

Final Report
Re: Small Business Incubator
Mascoutah, IL

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Sign _____ Date _____

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Project Description

Our goal is to aid Mr. Jefferson with determining the feasibility of a Small Business Incubator in Mascoutah, IL, as well as to provide him with some basic research that will help him with continuing the Small Business Incubator Project. Our hope is that we can benefit Mr. Jefferson and the City of Mascoutah as a result of our research and time. This project was completed over a 5-week span. If determined to be feasible, ideally the spring semester's class will continue doing research and assisting Mr. Jefferson with the next steps of this project.

Tasks

1. Enhance the survey and determine the best way of distribution
 - a. Look through the survey
 - b. Make necessary adjustments to improve data collected
 - c. Determine if the survey should be print, online, or hybrid
2. Provide a list of possible services for the Incubator
 - a. Collect a list of potential services from Mr. Jefferson
 - b. Research possible services that would make sense to have for an incubator in a small town
3. Look into possible way of raising money for entrepreneurs and the incubator
 - a. Research ways of getting money for entrepreneurs
 - b. Research grants and ways of getting money for running an incubator
4. (Added) Create a list of suggestions for next semester's class

Survey

The goal of this survey is to determine the feasibility of a small business incubator in Mascoutah, IL. Below is a complete list of the 5 goals or questions we tried to answer with this survey:

1. Determine if there is enough demand for an incubator?
2. What types of businesses and owners are interested?
3. What business challenges do they face?
4. How much would an entrepreneur be willing to pay for space?
5. What types of services are they interested in?

To answer these five questions, we broke the survey down into 7 sections. Below is a list:

1. Screening questions.
2. Demographic questions (personal & business).
3. Business challenges and small business incubator familiarity question.
4. Services questions.
5. Pricing questions.
6. Demand question.
7. Contact information question.

We used a wide variety of questions which include 4 Yes/No, 5 3-point scale, 2 fill in the blank, 2 check all that apply, and 2 multiple-choice (choose one) questions. The reason for this is to gather the most detailed information and to be able to create a complete picture with the results. The population for this survey will be Entrepreneurs or people seriously considering to be Entrepreneurs. The reason we chose this is for more accurate results and to reduce sampling bias. The screening questions at the top will weed out people that aren't Entrepreneurs or seriously considering becoming one.

For distributing the survey, we recommend a hybrid approach. For people that receive utility bills via mail, we recommend sending a paper survey and having a hyperlink at the top, so they have the option to take the survey online. For people that get their utility bill online, we recommend providing a link to take the survey online as well as a PDF file of the survey. They

then have the choice of whether to complete the online version or the print version, complete it, and mail it in. Using the hybrid approach will allow for the largest sample and a more accurate representation of community interest. Also, if possible, we would recommend using an incentive to increase your sample size. Without an incentive, it may be hard to gather a large enough sample to draw useful conclusions about the incubator project. Perhaps Mr. Jefferson could find a local restaurant that would be willing to offer a coupon or discount based on completion of the survey. We put together an online survey using Google Forms that can be used. Google Forms is free to use and allows for unlimited questions and responses. Other online surveys for possible consideration include Survey Gizmo or Survey Monkey, but these may require a fee due to limitations with their free versions.

While modifying the survey, we kept in mind that we will not be analyzing the completed survey, as it's expected next semester's class will help to progress it further. Before analyzing the results from the survey, it will be important to enter all the print surveys into a place where they can be easily accessed with the online survey versions. This way, all the surveys will be in one place, which will make it easier to navigate. Below is a three-step process you can use for analyzing the survey, this is taken for SurveyMonkey's website:

1. Look at the results of all individual questions.
2. Cross-tabulate and filter the results.
3. Put together a story of the results and draw conclusions.

If you do decide to go forward with the incubator project, we recommend reaching out to all the people that were interested via the contact information that was provided on the completed surveys. The follow up could be a phone call to set up a one-on-one meeting or possibly inviting them to an introductory seminar where they could learn more about the project and what an incubator could offer.

Services

The small incubator survey offers a list of a variety of services that could be beneficial to entrepreneurs seeking a reason to use an incubator. Of these services, securing financing is one of the most important. Universally, raising money is one of the hardest aspects of starting a small business. While we will touch on exactly what types of grants or loans could be offered through an incubator, it is important to understand the other impacts incubators have in this area. Most incubators are run locally, meaning people in the immediate or surrounding community that may have a vested interest in the local economy and new business ideas. Because of this, it is likely that these people have local connections and can act as a sort of liaison between banks, investors, and other people who they think might be interested or who could help an entrepreneur. A small business incubator can also add a degree of legitimacy as a place to hold meetings. Instead of meeting at a local restaurant or coffee shop to talk business, an incubator provides a more professional setting and could make an entrepreneur appear sharp. While the methods illustrated do not amount to an actual financial investment, they show that an incubator would provide connections and resources to an entrepreneur that he/she may not otherwise have access to, which are extremely necessary when looking to secure financing.

Another service that would be particularly beneficial would be helpful in finding a location for businesses. As mentioned above, incubators are usually staffed with local business people. These people would likely have an idea as to where an idea may or may not work or of potential properties in the area to be utilized. More importantly, some businesses could even elect to conduct their operations within the incubator itself. Many business ideas do not necessarily require a physical location, but an entrepreneur may not want to work from their home or garage. An incubator provides resources such as meeting spaces, cubicles, and

conference rooms. If an entrepreneur is willing to pay rent, they needn't look any further than the incubator itself to carry out their business operations.

Lastly, business plan development is a crucial aspect of any new business, and an essential service to be offered at an incubator. Having a business plan is the single most important part of starting a business. Without a plan, it is likely an entrepreneur will not be able to secure the financing necessary and if they do, there is no telling what could happen or go wrong. An incubator provides a place for entrepreneurs to discuss their business ideas with other business people and receive feedback and coaching as to how to make their idea a reality. It is possible that an entrepreneur could come in with an idea that is not feasible, and the incubator staff could help explain this or build on their idea to turn it into something that could be done. Furthermore, entrepreneurs will get advice on how to turn their idea into a plan. Whether it be asking questions about what the entrepreneur wants from the business or advising on potential next steps, incubator staff could push business ideas forward.

Raising Money

Starting and operating an incubator is not an easy thing. They usually involve a lot of work and money. The most successful incubators are non-profit, which only makes up about 10% of Incubators. This incubator will most likely be non-profit. To raise money for it you will need to look at funding sources that most likely don't expect a return. This includes a high-network citizen, corporations, government, foundations, etc.

One viable option for raising money to fund an incubator in Mascoutah would be the Economic Development Administration. The Economic Development Administration is an agency within the U.S. Department of Commerce that provides grants to economically suffering communities and its mission is to promote innovation and competitiveness through economic growth and success. As a part of the American Recovery and Reinvestment Act, Federal Economic Development grants were established in 2009 and provides funding for infrastructure development for communities in the U.S. through the Economic Development Administration. The EDA will be a good option for financing the startup for the incubator as they offer grants specifically for non-profit organizations and have offered millions already to other incubators around the U.S.

According to EDA's website and grant application form, the funds of the grant will have to cover 50% or more of the project costs. The grant opportunity that correlates directly to the incubator location and direction is the EDA Chicago FY 2016–FY 2019 Planning Program and Local Technical Assistance Program. The link for the grant will be provided below. The award ceiling for the grant starts at zero and goes as high as \$300,000. This is a cooperative agreement meaning that the receiving party need to be clear on their intentions and the choice is at the discretion of the EDA. Fortunately, information on EDA's website shows that many incubators

have been granted funds this year and has favorable chances for more in the future. The Chicago branch of the EDA holds additional information about their available grants.

<https://www.grants.gov/web/grants/view-opportunity.html?oppId=301960>

The U.S. Economic Development Administration is in the position of helping and giving grants to communities that need helping developing business infrastructure. A Non-government organization (NGO) in Illinois that helps with Incubators is the Illinois Business Innovation Association. They help over 200 Incubators in the state of Illinois with resources. The link below has a fairly comprehensive list of grant sources within Illinois:

<https://www.illinoisbusinessincubators.com/il-grant-sources>

Local government and the state government offer grants too. Another possible option for raising money is crowdfunding, like a Kickstarter, trying to get donations from citizens. We recommend possibly creating some buzz or word of mouth before doing this or the survey, this will help create attention and interest for the incubator, getting people more eager to complete the survey, and this interest increases the likelihood of raising money. An example would be doing a newspaper article and using social media to keep the incubator in the forefront. You should also create a mission and vision statement for the incubator. People will want to know your story and mission.

Another potential source of funds is to seek out sponsorship or supporting institutions. This would be law firms, accounting firms, etc. The goal is that they would donate a certain amount of money each year, in addition to providing free services to incubator tenants such as free quarterly seminars.

Money is a great resource for entrepreneurs, but almost useless without mentorship and help. Having a screening process for tenants is highly recommended. Also, having continuing conversation and support is necessary. The most profitable incubators have weekly meetings with their tenants.

“Community Development Corporations (CDCs) are nonprofit, community-based organizations focused on revitalizing the areas in which they are located, typically low-income, underserved neighborhoods that have experienced significant disinvestment (Community Development Corporations, 2014).” CDC may work closely with a representative from the local government, they are not a government entity. They are funded primarily by grants from the government. At the federal level, The Housing and Urban Development Department (HUD) provides grants. They usually focus heavily on affordable housing, education, and advocacy. But they sometimes focus on business development and non-profit incubator projects. An example of a local CDC is the one located in Belleville IL.

Suggestions for Next Semester

We have a couple suggestion for next semester's group. These suggestions may be changed depending on the status of the project. Also, achieving all the suggestions is probably not realistic so this should be a possible list to choose from.

1. Analyze the survey, help Mr. Jefferson determine if the project should continue to move forward, narrow down the potential list of services to be provided, and how best to reach out to potential tenants (one-on-one or seminar).
2. Research possible facilities and choose a place that makes sense short-term (2-3 years) and/or long-term (3-5 years).
3. Create a brief financial plan, this could include a detailed budget, a working cash flow, and/or a list of all the expenses needed to start the operations.
4. Create a brief marketing plan, how will the Incubator continue to find tenants, will there be business cards, social media, fliers, newspaper ads, etc.

References

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- Worrell, D. (n.d.). *How Business Incubators Help Your Startup Find Financing*. Retrieved from allBusiness: <https://www.allbusiness.com/how-business-incubators-help-your-startup-find-financing-15629443-1.html>

Appendix A

City of Mascoutah

Survey for Small business Incubator Interest

You may fill out questionnaire online at <https://goo.gl/forms/UBOfKoOdX2dojNdo2>

Please complete the following survey to the best of your ability. Thank you!

Do you own a small business? YES NO

Do you have an interest or currently working on starting a small business? YES NO

If you answered **YES** to one of the two previous question please continue. If **NOT**, we thank you for taking the survey! If you're still interested in the small business incubator project, provide your contact information and mail in the survey.

Are you an active duty military personnel or veteran? YES NO

Does your business or business idea involve storing inventory? YES NO

How many employees does your business have? 1 (Yourself) 2 3 4 Other _____

What type of business do you operate or interesting in? _____

What challenges do you face with your business or business idea (check all that apply)?

- | | | |
|---|---|--|
| <input type="checkbox"/> Securing Financing | <input type="checkbox"/> Organization Development | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Finding High Quality Employees | <input type="checkbox"/> Accounting/Bookkeeping | <input type="checkbox"/> Business Plan Development |
| <input type="checkbox"/> Finding a Business Location | <input type="checkbox"/> Legal Issues | Other _____ |

How familiar with the concept of a Small business Incubator? Not at all Slightly Familiar Very Familiar

A Small Business Incubator is a facility where entrepreneurs work on developing their business ideas in a collaborative low-cost environment. An incubator offers relatively low rent and provides "supportive services" such as the following:

- | | | |
|--------------------------------|--------------------------|---------------------------|
| Securing Financing | Organization Development | Marketing |
| Finding High Quality Employees | Accounting/Bookkeeping | Business Plan Development |
| Finding a Business Location | Legal Advice | |

If your business was located in an Incubator, which supportive services would you be interested in (check all that apply)?

- | | | |
|---|---|--|
| <input type="checkbox"/> Securing Financing | <input type="checkbox"/> Organization Development | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Finding High Quality Employees | <input type="checkbox"/> Accounting/Bookkeeping | <input type="checkbox"/> Business Plan Development |
| <input type="checkbox"/> Finding a Business Location | <input type="checkbox"/> Legal Advice | Other _____ |

How would you want supportive services to be provided? One-on-One Group Session Both

How interested would be in having mentorship from local successful entrepreneurs? Not at all Slightly Interested Very Interested

How much rent would you pay (monthly) for a cubicle in an incubator? \$200-\$300 \$300-\$400 \$400-\$500

How much rent would you pay (monthly) for an office in an incubator? \$200-\$300 \$300-\$400 \$400-\$500

If a small business Incubator was located within the city limits of Mascoutah, how likely would it be that you would locate your small business in such a facility? Not at all Slightly Likely Very Likely

Please provide your contact information for more info about the Incubator project:

Name _____ Phone _____ Email _____

We thank you for completing this survey! Please mail survey to ++++++

Appendix B

City of Mascoutah

Survey for Small business Incubator Interest

You may fill out questionnaire online at <https://goo.gl/forms/UBOfKo0dX2doiNdo2>

Please complete the following survey to the best of your ability. Thank you!

1. Screening Questions

Do you own a small business? YES NO

Do you have an interest or currently working on starting a small business? YES NO

If you answered YES to one of the two previous question please continue. If **NOT**, we thank you for taking the survey! If you're still interested in the small business incubator project, provide your contact information and mail in the survey.

2. Demographics (Personal and Business)

Are you an active duty military personnel or veteran? YES NO

Does your business or business idea involve storing inventory? YES NO

How many employees does your business have? 1 (Yourself) 2 3 4 Other _____

What type of business do you operate or interesting in? _____

3. Business Challenges and SBI Familiarity Question

What challenges do you face with your business or business idea (check all that apply)?

<input type="checkbox"/> Securing Financing	<input type="checkbox"/> Organization Development	<input type="checkbox"/> Marketing
<input type="checkbox"/> Finding High Quality Employees	<input type="checkbox"/> Accounting/Bookkeeping	<input type="checkbox"/> Business Plan Development
<input type="checkbox"/> Finding a Business Location	<input type="checkbox"/> Legal Issues	Other _____

How familiar with the concept of a Small business Incubator? Not at all Slightly Familiar Very Familiar

A Small Business Incubator is a facility where entrepreneurs work on developing their business ideas in a collaborative low-cost environment. An incubator offers relatively low rent and provides "supportive services" such as the following:

Securing Financing	Organization Development	Marketing
Finding High Quality Employees	Accounting/Bookkeeping	Business Plan Development
Finding a Business Location	Legal Advice	

4. Services Questions

If your business was located in an Incubator, which supportive services would you be interested in (check all that apply)?

<input type="checkbox"/> Securing Financing	<input type="checkbox"/> Organization Development	<input type="checkbox"/> Marketing
<input type="checkbox"/> Finding High Quality Employees	<input type="checkbox"/> Accounting/Bookkeeping	<input type="checkbox"/> Business Plan Development
<input type="checkbox"/> Finding a Business Location	<input type="checkbox"/> Legal Advice	Other _____

How would you want supportive services to be provided? One-on-One Group Session Both

How interested would be in having mentorship from local successful entrepreneurs? Not at all Slightly Interested Very Interested

5. Pricing Questions

How much rent would you pay (monthly) for a cubicle in an incubator? \$200-\$300 \$300-\$400 \$400-\$500

How much rent would you pay (monthly) for an office in an incubator? \$200-\$300 \$300-\$400 \$400-\$500

6. Demand Question

If a small business Incubator was located within the city limits of Mascoutah, how likely would it be that you would locate your small business in such a facility? Not at all Slightly Likely Very Likely

7. Contact information Questions

Please provide your contact information for more info about the Incubator project:

Name _____ Phone _____ Email _____

We thank you for completing this survey! Please mail survey to ++++++++