PEKIN BUSINESS INCUBATOR

WHAT WILL BE HERE TOMORROW?
Everyone would love their start-up business to be the next Google or Facebook — a business that rockets to the top quickly. But getting a start-up off the ground depends on many factors. For example, it needs a talented team, a great product or service, a strong marketing strategy, and a business model that is feasible. In most cases, some money and even business partnerships are needed to make it all work. Sometimes you may think the planets have to align just right! That’s where start-up accelerators also known as business incubators come in.

Business incubators can give startups and small businesses access to tools, office facilities, administrative support and mentoring. Most offer a significant financial boost. Incubators can save your startup money (examples: free or subsidized office space and Internet connections) or even serve as a source of seed funding or a way to connect with investors or lenders — all to give your startup that extra edge and much needed support.

A business incubator is a program designed to provide support to new businesses to help them succeed. Every incubator program is different, but incubators and accelerators typically include access to mentors or experts from different areas of business (finance, marketing and management, for example) that provide guidance on the startup.

Some incubators are place focused and provide office space and even light manufacturing or technical facilities for a period of time. They may provide shared access to servers and software, high-speed internet connections, telecommunications, and other technical support. Some also provide shared services, such as administrative or marketing support.

Other incubators are more of a process. They may focus more on mentors, seed funding, introductions to business partners, and opportunities to present your business to qualified investors. One example that falls into this latter type of Incubator is Y Combinator. The Y Combinator puts on Demo Day at which its high-tech startups get to pitch to and connect with investors. Getting investment is a significant end goal of that type of incubator.

Each incubator has a different aim. The majority in North America are nonprofits focused on economic development. Some are supported by state and local communities. Some are supported by large corporations or corporate foundations, such as the Citrix Startup Accelerator. Locally, PeoriaNEXT is a collaboration for creating economic development. While the media tends to focus on the technology-centric incubators (approximately 39% of North American incubators are tech-focused), there are plenty of others for service providers, manufacturing, food production, green tech or other niche markets.

*Small Business Trends “How To Choose A Business Incubator” www.smallbiztrends.com
ECONOMIC DEVELOPMENT

As local, state and national government agencies examine ways to create jobs and turn around the struggling economy, business incubation programs are featuring prominently in the debate. For 50 years, incubators around the United States have been helping entrepreneurs turn their ideas into viable businesses, promoting innovation and creating jobs by providing emerging companies with business support services and resources tailored to young firms to increase their chances of success.

As any entrepreneur can attest, starting a new business isn’t an easy task. Most business owners know every detail of their product or service, but many lack all of the skills they need to turn their ideas into successful firms. Business incubation programs are uniquely positioned to help entrepreneurs’ access resources through the incubator, business community, local colleges and universities, and other business assistance programs to help them develop the skills they need to grow successful firms.

Around the world, entrepreneurs are playing an increasingly important role in transforming economies. Rather than relying solely on efforts to attract existing businesses from other locations, many communities are recognizing the need to help local residents build new businesses from the ground up through business incubators. Pekin provides a perfect business climate for a business incubator. By focusing on developing a new generation of entrepreneurs – most of whom have ties to the local area – communities are helping to build companies that will create jobs and spark economic growth in the region for years to come. And because these programs provide targeted business assistance to young firms at their earliest stages of development – when they’re most vulnerable – business incubators help support new ventures that have a greater-than-average chance of success.

A 2008 study conducted by consulting firm Grant Thornton for the U.S. Department of Commerce Economic Development Administration found that business incubators produce new jobs at a low cost to the government. The report, *Construction Grants Program Impact Assessment Report*, found that for every $10,000 in EDA funds invested in business incubation programs, an estimated 47 to 69 local jobs are generated. As a result, business incubators create jobs at far less cost than do other EDA investments, such as roads and bridges, industrial parks, commercial buildings, and sewer and water projects. In fact, the study found that incubators provide up to 20 times more jobs than community infrastructure projects at a federal cost per job of between $126 and $144, compared with between $744 and $6,972 for other infrastructure projects.

Although business incubation is still a relatively new industry, programs around the world have racked up impressive results that demonstrate the important role incubators play in stimulating economic growth and creating jobs. For example, the National Business Incubation Association estimates that in 2005 alone, North American incubators assisted more than 27,000 start-up companies that provided full-time employment for more than 100,000 workers and generated annual revenue of more than $17 billion.
We must have faith in the ability of entrepreneurs to jump-start our sagging economy by generating revenue and creating new jobs. But many times, they need a guiding hand to help them turn their ideas into viable businesses, particularly during times of economic crises. The world’s existing network of business incubation programs – and the many new incubators under development – can assist entrepreneurs in growing new businesses that can help put many people back to work. **

As governing bodies at all levels continue to debate how to revive the economy, it’s important that incubators – a critical component of the entrepreneurial support infrastructure that have proven themselves to be significant generators of new jobs – be at the forefront of these discussions. Clearly, we need to target our investments to those projects that will have the greatest return and create the greatest number of jobs: BUSINESS INCUBATORS.

**The National Business Incubator Association www.nbia.org**
PLAN

Addressing Needs
As presented in the Pekin Main Street District Overview, the study indicates that there is a surplus of supply in vacant buildings downtown. Currently, the demand for such buildings is very low and the area is underperforming when it comes to meeting a consumer’s needs. While there are several events held downtown intended to generate interest and increase foot traffic in the area, these events are held during off hours and they are not seen as a true predictor of economic success. A more active approach to incentivizing and filling these vacant buildings is needed.

Location
Target the current property owners that have vacant storefront or properties that are for sale/lease. They might be interested in either marketing their properties for future sale or helping lease their properties to highly qualified candidates. Currently, there are not options for businesses to locate downtown without excessive capital demands. There are existing incentives for building owners to rehabilitate their properties; however, having a tenant may increase the likelihood of them wanting to improve their buildings. The best opportunity for success is to ensure the applicants that are selected use spaces that are not as labor or capital intensive to the business of which they are trying to develop.

Funding
Solicit 4-5 banks within the Pekin community for donation amounts totaling $2,000 - 2,500. The target for the first year is an amount of $10,000, providing a 0% loan over 22 months. The first two monthly payments will be in the amount of $0 to allow for initial startup time. The twenty payments thereafter will be in the amount of $500 per month. No prepayment will be assessed should there be early payoff. In the event that the business is unable to be sustained over the 22 months, whatever money has been collected will be for future uses. A thorough application process must take place in order to select the most credit worthy applicants.

Sustainability
The project aims to be fully sustainable, ensuring that the main collaborators do not have to solicit for monies each and every year following. However, if investors choose to add additional funds or increase donation amounts, it would add to the loan amount provided and/or the number of applicants selected. As is the case in every business environment, some businesses will succeed and some businesses will fail. An active and engaged supporting cast will help properly select applicants as well as mentor them for a longer lasting success. As one business takes root, another will be at the beginning stages of development. A nurturing environment will be created within the existing network.
HIGHLIGHTS

WHO? - A working collaboration between Pekin Main Street, the Pekin Area Chamber of Commerce, and the City of Pekin. It is necessary to consider all three of these parties as they have a vested stake in the growth of the community and economic development.

WHAT? - A business incubator to be established in the Pekin downtown district utilizing one of the vacant buildings or a for sale/lease property.

WHEN? - The incubator will spend one month in development to refine its purpose, attract investors, and build a sustainable strategy. The next 30 days will be an open application process marketed by the three collaborators. After 7 days, 4 semi-finalists will be chosen. 7 days later a finalist for the first business incubator will be selected.

WHERE? - Prior to receiving applications, multiple locations will be selected in the Pekin downtown district. This will utilize the current building stock, address the current vacancies, provide access to the three collaborating organizations, as well as provide the best exposure for future marketing events. The applicant will select which building best suits their needs and terms.

WHY? - The need to reinvest in the people of Pekin, its business environment, and reinvest in the existing downtown building stock is urgent. As the nation emerges from an economic recession it must take proactive steps in rebuilding its local communities stronger than before.