____
_____	_____	_____	_____

6. Does your company currently have an equity/ownership relationship with another business?

Yes  No

If you answered 'Yes' above please describe the type of business relationship:

Joint venture  
 Partnership  
 Subsidiary/division of your company  
 Your company is a subsidiary

---

Other (Please describe)

---

---

7. A key part of our business model is helping our clients reduce start up costs and eliminate barriers to entry. As such, we've negotiated sliding pay scales with some service providers in the past that help companies develop into sustainable enterprises that can pay full market rates after a number of months or years. As a professional service provider, to what degree are you/your company *willing to consider* providing your services to a small business located in a Business Incubator on a 'pro bono or low-cost basis'? (The details of which would be negotiated by the program director upon actual construction of the facility.)

Extremely                  Very                  Somewhat                  Not very                  Not at all

8. Do you know of anyone else that might be interested in providing professional services to new businesses in the Business Incubator Program? (Please list below).

Name: (Mr./ Mrs./ Miss)

---

Company position:

---

Company Name:

---

Address: \_\_\_\_\_

\_\_\_\_\_

Fax:

\_\_\_\_\_

Telephone:

\_\_\_\_\_

E-mail:

\_\_\_\_\_

\_\_\_\_\_

Any Additional Comments and/ or Concerns:

---

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---

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That concludes our survey. We greatly appreciate your time and cooperation and thank you very much. Have a wonderful day. If you have any questions, please contact:

Lawrence Molnar, Project Director  
EDA Center for Economic Diversification  
506 E. Liberty  
Ann Arbor, MI 48104-2210  
734-998-6214  
cbaisgroup@umich.edu

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## **E. Procedure for Contacting Professional Service Providers**

Gaining professional service provider (PSP) support is essential to the survival of incubating businesses.

Following the Sodus-Benton Harbor Kitchen Incubator Feasibility Study, the low success rate of Professional Service Provider recruitment was of high concern. In order to improve PSP participation, a new process was created. First, web research on business incubation and the working styles of target partners was conducted, followed by interviews of a number of professionals in the major target fields to gain a better understanding of their perspective. These target fields included accounting, banking, legal, and insurance professionals. A comprehensive list of potential PSPs was compiled based on these target fields, and these professionals were called using specific methods.

First, callers worked on gaining more knowledge on the role of business incubators and PSPs. Many PSPs likely have no understanding of the field of business incubation, and it was critical that callers clearly articulated the PSP's role in the context of business incubation and field questions in order to gain interest.

Next, the PSP list was edited for relevance before calling. A wide variety of PSPs are needed, however some PSP lists end up including businesses that have either no role or a small role in business incubation. It was decided that the callers' efforts should be focused on the contacting providers of the major services needed. This saved time by appropriately focusing on the target professionals.

Another tactic utilized to gain PSPs was following up all phone calls of interested PSPs with an information brochure. This method proved to be much more successful, as interested PSPs were reminded about the call and had a detailed information packet at their expense.

Finally, interest increased through better communication. Status updates of the project were sent on a monthly basis so interested professionals stayed informed. This allowed for information to be easily disposed and kept everyone on the same page.

Callers used these methods to run through a phone survey (refer to appendix section D) in order to gain specific information regarding the PSP firm or company as well as its past and potential relationship with business incubation. These methods were carefully implemented and proved much more successful in gaining PSP interest.

## F. Professional Service Provider Contact List

COMPANY NAME	ADDRESS	CITY	ST	ZIP	PHONE	Email	Industry
Boldrey Senechuk Rouleau Williams CPAs PC	117 S State Ave	Alpena	MI	49707	(989) 356-9065		Certified Public Accountant
Straley, Isley & Lamp, PC	PO Box 738	Alpena	MI	49707	(989) 356-4531	bilsley@silcpa.com	Certified Public Accountant
Thunder Bay Accounting	1400 US Highway 23 S	Alpena	MI	49707	(989) 356-3222	joybril@chartermi.net	Certified Public Accountant
Citizens Bank	200 W Chisholm St	Alpena	MI	49707	(989)356-2241	tom.peters@citizensbanking.com	Commercial Banking
Huron National Bank	200 E Erie St	Rogers City	MI	49779	(989)734-4734	enadoisky@charterinternet.com	Commercial Banking
Alpine North Insurance	1020 W Chisholm St	Alpena	MI	49707	(989) 354-3541	alpine@speednetllc.com	Insurance
Alpena Agency Inc.	102 S. Third Ave	Alpena	MI	49707	(989) 354-2175	swilson@alpenaagency.com	Insurance
ARM Insurance and Financial Services	7624 Grand Pt Rd.	Presque Isle	MI	49777	(800) 583-8427	artm@speednetllc.com	Insurance
E J Paul Agency	11225 West St	Atlanta	MI	49709	(989) 785-4578	ejpaul@nemichigan.com	Insurance
Kirtland Agency	401 S Morenci Ave	Mio	MI	48647	(989) 826-3494	kirtlandagency@kirtlandagency.com	Insurance
Top O'Michigan Insurance	514 N Ripley Blvd	Alpena	MI	49707	(989) 356-6133	bbartosh@tomia247.com	Insurance
Michael Singer	705 S Lake Huron Dr	Harrisville	MI	48740	9897246645	michaelsinger@gmail.com	Consulting

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## **G. Best Practices Information Posted by The National Business Incubation Association (NBIA)**

Copied directly from the public website:

[http://nbia.org/resource\\_center/best\\_practices/index.php](http://nbia.org/resource_center/best_practices/index.php), with permission for distribution.

### “Principles and Best Practices of Successful Business Incubation

In 1996, NBIA’s board of directors developed a set of industry guidelines to help incubator managers better serve their clients. Since that time, NBIA research has consistently shown that incubation programs that adhere to the principles and best practices of successful business incubation generally outperform those that do not. The following industry guidelines are replicable and broadly applicable to incubation programs around the world, regardless of their focus or mission.

Two principles characterize effective business incubation:

1. The incubator aspires to have a positive impact on its community’s economic health by maximizing the success of emerging companies.
2. The incubator itself is a dynamic model of a sustainable, efficient business operation.

Model business incubation programs are distinguished by a commitment to incorporate industry best practices. Management and boards of incubators should strive to:

- \* Commit to the two core principles of business incubation
- \* Obtain consensus on a mission that defines the incubator’s role in the community and develop a strategic plan containing quantifiable objectives to achieve the program mission
- \* Structure for financial sustainability by developing and implementing a realistic business plan
- \* Recruit and appropriately compensate management capable of achieving the mission of the incubator and having the ability to help companies grow
- \* Build an effective board of directors committed to the incubator’s mission and to maximizing management’s role in developing successful companies
- \* Prioritize management time to place the greatest emphasis on client assistance, including proactive advising and guidance that results in company success and wealth creation
- \* Develop an incubator facility, resources, methods and tools that contribute to the effective delivery of business assistance to client firms and that address the developmental needs of each company
- \* Seek to integrate the incubator program and activities into the fabric of the community and its broader economic development goals and strategies

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\* Develop stakeholder support, including a resource network, that helps the incubation program's client companies and supports the incubator's mission and operations

\* Maintain a management information system and collect statistics and other information necessary for ongoing program evaluation, thus improving a program's effectiveness and allowing it to evolve with the needs of the clients

Developed by NBIA, with credit to the book, *Growing New Ventures, Creating New Jobs: Principles and Practices of Successful Business Incubation*, Rice M. and Matthews J., 1995."

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## H. Featured Contact Information

### *National Business Incubation Association*

20 East Circle Drive, #37198

Athens, Ohio 45701

Phone: (740) 593-4331

Email: [info@nbia.org](mailto:info@nbia.org)

Website: [www.nbia.org](http://www.nbia.org)

### *Michigan Business Incubation Association*

506 East Liberty St., 3<sup>rd</sup> floor

Ann Arbor, MI 48104

Phone: 734-998-6214 Ext. 0

Email: [kallen@umich.edu](mailto:kallen@umich.edu)

### *Appalachian Artisan Center*

16 West Main Street

Hindman, Kentucky 41822

Phone: (606) 785-9855

Email: [info@artisancenter.net](mailto:info@artisancenter.net)

Website: [www.artisancenter.net/index.php](http://www.artisancenter.net/index.php)

### *NC Arts Incubator*

223 North Chatham Avenue

Siler City, North Carolina 27344

Phone: (919) 663-1335

Email: [info@ncartsincubator.org](mailto:info@ncartsincubator.org)

Website: [www.ncartsincubator.org/index.htm](http://www.ncartsincubator.org/index.htm)

### *The Business Innovation Center*

1301 Azalea Road

Mobile, Alabama 36693

Phone: (251) 660-7002

Email: [mek@ceebic.org](mailto:mek@ceebic.org)

Website: [www.ceebic.org](http://www.ceebic.org)

### *The Muskingum County Business Incubator*

56 N. Fifth Street

Zanesville, Ohio 43701

Phone: (740) 453-3649

Email: [chumphreys@mcbi.info](mailto:chumphreys@mcbi.info)

Website: [www.mcbi.info/index.html](http://www.mcbi.info/index.html)

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## I. Useful Incubation Resources

### *Put It in Writing*

James, Carol. Put It in Writing: Crafting Policies, Agreements, and Contracts for Your Incubator. Athens, Ohio: NBIA Publications, 2002.

### *A Comprehensive Guide to Business Incubation*

Erlewine, Meredith, and Ellen Gerl, eds. A Comprehensive Guide to Business Incubation. 2nd ed. Athens, Ohio: NBIA Publications, 2004.

### *Incubating the Arts*

Gerl, Ellen. Incubating the Arts: Establishing a Program to Help Artists and Arts Organizations Become Viable Businesses. Comp. Joy MillerUpton and Meredith Erlewine. USA: NBIA Publications, October, 2000.

### *"Business Plan for a Startup Business"*

Business Plan for a Start Up Business. SCORE: Conselors to America's Small Business. 18 June 2009  
<[http://www.score.org/downloads/Business%20Plan%20for%20a%20Startup%20Business\\_July.doc](http://www.score.org/downloads/Business%20Plan%20for%20a%20Startup%20Business_July.doc)>.

### **NBIA Publications Online Bookstore**

"Welcome to the NBIA Bookstore." NBIA. 2009. National Business Incubation Association. 12 June 2009 <<https://www.nbia.org/store/index.php>>.

**J. Table of Interested Artists**

Survey	Survey ID	Interest Level	Ceramics	Watercolor	Oil	Pencil	Cartoon	Computer	Graphic	Photography	Wood	Glass	Fabrics	Other	Location	Travel
Arts & Crafts	10100	5	1	1	0	0	0	1	1	0	1	0	1	1	Alpena	11-20 miles
Arts & Crafts	10118	5	0	0	0	0	0	0	0	0	0	0	0	1	Alpena	11-20 miles
Arts & Crafts	10120	5	1	1	1	1	0	1	0	1	0	0	0	0	Ossineke	11-20 miles
Arts & Crafts	20074	5	0	0	0	0	0	0	0	0	0	0	1	0	Lachine	11-20 miles
Arts & Crafts	20092	5	1	0	0	0	0	0	0	0	0	1	0	0	Spruce	21-50 miles
Arts & Crafts	20513	5	0	1	0	1	0	0	1	0	0	0	0	0	Alpena	6-10 miles
Arts & Crafts	20516	5	0	1	1	0	0	0	0	0	0	0	0	1	Alpena	1-2 miles
Arts & Crafts	10097	4	0	0	0	0	0	0	0	0	0	0	0	1	Hillman	21-50 miles
Arts & Crafts	10117	4	0	0	0	0	0	0	0	0	0	0	0	1	Alpena	6-10 miles
Arts & Crafts	20020	4	0	0	0	0	0	0	0	0	0	0	0	1	Harrisville	6-10 miles
Arts & Crafts	20083	4	0	0	0	0	0	0	0	0	0	0	0	1	Oscoda	11-20 miles
Arts & Crafts	20091	4	0	0	0	0	0	0	0	0	0	0	0	1	Oscoda	21-50 miles
Arts & Crafts	20508	4	0	0	0	0	0	1	1	1	0	0	0	0	Alpena	6-10 miles
Arts & Crafts	20529	4	0	1	0	0	0	0	0	0	1	0	0	1	Hillman	11-20 miles
Arts & Crafts	20532	4	0	1	1	0	0	0	0	0	0	0	0	0	Alpena	11-20 miles
Arts & Crafts	20540	4	0	1	0	0	0	0	0	0	0	0	0	0	Oscoda	11-20 miles
Arts & Crafts	10099	3	0	0	0	0	0	0	0	0	0	0	1	1	Atlanta	21-50 miles
Arts & Crafts	10119	3	1	0	0	0	0	0	0	0	0	0	0	0	Alpena	3-5 miles
Arts & Crafts	20001	3	0	0	0	0	0	0	0	0	0	0	1	0	Lachine	11-20 miles
Arts & Crafts	20023	3	0	0	0	0	0	0	0	0	0	0	1	1	Hillman	21-50 miles
Arts & Crafts	20046	3	0	0	0	0	0	1	1	1	0	0	1	1	Harrisville	6-10 miles
Arts & Crafts	20051	3	0	0	0	1	0	0	0	0	0	0	0	0	Alpena	21-50 miles
Arts & Crafts	20063	3	0	0	0	0	0	0	0	0	0	0	1	1	Hillman	11-20 miles
Arts & Crafts	20075	3	0	0	0	0	0	0	0	0	0	0	0	1	Harrisville	21-50 miles
Arts & Crafts	20503	3	0	0	0	0	0	0	0	1	0	0	0	0	Alpena	11-20 miles
Arts & Crafts	20522	3	0	1	0	0	0	0	0	0	0	0	0	0	Alpena, Presque Isle	3-5 miles
Arts & Crafts	20526	3	0	0	0	0	0	0	0	0	0	0	0	1	Harrisville	21-50 miles
Arts & Crafts	20537	3	0	0	0	0	0	0	0	1	0	0	0	0	Mio	Above 50 miles



### K. Interested Mixed-Use Entrepreneurs

Survey	Survey ID	Interest Level	Current Sector	Specify	Location	Willingness To Travel
Mixed-Use	10002	5	Service	Haircuts	Lincoln	6-10 miles
Mixed-Use	10005	5	Retail	Sterling silver jewelry	Greenbush	No Response
Mixed-Use	10010	5	Service	Law	Rogers City	6-10 miles
Mixed-Use	10015	5	Service	We provide many services	Alpena	50+ miles
Mixed-Use	10024	5	Technology Development	PC Builds, Networks, Websites	Rogers City	21-50 miles
Mixed-Use	10043	5	Service	Natural health	Herron	21-50 miles
Mixed-Use	10051	5	Service	Contract catering	Alpena	50+ miles
Mixed-Use	10053	5	Service	Manicuring, tanning	Alpena	3-5 miles
Mixed-Use	10054	5	Technology Development	Improve use of FMEA failure mode and effect analysis	Harrisville	No Response
Mixed-Use	10062	5	Technology Development	energy efficient structures	Lewiston	50+ miles
Mixed-Use	10064	5	Medical Services	Natural Wellness - Vitamins, Chiropractic	Ossineke	6-10 miles
Mixed-Use	10080	5	Medical Services	Medical billing	Alpena	1-2 miles
Mixed-Use	10012	4	Service	Plumbing, heating, AC sales and service	Rogers City	No Response
Mixed-Use	10027	4	Service	Automotive Repair	Posen	21-50 miles
Mixed-Use	10048	4	Arts and Crafts	Music	Onaway	21-50 miles
Mixed-Use	10058	4	Service	Electric contractor	Posen	21-50 miles

Mixed-Use	10083	4	Other	Financial Advisor - Investments	Presque Isle	21-50 miles
Mixed-Use	10090	4	Service	Heating & A/C	Lewiston	21-50 miles
Mixed-Use	10006	3	Other	Property development	Greenbush	11-20 miles
Mixed-Use	10013	3	Retail	Agriculture products and supplies	Hillman	21-50 miles
Mixed-Use	10016	3	Service	Tanning	Harrisville	11-20 miles
Mixed-Use	10017	3	Service	Economic development consulting	Harrisville	21-50 miles
Mixed-Use	10018	3	Service	Tile installation	No Response	11-20 miles
Mixed-Use	10022	3	Retail	Community pharmacy, gifts, general miscellaneous	Onaway	No Response
Mixed-Use	10056	3	Service	Lawn Care and Lawn Maintenance	Posen	21-50 miles
Mixed-Use	10057	3	Service	Lawn care landscaping	Alpena	11-20 miles
Mixed-Use	10059	3	Service	Photography	Alpena	11-20 miles
Mixed-Use	10061	3	Other	Technical assistance	Mio	11-20 miles
Mixed-Use	10063	3	Service	Appliance repair	Atlanta	11-20 miles
Mixed-Use	10065	3	Retail	Arts gallery	Rogers City	No Response
Mixed-Use	10071	3	No Response	No response	Millersburg	11-20 miles
Mixed-Use	10072	3	Other	Therapy and child counseling	Alpena	11-20 miles
Mixed-Use	10075	3	Arts and Crafts	Jewelry, needlework	Hillman	11-20 miles
Mixed-Use	10081	3	Service	Menu design/desktop publishing	Onaway	11-20 miles
Mixed-Use	10091	3	No Response	No Response	Millersburg	50+ miles

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## L. Visit Itinerary-Preliminary Facility Assessment

**Friday, June 12th, 2009**

**1) Alcona-Harrisville: 9:00 a.m.**

The Harbor Town Market  
Contact: Bonnie Wictner-Zoia, 989 709 0367  
410 W. Main, Harrisville, MI 48740

**15 MINUTES DRIVING TIME**

**2) Alcona-Lincoln: 9:45 a.m**

Alcona Parks Building, Cole's Warehouse,  
Weatherguard Warehouse  
Contact: Richard Gillies (Alcona EDC), 989 335 1682

Also meeting with Dennis Kruttlin(DDA),  
Phil Jordan(Village President)

Meeting Place: Cole's Store- 420 E. State Street, Lincoln

**45 MINUTES DRIVING TIME**

**3) Alpena-Alpena: 11:45 a.m.**

Art in the Loft  
Contact: Karen Bennett, 989-356-6128  
109 N. Second Avenue, Suite 300, Alpena, MI, 49707

**4) Alpena-Alpena: 12:15 p.m.**

Restaurant below Art in the Loft  
Contact: Dan Cary (ACC Marketing and Management educator  
recommended by Dr. Joynton), 989 464 8271  
Also meeting with Don McMcaster (ACC Lineman Building Project)

**5) Alpena-Alpena: 1:30 p.m.**

Armory Building  
Contact: Jim Makowske, 989 464 4937 cell, (989-358-7301 office)  
230 Waters Street  
Alpena, MI

**45 MINUTES DRIVING TIME**

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6) Presque Isle-Rogers City: **3:30 p.m.**

Commissioner's Room, PI County Courthouse

Contacts: Joe Cercone, Executive Director

and Adele Woskobochnik, Business Coordinator, 989.734.8446

151 E. Huron Avenue, Rogers City

Visiting Grambau Center and other sites

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## M. Lincoln Anderson Economic Group Incubator Facility Study- Building Descriptions and Photos

The following descriptions and pictures of the Alcona Auto Parts Store, Cole's Warehouse, and Weather Guard Building have been directly scanned from the Alcona County, Michigan: Business Incubator Market Strategy-Village of Lincoln conducted by the Anderson Economic Group. The Center for Business Acceleration and Incubation Studies takes no credit for the following facility information.

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Alcona County, Michigan

DRAFT

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### Former Alcona Auto Parts Store

#### *Description:*

- The former Alcona Auto Parts store is located in downtown Lincoln.
- The business has been vacant since 1998.
- The total square footage is uncertain, but is estimated to be approximately 1,500 square foot.
- The building appears to have issues with mold.
- The parts store is reported to have closed for reasons other than lack of business.
- The building is serviced with natural gas, with a boiler in the basement.
- The seller estimates the building's value at \$100,000, but suggests the owner is not motivated to sell.
- There is a full apartment included in the rear of building.
- The front of the building was constructed to include large bay windows.
- There is both on-street and vacant lots available for parking.

#### *Photo:*



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Anderson Economic Group, LLC

## Cole's Warehouse

### Description

- As reported by the building owner, Brad Cole, the building size and space is no longer sufficient for the business requirements.
- The owner needs to sell the 4-year old warehouse before he can relocate and expand to a new store.
- The property was appraised at \$305,000, but it has been listed at about \$285,000.
- Although the entire building is not insulated, there are offices within the building that are insulated.
- The building is not a pole barn, rather it is built with a block foundation construction on 2 x 6 inch cement block walls and cement floors.
- The facility could be expanded to the east with the addition of two store fronts.
- The drain field for the building is designed to support 4 retail stores.
- The building has support for 3-phase power, with grade level loading docks and multiple semi-trailer bays.
- Adjacent land uses include a senior center, rental storage space, a playground, and a park.
- The playground is being renovated and is accessible to the public, however, the road leading to the playground and facilities is owned by the Coles.
- The park also has new restroom facilities and tennis courts, which are flooded each winter to create a public ice rink.

### Photos:



Anderson Economic Group, LLC

*Vokes, Sharon M., and Jeffrey J. Smith, comps. Alcona County, Michigan: Business Incubator Market Strategy-Village of Lincoln. Tech. East Lansing, Michigan: Anderson Economic Group, LLC., 2007*

## Weather Guard Building

### *Description:*

- The Weather Guard building was constructed in 1987 on a double lot.
- The building includes 8 inch non-load bearing walls, with wood truss and stud framing.
- The building measures 40' x 80' on the upper level and includes two 32' x 40' sections in the lower level.
- The current owner would consider selling the unit, but prefers to lease the space if possible.
- The purchase value of the building is estimated at \$169,900.
- If leased, the owner would like to capture at least \$1,000, up to \$2,000 per month in rent.
- The building is constructed to be energy-efficient, and is equipped to handle 3-phase power.
- There is an existing drive-up loading dock, which can be reconfigured.
- There are no gutters or downspouts on the building, but includes an independent septic and drain field.
- The building includes some cold storage in the back.

### *Photos:*



Anderson Economic Group, LLC

*Vokes, Sharon M., and Jeffrey J. Smith, comps. Alcona County, Michigan: Business Incubator Market Strategy-Village of Lincoln. Tech. East Lansing, Michigan: Anderson Economic Group, LLC., 2007*

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## **N. Local Library Contact Information**

The business incubator program management team and tenants can contact the following libraries to inquire about their business-related resources for additional information and assistance regarding starting and developing a business. Each of the libraries listed below have received a copy of the Alpena Region Business Incubator Study FINAL REPORT.

*Alpena County George N. Fletcher Public Library*

211 N. First Street  
Alpena, MI 49707  
District Library Director, Eric Magnus-Eubank  
(989) 356-6188

*Stephen H. Fletcher Library*

666 Johnson Street  
Alpena, MI 49707  
Branch Library Director, Wendy Brooks  
989-358-7252

*Oscoda County Library*

430 West Eighth Street  
Mio, MI 48647  
Library Director, Amy Knepp  
(989) 826 3613

*Hillman Wright Public Library*

121 W 2nd St Hillman  
Hillman, MI 49746  
Branch Library Director, Kim Wade  
(989) 742-4021

*Lewiston Public Library*

4356 Hanson Street  
Lewiston, MI 49756  
Branch Library Director, Mary Lou Barber  
(989) 786-2985

*Presque Isle District Library*

181 East Erie Street  
Rogers City, MI 49779  
District Library Director, Jan Stevenson  
(989) 734-2477



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*Grand Lake Branch Library*  
8797 East Grand Lake Road  
Presque Isle, MI 49777  
Branch Library Director, Liz Fitch  
(989) 595-5051

*Alcona County Library*  
312 W. Main  
Harrisville, MI 48640  
District Library Director, Carol Luck  
(989) 724-6796

*Lincoln Library Branch*  
330 W Traverse Bay Rd  
Lincoln, MI 48742  
Branch Library Director, Sue Malski  
(989) 736-3388

*Caledonia Library Branch*  
1499 Hubert Road  
Hubbard Lake, MI 49747  
Branch Library Director, Helen Timm  
(989) 727-3105

*Curtis Township Library*  
4884 Bamfield Road  
Glennie, MI 48737  
Branch Library Director, Moira Maus  
(989) 735-2601

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## O. Bibliography

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2. "2008 Population Estimate for Alpena County, Michigan." U.S. Census Bureau, 2008 Population Estimates, Census 2000, 1990 Census. 2009. <<http://factfinder.census.gov/>>.
3. "2008 Population Estimate for Montmorency County, Michigan." U.S. Census Bureau, 2008 Population Estimates, Census 2000, 1990 Census. 2009. <<http://factfinder.census.gov/>>.
4. "2008 Population Estimate for Oscoda County, Michigan." U.S. Census Bureau, 2008 Population Estimates, Census 2000, 1990 Census. 2009. <<http://factfinder.census.gov/>>.
5. "2008 Population Estimate for Presque Isle County, Michigan." U.S. Census Bureau, 2008 Population Estimates, Census 2000, 1990 Census. 2009. <<http://factfinder.census.gov/>>.
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  15. Boulton, William. Complete History of Alpena County. Alpena: Argus Book and Job Rooms, 1876. Google Scholar. Office of the Librarian of Congress, Washington, D.C. May 2009. Keyword: Complete History of Alpena County.
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  20. "Fact Sheet Alpena County, Michigan: 2005-2007 Data Profile Highlights." U.S. Census Bureau, 2005-2007 American Community Survey. 2009. <<http://factfinder.census.gov/>>.
  21. "Fact Sheet Montmorency County, Michigan: 2000 Demographic Profile Highlights." U.S. Census Bureau, Summary File 1 (SF 1) and Summary File 3 (SF 3). 2009. <<http://factfinder.census.gov/>>.
  22. "Fact Sheet Oscoda County, Michigan: 2000 Demographic Profile Highlights." U.S. Census Bureau, Summary File 1 (SF 1) and Summary File 3 (SF 3). 2009. <<http://factfinder.census.gov/>>.
  23. "Fact Sheet Presque Isle County, Michigan: 2000 Demographic Profile Highlights." U.S. Census Bureau, Summary File 1 (SF 1) and Summary File 3 (SF 3). 2009. <<http://factfinder.census.gov/>>.
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Other: _____	5	4	3	2	1
(please describe)					
<b>46. Characteristics of the Incubator Facility</b>					
<i>Extremely</i>					
<i>Very</i>					
<i>Somewhat</i>					
<i>Not very</i>					
<i>Not at all</i>					
Location	5	4	3	2	1
Flexibility of Hours	5	4	3	2	1
Instructions/ Training	5	4	3	2	1
Cost of Space	5	4	3	2	1
On-Site Child Care	5	4	3	2	1
Other: _____	5	4	3	2	1
(please describe)					

<b>47. Incubator Benefits to the Community</b>	<i>Extremely</i>	<i>Very</i>	<i>Somewhat</i>	<i>Not</i>
<i>very</i>				
<i>Not at all</i>				
Creation of new jobs	5	4	3	2
Creation of new entry level jobs	5	4	3	2
Creation of new high wage jobs	5	4	3	2
Improvement of wages in community	5	4	3	2
Retention of venture in community	5	4	3	2
Expansion of existing ventures	5	4	3	2
Enhancement of venture climate	5	4	3	2
Improved community image				
(i.e. revitalization of neighborhoods)	5	4	3	2
Increase of local real estate values	5	4	3	2
Increase in property tax revenues	5	4	3	2
Student jobs/ Internships	5	4	3	2
Assist minorities/ Women/ Disabled in becoming venture owners	5	4	3	2
Other: _____	5	4	3	2
(please describe)				

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48. How many days a week would you use the incubator?  
 0 days     1-2 days     3-4 days     5-6 days     7 days
49. How many hours per day would you use the incubator?  
 0 hours     1-3 hours     4-6 hours     7-9 hours     10-12 hours     12+ hours
50. What time of day would you use the incubator? *(please check all that apply)*  
 8:00 AM to Noon     8:00 PM to Midnight     N/A  
 Noon to 4:00 PM     Midnight to 4:00 AM  
 4:00 PM to 8:00 PM     4:00 AM to 8:00 AM

***Thank you for your participation!***  
***Please write any additional comments and/ or concerns below:***