

Community Vitality Center Pilot Demonstration Project Proposal
February 2, 2004

Name of Proposed Project: Mount Pleasant Area Business Incubator

Local Fiscal Agent/Applicant Organization: Mount Pleasant Area Chamber Alliance

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What is the concept and approach that you propose to implement?

The Mount Pleasant Area Chamber Alliance, a partnership which includes the Mount Pleasant Area Chamber of Commerce, Mount Pleasant Area Development Commission and Main Street Mount Pleasant organizations have identified entrepreneurship as a focal point for rural development. To achieve this goal, an “entrepreneurial ecosystem,” as described by the Center for the Study of Rural America has been adopted as the preferred methodology. The key elements of this approach include (1) programs to create a culture of entrepreneurship, (2) education and training as a critical economic development strategy, (3) creation of business networks, and (4) infrastructure and institution support. The Chamber Alliance and Iowa Wesleyan College (IWC) have fostered a public/private alliance to encourage and support rural economic development by utilizing the strength and sustainability of local industry and business networks as well as the education and training available through IWC. IWC has agreed to provide the use of a building to establish an incubator for up-start businesses. By partnering the IWC facility and their educational expertise with the Chamber Alliance and its business/ industry networks, the incubator will provide a professional facility, mentoring and support for start-up businesses. However, to make this dream possible, funding for incubator office equipment & technology and director and participant training must be secured.

How will your project improve the vitality of your community or rural area?

In rural areas, social support fosters growth in entrepreneurial activity. In turn, vitality is enhanced by entrepreneurs who can generate new economic value for their communities. Entrepreneurs add jobs, raise incomes, create wealth, improve the quality of life of citizens and help rural communities operate in the global economy. By promoting new and diverse businesses locally, the community can recapture some of the income lost from leakage to surrounding counties.

Do you have specific objectives for your project?

Through an incubator facility located on a college campus, the community/college partnership can help entrepreneurs gain access to knowledge and innovation and help them acquire the technical and managerial know-how to cultivate growth. Furthermore, a major barrier for start-up businesses locally is the high cost of real estate. A new business can utilize “high-tech” space until their business cash-flows and is able to move to a stand-alone facility elsewhere in the community.

Do you have specific outcomes that you are hoping to achieve or measurable indicators that you will be using to evaluate the success of your project?

Benchmarks for success will include year-round full incubator occupancy (four-six business entities) and their ability to establish their own location and add jobs by year two. An outcome for IWC is the ability to recruit and grow a soon to be established Certificate Program in Entrepreneurship. An on-campus incubator similar to those at the John Pappajohn Entrepreneurial Centers at the Regents Universities will be a strong asset to the creation of a local “entrepreneurial ecosystem.”

What important factors were considered in determining the approach to use?

While Mount Pleasant remains a leader in industrial development, it lags behind other successful, rural areas in entrepreneurial growth. With strong research suggesting the future success of small communities will in large part be determined by the ability of towns to grow and foster entrepreneurs, it was determined that an entrepreneurial support system should become a primary goal of the Mount Pleasant Area Chamber Alliance. An established committee spent months researching possible strategies for identifying and supporting entrepreneurs in our area and identified that location, funding, and education were major components needed in our new program. Iowa Wesleyan College can offer faculty and student expertise and a vacant building. The business community is willing to give mentoring hours, bring in speakers, and offer networking opportunities. Our committee continues to investigate funding options including the formation of a venture capital fund.

What led you to believe this concept is needed or doable in your community or region?

Iowa Wesleyan College stepped forward in a leadership role after being approached by the Mount Pleasant Area Chamber Alliance. An Entrepreneurial Support Committee was set-up with members from IWC, the Chamber and community business and industry. Bases upon research, it was determined that an entrepreneur development program focusing on improving the skills of individuals was necessary. The aim of IWC’s program will be to develop the managerial and technical know-how to give individual business owners and aspiring entrepreneurs the needed tools for success. The incubator will play a key role in the success of our full entrepreneurial program.

Where did you get the idea for your project and have you visited or found information about other communities in Iowa or other states that have used similar concepts? If so, please list them.

Much of the basis for this model comes from visits to the University of Iowa and University of Northern Iowa by IWC Administration and faculty and Mount Pleasant Area Chamber Alliance Staff and business leaders. Discussion with the director of the Pappajohn Entrepreneurial Centers and research specific to the success of incubators was reviewed. Also, the success of a similar incubator strategy in Burlington was encouraging.

Are there specific steps & procedures that are planned for implementation?

The incubator will provide low cost rent (\$150/business) and the shared use of office equipment and technology. Those businesses that have the potential for growth and job creation will be given preference in order to help them become profitable and move to their own facility. Small home-based existing businesses will also be recruited. The sharing potential between IWC and these fledgling entrepreneurs is immense with student internships and advice and support from business faculty.

Who will be involved in making the decisions and implementing the steps?

An Incubator Board will be established with three appointments from the Chamber Alliance and three appointments from Iowa Wesleyan College. This Board will be responsible for managing and sustaining the Incubator program.

How many existing and potential collaborators, local affiliates or entrepreneurial enterprises or service providers do you anticipate being involved?

In addition to the Mount Pleasant Area Chamber Alliance and Iowa Wesleyan College, collaborators with the program include an entrepreneurial mentoring team consisting of a banker, insurance executive, accountant, human resource professional, marketing consultant and business owners, the director of our regional Small Business Development Center located at Southeastern Community College, our local ISU Extension Program, and city and county officials.

Describe the Source, Type, and Amount of any Local Matching Resources.

Provided by Iowa Wesleyan College

12 hours/month faculty mentoring/consultation @ \$50/hour	7,200
-1250 sq. ft. building with off-street parking @\$750/month	9,000
-Insurance @ \$120/month	1,440
-Utilities @ \$350/month	4,200
-Phone line/ DSL hook up labor	550
-Maintenance/ repair	1,800
-Cleaning services	<u>2,880</u>
	\$ 27,070

Provided by Mount Pleasant Area Chamber Alliance

-website link and support	1,000
-Staff support 10hr/mo @ \$14/hour	1,680
-10 hr/mo mentoring/professional consultation @ \$50/hour	<u>6,000</u>
	\$ 8,680

Provided by Local Business & Industry

-Office furniture	<u>7,160</u>
	\$ 7,160

Total Local Support \$42,910

Please provide a brief budget description of plans to spend CVC funds.

Incubator Equipment	\$ 3,400
>copier, phone system, fax	
Board and Mentor Training	\$ 3,300
Incubator Participant Training	\$ 3,300
Total Grant Request	\$10,000