



LONG
PERFORMANCE
ADVISORS

**FEASIBILITY/NEEDS
ASSESSMENT REPORT
ATHENS, TENNESSEE**

*EAST CENTRAL
TENNESSEE ENTERPRISE
DEVELOPMENT CENTER*

Where ideas flow...and businesses grow!

August 5, 2010

Mark S. Long, President

Long Performance Advisors, LLC

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McMinn County Rural Mixed Use Incubator Study

Executive Summary

Economic revitalization and diversification is the goal of small communities and regions throughout the United States and especially in the manufacturing belt. Business and mixed-use incubators provide long-term opportunities for new job creation, business development and retention. As a tool for regional and community growth and productivity, business incubation has provided solid evidence of its capacity to nurture entrepreneurial business development and, in the long-term, maintain and retain new business ventures.

Findings and Recommendations:

We find:

- ➔ The profile of the economic base supports an aggressive entrepreneurial development strategy for the county as part of a comprehensive, integrated, and coordinated economic development strategy.
- ➔ There is strong interest in the McMinn County community for new business development and entrepreneurial support and development programs.
- ➔ Business incubation is seen as a viable new business venture development tool to capitalize on the importance of small and emerging growth businesses in the county and to increase the odds of business success.
- ➔ There is strong interest and need in entrepreneurial business development, coaching, and strategic planning but the need for physical incubation space is mixed. Marketing services, financing, networking and management team development were highlighted as areas of services needed by existing, expanding, and new businesses.

LPA recommends:

- ➔ **Seek funding from proper sources as part of a rural entrepreneurship organization, both for the incubator and as a necessary component for setting up new businesses**
 - A viable business incubation operation cannot carry a substantial debt load.
 - There are several federal and state government programs for funding available, in addition to local "Type A" funds currently on hand; the ideal situation would involve a donated building.

- It is also a recommendation to organize a local “angel network” to supplement bank/SBA loans for starting new businesses.

➔ **Develop business incubation in the region in three phases:**

- Phase 1: Create a coordinated, centralized “one stop shop” for business assistance as part of the McMinn County Economic Development Corporation, the Tennessee Small Business Development Corporation, the Athens Chamber of Commerce and any/all other agencies involved in regional small business support; create this “one stop shop” by co-locating all appropriate service providers in the new incubation facility, which should be centrally located in the region, with high visibility and easy access.
- Phase 2: Focus programs in key areas such as advanced manufacturing, food processing, agribusiness, specialty manufacturing, tourism and retail industries.
- Phase 3: Establish an “affiliate program” in regional areas for companies not able/not needing to locate in the incubator facility, and possibly set up “visiting office sites” for companies/individuals as the incubator program expands. A “long-term” plan for a physical facility should be developed, as well.

*** See later sections of this study for detailed Findings and Recommendations. ***

Two indicators of successful and effective business incubation in the McMinn County Area will be:

- ➔ A strong board of directors, advisors/mentors, management team, and network of expertise committed to developing successful new businesses and emerging companies for a positive, long-term impact on the region’s economic health and vitality.
- ➔ A state of the art, technologically capable physical site and building offering shared services and access to resources, guidance and amenities that support efficient business operations.

The process of business incubation requires:

A strong team of committed individuals (*management team, board of directors, student interns, educators, business mentors, and entrepreneurs*), **resources** (*shared services, access to business assistance services, mentoring, workforce, and financial*), and **specialized business development programs.**

The McMinn County business incubation program must generate critical mass in **four key areas** to be successful:

- ➔ **Champions** — A committed individual and/or board that believe in the incubator project and will continually support and communicate the positive aspects and need for the project.

- ➔ **Resources** — Location, funding, technology, equipment and other resources yet to be identified. Strong partnerships should be pursued with high schools and higher educational institutions (TWC, Cleveland State).
- ➔ **Expertise** — Physical plant management conducive to the activities of incubation, and qualified business experience to help guide emerging small businesses and real estate development is paramount to success.
- ➔ **Market Demand/Development** — A general understanding and belief that there is a market need for business incubation programs and services, and development of the existing market to find/develop new start-up businesses.

A business incubator *should be built and developed* in McMinn County; however, it should be taken into account that an incubator is not a “panacea for economic development”. Business and mixed-use incubators provide long-term opportunities for new job creation, not short-term fixes for economic problems. Business incubation is another “tool in the shed” for McMinn County to utilize to maximize its resources for economic advancement over the next decade and for years to come.

Long Performance Advisors provides the information in this report for informational purposes only with the understanding that LPA is not rendering legal or financial advice on specific matters. LPA has exercised due and customary care in conducting this evaluation; any recommendations, opinions or findings in this report are based on circumstances or facts, as they existed at the time LPA performed the work. LPA did not independently verify the information received from individuals interviewed during the course of the work and therefore makes no claims as to the accuracy or validity of that information, and LPA assumes no liability for any loss resulting from the errors, omissions or misrepresentations of others. LPA prepared this report for the sole use of the client for the intended purposes as stated in the agreement between LPA and the client; no portion of this report may be publicized, distributed or reproduced in any format without the express written permission of LPA.

FEASIBILITY STUDY PURPOSE

Judging from the sheer number of incubators in existence throughout the US (approximately 1,400 in North America, up from 12 in 1980¹) the benefits of business incubation are well recognized by mainstream business and economic development officials. In Tennessee, there are currently 8 incubators in existence, with approximately 3 in the planning stages (or more, counting the StartUP TN initiative).

This study is a key part of the proposed approach of the McMinn County Government and several agencies working together for incubator development. The purpose of this feasibility study is to determine if McMinn County and the surrounding communities/counties can support the development of a viable business incubator and entrepreneurial outreach program. Within this feasibility study we have attempted to answer several broad questions in five critical areas of the project:

Table 1: Broad Incubation Questions

Governance & Metrics	<ol style="list-style-type: none">1. How will success be defined? What do sponsors expect in the way of outcomes?2. Which entity and organization structure will achieve these expected outcomes?3. What organizations or groups will be valuable contributors to a successful effort?4. What significant organizational or political barriers need to be surmounted?5. Is there a unique opportunity to develop the incubator in phases while providing business development services and educational programs designed to inspire and identify entrepreneurial and new business development opportunities?
Market Demand	<ol style="list-style-type: none">1. What are the priority industry target markets for the proposed incubator?2. Where will the bulk of incubator candidates come from (type of industry, source areas, community, etc.)?
Programs &	<ol style="list-style-type: none">1. What business and technical services do entrepreneurs in McMinn County need? What do they expect for free/what will they pay for?2. How can services, resources and facilities of the sponsoring organization be collaboratively integrated with the business and technical services of others?

¹ 2006 State of the Business Incubation Industry Report, NBIA

Services	3. What educational partnerships are critical to workforce development and overall success?
Real Estate	<ol style="list-style-type: none"> 1. What are the options for physical space for the incubator facility and which ones best fit the financial and physical profile for the facility? 2. What facility would be most "cost-effective" in the long-term for use as an incubation facility? 3. What factors enter into the consideration in the choice of a building for use as an incubation facility?
Long-term Use	<ol style="list-style-type: none"> 1. What is the expected investment required to sustain an entrepreneurial effort in McMinn County (time, effort, resources)? 2. What are the possible and likely sources of funding for program development, facility development, improvements and operations?

The goal of a focused and viable business incubation plan is to develop new business ventures and commercialize new products and services that creates new jobs and stimulates the local economy. A well-designed program will bring greater relevance to the McMinn County regional business development efforts and enable the area to leverage its existing business structure and emerging entrepreneurship infrastructure, generate wealth, and ultimately create higher wage jobs and therefore improve the tax base in the region.

This report is based on an analysis of local and regional economic trends and conditions collected from stakeholders and published data sources. These trends and conditions were corroborated through in-person interviews conducted within the market area (*see market area defined on page 14*) as well as the advice of experts in business incubation and stakeholders familiar with local dynamics.

It was considered important to ascertain the level of demand for an incubator among community stakeholders from the public and private sectors and existing and recent start-up ventures identified in the Athens area, in particular. The Athens Economic Development Corporation, Tennessee Small Business Development Center, McMinn County Chamber of Commerce, and Cleveland State Community College, along with Tennessee Wesleyan College were identified as the organizations best suited to accomplish this task as new entrepreneurs are often most likely to make an initial contact with these organizations or have established a working relationship with them.

The challenge facing the McMinn County area is the transference from

a highly concentrated manufacturing economy to meet the needs of the tomorrow's job seekers while maintaining a rural identity.

HOW THIS STUDY WAS COMPILED

This feasibility study is based on an analysis of regional economic trends, market conditions, and data collected from initial primary stakeholders and interested parties, as well as published economic data for East Central Tennessee and specifically McMinn County. In-person interviews in the defined market area were conducted with community and business leaders were conducted and site visits were made to various properties to determine suitability for location for the incubator facility.

The study covers several fundamental questions such as:

- ➔ Who are the "champions" of the incubator initiative?
- ➔ What is the motivation for the initiative and is there a demonstrated need?
- ➔ Is there political will and financial support for the initiative?
- ➔ Is there evidence that supports a compelling need for the initiative and can the argument be made for funding?
- ➔ Will the incubator be able to sustain itself in the long term?

The study also takes into consideration the following factors:

- ➔ The depth and degree of the region's support for the proposed business incubator.
- ➔ The challenges for start-up and emerging growth businesses as well as the programs and services sought.
- ➔ The assessment of the existing business environment and attractiveness of the entrepreneurial climate of the region.
- ➔ The views and opinions of the one-on-one interviews towards entrepreneurial development and incubation. *
- ➔ Identification of local and regional assets, business resource agencies, and subject matter experts/professional service

provides needed for successful business incubation.

*See Appendix A for interview questions regarding one-on-one interviews.

BACKGROUND AND OVERVIEW

In January of 2011, Ms. Whitney Malone of the Incubator Steering Committee in McMinn County contacted Mark S. Long, President, Long Performance Advisors, LLC, to discuss the possibility of a feasibility study for a business incubator in McMinn County, Tennessee. Ms. Malone indicated the town of Athens, Tennessee, was engaged in the determination of building a business incubator and would like a feasibility study performed as soon as possible to cover the aspects of size of the facility, location of the facility, areas of concentration, likelihood of long-term survival of the project, and other key areas of incubator performance. After a site visit on April 1, 2011, Mr. Rob Preston of the Athens Chamber of Commerce, Ms. Beth Jones of the Southeast Tennessee Development District, and Athens Mayor John Gentry agreed to engage the services of Mr. Long (Mr. Long's qualifications and resume are listed in Appendix E) to perform a feasibility study and needs assessment in the Athens, Tennessee region beginning June 1, 2011. In addition, Mr. Long was also asked to perform a separate study for a "Rails-to-Trails" project for McMinn County on a concurrent basis.

The engagement of Long Performance Advisors, LLC (LPA) to conduct the feasibility analysis connected Mr. Long with principal community leaders and business people from throughout McMinn County and specifically from the community of Athens. As Mr. Long began to discuss opportunities for incubation in McMinn County it became apparent that the needs in McMinn County included a review of existing buildings and new sites proposed for the facility; a review of existing programs currently available for entrepreneurial support; educational linkages in the region; the availability of sponsors for the new facility; and the concept for the promotional program for the incubator. Mr. Preston and Mayor Gentry began the necessary work with the Council to execute a contract for a feasibility study to begin immediately in June of 2011 to determine if such a facility was suitable for the McMinn County area, and the contract was finalized in late May of 2011.

In early June of 2011 Mr. Long conducted an initial on-site survey with several members of the Athens/McMinn County community and Mr. Long asked key questions concerning the feasibility of an incubator

program. Mr. Long also visited several existing buildings and new sites to learn more about the proposed locations for an incubator location and the possibilities for the incubator. Mr. Long met with several local individuals who are involved in economic development in the region (*see table 2, feasibility interview group*) and local business people. Mr. Long made another site visit the week of June 26 to collect more data and conduct further interviews, and a third visit the week of July 25th. Mr. Long conducted site surveys, interviews, location analysis, data collection and analysis, and opinion polling for this feasibility study to provide an objective overview of a true feasibility analysis of an incubator for the McMinn County area. This is explained more in-depth in the next section.

FEASIBILITY STUDY APPROACH

This study was undertaken to include a broad representation of the Region/County, its citizens, and its goals and priorities for its future. This study sought the input of key community leaders, economic development officials, educational partners, public officials and community/business people to provide the broadest view possible of the entrepreneurial and economic development landscape in the region.

LPA's Due Diligence efforts included:

- Primary analysis through direct interviews with Community stakeholders, key leaders, and community champions to understand key priorities, concerns and unmet needs
- Extensive sessions with economic development personnel to determine what direction McMinn County desires for its future
- Secondary analysis of key demographic information, economic/entrepreneurial conditions, economic measures, metrics, and population/educational attainment, income levels both now and in the future that will drive utilization and interest in entrepreneurial programs and services through the use of third party data
- Evaluation of key best practices, benchmarking principles, and critical success factors for a comprehensive business development, entrepreneurial and incubator program in the county
- Alignment with regional, cross-regional and statewide efforts that support and develop the rural incubation concept as part of a comprehensive and integrated economic development strategy for the McMinn County area

WHAT EXACTLY IS BUSINESS INCUBATION?

Business incubation is a “business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services”. Business incubators are excellent tools for economic development and are recognized nationally and internationally as valuable community partners for job creation and business formation. In the 40 years since their inception, almost 1400 business incubators have been developed in North America and an estimated 7,000 have been developed worldwide. Research indicates businesses that participate in an incubator program have a success rate of over 80%, compared to a success rate of less than 20% for non-incubator businesses (information gleaned from the National Business Incubator Association, www.nbia.org).

Business incubation, as defined by the NBIA, is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or orchestrated by incubator management and offered both in the business incubator and through its network of contacts. A business incubator’s main goal is to produce successful firms that will leave the program financially viable and freestanding. These incubator graduates have the potential to create jobs, revitalize neighborhoods, commercialize new technologies, and strengthen local, regional and national economies.

Critical to the definition of an incubator is the provision of management guidance, technical assistance and consulting tailored to young growing companies. The facilities offered in an incubator usually include:

- ➔ Appropriate rental space and flexible leases
- ➔ Shared basic office services and equipment
- ➔ Business advice and support
- ➔ Assistance in obtaining appropriate financing for growth
- ➔ Other shared facilities, including meeting rooms, parking, and reception

Start-up business development covers a wide range of processes.

Incubators help:

- ➔ Tackle specific problems of economic development in rural areas
- ➔ Increase the success rate of early stage businesses

- ➔ Identify funding opportunities
- ➔ Speed growth of companies
- ➔ Create jobs

The two core principles characteristics of effective business incubation as stated by NBIA are:

- ➔ Incubator gets recognized as a dynamic model of sustainable, efficient business.
- ➔ Local economy becomes improved due to successes of emerging companies.

Incubators vary in the way they deliver their services; also, they are differentiated in their organizational structure and in the types of clients they serve. Highly adaptable, incubators have differing goals, including diversifying rural economies, providing employment for and increasing wealth of depressed inner cities, and transferring technology from universities and major corporations, when applicable. Incubator clients are at the forefront of developing new and innovative technologies – creating products and services that improve the quality of our lives in communities around the world.

The earliest incubation programs focused on a variety of technology companies or on a combination of light industrial, technology and service firms – today referred to as “mixed-use” incubators. However, in more recent years, new incubators have emerged targeting industries such as food processing, medical technologies, space and ceramics technologies, arts and crafts, and software development. Incubator sponsors have also targeted programs to support microenterprise creation, the needs of women and minorities, environmental endeavors and telecommunications.

There are many excellent examples of successful business incubation around the county, and some of those incubator success stories exist in a market size and capacity similar to the Athens, Tennessee, area, where the county government and other constituents are considering building an incubation facility. These national examples must be considered and their “best practices” and successful principles should be considered for application to a model for the building of an incubator in McMinn County.

The true key to any incubator is “deal flow”. Sources of new companies, whether from local/regional intellectual capital, intellectual property generated at a University, corporate “spin-offs” at regional industry partners, or attraction of small business from surrounding areas or from the national/international scene will determine the “continuity factor” for an incubator facility. There must be a long-term

sustainability factor for entrepreneurial activity to make this incubator work in the East Central Tennessee region. The dedication of significant funds to building a physical structure require a plan which will show long-term sourcing of companies for amortizing debt and fulfilling the promise of contributing to economic development. Again, a thorough examination of data and trends in the multi-county area, data from the local educational institutions, and data from the State of Tennessee and the workforce in general will show, along with interviews with key individuals, if there is enough potential for generation/attraction/retention of business to warrant the creation of a facility for a long-term sustainable future. Types of potential tenants must be examined and compared to national graduation rates for such tenants to evaluate the average length of stay in the incubator and to determine occupancy rates, graduation rates and the overall need for size and types of space. Also, new business ventures are unstable and traditionally have a high failure rate. New ventures with a reliance on technology or ones that are developing new technologies have an even greater rate of failure. The challenge with business incubation is to identify the ventures with the greatest potential, provide the assistance and access to expertise, capital and services required for them to achieve that potential, and to retain and grow them in the community throughout the business and product life cycle.

Where to build can often be a major consideration. Sources of funding often dictate the type of building and whether or not to build a new building or renovate a current facility; other factors that can steer that decision include the availability of current buildings, the status of those facilities, their location and size, their "curb appeal", and the neighborhood surroundings. Also, financing is always a primary concern, not only for capital expenditure, but also for continuing operating expense coverage. Therefore, financing sources will be evaluated and potential sources of revenue will be explored, and suggestions will be offered for revenue potential as part of this study. The many facets of business incubation require a careful and complete analysis of all areas affecting small business development in the East Central Tennessee region.

BUSINESS INCUBATION CONSIDERATIONS IN EAST CENTRAL TENNESSEE

Business incubators can play an active role in local, regional and national economic development efforts. A business incubator, however, cannot transform an economy, and must be integrated into broader economic development efforts such as education, economic

policy reform, infrastructure investment, and financing. Developing the East Central Tennessee Enterprise Development Center will require the involvement of numerous community leaders and stakeholders who have an intense interest in the project's success. For the purpose of this needs assessment study & report, stakeholders are defined as client companies, prospective client companies, incubator management and staff, champions of the initiative, the board of advisors/steering committee, local and state governments, private investors, and business service providers. In the broader context, we recognize that the community at large is a primary stakeholder by virtue of the opportunities created for banks, realtors, insurance brokers, land owners and others as graduating companies move into facilities of their own.

The East Central Tennessee incubator project is expected to create a viable source of economic vitality and job creation as companies grow and take their place in the market as viable and freestanding businesses (the primary goal of business incubation programs nationally).

The goal of business and technology business incubation is to develop new business entities and to more quickly commercialize new products and services, which will result in significant benefit to the East Central Tennessee region and the surrounding area through higher-paying jobs creation and, ultimately, increased tax revenues for the county.

Nationally, some of the top obstacles/barriers encountered by incubator clients are:

- Entrepreneurs lack background or expertise in entrepreneurship
- Lack of financing for company
- Incomplete or inadequate management team
- Entrepreneurs unwilling to accept advice or incapable of success
- Limited access to relevant networks or expertise

The East Central Tennessee Enterprise Development Center programming needs to directly attack these barriers and obstacles to new venture formation and growth of ventures.

In addition, a key item will be the support and encouragement of local city and county government. New business formation is highly dependent on government interaction; the "entrepreneurial climate" is determined by government regulation. Processes for permitting, approval of construction, business licenses, signage, taxation, and other facets of business are controlled and regulated by government.

A town, city or county government can quickly gain a reputation as being anti-business if government policies and personnel are not dedicated to doing everything possible to make procedures, ordinances and laws favorable for business; particularly, once a reputation is established as being difficult for business, that perception is very difficult to change in the outside world. Athens & McMinn County government must establish itself as "service-oriented" agencies; if there are changes that need to be made to affect this, whether in law, policy or personnel, those changes should be made without delay. A "long-term" view should be adopted; the gain in jobs, which will produce a gain in tax revenue through business taxes and income taxes, should be the goal, rather than attempting to achieve short-term revenue through permit fees and assessments. Processes should be streamlined; costs should be minimal; and personnel should do whatever they can to encourage small business formation and growth in the city limits. This will effect a change in the overall business climate in the city/county and will formalize attitudes about the City of Athens. Often, the complete "revitalization" of a downtown area is dependent on the "attitudes and policies" of a government towards new business. If policies, procedures and permits are made simple and cost-effective, the entire face of a downtown can change for the better; if a government adopts a strict climate, with severe penalties, slow processes, and uncooperative personnel, with a high fee structure, the city will see a "rapid flight" away from downtown new business, and it is quite possible to see "urban decay" as a result of these issues. The Business Incubator itself is not the "answer" to urban decay, and the incubator cannot reverse this process; also, typically (as will be discussed later in this report), the incubator should not be used as an "urban renewal" project in blighted areas. However, the businesses graduating from the incubator will be important to the downtown area and to the re-vitalization process, and those companies should be welcomed with every possible effort to reduce cost and complexity of their relocation process when they move from the incubator into local real estate properties. It is a critical obligation of the city government to do whatever is necessary to secure the new emerging business in the broader community and global marketplace. If the government organization does not do this, but instead continues down the path of having a reputation as a "high cost, low service" atmosphere for small business, then a regional incubator located in Athens will actually have low impact on the City of Athens, Tennessee, itself; graduates of the incubator will seek relocation elsewhere after leaving the incubator and will locate where they feel they can operate cost-efficiently and where the area is friendly and cooperative for their business. This will also have an impact on the effectiveness of the

incubator, as it will be difficult to attract businesses to the incubator from outside the area, thus impacting the "regional" mission of the facility. Traditionally, over 84% of businesses graduating from an incubator facility locate within five miles of the incubator site after graduating from the program, unless there is a negative environment that forces them to consider moving elsewhere (Larry Molnar, *Business Incubation Works*, E-13).

Another area of focus will be the cooperative effort of all agencies involved in small business support. The Athens Chamber of Commerce, the Tennessee Small Business Development Corporation, Cleveland State Community College, and all others involved in small business support and education must work together effectively and cooperatively with the East Central Tennessee Business Incubator program to make this an effective venture. The top six services offered to incubator businesses are:

- ➔ Business coaching
- ➔ Marketing assistance
- ➔ Networking activities
- ➔ Links to higher education institutions
- ➔ Investor/strategic partner linkages
- ➔ Technology commercialization

Currently, most of these services are "covered", at least in part or part-time, in Athens by the agencies listed above. An incubator should serve as a "one-stop shop"; those involved in businesses or those thinking of starting a small business want to know the incubator is a location where mentors, advisors, and those who have a deep network of professionals reside, so the "answers" to business questions are there at the incubator. This is the reason (as will be reflected upon many times in this report) for the recommendation of co-location of many of these programs in the incubation facility. Having these groups co-located in the incubator facility strengthens the incubator program and provides that exact "one-stop shop" for small business resource in McMinn County and the surrounding area. This will require a true sense of a "cooperative effort" among all the agencies and groups assisting small businesses in the McMinn County area.

Education is another area critical to business incubation efforts. The East Central Tennessee region is fortunate to have the excellent programs and quality educational curriculum provided by Cleveland State Community College (CSCC), the Tennessee Technology Center at Athens (TTC) and by Tennessee Wesleyan College (TWC). There is an opportunity for CSCC to also offer extension or curriculum courses in

entrepreneurship, small business management, and other business areas (human resource management, etc.). Currently CSCC has offered some specialized training in cooperation with some of the other companies in the area. TTC provides many outstanding training programs of 18 months duration or less in career fields. TWC already offers entrepreneurial courses and business courses; the incubator could be a good "outlet" for experiential learning for business students, with possible internships and "real-time" learning opportunities. It could also provide a place for housing potential student businesses for creative TWC students, or hiring opportunities for TTC students. There are other groups that offer support as well; the Tennessee Small Business Development Center provides educational seminars and classes on a variety of topics in the region, at various locations; locating these seminars in the incubator would provide a "central place for recognition and attendance" for these functions. All of these groups should continue to monitor and poll the area to determine what programs (some will be suggested later in this report) would best serve the start-ups and small businesses in the region. Education is critical to the success of the incubator, as it will promote deal flow and the formation of new businesses.

Finance, of course, is an essential area for the success of the incubator; particularly finance relative to the initial funding of small businesses. Although many people start up small businesses with \$10,000 or less, the typical small business owner seeks between \$20,000 and \$50,000 (NBIA) as initial capitalization for their business. This amount of capital allows the small business owner to pay for initial rent, the expenses of marketing or research and development, basic office expenses, and legal expenses to protect their invention/idea. It is important to be "rationally capitalized" and not get too much money, just as it is important not to be undercapitalized and be underfunded; a small business cannot afford to take on too much debt up front. This capitalization process often depends heavily on local banks and lending institutions, which, in turn, often depend on programs from the federal government, such as programs from the Small Business Administration (SBA). It will be very important, in Athens, that local banks participate in SBA lending programs and that the local banks work hand-in-hand with the ECT Enterprise Development Center to do all they can to support small business. The banks must provide and maintain a "referral network" to assist and refer potential businesses to the incubator to provide the maximum support for these small businesses at the onset, so a higher degree of success can be realized and so everyone will benefit. Athens has great potential here as all the banking personnel interviewed felt the

incubator would be a great asset to the region.

There are several other considerations in McMinn County that will be mentioned throughout this report; one other consideration that is worth mentioning here is "real estate/location". The location for an incubator is highly important, and one of the most important considerations for an incubator in McMinn County is *visibility*. The physical facility must be highly visible to the public – not only to potential tenants, but also to the public at large. The incubator is often a symbol of progress; it is a political symbol of "economic change". To the general public, the physical "bricks and mortar" are an indicator that "progress is being made"; jobs are being created, and government is working for the citizens. In addition, it is important for the facility to be easily visible from major thoroughfares to prospective entrepreneurs. This may offer the opportunity for those individuals to inquire directly about programs, educational offerings, or space just by "stopping by" or checking the website advertised on the signage. The visibility of the incubator is extremely important to the general public and to potential tenants alike. The general appearance of the building (exterior and interior) is also significant; an incubator can be a great source of community pride and can be a focal point for a rural community, in particular. The building should convey a modern, progressive atmosphere to the potential entrepreneur and should indicate (even from the outside) the ability to handle the needs of the entrepreneur from "start to finish" relative to business formation, growth and graduation from the facility. The location should also be in a "safe" area, as many budding entrepreneurs begin their new ventures as "second jobs", and work late hours and/or weekends, thus the parking areas and entrances to the building must be accessible and safe for single men and women to enter and exit at all times of the evening. This is often overlooked in the location of the facility, but this should be given serious consideration. In addition, the building under consideration for use as an incubator facility should be "attractive" from a physical standpoint; small business people want to invite potential investors and partners to their offices, and "personal pride" in the facility is a great source of potential consideration for placement of an office or manufacturing/research facility. It is, of course, a "given" that the facility will have adequate internal furnishings, adequate shared equipment, appropriate parking, meeting rooms, and the other items mentioned above that are considered "standard" to an incubation facility. The actual locations that were examined in the on-site visit will be evaluated and "graded" later in this report. It is simply worth noting some of the major considerations in McMinn County relative to the physical location of the facility.

The East Central Tennessee region has much to offer for small business support; however, as noted, there are significant considerations that must be given priority if incubation is to succeed in the region. Coordination of business efforts, finance, physical location, educational efforts, infrastructure improvements, policy changes and certainly governmental reform are all key areas of development and dynamics that will affect the performance of the McMinn County Business Incubator.

McMINN COUNTY BUSINESS INCUBATOR MARKET AREA DEFINED

To properly identify the demand for business incubation in McMinn County, it is essential to define the “market area” to be served by an incubator in the East Central Region of Tennessee. The host county of the incubator project, McMinn County, is located 55 miles northeast of the Chattanooga Metropolitan area and 55 miles southeast of the Knoxville Metropolitan area in eastern central Tennessee and is comprised of 435 square miles. Ground transportation and access is well served by State Highways 39, 30 and 305, and one US Highways (11) with access to Interstate-75 to the east. McMinn County is centrally located in the northeast Tennessee corridor, being within a 1-hour drive of Knoxville, Chattanooga, and Crossville, Tennessee. This location makes Athens/McMinn County an ideal “distribution point” in the area. In other words, McMinn County is surrounded by opportunity — including being right next door to Oak Ridge National Laboratory’s worldwide information technology industry cluster.

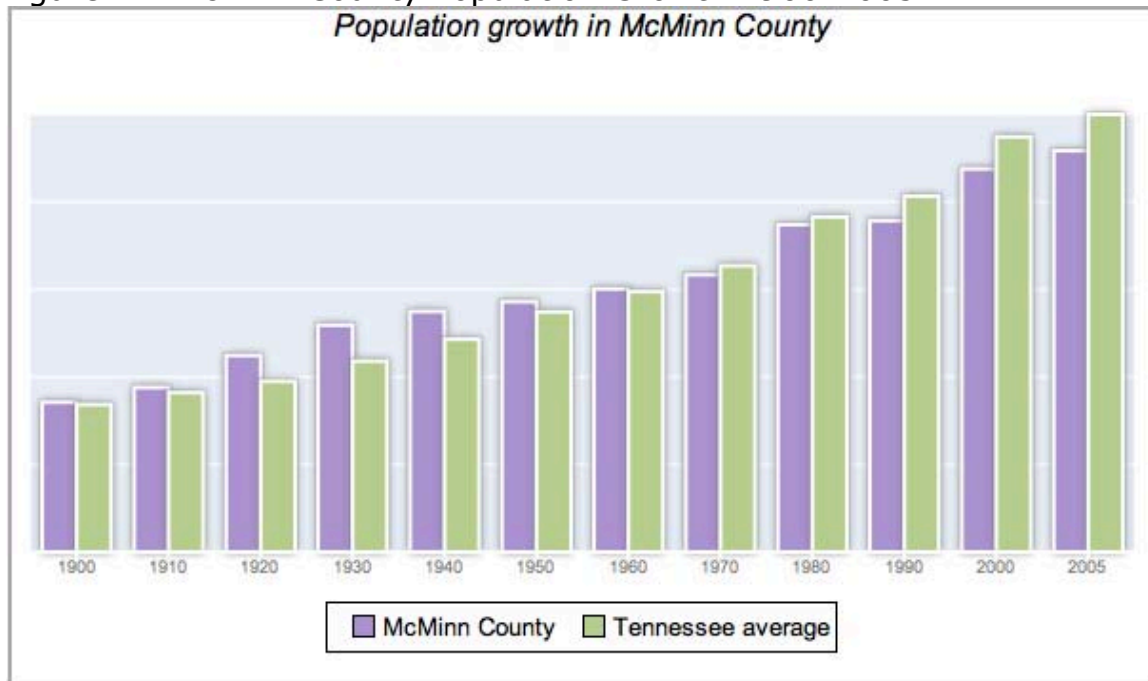
Based on the profile of the economic base of the county and interviews with local community, business, industry, and government leaders, a very reasonable market area exists for new and expanding businesses and entrepreneurs in McMinn County and the surrounding area. Most individuals agree the downtown corridor and the “industrial park area” [See Appendix A for stakeholder input] both provides the best access to the market area geographically but they also want to consider opportunities to grow businesses in the region’s smaller communities as well. The presence of TWC, in downtown Athens, and the presence of the Tennessee Technology Center at Athens, and the Cleveland State Campus provide a high concentration of workforce training and business students, adding to an already favorable workforce for business generators. A reasonable percentage of students are divided into college preparation coursework and into vocational training

courses (approximately 60%/40%, respectively, per interviews with college personnel), thus students from the colleges represent an excellent educated workforce for entrepreneurial ventures. The Market Conditions sections on page 16 ([Overview](#)) and page 29 ([Analysis](#)) provide a snapshot of key economic conditions and new business formation activities in McMinn County and the region.

OVERVIEW OF KEY EAST CENTRAL TENNESSEE REGION ECONOMIC CONDITIONS

The McMinn County current and future economic conditions must be considered when studying the feasibility of business incubation in the area. Population statistics, per capita income, and new business formations are key statistics that provide insight into current needs and challenges of the community.

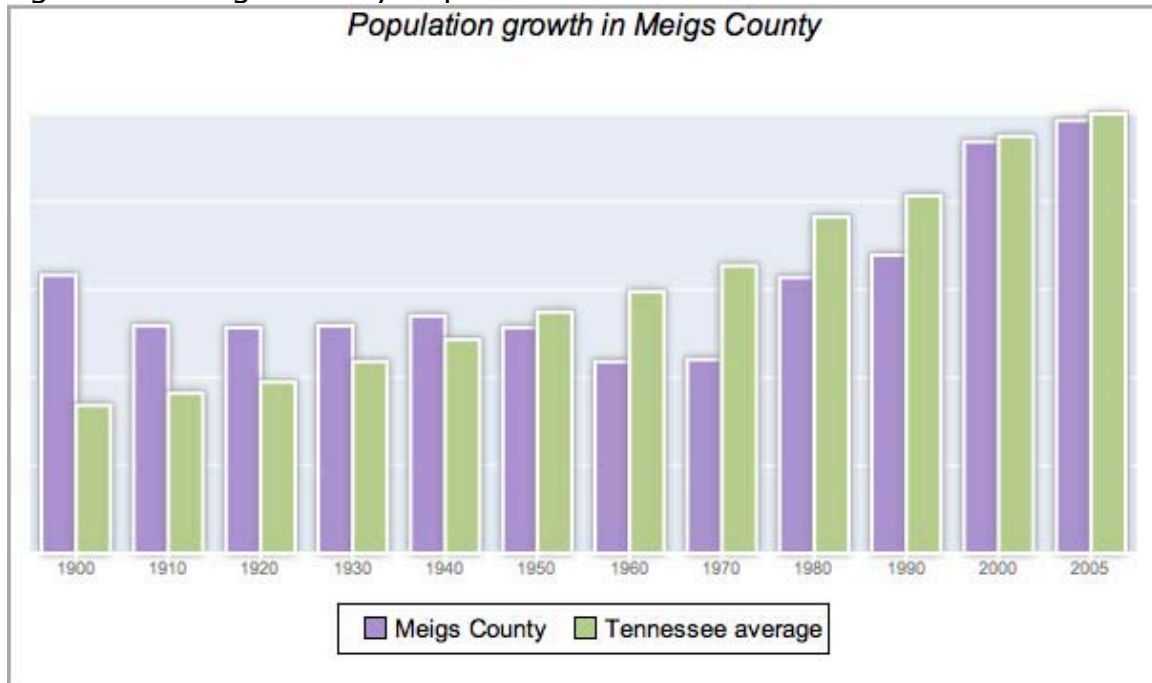
Figure 1 – McMinn County Population Growth 1900-2005



The green bars represent averages for the State of Tennessee. McMinn County had steady population growth during the period of 1950-1980, but in the last 20 years that growth has leveled off and flattened, but not declined. The surrounding counties paint a different picture, as shown on the following pages. Meigs County, for example,

shows a continuous drop in population over the early decades, but a sharp rise in the past 10 years (noting the total population is lower than McMinn County - McMinn County has a total population of 52,739 per the 2009 figures from the U.S. Census Bureau while Meigs County has a total population of 11,747 from the same source). Other respective population figures are Polk County with 15,735; Bradley County with 95,184; Monroe County, 44,602; Roane County, a total of 53,186; and Loudon County with a total population of 45,176. This gives the entire 7-county area a gross population of 318,369.

Figure 2 – Meigs County Population Growth 1900-2005



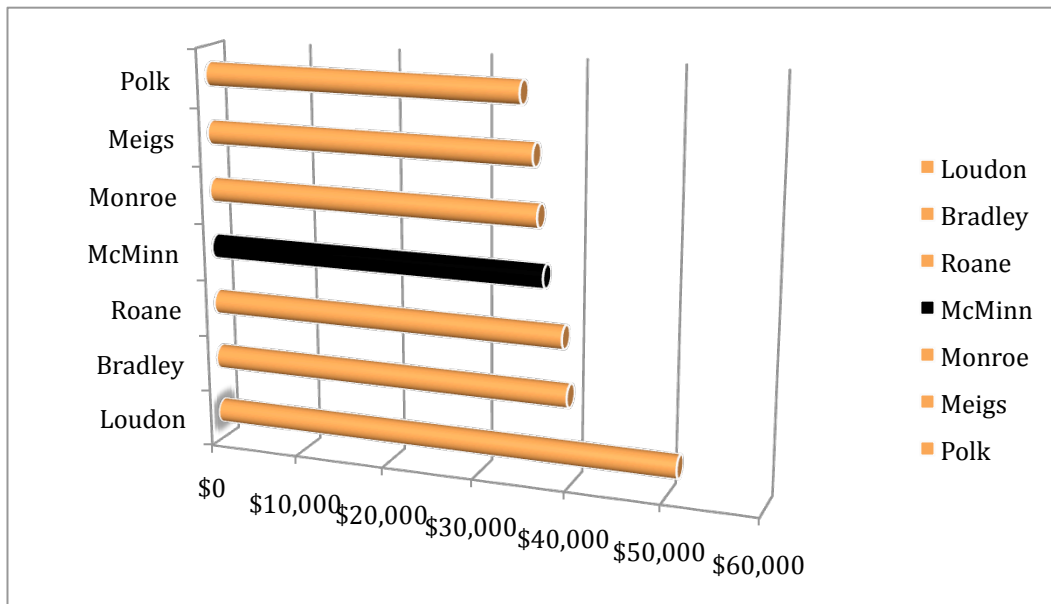
Again, the green bars represent averages for the State of Tennessee. Almost every adjacent county, except for Polk County, which shows a fairly steep decline from 1950-1980 and is now stable, shows a reasonably consistent rise in population over the past 10-20 years.

In addition, as shown in the U.S. Census Report figures, median household income is lower in McMinn County and in most of the surrounding counties than the average for the State of Tennessee (except for Loudon County, which is considerably higher than the State of Tennessee average but still lower than the U.S. average). As noted, McMinn County, which has the third lowest median household income in the region is 84% of the state average (see graph, next page).

*NOTE: While every effort has been made to insure non-duplication of areas covered in the Census Report, some data mentioned in that

report must also be mentioned within this incubator study to verify the findings and conclusions contained within this report. However, an assessment of “Standard of Living” and “economic validity” of data will not be covered in this report, except where relevant to incubation.

Figure 3 – Median Income Level Comparison



McMinn County, represented by the black bar in the graph above, lies in the mid-point of the median income levels in the East Central Tennessee region (2009 figures) at a household level of \$36,969.00. Overall, the average of the East Central Tennessee region for 2009 of \$39,033.57 compares favorably with the State of Tennessee average of \$41,715.00, but it is worth noting the exceptionally high average in Loudon County (\$51,126) somewhat skews the average in the area.

➔ **Conclusion:** On average, population growth in this region will show modest gains over the next three decades; however, much of this gain may be due to an influx of retirees coming into various resort and retirement areas (lake, mountain and designated retirement communities). This will, however, provide opportunities in the workforce and in the business community for future service businesses and retail opportunities; it will also put pressure on the areas of workforce development and workforce education. A key component of high quality and higher paying jobs will only come through a “local entrepreneurial ‘grow-your-own businesses’ initiative”, such as an incubator.

In addition, more recent data shows losses in Private Non-Farm Employment from 2002-2007 in every county except Loudon County (a net gain of 20.8%), Roane County (a net gain of 22.6%) and a modest gain in Monroe County (2.2%). The higher population counties of Bradley and McMinn show net losses in Private Non-Farm Employment during the same period – Bradley County shows a net loss of -7.0%; McMinn County, a net loss of -5.2%. The two smaller counties, Polk and Meigs, show net losses of -6.9% and -14.1%, respectively, in 2009.

- ➔ **Conclusion:** There are people who are either starting new enterprises and/or current enterprises are seeing appreciable growth in the existing sectors (to be examined later in this report) in the higher populated areas of the estimated service area for the East Central Tennessee Economic Development Center, while some counties have seen a loss of heavy industry. This is typical of national trends and reflective of recent economic trends. However, recent growth in some counties is a positive sign for growth and development of small business, and also shows the area could benefit from an incubator.

FINANCIAL PROJECTIONS, IMPLICATIONS, AND ASSUMPTIONS

Phase 1: Entrepreneurial Coaching & Assistance

Phase 1 - Entrepreneurial Coaching and Assistance — *Provide the services listed below virtually and through an affiliate program of the East Central Tennessee Business Incubator. The budget for these services can be accomplished for approximately \$45,000 to \$60,000/year.*

Table 2 – Phase 1 Assumption

ACTIVITY	PER YEAR	COST BASIS
Venture In-take analysis, investigation, and due diligence	\$10,000	Weighted average of ~25 businesses or ideas @\$400/each

Coaching & Client development	\$12,500 (Year 1) \$20,000 (Year 2)	FTE of 0.1 (2 hrs/week) for Year 1 and 0.2 (4 hrs/week) for Year 2 (includes mileage)
Program development, management, marketing, workshops, & outreach	\$15,000 (Year 1) \$20,000 (Year 2-4)	Program developmt/mgmt: FTE of 0.1 (2hrs/wk) for Yr 1 & 0.2 (4 hrs/wk) Yr 2 \$10,000/yr for mktg, outreach, and other events to promote collaboration and services
Evaluation, quality oversight and management	\$2,500	On-going survey compilation, evaluation, & metric reporting (includes MIS costs)
Reciprocal utilization of Incubator/SBDC services	\$5,000	Utilization of central shared services of the Incubator by clients and prospects

Total Cost - \$45,000 (Year 1); \$60,000 (Year 2-4).

In Phase 1, the East Central Tennessee Economic Development Center should be co-located with the additional service providers (such as the TSBDC, etc.) to provide a “one-stop shop” so entrepreneurs, business owners, and companies looking to expand and grow can all access the services of the program.

FINANCIAL PROJECTIONS, IMPLICATIONS, AND ASSUMPTIONS – continued

Phase 2: Expansion from Services to an Incubator Space Model

Phase 2 – Expansion from Services to an Incubator Space Model — *This is a model for a mixed-use incubator for the ECTEDC. All assumptions made in this model may be changed by the user in the financial model provided for this Needs Assessment/Feasibility Study to develop and construct additional scenarios. See the accompanying model for the various scenarios related to the capital investment, operating costs, and lease revenue parameters for this project.*

Table 3 - Phase 2 Assumptions

CLIENT TYPE	SPACE (sq ft)	COMMENTS
ECTEDC Admin Offices, SBDC, Other services and Business Center	2,000	Administration should be less than 10% of the total square footage
Anchor Tenant Space	5,000	Office suites should be expandable as clients grow
Individual Offices (15@120sf each)	1,800	Offices should be co-located to handle multiple tenants
Office Suites (4@450sf each)	1,800	
Light Manufacturing Bays (6@600sf each)	3,600	20% of the square footage should be allocated for this
Conference Rooms	1,400	At least one training/conf room should seat 25-40
Common areas, receiving, storage & Mechanical space	2,400	<30% of total square footage (+ Conf rooms)
Expansion/Unallocated	2,000	Growth space for "strategic opportunities"
Total Incubator Space	20,000	*See note on Sustainability, below

Assumptions/Comments:

The best, successful incubators are "debt-free" and do not carry a mortgage. A capital campaign and/or building donation should be sought to reduce or eliminate the large capital outlays as the incubator is implemented so there is no debt service.

An active affiliate program, as outlined in Phase 1, can generate qualified prospects for physical incubator space and can also generate revenue to help sustain the physical facility.

The financial projections in this document do not incorporate any direct financial support, charitable contributions, or grants from Corporations, Government, Individual, or Foundation Sources as none were revealed during the course of the study.

***SUSTAINABILITY** — NBIA literature suggests that a fiscally, sustainable incubator will need 35,000 to 40,000 sq ft at an average of 85% net leasable to be self-sustainable. However, it should be understood that 85% net leasable is difficult to achieve so in many instances the facility footprint would need to be larger. It will be very difficult for a 12-20,000 sq ft facility to become self-sustainable within five years unless the building is donated or leased to the East Central Tennessee Economic Development Center at a substantial below market lease level. **The East Central Tennessee Economic Development Center will need a scalable facility plan to reach at least 35,000 sq ft over time or it will need continuous operational financial support to remain viable – this is very typical for incubators of this size, and this fact needs to be taken into consideration!**

Appendix C provides some important financial, size and operating benchmarks that should be used by the East Central Tennessee Economic Development Center in calibrating expectations and establishing business plan pro forma projections.

THE MCMINN COUNTY RESPONSE TO BUSINESS INCUBATION

This needs assessment/feasibility study began with a discussion with the Director of the Athens Chamber of Commerce, Rob Preston. Mr. Preston discussed, at length, the background that had been completed on the project by various groups and individuals. Initially, Mr. Preston indicated the "needs assessment/feasibility study" would not require "an extensive analysis of building requirements as there is the possibility we have a building in mind". However, this proved not to be the case as, during the on-location visit, the evaluator visited several different building sites for determining suitability of each location for the incubator site.

In addition, several datasets were uncovered as background information for the needs assessment. One study was the "Creating a Rural Entrepreneurship System in Tennessee" (or CREST) report, performed by Dr. Michael Wilcox, along with the corresponding PowerPoint® presentation for that study. Another document obtained was the "Tennessee Industry Clusters and Economic Performance, 2001-2006; An Application of Value Chain Analysis Using County-Level Panel Data" by D.M. Lambert, L. Stewart, M.D. Wilcox, and K. Jensen. In addition, other documents were obtained and utilized, such as the Chamber Guide to Athens, census data, and other data compilations on the area.

Mr. Preston and Mr. Long also visited the incubator in Cleveland, Tennessee, and talked to several of the resident clients in that facility and interviewed the manager of that facility.

In developing a business incubation program, it is critical to assess community reaction, both positive and negative, and to form a consensus for the project. Throughout this process LPA identified the constraints and opportunities surrounding the proposed initiative. It is essential to develop a shared vision. Also, an incubator program must have a strong, committed "champion" to succeed. This should be a highly credible, influential individual who is respected in the community, someone who accepts responsibility, forms a consensus, develops a vision, and who is willing to work hard to do the detail work of bringing the incubation vision to a reality. Mr. Preston is obviously that person in McMinn County; he is diligently making the contacts and doing the "ground floor" research to move the incubator program from concept to implementation.

The program must also have sponsors; a group with credibility that can drive the project and who have the authority in the community to move the project forward. There are many interested individuals in the East Central Tennessee area, and many of those interviewed for this project would make very good board members for the Board of Advisors/Directors for the incubation facility.

Because many prospective stakeholders had little or no prior knowledge of the aspects of business incubation, this stage of the study also included a substantial community education component. This "feasibility process" is designed to forge consensus among key civic/academic leaders and organizations regarding the definition of the type of incubator that could best serve the McMinn County needs and to identify the appropriate stakeholders for the program. The process itself is used as a catalyst to motivate participation and mobilize resources related to facilities, equipment, human resources, and potential future funding.

Relative to education, a critical component of the initial process is providing entrepreneurial training and education. Again, commitment is needed in training and education to make the incubation vision work. The East Central Tennessee region is fortunate to have wonderful advocates in Ms. Beth Jones, Director of the Tennessee Small Business Development Center in Chattanooga, Tennessee, who has extensive experience in presenting programs for training small business management; and also Ms. Alisa Farmer, the Executive Director of the USDA Rural Development Center in Chattanooga, Tennessee, who is well known in the area for her extensive experience in working with small businesses. In addition the SBDC Director at the Rural Development Offices, and the staff, are tremendous assets to the small businesses in the East Central Tennessee Area. The East Central Tennessee region also has the asset of Cleveland State College to draw upon for education and training, as mentioned; Tennessee Technology Center at Athens for vocational education and training; and Tennessee Wesleyan College for business education.

However, a critical element in the success of the incubator will be in the calibration of the expectations of the various stakeholders. Agreeing upon a clear set of performance benchmarks that can be used to judge the success and progress of the incubator will be imperative for all parties concerned, and will be important for the success of the program. Some, if not most, of the performance benchmarks

that should be considered are as follows:

- ➔ # of jobs generated (Full-Time Jobs)
- ➔ # of companies graduated over a specific time period
- ➔ # of actively served clients (residents plus affiliates)
- ➔ # of total clients served (applicants to the program)
- ➔ Total payroll dollars of all clients served
- ➔ Total investment in the East Central Tennessee Region Business Incubator Project (grants, gifts, sponsorships, in-kind donations, etc.)
- ➔ Total investments made in client companies (grants & capital)
- ➔ Total revenue of clients served
- ➔ Average per capita county wage levels compared to average wage levels of clients of the ECTEDC

TARGET MARKET CANDIDATES

In discussing the East Central Tennessee Incubator program with key community leaders through direct interviews, the question was posed (all questions are reviewed in the appendices), "What industry sectors should be targeted by the East Central Tennessee Economic Development Center?" The key target market candidates identified by the interviewees were as follows:

- ➔ Specialty Manufacturing and Manufacturing Supply Chain Companies
 - Proponents of this target area want to help the East Central Tennessee region's base of existing manufacturers be more successful and to create a "critical mass" that will attract even more manufacturing. The lack of a large local manufacturer was emphasized as somewhat of a concern for many people. It was pointed out that there is excellent air service capability and also great ground transportation potential; however, there is no single "large manufacturer" in the area, which is a concern for small suppliers. The possibilities of starting small manufacturing enterprises/servicing companies to supply other companies (regional or national) at competitive pricing due to logistics advantages and local labor potential was presented as a possibility.
 - Types of these ventures in this target market area include specialty manufacturers, service providers (like precision machining, machine tooling for different markets (aircraft,

agriculture, piping, etc.) grinding, plating, etc.), manufacturing training companies, engineering companies, HVAC servicing, IT support, and marketing/advertising support companies, among others.

➔ Ag-related businesses

- Proponents of this target want to retain students in McMinn County and the surrounding Counties, in particular, who leave the area to get college/university degrees and then join “higher level” technical ag-businesses elsewhere. Also, the common theme among interviewees, when asked, “what is the greatest asset in the East Central Tennessee region”, was “we have a beautiful area”. As a lone asset, having beautiful scenery does not mean a lot to a small businessperson (unless they are starting a tour company!). However, the presence of significant farmland in this area of the country is a noteworthy asset to agricultural endeavors.
- Types of ventures in this target area include ag-tech businesses, bio-science, ag-software, agri-economics, GPS applications, bio-fuels, and food science – possibly specialty farming like bio-organics or niche ag products, or possibly food and culinary arts ventures that would use a commercial kitchen. As well, the possibility of attracting an educational institution to set up an agricultural research station or ecological testing station would be a significant asset.

➔ Other secondary targets mentioned included the following:

- Heritage Tourism and Recreation
- Logistics and Distribution
- Medical (healthcare)
- Software and information Technology
- Telecommunications and Broadband Technology
- Retail, Entertainment and Franchise Businesses
- Alternative Energy and Solar Power

KEY FINDINGS FROM STAKEHOLDER SURVEY INTERVIEWS

- ➔ Overall there is a positive attitude toward the East Central Tennessee Economic Development Center project; nearly everyone surveyed said they were “in favor of the concept” once it was explained to them and they had a clear understanding of incubation.
- ➔ Approximately 70% of those surveyed understood the effort as a “means to create jobs/companies”; the rest felt it was a mix of helping existing companies, attracting new companies to the area, or felt it was more of a retail training enterprise.
- ➔ **Approximately 85% of people surveyed felt County Government, on a scale of 1 to 10, with 1 being “unhelpful to small business”, and 10 being “very helpful to small business”, deserved a score of “8”, on average. The County Mayor, in particular, was seen as an extremely positive asset to business efforts in the area.** However, City Government did not fare as high, scoring on average a “3-4” and in general was criticized for not being small business friendly, not being flexible for small business, and not being aggressive.
- ➔ Everyone interviewed saw CSCC, TTC, TWC and the local school districts as a tremendous asset to the incubator, to business, and to the city. They all felt the further integration of CSCC programs with the incubator (internships, more entrepreneurship programs) would be essential to the incubator’s success.
- ➔ **There was no consensus at all regarding the location of the facility, but there was complete agreement with 100% of the interviewees that a new building should not be built, unless “an existing organization was willing to build it and there would be no cost to it” – otherwise, there are plenty of existing buildings in Athens that could be utilized, particularly in the downtown area.**
- ➔ A frequent concern expressed was “workforce quality/workforce development”. This could be relative to the educational assets mentioned above; the lack of an educated workforce is often a motivational issue for entrepreneurial development in a rural community.
- ➔ **The majority of interviewees saw “access for transportation” and “the character of the local people” as the strengths of the region; “Industry” (lack of a large industry partner) and “workforce**

education” were quoted as the primary weaknesses of the region.

- ➔ Most individuals felt the SBDC and Chamber did a very good job of working with small businesses in the region, but were concerned about a “single point of contact” for assistance.
- ➔ Almost everyone stated they “came into contact with someone who thought about starting a business” in the past 2-3 years in the region, but most felt it was too difficult to obtain financing.
 - Stakeholder survey questions and responses are presented in full in Appendix A

MARKET CONDITIONS ANALYSIS

The analysis of local conditions serves as an extension of the economic overview in the next section by evaluating key factors that strongly influence the development and growth of business in a region and the overall feasibility of business incubation. Based on materials published by the NBIA, and prior research conducted by the project team, there are some essential community ingredients that must be in-place before business incubation programs can be successful. These factors are:

- ➔ Business Generators
- ➔ Human Capital
- ➔ Entrepreneurial Culture
- ➔ Local Leadership and Support
- ➔ Physical and Programmatic Infrastructure

Each of these factors is discussed in some detail below.

BUSINESS GENERATORS

Entities such as universities, federal laboratories, and large established corporations serve as generators of small business activity. Those involved in research and development generate new products and intellectual assets that sometimes find their way out of these institutions and into the commercial marketplace. Often a new business venture is founded by one or more of the innovators and/or associated business partners. Those involved in product development and manufacturing can also create a demand for local suppliers and support services that may be filled by new businesses in the area, which is supportive of the concept of industry clusters.

In addition, employees of these companies may create spin-off ventures as the company grows and new or competing market opportunities are identified. A brief description of potential sources of

small business generation in the Region is presented below.

Research & Development Generators

- ➔ Research & Development (R&D) generators encompass universities and federal laboratories as well as corporate research centers and technology based business incubators. A brief overview of the primary R&D generators within the region is discussed below.

Colleges and Universities

- ➔ Three secondary educational institutions including Cleveland State Community College (CSCC), Tennessee Wesleyan College and Tennessee Technology Center at Athens (TTC) serve the market area in Athens, but none of these are research institutions. TTC has, through a series of adult education classes and specialty courses, provided vocational training to individuals who now work at manufacturing facilities and hospitals/pharmacies throughout the region. However, all of these institutions are willing to work with a business incubator, and all representatives of each institution felt the incubator would be a great place for students to intern, for cooperative learning programs, for business education programs to take place as partnerships between the incubator and their respective institutions. All secondary institutions in the area are in favor of the incubator project, and all will participate in the operation and function of the incubator.

Federal Laboratories & Military Research Facilities

- ➔ There are no federal laboratories in East Central Tennessee and it is unlikely that any in the proximity (in Oak Ridge, Knoxville or other parts of Tennessee) or another regional federal laboratory will be a source of incubator deal flow. However, collaborative linkages with the Knoxville/Cleveland/Chattanooga area may support new ventures emerging from the region.

Corporate Research and Product Development

Corporate operations may generate small business spin-off activities typically affiliated with companies that have moved beyond their own early stages of development into a more stable market position. These companies generally support research and development

functions in house or through outside sponsorship in universities or “research shops”. Other successful incubators have hosted several such corporate “intrapreneurship” organizations or “spin-off” companies as part of their portfolio of clients. In addition, many of these companies “import” parts, components, machinery and tooling items to be able to manufacture their products – in addition to calling in specialty service personnel/companies to service specialty manufacturing line equipment. Promising employers in the Region who are also in the top 10 largest manufacturers in the East Central Tennessee region that may have R&D/manufacturing activities with commercial development potential include some or all of the following:

- ➔ DENSO Manufacturing Athens
- ➔ AbitibiBowater, Inc
- ➔ Johnson Controls
- ➔ Waupaca Foundry
- ➔ Mayfield Dairy Farms
- ➔ Collins & Aikman
- ➔ Thomas & Betts
- ➔ Heil Trailer International
- ➔ Plastic Industries
- ➔ Dynasty Spas

And there may be others, as well. As mentioned, many of these companies may have potential for the growth of service enterprises to provide a host of support services for equipment and systems. It is recommended that a complete “inventory” of current businesses be taken to determine what has to be “imported” for use in manufacturing various products; to also determine what equipment is serviced from outside the region, and how frequently that equipment is serviced (and if there are other companies around the region and state that use similar services); to see if certain supplies can be provided cost-effectively by local manufacturers rather than bringing them in from the outside; and to evaluate the efficacy of starting companies to provide custom machining and tooling operations to larger companies.

Tennessee Rural Resources and State Resources

Tennessee has numerous resources for small business and entrepreneurship, particularly resources for rural entrepreneurship and rural business development; however, unfortunately, Tennessee does not have a lot of resources for business incubation and business incubation support. However, recently a new initiative was announced

by the Governor of Tennessee and the ECD Commissioner – “StartUP TN” – an initiative to support the formation of nine regional “accelerators” in each of the state’s nine economic development regions (an accelerator is very similar in purpose and function to a business incubator). Other resources include the Tennessee Center for Rural Entrepreneurship (www.tcre.org); the CREST initiative (<http://trend.ag.utk.edu/crest.html>); the Tennessee Association of Community Leadership (<http://www.leadershiptennessee.com>); Sustainable Tennessee (<http://sustainable.tennessee.edu>); the Tennessee Valley Authority Economic Development Agency (<http://www.tvaed.com>); and others. In addition, Tennessee has the Mid-Cumberland Area Development Corporation (<http://www.madc.us>), Tennessee Incentives for Renewable Energy (<http://www.dsireusa.org/incentives/index.cfm?CurrentPageID=1&State=TN>), The Tennessee BERO Small Business Loan Program; the Tennessee Job Skills Program; the Tennessee Valley Authority and its various programs; and of course, national programs sponsored by the Small Business Administration (through the local Tennessee Small Business Development Corporation offices).

In addition, there are other incubators in the area who could provide advisement and assistance on “best practices”, such as the following:

- ➔ Cleveland Bradley Business Incubator, Cleveland, Tennessee
- ➔ Chattanooga-Hamilton County Business Development Center, Chattanooga, Tennessee
- ➔ ETSU Innovation Laboratory, Johnson City, Tennessee
- ➔ Holston Business Development Center, Kingsport, Tennessee
- ➔ Technology 2020, Oak Ridge, Tennessee

Supplier/Service Demand Generators

The presence of large corporate operations or concentrated business activity among small and medium enterprises within an industry sector can lead to demand for local suppliers and service providers to support their operations. Such demand may be filled by existing businesses, but as the level of demand grows, so do the opportunities for generating new businesses to fill these voids. However, there have been a few examples of new or growing businesses supporting automotive & truck parts and tool & die manufacturing, as well as other local manufacturers, in some localities.

Consequently, the level of demand for incubator services created by these firms is likely to be limited at this time but may grow as other

industry clusters develop or as these corporations diversify strategically in non-core markets; it will depend on what types of industries move into the immediate or adjacent areas, and what types of goods and services they source. For instance – if a food processing company moves into the area, it can increase the need for HVAC repair and servicing as food is refrigerated, frozen, stored and transported; this can create a need for new businesses in HVAC repair and sales in the immediate area (as one example).

Patent and Business Activities: Observations & Focus

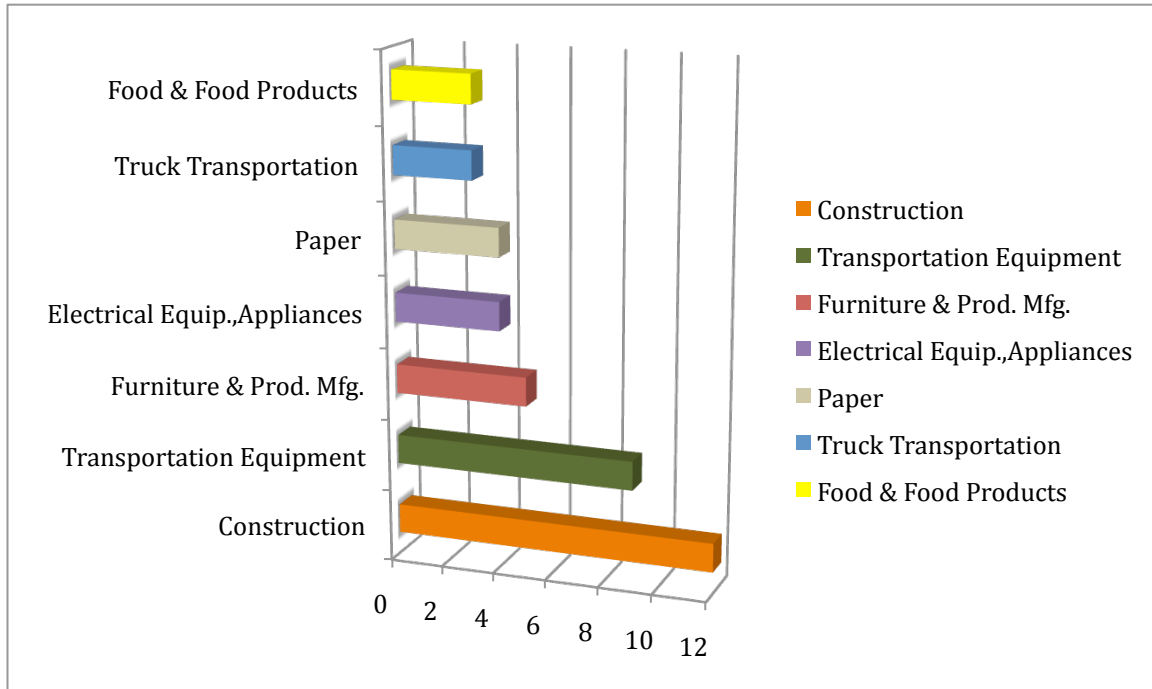
In any region, the asset mapping of intellectual property is important to understanding potential demand and utilization of incubation/acceleration services. The following information provides some insight into activities in the Region that could be important to this mixed-use incubation project initiative.

- ➔ There is ***little inventive capacity*** in the Region. The educational institutions in the region are not “research institutions”, and most, if not all, of the large companies in the area are strictly manufacturing divisions of larger research-based groups based elsewhere in the world. There are no patent assignments to Athens, Tennessee in the United States Patent and Trademark database (1976-present). This is a serious issue regarding “deal flow” for the formation of new companies (particularly technology or “high-tech” companies) as typically these types of companies are formed from university or corporate intellectual property (IP). Such IP is the basis for start-up formation in many “technology incubators”; however, the ECTEDC incubator is intended as a “mixed-use” facility and will focus more on service, manufacturing and agricultural innovation businesses; these businesses can be started as “derivations” of existing businesses, start-ups that provide services to existing businesses, or even new ideas developed to improve processes or products that also results in the development of IP. There is significant legal assistance in the East Central Tennessee region (and in the accompanying areas of Knoxville and Chattanooga) to provide adequate IP counsel for patent registration, should new IP be developed as a result of forming these businesses.
- ➔ The ***types of businesses formed*** in McMinn County and the surrounding area, in particular, indicate exactly what the interviews foretold – the majority of business in the area consists of retail trade, healthcare, banking, manufacturing, and

services (see Table 4, next page). Agriculture, while using significant land mass and natural resources, actually employs a very small percentage of individuals (as is typical for those types of businesses, farm and farming-related). A breakdown by NAICS codes shows "retail trade" as comprising nearly 20% of the percent of total business in McMinn County as of 2005. This is also fairly common for a rural area the size of McMinn County/Athens.

- ➔ However, ***opportunity exists for growth in the other areas.*** According to an older report (but still pertinent for the area) the "*Exports, Competitiveness and Synergy in Appalachian Industry Clusters – A Report to the Appalachian Regional Commission*", published in 1997 by Regional Technology Strategies, East Tennessee (and other regions, as selected) jobs in manufacturing and engineering are threatened by overseas competition due to the adoption of advanced manufacturing technologies that produce goods quicker, faster and cheaper; the overseas employers have much lower labor costs, while Tennessee has high fixed overhead due to things such as worker's compensation, benefits, and healthcare; and many companies in Tennessee and the U.S. have not adopted smart supply chain strategies which have handicapped them in competing in the global marketplace. Fortunately, there are many key "cluster" areas in which various regions can compete – many of those are listed in the report, and the area from Chattanooga to Oak Ridge was listed as "Environmental Technologies". Many (if not all) of these technologies come under the landscape of "Advanced Manufacturing", as well. It is interesting that today, the solar power industry (and wind energy, and biomass, and other alternative fuel technologies) are active in the Eastern Central Tennessee region, and are still areas of focus.
- ➔ The **true "directions"** in McMinn County and the surrounding areas, as outlined in other reports (referenced in this report) are in **basic retail, tourism and the servicing areas**, and some smaller business operations that previously existed; **healthcare** (as evidenced by the large, quality regional medical center in Athens); **distribution and logistics** (location in the Bradley County area, and short distance to Athens) and **agribusiness** (traditional industry in area, low land prices, dairy, specialty crops). The questions that must be asked (and will be reviewed, particularly in the "SWOT" analysis section) are "what small businesses can come out of/be created as a result of these particular industries/efforts?"

Table 4 – Top McMinn County Industries by Employment (%)



HUMAN CAPITAL

"This area of Tennessee has good people, a beautiful landscape, and I believe people have a good work ethic. They're just not trained, sometimes. They want to do a good job, but don't know how to do it, or don't have a job to do."

[Excerpt from Stakeholder interview]

Again, in an attempt not to be "redundant" relative to other studies, but a great deal of detail in regards to entrepreneurship conditions and workforce will not be entertained in this incubator feasibility analysis; however, it must be touched upon as an essential feature of successful incubation. A primary element of incubating various types of business ventures through business incubation is human capital ("talent pool"). In most cases businesses start and locate in the community where the founders live. As the companies experience growth and expand into more competitive regional, national or global markets, a critical element to long-term sustainability is human capital. This holds true for all types of businesses where skilled labor and managerial talent

are needed to support company and business growth. Some of the major factors impacting human capital as a key ingredient in new venture formation and growth are educational attainment, employment distribution along with availability, and cost. The following briefly analysis examines some of these key trends in the East Central Tennessee region.

Educational Attainment

Employees in today's work force are expected to be well educated and adaptable. This condition is closely related to the quality of the local K-12 and post-secondary education system. Tennessee ranks 38th in the U.S. with regards to levels of education attained. In 2008, as shown in the table below, Tennessee scored -14 points and dropped to 45th in the "Chance for Success Index" among all 50 states, which is a measurement of 13 indicators of students' socioeconomic status, early childhood education, elementary and secondary academic achievement, postsecondary education, and employment opportunities. For each indicator, points are awarded or deducted based on how statistically significant the difference is between a state and the national average. While the graduation rate in McMinn County has essentially stayed the same in recent years (according to U.S. Census Bureau statistics and Tennessee Department of Education Statistics, McMinn County was ranked 46th previously and is now ranked 45th in Tennessee Counties for graduates), the concern was expressed in interviews (and relative to the small business data) that a "brain drain" exists where younger people graduate from high school or CSCC and then leave to pursue an advanced or technical degree elsewhere (UTC, UT-M, UT-Knoxville, etc.) and do not return to the East Central Tennessee region to work as there are limited opportunities here in the fields in which they become trained. There is also a huge concern that the residents who stay are not well-trained enough to attract and retain certain types of businesses – a well-skilled and well-educated workforce is a key component of business attraction and retention, therefore workforce development becomes a "missing link" in the supply chain for company development. This, again, is an argument for a small business incubator – a facility where technical and vocational companies can start and get mentorship, advisement, and assistance with finding funds to grow and take a place in the economic landscape of the region, and provide the kind of jobs that will promote a "brain gain" in the area.

Table 5 Education Week's Quality Counts 2007 Chance for Success Index: 2007

Note: staff from state data calculated U.S. average. Source: Editorial. *Education Week's Quality Counts 2007*.

STATE	<i>Total Pts. Awarded</i>	<i>Rank</i>
Virginia	+22	1
Connecticut	+21	2
Minnesota	+20	3
New Jersey	+19	4
Maryland, Mass., New Hampshire	+18	5
Wisconsin	+17	8
Nebraska, Vermont	+16	9
Iowa	+15	11
Illinois, Kansas, North Dakota	+14	12
Pennsylvania	+13	15
Colorado, South Dakota	+10	16
Delaware, New York	+8	18
Rhode Island, Utah	+7	20
Washington	+6	22
Maine	+3	23
Wyoming, U.S. Average	+2	24
Hawaii, Michigan	+1	25
Montana, Ohio	-1	27
Alaska	-2	29
Indiana	-3	30
Dist. Of Columbia, Florida	-4	31
Missouri	-5	33
California	-6	34
Idaho, North Carolina, Oregon	-7	35
Georgia	-9	38
Arkansas	-10	39
Oklahoma	-11	40
Kentucky, South Carolina	-12	41
Nevada, West Virginia	-13	43
Alabama, Mississippi, Tennessee	-14	45
Texas	-15	48
Arizona, Louisiana	-16	49
New Mexico	-23	51

In addition to being trained, the work force must also be available to

the prospective employer or business or the business must have the ability to migrate talent into the county.

The US Bureau of Labor Statistics (BLS) tracks the following 22 occupational categories:

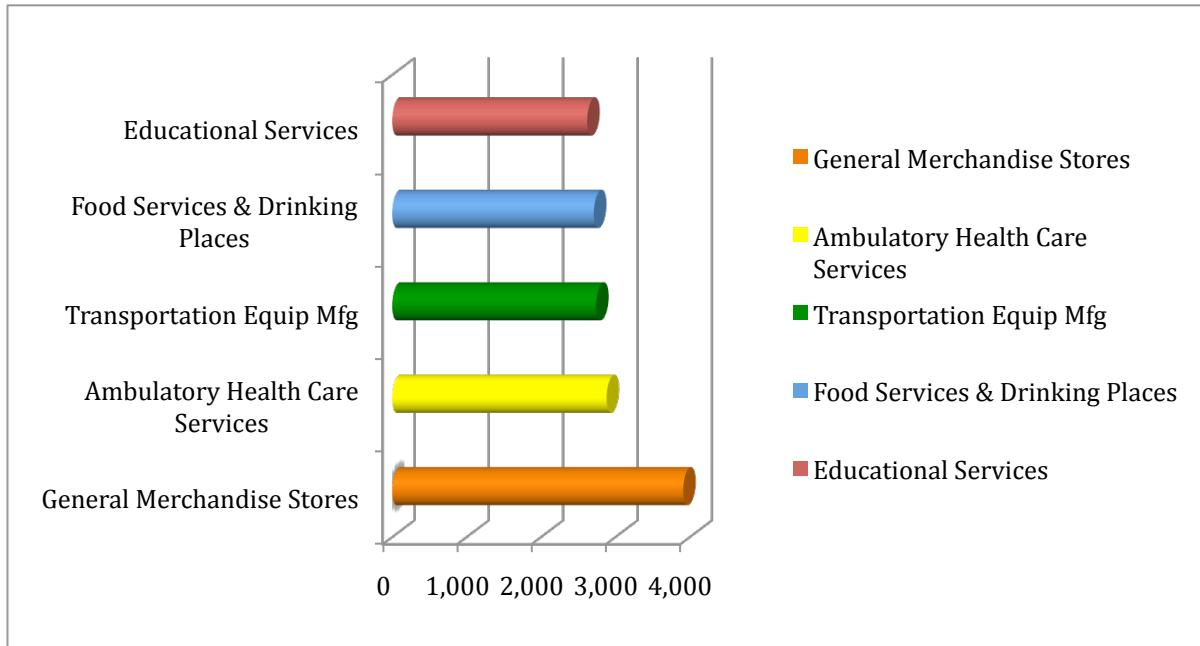
Table 6: BLS Codes

BLS Code	Occupation Title
11-0000	Management occupations
13-0000	Business and financial operations occupations
15-0000	Computer and mathematical occupations
17-0000	Architecture and engineering occupations
19-0000	Life, physical, and social science occupations
21-0000	Community and social services occupations
23-0000	Legal occupations
25-0000	Education, training, and library occupations
27-0000	Arts, design, entertainment, sports, and media occupations
29-0000	Healthcare practitioners and technical occupations
31-0000	Healthcare support occupations
33-0000	Protective service occupations
35-0000	Food preparation and serving related occupations
37-0000	Building and grounds cleaning and maintenance occupations
39-0000	Personal care and service occupations
41-0000	Sales and related occupations
43-0000	Office and administrative support occupations
45-0000	Farming, fishing, and forestry occupations
47-0000	Construction and extraction occupations
49-0000	Installation, maintenance, and repair occupations
51-0000	Production occupations
53-0000	Transportation and material moving occupations

Which occupations will fuel the East Central Tennessee regions’ future? Interesting trends emerge when we look at the fastest growing occupations from 2000 to 2007 in East Central Tennessee and the surrounding areas. The following table looks at the fastest growing occupations in terms of increase in total number of employees:

Table 7: Occupations

2006–2016 High Growth Industries in LWIA 5 — McMinn, Meigs, Bradley, Bledsoe, Hamilton, Marion, Polk, Rhea, & Sequatchie Counties) (Jobs added to 2016)



As one can see, the East Central Tennessee region shows job growth in areas one would expect – the typical areas of retail growth, transportation, and healthcare. Surprisingly, given McMinn, Bradley, Monroe, and other East Central Tennessee Counties’ rural, agricultural nature, the Farming, Fishing and Forestry occupations do not show growth; but they do not show a decline, either. It is interesting that traditional manufacturing does not even make the list of “growth occupations” – which does not bode well for the traditional method, again, of “attempting to attract large manufacturing plants to a rural area in hopes of creating jobs”. This, again, is a good reason for creating your own jobs via a small business incubator – solid, small companies that will stay in the region long after traditional manufacturing jobs have disappeared.

In addition, a breakdown of “hot jobs” by various educational requirements shows a different picture, somewhat. The same regional breakdown shows the top hot jobs in the region for jobs requiring a bachelor’s degree to be Elementary and Secondary School Teachers (except Special and Vocational Education); Accountants and Auditors; Insurance Sales Agents; Network Systems, Computer Systems and Data Communications Analysts; and Graphic Designers. For those with Associate Degrees or Post-Secondary Vocational Training, the top growth jobs are Welders, Cutters, Solderers and Brazers; Licensed Practical and Licensed Vocational Nurses; Automotive Service Technicians and Mechanics, Diesel and Truck Mechanics; Computer Support Specialists; Paralegals and Legal Assistants; Dental

Hygienists; Radiologic Technologists and Technicians; Industrial Engineering Technicians and Mechanical Drafters.

For related occupations and those occupations that require on-the-job training, the top growth areas are Supervisors/Managers of retail sales workers; Sales representatives of wholesale and manufacturing firms; office and administrative support workers; Police and Detectives and Criminal Investigators. On-the-job training occupations include Truck Drivers, Bookkeepers, Accounting and Auditing Clerks, Metal Fabricators and Fitters, Retail Salespersons, Office Clerks, Food Preparation and Serving Workers, Receptionists and Information Clerks, Child Care workers and Teacher Assistants.

Declining occupations include Packers & Packagers, Production Workers, Sewing Machine Operators, Metal and Plastic Machine Setters and Operators, Textile workers – all typical manufacturing jobs in industries that have been “off-shored” and have disappeared.

ENTREPRENEURIAL CULTURE

"88% of those surveyed knew someone who had an idea or had the desire for starting a business." [Personal surveys]

In order for business incubation to become an effective tool in diversifying a local economy, it is important that an area support an entrepreneurial culture. Certain areas of the United States are readily identifiable as technology cultures, such as Silicon Valley, California; Austin, Tennessee; Seattle, Washington; and Boston, Massachusetts. Within the State of Tennessee, the Oak Ridge corridor has established itself as a technology center primarily focused around the engineering, life sciences, information technology and biomedical clusters with growing efforts in the nano-technology and defense technology sectors around the state.

In many areas of the state, technology ventures are viewed as a growing component of the economy, as Tech 2020, the new Green Energy Incubator in Cleveland, and other business incubators and technology parks in the state. In addition, government, academic, and community organizations in these communities have embraced innovation with policies and support programs that foster high growth companies and attract technology ventures into the region (e.g. Pathways fund, the StartUP Tennessee initiative, The TVA Capital Fund Grant Program; the Tennessee Small Business Loan Fund; the Tennessee Skills Development Fund; etc.).

An entrepreneurial culture does not just appear. The culture evolves over a period of time as the number of new business ventures increases. In many areas, such as those noted above, local research universities, acting in concert with industry and government, have played a key role in catalyzing this change. For instance Cleveland State has established not only the Cleveland Bradley Business Incubator, which boasts several resident businesses and anchor clients, but they are now building a new "green" incubator to foster the development of alternative energy and environmentally-based businesses. The University of Tennessee and East Tennessee State have also endowed multiple sites with business incubators in an effort to spur economic development at the various campus locations of the universities.

Entrepreneurial Culture in the Community

As stated earlier, the region is made up of a number of small cities and towns. Within these communities it is the perception of many that an

entrepreneurial culture exists primarily because of the vast number of small businesses.

The Merriam-Webster dictionary presents the definition of an entrepreneur as "one who organizes, manages, and assumes the risks of a business or enterprise." A more widely accepted view is Austrian economist Joseph Schumpeter's definition of entrepreneurship that places an emphasis on innovation, such as:

- ➔ New products
- ➔ New production methods
- ➔ New markets
- ➔ New forms of organization

Entrepreneurship vs. Small Business

Many people use the terms "entrepreneur" and "small business owner" synonymously. While they may have much in common, it is the position of this project team that there are significant differences between the entrepreneurial venture and the small business.

Entrepreneurial ventures differ from small businesses in these ways:

- ➔ Amount of wealth creation - rather than simply generating an income stream that replaces traditional employment, a successful entrepreneurial venture creates substantial wealth, typically in excess of several million dollars of profit.
- ➔ Speed of wealth creation - while a successful small business can generate several million dollars of profit over a lifetime, entrepreneurial wealth creation often is rapid; for example, within 5 – 7 years.
- ➔ Risk - the risk of an entrepreneurial venture must be high; otherwise, with the incentive of sure profits many entrepreneurs would be pursuing the idea and the opportunity no longer would exist.
- ➔ Innovation - entrepreneurship often involves substantial innovation beyond what a small business might exhibit. This innovation gives the venture the competitive advantage that results in wealth creation. The innovation may be in the product or service itself, or in the business processes used to deliver it.
- ➔ Wealth is created when such innovation results in new demand. From this viewpoint, one can define the function of the entrepreneur as one of combining various input factors in an innovative manner to generate value to the customer. It is the entrepreneur's hope that this value will exceed the cost of the

input factors, thus generating superior returns that result in the creation of wealth. These individuals represent what many in the economic development community would typically think of as entrepreneurs and companies that could be supported through a business incubation program.

New Enterprise Formation

Research indicates that new firm formation is an essential variable in the relationship between idea generation/inventive activity and economic impact. Entrepreneurship maximizes the conversion of innovation into regional economic outcomes. Spurring higher levels of new firm formation and churn rate are essential to the community's success.

COUNTYWIDE SUPPORT AND LEADERSHIP

"Is there is a need for an incubator here? I believe there has been for quite some time." [Stakeholder interviews]

Overall, there is strong support from community leadership for an incubator because it furthers the goal of developing local living-wage jobs for residents. This support is reinforced through a participative, diverse set of community members who have been involved in the concept of building an incubator for quite some time (elected officials, economic developers, chamber of commerce, business owners, educators, community leaders).

There are many others locally that publicly support the concept. This support was identified through stakeholder interviews with leading economic development leaders and local businesspeople. These interviews were held to identify their opinions and objections and address a variety of local development issues and to identify the community's priorities. One issue that consistently shows up at the top is community investment, which facilitates job creation and access to other employment opportunities. The incubator could help meet this objective. Studies have shown that small businesses account for the highest growth in high skilled jobs and offer communities a high level of job stability.

During stakeholder interviews, LPA found local and leadership support decidedly optimistic about the prospects for business incubation. In general, the climate is supportive of incubation and there is some understanding of how business incubators can fit into broader integrated economic development efforts. The Chamber of Commerce has visibly established itself as the lead organization and owner of this

initiative. Of course, there are always those who are adopting a “wait and see” position, and also a few in the group who have adopted the “might as well try it” attitude because of the current economic situation (“If it creates jobs, it can’t hurt to try it.”) but overall, the support is “there” among the community leaders. It is worth noting that the “person on the street”, when local individuals in restaurants, retail establishments, and literally “on the street” were stopped and asked about the concept of an incubator either a) knew nothing about it, or b) did not really understand what it was, for the most part. Some had heard of it (through news in the local paper) but were really unsure of what it was “all about”. Many were initially “against it because it’s more City Government spending”, until it was explained to them; at that point, they typically changed their minds and stated, “if it creates jobs, I’m all for it.” However, this will be touched on again later in the SWOT analysis in regards to the further need for education and awareness.

PHYSICAL AND PROGRAMMATIC INFRASTRUCTURE

“Location is incredibly important – and we’re right in the middle of everything!” [Stakeholder interviews]

Physical and programmatic infrastructure (e.g., business assistance programs, business financing, and professional networks) is essential to all businesses and plays a significant role in a successful incubation program. Based on LPA’s prior experience and knowledge of the local community, the following aspects of physical and programmatic infrastructure are likely to have the greatest impact on business incubation programs in the Region.

Physical Infrastructure

Infrastructure addresses the services and systems that facilitate the transaction of business and make a community livable. Infrastructure, including basic utilities, telecommunications, and transportation systems must be in place before a community becomes an attractive place for the formation, expansion, or attraction of technology businesses. Smaller communities (i.e. Scottsburg, Indiana) have taken it upon themselves to become “wireless communities”, providing a network cross-community for everyone to promote the growth of business and to attract businesses from the outside. Various federal grant programs were pursued to reach this achievement, but it has been a boon to the area and has greatly enhanced the growth potential for Scott County. The “community broadband initiative” is something McMinn County and the surrounding counties need to

consider soon, to stay ahead of the digital divide and to keep pace with modern business. The potential for the East Central Tennessee region to serve as a logistics hub, a manufacturing site, and a service center or to move ahead in many other areas may highly depend on the broadband capabilities in the region. (See <http://www.cabledishguide.com/hd/index.php?t=scottsburg+indiana+wireless>). It is extremely important, and significant, for McMinn County (and the surrounding counties) to consider a broadband initiative, and to seek grant funding and further studies on how they can achieve wireless status in their communities and bring more broadband access into the area. This will assist in driving business development and also make the area more attractive to larger businesses.

Public Utilities

Access to affordable and reliable water and sewer is a primary infrastructure need for any type of development. Limitations to these utilities, real or perceived, can be a factor in a region's ability to support, retain, or attract industry, commercial activity, and a high quality work force. Based on interviews, in most parts of the East Central Tennessee region, the current capacity of both public water and sewer systems are more than adequate to support near-term industrial and residential development from businesses involved in incubation over the next few years. Efforts are underway to improve systems to handle growth in each of the communities and other communities seem to be planning for future demands on their systems. The common theme with nearly everyone interviewed was "we have excellent systems here and we are capable of expanding". While certainly that may not be seen as affecting the "small or new" businessperson, it does affect certain types of businesses in the area (or those thinking of relocating to the area), and thus that potential also affects the growth of small business. In particular, some of the industries that use large amounts of water produce such commodities as food, paper, chemicals, refined petroleum, or primary metals. It has been noted that food processing (dairy and bottled water) is strength of the East Central Tennessee region; the abundance of clean water as a resource and a strong (and reasonably priced) public utilities system will affect the formation of businesses in these areas.

Transportation

Business today, whether in software design, biotechnology, or manufacturing, depends heavily on reliable transportation systems

including highway, rail, and air. McMinn County's location is desirable especially, as frequently noted in the interviews; there is a direct four-lane connection to a heavily trafficked interstate highway. The actual physical location of Athens provides good ground access to the Knoxville and Chattanooga Metro-plex areas and other major markets via I-75 (and a close connection to I-40), and it is ideally located within a reasonable distance/time (just 65 miles) from both the McGee-Tyson International airport and Lovell Field. While many see the existence of an interstate highway as a major asset to the Athens economy, major industry partners continues to bypass McMinn County for various reasons as of late; the atmosphere for small business (particularly in the services areas) would not be greatly affected by this transportation issue. Certainly, logistics will improve in the long run when the four-lane highway construction on State Road 30/39, but the current situation should not be seen as a serious issue relative to start-up companies or small businesses. The East Central Tennessee region is well-situated and well-established relative to transportation amenities for any industry, with excellent access for shipping by highway, rail or air.

Telecommunications

Modern industry requires increasing amounts of bandwidth to support the critical flow of data, and nowhere is this more important than in technology- and manufacturing-related businesses. Much like the requirements for energy, these systems must provide quality, reliability, and redundancy. McMinn County, Bradley County, Polk County, Loudon County and Meigs County may be under-served as it relates to telecommunications. Although this is changing, based on interview results, access to bandwidth is not consistent throughout the area. Certainly there is a lack of public wireless access throughout the region as well, and a serious lack of public "hotspots" in the community and region. As mentioned previously, broadband access is critical to business (and to tourism); there are many "stories" of how businesses large and small have relocated due to the inability to access broadband services (see previous reference, above).

Value-Added Network

The strength and diversity of local resource networks play a critical role in providing support to companies in a mixed-use incubator and may assist in attracting new businesses to the region. To assess the strength of these services, LPA evaluated both the resource networks within McMinn County and the region and the linkages to major service

areas, such as Knoxville and Chattanooga. From these discussions, LPA sought to identify the strengths and weaknesses of the local accounting, legal, training, and business services communities. LPA also attempted to determine whether business services firms have become specialized in their support of specific industries and whether these businesses could provide the range of services needed to sustain the near-term growth of incubator businesses. In particular, the local banking industry was examined relative to their capabilities and willingness to support the new incubator concept.

A summary of these findings is included in the interviews, observations, and conclusions in this report.

Proximity to Major Market Services

All businesses require basic services, such as legal and accounting services. As companies grow, however, they require specific services, often tailored to their industry, to support continued growth.

These services may include specialized consulting, commercial testing and evaluation facilities, specialized laboratories, investment banking, and specialized legal and accounting support such as intellectual property law.

Accounting/Financial Services

Accounting and financial services in the market area are dominated by services for personal and small business customers. This should be expected in a market dominated by small businesses in a wide range of industry sectors from retail services to manufacturing. Most CPA's serving the area offers a wide range of services to client companies, and there are some accounting services that seem to provide excellent service ranges and prices for small business customers. More specialized services are obtained from service providers in Knoxville or Chattanooga, and are considered accessible by local entrepreneurs.

Legal Services

As with accounting and financial services, local legal resources are focused on supporting predominantly personal clients with a few firms serving small business customers (in specialized areas only). Sources indicate that legal support is limited to standard business law (bankruptcy, business protection, business services and general business litigation) and provides a finite range of corporate services

tailored to small business needs. Most specialized services (e.g., intellectual property law, mergers, and acquisitions) must be obtained from larger service providers in Knoxville or Chattanooga, and are considered accessible by local entrepreneurs. This is not untypical to a region like the East Central Tennessee area and should not be considered a handicap to the formation of small companies.

Business Support Programs and Professional Networks

Combined with private sector business assistance (consulting, accounting, and law), public business assistance in the market area contributes to the successful growth of small companies. The Athens Chamber of Commerce (ACC), Tennessee Small Business Development Center (TSBDC) and the McMinn County Economic Development Authority (MCEDA) will play an active role in servicing this need for the McMinn County's young business community. Other area service organizations will also be called upon to support small start-up companies – everyone from the Optimist Club, Kiwanis Club, the Athens Downtown Business Association, Cleveland State Community College, Tennessee Wesleyan College, other regional Chambers and groups – including local and county government – will be essential to advising, directing and supporting new companies.

The prospect flow of entrepreneurs in the community coming to business assistance providers is very weak. The TSBDC provides a limited number of hours in the region of direct coaching and facilitation to prospects and short-term clients; the primary reason for the limited number of hours is the large territory and small staff. Brenda Sheehy, the Director of the TSBDC, is highly respected and conducts a number of workshops and educational sessions (TSBDC web page) in a number of locations across the region on a regular basis. There are currently three F/T counselors headquartered at Cleveland State for the TSBDC, providing confidential counseling to businesses as well in their 7-county service area. Under the auspices of CSCC, the TSBDC and its network of mentors service the East Central Tennessee region on a regular basis, offering workshops, seminars, and 1:1 counseling to entrepreneurs and prospects.

Networking and resource sharing among businesses is a key asset that promotes development and clustering opportunities. Currently, businesses in McMinn County rely on their Chamber of Commerce for business and professional networking (they have recently organized a "young professionals networking event"). Although these organizations and programs play an integral part in their communities, LPA did not

find any local, technology specific organizations that bring together individuals in specialized business areas such as information technology, advanced manufacturing and/or other areas. Statewide efforts to build these specialized communities exist (StartUP Tennessee; Tennessee Chamber of Commerce & Industry; CREST; and others.)

Quality of Life

Quality of life is a driving force in the location decision of many corporations throughout the United States and new companies are no exception. Quality of life is highly subjective and difficult to measure but generally includes such factors as community image, access to cultural/urban amenities, recreational opportunities, school system quality, and housing stock. The East Central Tennessee region is viewed as providing a good quality of life with recreational, cultural, and educational amenities (e.g., the Tennessee Technology Center, Cleveland State, and Tennessee Wesleyan College) that could attract young people to the county after graduation or when they are raising their children. Consequently, the quality of life, culture, and entrepreneurial climate in the county can be viewed as an asset for supporting the formation and growth of new business ventures. There is some concern over recent portraits of crime issues in the county (and the possibility of poor publicity on a larger level), but the important issue is that crime is being reduced, and the problem itself has been addressed. Unfortunately, it is true that a "few bad apples" can taint the town's reputation to the point where it becomes a disadvantage to business. This is a serious issue that is being dealt with, and should continue to be addressed at a high level. In addition (although statistics will not be repeated here as evidenced in other studies), the crime rate is disproportionately high in Athens (and has risen markedly over the past 10 years) for the size of population. A typical rural environment of this size should have at least a 35% or so lower crime rate for burglary and for theft; Athens rate for burglary is 1,730.6 per 100,000, and the rate of theft is 5,657.5 per 100,000. The overall crime "index" in Athens is currently 733.2, compared to the U.S. average of 319.2 (see <http://www.city-data.com/city/Athens-Tennessee.html>).

Facility/Location Site Reviews

We reviewed at least 7 potential locations for the physical site of the incubator in the greater Athens area, but given the greatest concentration of employment/people and considering the high amount of traffic relative to visibility of the site (one of the most important considerations), LPA recommends that either a location in downtown Athens or in the "Industrial Park" be pursued. In regards to specific buildings reviewed, LPA felt, if a donation or reasonable price of the "South Hill Building" adjacent to Athens Courthouse Annex could be obtained, this building space should be pursued for the location for physical incubation space. This location is a centralized location; superior visibility; excellent parking; an attractive physical facility from the outside; reasonably in decent shape on the inside, pending rehabilitation and layout; it would contribute to re-use of an existing facility in the downtown area, thus assisting downtown merchants and the city; and it is the approximated required size (with reasonable expansion capability) for the facility. It is easily accessible from the surrounding area, a brief drive from any of the surrounding counties. Most participants feel a need for something along the "downtown thoroughfare" corridor. A facility with a minimum of 15-20,000 sq feet will be required for sustainability of operations. This square footage can be achieved through a phased and planned expansions rather than a committed all upfront build-out at commencement of the program. The building chosen can be built out in "phases" as various companies require space. This is a typical process in Incubation; also, this could allow the ECTEDC to build a "transitional" facility, and then pursue a long-term facility in a partnership with CSCC over the next 5 years, as CSCC evaluates their expansion plans. The following table shows a "grading scale" for each building examined during visits. Please note the potential for a "co-location" of a building with Cleveland State; this is due to comments made by Cleveland State officials (and others) who have stated Cleveland State has outgrown their current location, and they are looking for a new location of at least 20 acres (site size) and will be building a new facility of around 30,000 square feet. In addition to building this facility, there could be a possibility of co-locating an incubation facility (similar to the situation in Cleveland, Tennessee) to save on overall construction costs and land acquisition. While no commitment has been made, the possibility for this scenario does exist, and should be considered.

Table 8: Potential Sites

INCUBATOR-READINESS FIT for potential incubator sites

Performance Fit/Beneficial Ratings

1=least; 2=Less; 3=Average; 4=More; 5=Most

Criteria	McSpadden Building	Industrial Park	Solarwise Building	Textron Building	South Hill Building	All-Star Sports Bldg	Cleveland State**	Other?
Office Space Quality	2	5	4	2	5	2	4	?
Parking Lot size & availability	*3	4	3	4	5	1	4	?
Accessibility & Visibility to highways & region	4	2	4	2	4	4	4	?
Expansion Capabilities	2	4	3	3	4	2	4	?
Cost Efficiency (minimize leasehold improvements, rental rates)	2	1	2	2	4	2	3	?
Overall Quality (space for offices and light mfg)	2	4	4	2	4	2	4	?
Shared Services	3	4	3	3	3	2	5	?
TOTAL	18	24	23	18	29	15	28	?

- ➔ Shared services include loading dock, business center capability, administrative support, shipping/receiving area, mail room, IT wiring, electric capabilities/load, etc.
- ➔ Desirable parking metric: minimum 80 cars for a 20,000sf facility
- ➔ Accessibility defined as minimum 500 ft. access to major highway
- ➔ Cost efficiency estimates based on cost of architectural redesign, renovation, rehabilitation, rewiring (electrical and internet), permits and other work/cost necessary to bring building "up to code" and to desired state for incubation/multi-tenant housing; NOTE COST OF BUILDING INCLUDED IN ESTIMATE (assumption is South Hill Building would all be donated or leased for \$1/year on long-term lease; all other buildings would have to be purchased/leased at prices quoted; the Cleveland State option is currently unknown concerning how much CSCC would be able to contribute vs. how much the Incubator would be required to raise)
- ➔ *McSpadden number for parking lot assumes parking lot across street would be included in building acquisition; if not, parking number drops to a "1".
- ➔ Individual notes on buildings are included in Appendix "D"

As noted above, four building options "stand out" from the rest of the group. LPA tends to agree with the general populace interviewed; there are suitable buildings existent in McMinn County for an incubator facility, and there is not an urgent need to build a new facility from the "ground up"; but, if CSCC wants to participate and cooperate with the project, there is an opportunity to partner with CSCC to co-build a facility and decrease costs, and have a terrific partnership opportunity, perhaps "down the road", in 4-5 years. The other buildings, the South Hill Building, the Solarwise Facility (depending on price and need for total space – see comments, as advised, near the end of this report), and the Industrial Park are all viable sites for incubation in the East Central Tennessee region.

FUNDING/BUSINESS MODEL

LPA understands, at this time, capital funding for the project will be primarily provided from the USDA as part of a total financing/rehabilitation package for the capital costs through allocation of the "RBEG" and other economic development assignment funds. Also, the Southeast Industrial Development Association and Southeast Tennessee Development District are possible sources of funding. In addition, the State of Tennessee has recently started a new program, "StartupTN", to build 9 new "Business Accelerators" in the 9 economic development zones in Tennessee; that may be another source of funding for this project. LPA recommends pursuit of a minimum funding of \$175,000 for the first year's operating expenses for the building (to cover the standard expenses of electricity, gas, water, sewer, trash pickup, janitorial services, maintenance, repair, common equipment contracts, supplies, etc). Per the U.S. Energy Information Administration database (<http://www.eia.doe.gov/oiaf/aeo/supplement/supref.html>), the cost per square foot for energy costs for an office building, combined with the cost per square foot for a manufacturing building (assuming the ECTEDC to be approximately 2/3 "business office" type of structure, and 1/3 "light manufacturing" structure) would be approximately \$2.88-3.00/square foot. Taking the assumption that the ECTEDC will be a 20,000sf building at the onset, approximate utility costs alone for the initial year will be ~\$58,000-60,000. CAM (Common Area Maintenance) is typically calculated at \$3.50/sf for an incubation facility of this type (mixed-use), including conference rooms, offices, light manufacturing, and including the hallways, loading dock areas, and outside. That adds another \$70,000 for a sub-total of \$128,000~130,000. A "buffer" of \$20,000 should be added, as indicated above, for maintenance contracts for equipment, consumable supplies, and emergencies. Once initial funding is obtained, a phased rollout will commence, building community, donor, and public interest. Once this is achieved, phase two, a capital campaign, should commence. This effort will almost certainly not be self-supporting; it will likely require on-going financial support in addition to revenues generated from the clients. The business plan should identify potential sources of fee for service revenue as well as grant support, sponsor support, and other revenue sources.

LOCAL CHAMPION

Essential to the success of any effort is a private sector "champion" that serves as a boundary-buster and consensus builder for moving

the initiative from concept to reality. Clearly, Mr. Rob Preston is assuming leadership responsibility for this quasi public-private partnership. Mr. Preston is eminently qualified for this role and is doing an excellent job in building awareness in the community about the incubator. He should continue his "education efforts" to inform the entire community about the value of incubation to everyone, and to let everyone know how they can support the efforts of incubation in the East Central Tennessee region. Mr. Preston should also continue to take his efforts out into the region, as other areas seem to be less informed about the effort than the Athens metropolitan area.

ENTREPRENEURIAL SERVICE PROVIDER PARTNERSHIPS

LPA recommends the business incubator group develop a planned approach to the delivery of comprehensive business planning and development services in the county and surrounding areas that develops a centralized, "one-stop shop" for the entrepreneur.

The entrepreneurial development initiative will provide a single location and coordination for all regional entrepreneurial development services — including the Small Business Development Center and the Innovation Center in serving all interested and motivated entrepreneurs and companies. This effort should be financially supported through the USDA funds and through available grant programs (federal and state) for entrepreneurial development.

- ➔ It will serve as the first point of contact for all entrepreneurial services in the county without respect to the service provider delivering the service (TSBDC or anyone else.) **The TSBDC should be co-located in the incubator facility.** This takes advantage of available support personnel and administrative support; it places counseling, advisement services, grant support, and incubator management all in the same location. There is great "economy of scale" to this proposal, and a great advantage to prospective clients in having "all questions answered at one stop" at the incubator.
- ➔ It will provide initial intake analysis and direct prospects to appropriate services while learning key needs, gaps, and sectors of greatest need and demand in the region. Proposed industry focuses include: Agri-business, Alternative Fuels, Automotive, Plastics, Defense, Machining, Manufacturing, Innovation and Technology, Information Technology and Supply Chain/Distribution, and (of course) Food Processing. What is

clear is that the East Central Tennessee region needs a niche— Oak Ridge is the “IT capital” (and certainly the “Nuclear Capital”); Knoxville is certainly the biomedical capital; the Memphis region is focusing on life sciences, and now Cleveland is emphasizing Green/Alternative energy. What will the East Central Tennessee region be known for?

- ➔ It will provide and engage student interns to assist small businesses in specific areas such as marketing, product development, business planning both at the high school and junior college level. CSCC and TWC are vital partners in this initiative; CSCC and TWC students must be engaged in the incubator at the earliest possibility. A “business plan competition” is encouraged among students, with the winner possibly awarded “free space for a year” in the incubator to start a business.
- ➔ Any effort to commence a “Grow Our Own” initiative will need to focus on access issues (capital, networks, expertise, infrastructure, qualified workers, equipment, and technology). Banks are somewhat willing to lend, but there is not too much entrepreneurial money around. It would be extremely helpful to have access to a regional angel network. LPA recommends the formation of such a network.

EDUCATIONAL COLLABORATIONS/PARTNERSHIPS

Most think it will be important to partner with the Local High Schools as well as with CSCC and TWC.

The groups interviewed felt that the incubator needs to engage the educational community at three levels.

1. Middle School and High School engagement is Critical

We need to engage local middle schools and high schools (all school districts – McMinn County, Etowah, Englewood, etc.) with co-ops, internships, and job shadows. Today, high school students graduate, leave the county for college, and very often do not return. The idea is to capture their attention and interest before they leave – and provide them opportunities to return to. The incubator needs to encourage the formation of entrepreneurship “curricula and clubs” in the local high schools.

2. University engagement will be a challenge because of the

limited resources in the region.

The only four-year (and graduate) programs offered in the region are provided by Tennessee Wesleyan College. Fortunately, the business school there offers excellent programs; but, unfortunately, they only offer one course in entrepreneurship. CSCC currently does not offer courses in entrepreneurship or small business management. The incubator project should be an opportunity to engage institutions in the region and perhaps to establish increased higher education presence in the county. As more businesses are added to the incubator, a demand for specialized classes could be established and both institutions could be enlisted to provide specialty content.

3. Engagement must include and be relevant to industry.

The manufacturers in the region expressed a concern regarding the relevance of university training for their particular businesses; they also expressed a concern about the training/educational level of the workforce. However, some employers expressed a high degree of confidence in the programs at Tennessee Technology Center, in particular, relative to their "specialized" programs for training individuals sent to TTC for such training. This should be emphasized as a "special feature" for companies in the incubator; the fact that "specialized and customized training for groups/individuals" is available through arrangement with either TTC or CSCC. This is an attractive feature for small start-ups seeking to expand and add employees with particular skill sets.

CLIENT RECRUITMENT

Of greatest concern in the ideation and primary interviews was the inability of the local citizens to identify specific individuals or businesses that will benefit from incubation or entrepreneurial assistance today. A strong referral network is essential to the success of the ECTEDC initiative and the pipeline of qualified and motivated entrepreneurs and companies needing and demanding the entrepreneurial services. A comprehensive, aggressive, and visible marketing campaign will be required to educate, inform, and inspire local members of the community. This will include talks to local community organizations; "free press" similar to current efforts to advertise the existence of the facility (the DPA has done an excellent job of promoting the ECTEDA thus far); appropriate marketing collateral (brochures, etc.) to display the services, amenities and location of the facility; and an orchestrated "campaign" with a by-line,

logo and theme to capture the public interest in the initiative.

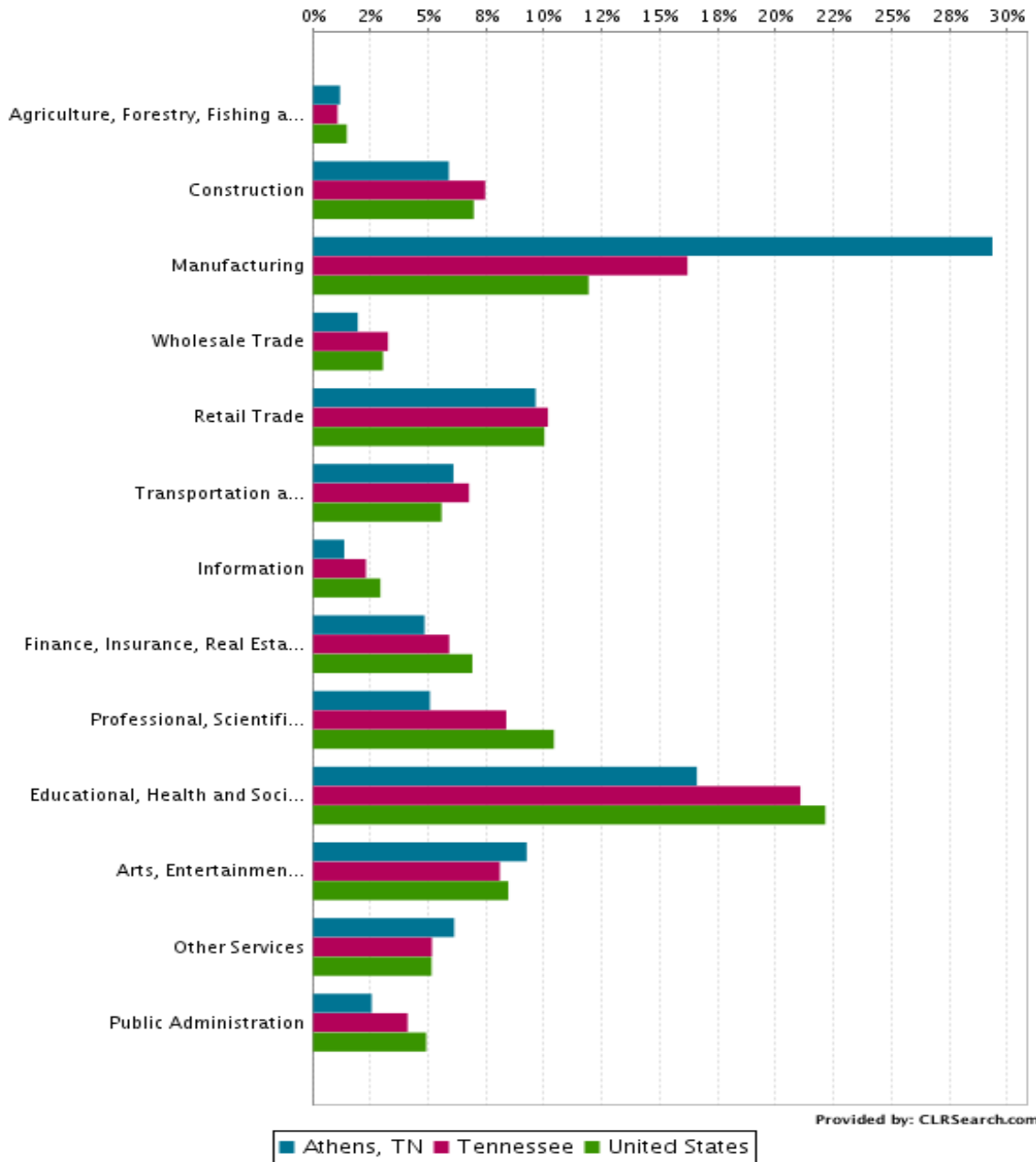
Overall Employment Profile: McMinn County

LPA did research on the employment opportunities within McMinn County. While the retail aspects of a mixed-use incubator are not directly linked, and several interviewees made it quite clear they did not want too many retail businesses in the ECTEDC, there is an important service economy benefit from the multiplier effect of indirect jobs created from direct jobs in the incubator. While LPA did not look at the specific governmental multiplier statistics for McMinn County (due to not wanting to repeat other reports), nationally, incubators have been able to create one indirect job in the community for every two direct jobs in the incubator. While this multiplier effect is different in every community, it does provide some insight into the service sector job creation from incubator activities.

Figure 4: Employment Distribution, McMinn County

(see following page)

2010 Employment by Industry for Total Civilian Population (Population Age 16+) for Athens, TN



ATTRIBUTES NECESSARY FOR SUCCESS

A successful business incubator in the East Central Tennessee region must embody four critical success factors as identified by the National Business Incubation Association (NBIA) best practice research and guidance to support and sustain the key ingredients identified above:

- ➔ **Internal financial stability** and the ability to offer financial assistance and planning to clients companies. The incubator facility should be an asset that generates sufficient revenues to cover program and direct overhead expense, or have a reasonable revenue source (supplanting source) to cover operational deficits.
- ➔ **Foster an entrepreneur climate** and networking opportunities by identifying the network of business and support services throughout the East Central Tennessee region to construct a strong network of expertise to support business development and incubation throughout the area.
- ➔ **Identify a narrow focus, with strong client screening process**, to prevent the Board of Directors/Advisors, staff and support organizations from spreading themselves too thin across a broad portfolio of client companies instead of focusing their energies and resources on a few strong opportunities within similar industry segments.
- ➔ **Leverage partnerships/collaborations with academic institutions** to secure the equipment, training and technical expertise needed for success and develop a formal partnership for helping and developing regional entrepreneurs.

CRITICAL SUCCESS FACTORS READINESS ASSESSMENT AND SWOT ANALYSIS

The NBIA Review states, “What separates an incubator from a real estate venture is the range of services it provides to help entrepreneurs launch and grow their businesses. Unless there is a sustainable market for those critical services, ***even the nicest building will go to waste.***” (NBIA Review, Dec. 2007, Vol. 23, No. 6, pp. 2).

LPA considered the likelihood of success for a rural, mixed-use incubator program in the East Central Tennessee region based on the following four “prime critical success factors” (PCSF’s):

PCSF#1 – Internal financial stability and ability to offer financial assistance to clients

Based on the National Business Incubation Association (NBIA) best practices for business incubation a key driver of financial stability is the facility. The facility should be an asset that can generate

revenue and cover program management overhead.

Weak			Very Strong	
1	2	*3*	4	5

Comments: This is a “mixed” rating due to two factors; one, the rating is pushed toward the “very strong” ranking because of the possibility of obtaining a donated building. However, secondarily, the reviewed buildings that could possibly be donated would require serious renovation/remodeling, thus still incurring significant expense and overhead. The newer building that would not require as much renovation (just internal segmentation and build-out) carries a hefty price tag, and is a different location than downtown, thus also having a different effect profile on surrounding businesses. This rating could be higher depending on the building selected and the total cost of renovation/operating (i.e. the Solarwise Building vs. the McSpadden Building vs. the Annex building).

PCSF#2 – Foster entrepreneurial climate and create strong networking opportunities

LPA believes the full complement of support services and a significant number of businesses necessary to complete the network of expertise for successful incubation can be delivered through a partnership with the Chamber and the TSBDC, augmented by the local banks, attorneys, accountants and other professional service providers.

Weak			Very Strong	
1	2	3	4	*5*

There is an opportunity to contract and partner for services that provide standardized programs that would allow the program to deliver services immediately to entrepreneurs and companies requiring the services. Most interviewees felt the Chamber and TSBDC kept adequate records on the new businesses in the area; the combination of these resources, with the support of the EDA, CSCC, TWC, & the County government, will provide a perfect programmatic system for the support of new and small businesses.

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PCSF#3 – Narrow focus and strong client screening process

Without this focus and clear entrance requirements, the Board of Directors/Advisors, staff and support organizations will be spread too thin across a broad portfolio of client companies instead of focusing their energies and resources on a few strong opportunities within similar industry segments.

Weak			Very Strong	
1	2	*3*	4	5

As it develops over time, the incubator will need to establish “niches” or clusters that it desires to establish competency and depth in; however, at inception, the incubator should work with almost any motivated and interested company or entrepreneur to determine what services or programs best fit their needs. At this time, there is no clear “industry niche” predominant in the East Central Tennessee region for small business.

PCSF#4 – Leverage partnerships/collaboration with academic institutions

Academic institutions can provide the training and technical expertise for success; developing a formal partnership in helping regional entrepreneurs to be successful is important.

Weak			Very Strong	
1	2	*3*	4	5

Strong partnerships can be formed with CSCC & TWC, and are actually already in place (TSBDC). A stronger relationship would be beneficial with local high schools and with TTC-A. A major issue is both the perception and reality of qualified workers with the skills required in various industry and high-growth sectors. Creating programs in the local high schools to encourage entrepreneurship and to teach small business management skills would be a great benefit to the community and to the incubation

SWOT ANALYSIS

Table 9 – SWOT Analysis

STRENGTHS

- ➔ United focus & effort (combination of Chamber/TSBDC/CSCC and others)
- ➔ Community desire for incubator
- ➔ Cost of living
- ➔ Quality of life
- ➔ Natural resources
- ➔ Several buildings to choose from
- ➔ Strong support service providers
- ➔ Capital funding (USDA) available
- ➔ Reasonable small industry base

WEAKNESSES

- ➔ Lack of sector/niche focus
- ➔ Perceived business climate
- ➔ Lack of entrepreneurial educational programs in high school/secondary
- ➔ Workforce development/trained workforce pool
- ➔ Infrastructure (broadband, wireless, services, etc.)
- ➔ Regional cohesiveness/awareness
- ➔ No organized angel/funding network
- ➔ Lack of large industry partners

OPPORTUNITIES

- ➔ Donated building
- ➔ Reduced cost on renovation, donated (in-kind) furnishings
- ➔ Sponsorships in community
- ➔ Volunteers from professional community
- ➔ True “regional” involvement, increasing opportunities across area
- ➔ Increased tax income, jobs, companies
- ➔ Qualified Supplier Network*

THREATS

- ➔ Insufficient interest and low quality of potential clients
- ➔ Perception of local government attitude/policies/ordnances
- ➔ Economic situation
- ➔ Ongoing finances (operational costs) sourcing
- ➔ Cost/effort of doing business (permitting, licensing, taxes, etc.)
- ➔ Insufficient support
- ➔ Insufficient supply of entrepreneurs

*An inventory of existing businesses should be taken to determine what is put out to bid, qualifications, and who is available to bid on possible items for service/supply

CONCLUSIONS AND RECOMMENDATIONS

"We need something here to 'get people moving'!" [Stakeholder interviews]

Obviously, from the onset, LPA understood the Athens community, through the Chamber and County Government, was very committed to the ECTEDC project. This project has been in the "formative stages" for quite some time, and as one interviewee put it eloquently above, it has not quite reached the point where "something has happened" to make it a reality and to "get people moving". Indeed, it's not "incubation" that is the issue; it's the "starting of new businesses" in the East Central Tennessee region that has been the handicap to progress. However, now the Chamber is at that point where they are certainly ready to make this project happen, and the incubator should serve as a catalyst to anyone who has ever even thought of starting their own enterprise. It should serve as that "one-stop shop" to encourage, educate, train, and mentor entrepreneurs/small business people to help them start, grow and maintain their businesses in the East Central Tennessee region.

The facility could change the supplier base and functional processes of local industry, as well. New companies could be set up to provide services and supplies to local industry in the area, even as far away as the Knoxville or Chattanooga metro-plex areas, allowing Athens to serve as a service and distribution center and thus taking advantage of the centralized location and the current businesses located in the region. In addition, the facility could slow down the "brain drain" seen in the younger population as it can demonstrate opportunity to those graduating from high school and CSCC in different vocational, technical and professional business areas. TWC and CSCC can provide valuable direction and assistance to the incubator by offering courses in entrepreneurship and small business management, both to the student population and to special "groups" on demand from the incubator. The incubator can encourage younger people to "set up shop" in the region rather than seeking opportunities elsewhere by providing specialized "expertise" available to counsel individuals, with a ready access to capital. LPA encourages the incubator staff to work with local school districts to establish an internship program to engage high school students in the local business community as a means of encouragement and retention. As the county and state continue to witness revitalization and economic growth the potential for the growth of the incubator is also likely to increase.

One of the primary keys to success will be aligning the incubator with a support institution over the long term. As mentioned, incubators *are not profit-making institutions* – at best, excellent incubators “break even” when they reach a size of between 40,000-60,000 square feet and operate at full capacity; even then, many still need a subsidy from some other source to cover operational expenses. An incubator of this size, with a variable source of companies, will not cover operating expenses in the short term; that must be taken into account when determining the future of this project. However, the new companies formed by this incubator, the tax revenue generated by those companies, the jobs created, and the additional “trickle-down” revenue, purchases, and services purchased/generated by employees of those companies/by the companies themselves must also be considered as a risk/reward part of the project as well.

Over time, the incubator Board of Directors/Advisors must determine the specific focus and goals of the incubator in alignment with the goals of the East Central Tennessee region economic development agencies and the targeted focused cluster activities of the TSBDC and be willing to commit the time, energy and resources to be successful. Key focus areas for the facility, as outlined in this report, should include manufacturing (and advanced manufacturing techniques and support); agri-business sector support and services; “services” businesses (machining, support services, and other companies that provide services and support); and food processing/food servicing. It is recommended that the incubator admit a variety of businesses but limit itself to not becoming a place for retail establishments.

The success of the ECTEDC will be very dependent on the commitment of the volunteers associated with the facility – not just the “paid staff”. The banking community, the professional services community, the educational community, and certainly foremost City and County government must be continually committed to the success and growth of the facility. ***All of these parties must be continually on the lookout for funds, potential clients, ideas and any other means of support if this enterprise is to be successful.*** Government must break down barriers for small business – perceived barriers and real barriers – to make small business thrive and flourish in the East Central Tennessee region. Processes must be streamlined, cost must be reasonable, and the climate must be “business-friendly” – or the incubator will be nothing more than a building, and change will not occur. The ECTEDC represents opportunity – an opportunity that should be taken advantage of in the East Central Tennessee region to make ideas flow and businesses grow!

East Central Tennessee Business Incubator Recommendations

Governance/Structure

The majority of interviewees feel as though everyone in the region are willing to work with new businesses and feel that even though the region has lost some firms, the business climate is “fairly stable”. Most interviewees also listed “the people in the region” as an asset to small business. Nearly every one who was interviewed said they’d be willing to help with the Incubator project. It would be a good idea for the Incubator staff to avail themselves of the assistance these people could give to small business and to the facility. This group (listed later, in the appendices) could provide mentoring, business advisement, assistance in particular areas, and guidance to the incubator.

As far as governing the facility itself, the NBIA 2006 *State of the Business Incubation Industry* study shows 31% of sponsoring entities are economic development organizations. LPA recommends the Athens Chamber assume responsibility and leadership for the ECTEDC, along with the TSBDC, in a partnership (per the funding of the Director). Also, given 94% of the respondents to the NBIA survey are non-profits, it is recommended the ECTEDC be set-up as a separate non-profit organization (501(c) 3), to allow for greater flexibility in grant applications and funding. LPA also recommends a **9-person board of Directors/Advisors to include the following:**

- ➔ Chamber Director
- ➔ TSBDC Director
- ➔ Chair, Chamber
- ➔ Representative from Cleveland State CC
- ➔ City Elected Official
- ➔ Local Industry Representative
- ➔ 2 Key Business Leaders (banking, utilities, service providers)
- ➔ Local Small business person

The membership would be a rolling, 2- and 3-year membership to allow rotating elections and new members on a differential basis from different areas of the community.

FINANCIAL FEASIBILITY

Funding Sources for Project

NBIA's publication, *Developing a Business Incubation Program* states, "Most incubators will require subsidies for at least a few years and perhaps many years" (Kathleen Boyd, *Developing a Business Incubation Program*, NBIA Publications, 2006, p. 14). In order to open a debt-free facility, the ECTEDC will need a comprehensive funding plan that incorporates government, education, community, and other private sources of funds including, but not limited to, some of those listed below:

Table 10: Possible Funding Sources

Local Corporations

(Entities that would be interested in community and economic development initiatives)

- ➔ Banks
- ➔ Professional Service Providers (Attorneys, CPA's, Marketing Communications, etc.)
- ➔ Utilities (telecom, water, gas, electric)

Local Foundations

- ➔ Chamber of Commerce
- ➔ Mayfield Family Foundation
- ➔ CSCC Foundation
- ➔ Others?

- ➔ Any to be approached?

Local Successful Entrepreneurs

Federal Government

- ➔ USDA-Rural Economic Development Grants (RBEG) and Rural Business Opportunity Grants (www.rurdev.usda.gov/rbs/busp)
- ➔ US Dept of Commerce Economic Development Administration (www.doc.gov/eda)
- ➔ US Dept of Housing and Urban Development Community Development Block Grant (www.hud.gov/offices/cpd/index.cfm)

State Government

- ➔ Tennessee Department of Economic and Community Development
- ➔ StartUP Tennessee
- ➔ Tennessee Rural Opportunity Fund
- ➔ Pathway Lending
- ➔ Tennessee Development Districts
- ➔ TNInvestCo
- ➔ Business Enterprise Resource Office (BERO)
- ➔ Tennessee Small Business Development Centers

Regional/Local Government

- ➔ Chamber of Commerce Type A Corporation
- ➔ Tax Incremental Financing Districts
- ➔ Program fee for service revenue
- ➔ Others?

Common Incubator Funding Sources

In a survey conducted in 2006 by the NBIA with twenty-three incubators in the U.S., the following were the top funding sources and average contribution sizes:

Table 11: Common Incubator Funding Sources

Source	Total Funding Contributed (average %)	Contribution Size (average \$)
Dept. of Commerce/EDA	19%	\$1,200,000
State Government	15%	\$658,632
Local Government	12%	\$642,392
Foundations	10%	\$640,000
In-kind Support	10%	\$509,664
Dept. of Agriculture	3%	\$375,038
Dept. of HUD/CDBG	2%	\$287,102

ECTEDC: PROPOSED ANNUAL BUDGET

High-level, base case budget for a 20,000sf Incubator

Income	Year 1	Year 2	Year 3	Year 4	Year 5
Incubator Clients	27,000	43,200	59,400	75,600	108,000
Affiliate Clients	0	2,400	4,800	7,200	9,600
Sponsorships/donors	10,000	10,000	20,000	20,000	20,000
Anchor Clients	45,000	45,000	45,000	45,000	45,000
Total Incubator Income	82,000	100,600	129,200	147,800	182,600
Expenses					
Staffing*	120,000	122,500	124,100	126,305	128,620
Utilities	30,000	34,000	38,000	42,000	50,000
Phone, Internet	2,400	3,000	3,800	4,500	5,000
Cleaning/Maintenance	5,000	5,000	6,000	6,000	6,000
Garbage	500	750	750	1,000	1,000
Supplies	1,500	1,500	1,750	1,750	2,000
Postage/Printing	1,000	1,500	1,500	2,000	2,000
Prof. Fees	5,000	5,000	5,000	10,000	10,000
Misc.	1,000	1,000	1,000	1,000	1,000
TOTAL EXPENSES	166,400	174,250	181,900	200,555	210,620
TOTAL SURPLUS/(LOSS)	\$(84,400)	\$(73,650)	\$(52,700)	\$(48,755)	\$(23,020)
Debt Service	?	?	?	?	?

*Note: Debt Service depends on whether or not a building is donated to the ECTEDC or purchased by the ECTEDC, and if the building is donated, how much repair/rehabilitation and equipment purchase will be required. The Incubator can obtain **additional revenue** through higher rent, providing*

additional/augmented services, charging for counseling, charging for programs, seminars, educational sessions, renting conference rooms to civic groups, etc.

Other revenue, to cover the shortfall, can be obtained through sponsorships, naming rights, and grants.

*Staffing is a variable figure; this staffing number is based on one FTE, clerical, front desk. This could be augmented and removed by using current staff from existing organizations, thus lowering operating costs. The Directors salary is assumed at \$65,000/year with a 30% benefits ratio.

Base Assumptions for Financial Model for PURCHASED Building:

Size of Facility	20,000sf
Percentage of non-leasable space	25%
Leasable space (Sq. Ft.)	16,000
EDC & Anchor Tenant Space (Sq. Ft.)	3,500
Leasable Floor Space (Sq. Ft.)	12,500
Avg. Rent Rate per Sq. Ft.	\$12.00
Avg. Office Space Leased (Sq. Ft.)	9,000
<i>(Rent rate range: \$10-\$18/sf)</i>	
Revenue from Office Space	\$108,000
Total Revenue from All Leases	\$153,000
Est. Cost of Building, Remodel + FF&E	\$1,750,000
Percentage of cost debt serviced	\$1,000,000
Amount of debt financed	\$1,000,000
Debt Service Years	20
Interest rate on debt	5%
Total Amount of Loan (w/interest)	\$1,583,894

Base Assumptions for Financial Model for DONATED Building:

Size of Facility	20,000sf
Percentage of non-leasable space	25%
Leasable space (Sq. Ft.)	16,000
EDC & Anchor Tenant Space (Sq. Ft.)	3,500
Leasable Floor Space (Sq. Ft.)	12,500
Avg. Rent Rate per Sq. Ft.	\$12.00
AVG. Office Space Leased (Sq. Ft.) <i>(Rent rate range: \$10-\$18/sf)</i>	9,000
Revenue from Office Space	\$108,000
Total Revenue from Leases	\$153,000
Est. Cost of Building, Remodel + FF&E	\$750,000
Percentage of cost debt serviced	\$0
Amount of debt financed for operating	\$360,000
Debt Service Years	10
Interest rate on debt	5%
Total Amount of Loan (w/interest)	\$390,000

This is assuming no other monies are raised for operating expense, and the operating expense must be borrowed. The user may adjust the pricing, utilization, and occupancy levels to recalculate the revenue and expenses of the incubator.

ASSUMED OCCUPANCY LEVELS FOR ECTEDC

Year 1 = 25%

Year 2 = 40%

Year 3 = 55%

Year 4 = 70%

Year 5 = 90%

Monthly affiliate rate expected = \$250.00

Number of Affiliate Members:

Year 1 = 0

Year 2 = 2

Year 3 = 4

Year 4 = 6

Year 5 = 8

Affiliate membership at \$100/month – use of conference room for 4 hours/month; counseling for 4 hours/month; post office box with incubator address; access to incubator discount network/user network.

APPENDIX A
INTERVIEW FINDINGS AND COMMENTS
118 people were interviewed - selected comments

Questions related to business incubator creation:

- 1. Are you aware of efforts on the part of the City/County, local businesses, community leaders and Chamber to start a small business incubator in the area?**

80 % of all respondents were aware of the project

20% of all respondents were not aware of the project

- 2. How would you characterize the need for a business incubator in McMinn County?**

- I think it could be the best thing that's ever happened here.
- It would inspire people to start their own businesses; people need help to understanding how to run a business.
- It's a definite need in this area.
- This is the perfect location for it, right off the interstate, in the middle of everything.
- Yes, we've been working on it for a long time already.
- Yes – I'm operating out of my house, and there's a need for what I do.
- I think it's a good idea – I know some people who could benefit from it.
- As a small businessperson, I'd like to see one here.
- Depends on where it's located. It should be located where it can help the city, fix up downtown some.
- It's been successful in Cleveland; it depends on the 5-year costs to the county; you can quickly get an idea if it's worth it, depending on the cost. Depends on whether you have to spend \$\$ on Industrial Development.
- Absolutely – there are very creative people here, with many ideas to pursue. It would help me, personally, a lot, to have office space at a reasonable cost to get my business going.
- I don't know. We don't really understand that stuff, in my opinion.
- Not if it costs money. We don't need to spend money.
- It's a great idea – we need the "network".
- I don't think anyone would say "no", but I'm not sure everyone understands what it will do/what it won't do.
- I think there's definitely a need – I've seen other places that have been successful with incubator programs. It sure works in Cleveland.

- It would definitely be beneficial – think the education and mentoring and support would work. As long as there was momentum with it, it would be wonderful.
- I think it could help the entire region – Etowah, Englewood, everywhere.
- It can't hurt to try – right now, we can use any help we can get.
- I'd be careful about who gets in it and how long they stay there.
- I could have used it when I started my business; all I got was a phone number with a recorded message, when I asked for help.

3. Where should an incubator be located?

- **65% Specifically mentioned "Downtown Athens"**
- **21% Specifically mentioned "The Industrial Park"**
- **4% Indicated a general but central location**

COMMENTS: *(Some interviewees did not comment)*

- I believe the location next to the Courthouse Annex is perfect, and I also believe the School Board has to make up their mind to move there or give it up soon. You should contact them.
- In downtown Athens, absolutely. Just be careful about putting it in an old building just to "fix it up" – some of those buildings are ancient.
- I'd put it out by the Interstate; that would be the best location for manufacturing and shipping.
- We have way too many buildings that are empty – don't build a new building. Use an existing building.
- Out near the interstate – where the traffic is. Don't we have an industrial park out there?
- I'd put it downtown on the square, maybe that would start "fixing things up" some. That would have an effect on the downtown area, maybe?
- It just needs to have the right features – parking, access, signs, etc. Put it where people can see it.
- I would like to see it take up empty, distressed office space downtown – I'm not as concerned about where it is.
- We have plenty of empty buildings – it needs to be positioned to meet the needs of growth.
- Downtown – what about in the Citizen's Bank facility?
- My bias is Downtown.
- Definitely downtown.
- I would like to see it take up empty, distressed space downtown.
- Downtown, but be wary of the buildings there.
- I don't think it matters where it is. Just build it.

- I've told them – rent a place. Wait until we're more mature. Use something that's already there.
- I think it should be halfway between Etowah and Athens, so both communities can benefit.
- Congress Parkway and Decatur Pike – for instance, where the old Wal-Mart and Fowler's Furniture is going out of business. Just about everything is gone from there now; it's a good location with good parking.

4. Are you aware of existing space or buildings available for an incubator in McMinn County?

- Oh my. There's so many – just drive around and look!
- South Hill building, next to the Courthouse Annex. It's perfect.
- McSpadden building. The old Hardy rental building, if you wanted to start small – but you would have to transition if you grew.
- I think a new building near the Interstate would be perfect – make it a beautiful building, easy to see from the Interstate highway – it will be its own advertisement – it's what we need.
- There are +s and –s – some of the buildings you've been looking at – the All-Star Sports would be good - the building is falling down, but parking wouldn't be a problem. Downtown is a parking problem.
- Definitely the Annex building (South Hill Building), especially if it were "donated to the cause". The inside needs some work, but overall it could easily be re-finished and furnished to be anything we need it to be, and it is on a main street in Athens. What a great use for that building.
- I think we should make use of the industrial park; that's what it's there for.
- They want too much for that McSpadden building. If they would donate it, or sell it cheap, that's another matter. I'd look at the Courthouse Annex first, and then if it wasn't available, consider building something or asking someone to rent something cheap until we could afford to build something new. New always attracts people.
- We can't afford to build anything new; we should take advantage of what we have.
- Surely someone will donate one of these older buildings; we have so many of them that needs to be restored or rebuilt.
- If you built one, you could go anywhere, but with existing buildings, the courthouse annex is best – parking, access, truck access in the back.

5. How should an incubator be advertised and promoted to the community, if one were to be established?

- I like the coverage the newspaper has provided so far; they have really promoted the incubator well, they should continue to cover it.
- I think the newspaper could educate people more about what the incubator actually does or will do for businesses.

- The Chamber of Commerce and through their newsletter, and in the surrounding towns as well.
- I think it needs to be marketed better on the web – there are many businesses (and CSCC and TWC, for that matter) that need better websites. We don't do a very good job of web coverage in this town.
- Through the Chamber and DPA and word of mouth. We need to bring in all the surrounding counties into this project. Maybe the TSBDC could help us get the word out in the areas around Athens.
- Through other people that have started businesses, they could help find others like them.
- I would ask the City, County, anyone – just tell people.
- Probably a billboard, out on I-75 – maybe someone could donate it or pay for it for a year?

6. How would you measure the success of a community-based incubator if one were to be established?

- That's easy – how many jobs will we create?
- Businesses that are still operating. We've had so many businesses that have gone out of business shortly after opening, particularly in the downtown area. I'm tired of seeing businesses close so soon.
- Seeing new companies hire people.
- I think seeing wages go up. The wages around here are ridiculous.
- Just seeing it have several businesses in it and seeing those businesses keep going for years to come. That would help.
- We have to be careful about just measuring by jobs; we need to see if we can encourage entrepreneurship and get more people to even think about starting companies. That would be a game-changer in McMinn County.
- How many businesses that graduate from it are still in business 5 years later, I think.
- It's really all about new companies. We need new companies, that will hire even 5-10 people. That will help a lot here.
- Better quality of jobs, jobs that will stay here and keep people employed, and not go away. That is the real success story we need.
- We probably need to put in place some sort of survey for satisfaction or something.
- Graduates; businesses that graduate and continue to do well.
- New companies in technologies or areas that are better jobs than just retail or manufacturing. We need those here.
- We have to track and measure what the impacts are – not just based on businesses started. How many people are now starting companies? It needs to be a cumulative measure of success.

- Did we successfully “change” McMinn County with this, or is it just the “same old thing”? that will be the key thing for me.

Questions related to business climate and entrepreneurship in the McMinn County area:

- 1. Describe (from your perspective) the business climate in McMinn County. On a scale of 1 to 10, with 1 being unhelpful and 10 being very helpful, how helpful is local (City) government to small businesses?**

Ratings: 10: 0% 9–8: 2% 7–5: 20% 4–1: 60%

No rating: 18%*

COMMENTS: (**Some interviewees did not respond with a specific number*)

- They’re very average. You have a sense they encourage growth, but at the same time, they don’t make an effort. They’re indifferent, they don’t make the effort. Athens seems to be an area where they want to “seem like they’re growing” but maintain the same.
- The county is a little more proactive than the City; the City feels like they are helpful, but they’re not as helpful as they should be, in my opinion. However, they’ve been reasonably helpful to me, personally.
- City government, in particular, gets a lot of complaints – there are not enough tax breaks for large businesses to bring them in. Nine out of ten people I talk to say City Government is stagnant, and they don’t want new growth; they want to “keep things like they are”. In fact, I’ve never heard a positive comment.
- They’re as helpful as we make them aware; usually, unfortunately, they’re in a reactive mode. They’re very “politicized” – the way we elect our city council is like a boiling cauldron – every year we elect another person, one that doesn’t know what’s going on in the business community – it’s not their fault. It’s a mess. Takes them the first two years to find out what’s going on, then they’re out. Probably a good case for a charter election to change the cycle for a longer term. We’ve healed a lot of rifts in the past few years between City/County, it’s getting better.
- We have to stop this silly “4 to 1, 1 to 4” vote business. It makes us a laughingstock in the area. It’s a joke. This “disagree to be in the paper and be controversial” bit is getting old. We need to work together, or our unemployment is going to top 20% soon.
- The key word is “small” business. Our City government spends too much time/money chasing the 1500-2000 job manufacturing businesses to replace the last 1500-2000 job manufacturing business that left town. Mathematically, we’re going out and annexing property to put utilities on it to attract large manufacturing, but we have a \$14M-\$16M “rainy day” fund? We need to grow our own, put more into our own “small business” efforts.
- We do not have a pro-business government with certain departments, in particular (names withheld). We are not pro-business at all.

- They are not helpful at all. I have an idea to bring a national retailer to this town, but no one will act on it, or even talk to me. All they do is focus on "big manufacturing". That's it.
- You know local government is focused on companies that can bring more immediate jobs to the area. Attraction VS "grow our own." The City is just worried about getting immediate funds into the coffers, they don't see the long-term view of better tax revenue, more growth – they want a "big hit now".
- It's a mindset, an initiative thing. I just think they need to "shift" their thought process. It's time to take some risks, and make some things happen. Maybe some people need to retire, or some people need to step aside and let others serve. We need to stop being divisive and conservative. Yes, we'll have to spend some money – GET OVER IT. Yes, we'll have to do some things differently – GET OVER IT. Stop this bickering and make something happen – the people need employment and need something "new".
- There are too many "misses" happening – Waupaca, Amazon, VW – I could go on. We can't sit back anymore and wait for the phone to ring, or for someone to show up on our doorstep with 1,000's of jobs. We need to take the initiative. And we need government to do that. If the people there can't do that, then they need to move on, and let someone else try.
- I think they're doing a pretty good job, overall. They do help business a lot. They've been great to me, really helpful, especially the City Manager.
- 1 or 2 people who come and complain have intimidated the City government and they change ordinances just for that group; businesses have looked at those ordinances and changes and said, "No, thanks". We have to get personal business out of City government, once and for all. The "good ol' boy" system has damaged Athens and it's reputation. It has to be fixed or we will lose what we have, much less gain any new small businesses.
- The City government doesn't really help small business, but don't let people fool you – if the County Mayor had to actually spend any money, he wouldn't be such a great guy, either. There was a successful pizza business here and the county gave them so much grief, they just packed up and left and now are very successful somewhere else. Don't get fooled by all the PR out there.
- Hey, the City Government is VERY helpful to me. I'd rank them extremely high, they've done everything they could to help me as a small business. They obviously wanted me to succeed.
- The real question is – can we change the reputation around here? Ask around – people will say, "The city government/manager/engineering department is difficult to do business with". Period. It's more difficult in Athens than anywhere around here. I guarantee it. So, even if that's not true, it's the PERCEPTION – and that's truth to people. Can we change that with an incubator?

- They're afraid to spend money. They have this "rainy day fund" mentality – hell, it's POURING here – spend it! We need to invest in the future now. It's overdue. Get some guts – spend some money, get something going!

2. What are the strengths of this county/region as a whole? How do you think these strengths can be incorporated into an incubator program?

- Once you establish yourself, the community really supports you – they get behind you. People refer one another; the word of mouth marketing here is really good. They are loyal customers.
- We are a friendly city! Great festivals here, the community comes together, morale is high.
- The area is beautiful. We're close to rivers, mountains, lakes, we're close to transportation, big cities, good schools – this place is very attractive to young families.
- I think Athens is a very easy place to live, very comfortable and clean. It's easy to get to know people here. There is plenty of professional help here, very good help.
- The interstate being close is a strong point, and being halfway from Knoxville and Chattanooga is a strong point as well.
- This is a right-to-work state; no income tax state; and a great location relative to the entire population of the U.S. We have a technical school, two college campuses, a new four-lane highway; access to recreation, lakes, reasonable temperate zone, good land acquisition costs, good utilities with great expansion capability and cheap power for industry. There are many positives here.
- Well, you wouldn't think this is strength, but unemployment is high so we have an available work force! We have good colleges, too.
- We have a large retail trade area, but we haven't done very well with large industry here.
- Good work ethic, people here put in a day's work. Labor is strength here.
- I see a lot of "less than 20 employee" businesses here. Industrial is better than retail for new jobs, very small companies are making the new jobs.
- The Chamber is very helpful, the downtown business association people are helpful, and the camaraderie between small business owners is also good.
- We are at the foothills of the Smokies, great location, and lots to do here outdoors.
- We have a good educational system with TWC, CSCC, TTC.
- People. It's a family atmosphere here. Athens "comes together" when something needs to get done. They love their city.
- It's the interstate. We're right between Knoxville and Chattanooga on I-75, what a great deal.
- We have a great airport that people don't even know about.

3. If I had a business of 50-100 people, and wanted to move it here, what are 2-3 weaknesses or disadvantages to locating that business in McMinn County?

- In most cases, people are very financially conservative; people don't want to spend money on anything, or take any risks. There's a "small town mentality" issue here.
- Education levels. There are a lot of dropouts here. And don't forget the meth problem. We've made a dent in it, but only a dent. It's a real issue.
- I honestly don't think we have any real disadvantages.
- Crime. It's worse than people let on, mostly because of drugs.
- It depends on the type of business; you can't just generalize.
- We are lacking in educational attainment; educational and training skills, workforce development is a real weakness for this area.
- There was a study done years ago, an article in the Chattanooga paper – Oak Ridge located companies that provided support services to ORNL around the area; Athens did not get one. Why not? Lack of educated management personnel. Look it up.
- We are concentrated in the auto industry area; that weakens our overall industrial structure, being limited to a single segment.
- Our reputation from a government standpoint – google us, that's a problem/issue. People outside have labeled us as "loons" in this region.
- Infrastructure is a weakness – you can't get wireless Internet hardly anywhere. It would be great to set up a wireless network in this town; it would put us on the map.
- People are not happy with the idea of this incubator – there is not enough business here now. They feel this will give an unfair advantage to businesses as far as competition for space rental (particularly in Decatur?).
- People don't want to spend money in Athens. It's a strange thing; they would rather drive to Chattanooga or Knoxville and spend the money on gas and take the time (the whole day Saturday) to buy the SAME THING at a store there than to purchase it in Athens for even the same price. It's a very strange phenomenon, they won't buy local – they have this impression that "it's inferior if it's in Athens".
- Don't expect to get tax breaks here – no way! County Government and/or City Government won't help you. PLUS – people have this perception that "power is cheap here because of TVA" – HA! The Athens Utility Board does NOTHING for business –they don't do incentives or breaks like other places I've been – absolutely anything.
- A real obstacle is "getting it built now". Look at us – we have aging buildings and an aging infrastructure. People look at our downtown and us and move on. The owners want ridiculous rent. Downtown will just continue to deteriorate.

- Extremely limited workforce development. I had to fly to another state for training for my business. It's not practical for the working person here to try to develop a new business.
- City Government – you should check out what happened when the Country Patch tried to rebuild – they had to leave walls up that were in the way just to get a permit - what kind of service is that? Do we have to be so “heavy-handed” with everyone? We need to help business, not stifle it.
- It's almost like people want to create friction, rather than work together. Drives me nuts.
- Smaller customer base, people don't buy here. This is a WAL-MART TOWN, face it.
- Did you hear about the Waupaca factory? VW? We seem to sit back and wait – I don't think any business is just going to come and knock on our door – who's in charge? Who's responsible? Seems like no one is.

4. Do you come in contact with people who are interested in starting new businesses?

Yes =80%

No = 12%

Sometimes = 8%

5. Who best knows and keeps track of business start up and business expansion inquiries?

- I don't even know. I did it all by myself.
- Robert and Brenda (SBDC)...they cover a lot of territory and work with a lot of businesses.
- I think the Chamber does a lot. They have really been an asset in the past.
- The Chamber has revitalized downtown, as much as they can with what they have to work with – they need more ability to do things with tax abatements and incentives, with the EDC, with the City's blessings.
- Nobody. Nobody at all. They won't spend any money to do anything.
- The bankers in town are a real asset; they want to make this thing happen.
- CSCC helps out a lot. So does Tennessee Tech at Athens, they try to help people.
- I think Rob Preston has really hit the ground running on this. He hired a tourism person, that should help.

- Shane is really working to help.
- Ann – Ann Davis is the “sparkplug” of Athens.

6. What type of businesses should the incubator target? What industries?

- Education and support, advertising, Internet. Those types of businesses, we need more of those.
- All of them, especially Internet based businesses.
- I’d include information technology type businesses, and any kind of manufacturing, in particular – but let’s face it – we should take anything and everything in this economy.
- Retail is probably a big one – there are a lot of “craft” people, artisans in this area, who can’t afford their own place and need some advice, even people who sell baked goods. They would benefit from an incubator.
- It should be mixed-use. Anyone that needs help should benefit from it.
- We need better QUALITY of retail, not more quantity. We also need internet cafes, a Starbucks, a good men’s shoe store, a plus-size women’s clothing store, and the entire county should be wireless internet capable.
- Mixed use – including automotive, retail, baking – have some “bays” for drive-in capability.

Do you have any other comments, concerns or suggestions that would be helpful for us to consider as we conduct this feasibility assessment?

- Don’t be confined to a small market. Don’t be influenced by “one local deal” – get out of McMinn Co. – broaden and diversify your dependency – you never know what Etowah can do, or Englewood. Etowah people work together, unlike Athens people (in Gov’t).
- We need to stop reading in the paper about the “municipal codes” and enforcing them, rather than having them be “pliable” a little bit and stretching to help businesses. We need to be more easy-going with people to drive business growth.
- Talk to Durrant Tullock. He knows what he’s doing, he does this kind of stuff very well, and he’s a common sense guy. He knows how to get business moving.
- City council – get buy-in from them; this is very key. There is 1 hostile person who is negative about this, and business in general. The city is the “hiccup”. The council is more open and wants to do things but one individual has their own agenda. That could be a roadblock.
- We have people in place in Government to support this – we haven’t looked that far out in City Government to make it happen. We have a “saleable” area; we need to be more aggressive in promoting it.
- I think this should break even in 3-5 years, if it’s going to work.
- We have great programs for vocational stuff – can we find a way to incorporate welding, auto mechanics, things like that?
- This is where the Incubator program will come in handy – it will tie everything together – Banks, TSBDC, etc. It will connect all the dots. CSCC has to be in it from workforce development, SBA, all those things – good programs out

there, but we are not using them. Incentives by the Feds – we are not making good use of them. We need to “get it all together” – the incubator should do that. Make good use of the resources we have.

- Absolutely a good group of retirees around here that could serve as mentors, advisors to these start-ups, around Athens. We need to use them.
- Government is doing a good job – we’re bringing things “up to date”, old laws and old methods that need updating are being updated, and are being modernized. It just takes time. But we are moving ahead and making progress.
- Don’t cannibalize existing businesses – that’s a concern I have.
- You need to read the Hyatt-Palma Study – the Robert E. Lee hotel should be the centerpiece of downtown, and no one is doing anything. We need an incentive program to make landlords fix up downtown buildings, or the City should confiscate them.
- I know someone who wanted to expand their business – they contacted City government (services) to inquire about permits, licenses, etc. – nothing happened. THIS HAS TO CHANGE – put that in your report, please?
- Our sales tax keeps going down – like that’s a good thing? Our tax base is dwindling, and meanwhile, we keep 3 years operating money in this “rainy day” fund like that’s a good thing? It’s not – our tax base WON’T COME BACK – we need to spend and build it up NOW. Invest in something that brings in tax revenue – like incubation? We need JOBS!
- If you do this – we will open up an office in the incubator the day it opens. I mean it. We are ready to do this, and to be in Athens.
- Clean up downtown – could you, please?
- I have a concern – some of the costs of the incubator at CSCC are shared costs with the college – who’s going to be the one to absorb the costs here?
- It would help to buy up the properties downtown and rent them out at reasonable rates!
- We need to be careful about incubating retail businesses – we don’t want to compete with existing space.
- What about consulting on our downtown space? Could you do that? We need to “plan” what to do with downtown. And there’s too much competition between the city/county government, I thought they were all working for us?
- If we want to save money – why not merge City/County government? Can’t we save on duplication of things? Can you look into that?

APPENDIX B - Formal Interviews Completed

Rob Preston	Mitch Moore
Chad McKeehan	Ann Davis
David Crews	Tom Hughes
Lena Beth Carmichael	Beth Jones
Chris Ingram	Jessica Carrisquillo
Tina Smith	John Proffitt
Hal Buttram	Patti Greek
Durrant Tullock	Judy Hadorn
Bob Watts	Bobby Mitchell
Patty Weaver	Joanne Mitchell
Jonathan Lee	Bobby Mizer
Jacob & Hillary Burnett	Dr. Carl Hite
Janet Guffey	Bruce & Pam Blevins
Hurley Buff	Ross Dodson
Jeff Cocks	Janie Hudson
Rich Grassano	Tammy French
Kristy Gentry	Steve Heath
Stewart Smith	Dick Pelley
Ben Finch	Linda Caldwell
Cheryl Bressler	Tommy Wilson
Karen Kelley	Bo Perkinson
Sheriff Joe Guy	John Gentry
Alisa Farmer	Raymond Roach
Brenda Sheehy	Dr. Tommy Wright
Jack Hammontree	

Also Consulted:

Dr. Michael Wilcox

Stephen Miller

Stephanie Watkins

Rollie Cole

Jeremy Brack

Robert Richards

Megan Reichert

Karl Lapan

Fred Green

Philip McMullen

Cameron Sexton

Robert Safdie

Chris Lake

APPENDIX C

NBIA Benchmarking of Rural Incubators

With the assistance of the NBIA, LPA was able to segment 2006 *State of the Incubation Industry* data for characteristics that were specific to rural incubators. There were **60 rural incubators** that reported in the 2006 survey, but not all of these incubators reported on every question. Total respondents to each question are indicated by (*n=XX*), where XX is the number of responding incubators.

Sponsoring Entities for Rural Incubation Programs (<i>n=60</i>)	
Economic development organization	32%
Government	20%
Academic institution*	25%
No sponsoring entity	5%
Hybrid	7%
For-profit entity	2%
Other	10%

(Note: Does not total to 100% due to rounding.)

* Two- and four-year colleges, universities, and technical colleges.

Incubator Program Goals for Rural Incubation Programs	
Percent of rural respondents who considered the stated goal to be a high priority	
Goal	↓
Creating jobs for local community	(<i>n=60</i>) 89%
Fostering community's entrepreneurial climate	(<i>n=60</i>) 81%
Diversifying local economies	(<i>n=60</i>) 47%
Retaining businesses in community	(<i>n=60</i>) 46%
Building or accelerating growth of local industry	(<i>n=60</i>) 42%
Commercializing technologies	(<i>n=60</i>) 38%
Generating net income for incubator or sponsoring organization/founders/investors	(<i>n=60</i>) 32%
Identifying potential spin-in or spin-out business opportunities	(<i>n=60</i>) 29%
Encouraging minority or women entrepreneurship	(<i>n=60</i>) 27%
Revitalizing distressed neighborhood	(<i>n=60</i>) 22%
Generating complementary benefits for sponsoring organization	(<i>n=60</i>) 20%
Moving people from welfare to work	(<i>n=60</i>) 10%

Client Services		
Types of Business Assistance Services Offered Through Rural Incubation Programs		
Percent of rural programs offering the stated service		
Service		↓
Help with business basics	(n=56)	96%
Networking activities among incubation program clients	(n=56)	96%
Marketing assistance	(n=56)	96%
Help with accounting or financial management	(n=51)	91%
High-speed Internet access	(n=56)	89%
Help accessing commercial bank loans	(n=56)	89%
Help accessing specialized noncommercial loan funds/loan guarantee programs	(n=56)	88%
Shared administrative or office services	(n=57)	86%
Linkages to higher education resources	(n=55)	75%
Linkages to strategic partners	(n=56)	75%
Help with business etiquette	(n=56)	75%
Help with presentation skills	(n=56)	71%
Specialized equipment or facilities	(n=56)	71%
Help with regulatory compliance	(n=56)	71%
Comprehensive business training programs	(n=56)	68%
Assistance with e-commerce	(n=56)	68%
Federal procurement assistance	(n=57)	65%
Business management process, customer assessment service, inventory management	(n=56)	63%
Human resources support or training	(n=56)	61%
Management team identification	(n=57)	60%
Access to angel investors or angel networks	(n=56)	57%
Access to venture capital investors	(n=56)	55%
International trade assistance	(n=56)	54%
Technology commercialization assistance	(n=55)	53%
Assistance with manufacturing practices, processes and technology	(n=55)	51%
Shadow advisory boards or mentors	(n=57)	49%
Intellectual property management	(n=56)	43%
Economic literacy training	(n=56)	39%
Logistics/distribution support or training	(n=56)	39%
General legal services	(n=55)	36%
Assistance with product design and development practices, processes and technology	(n=56)	34%
In-house investment funds	(n=56)	34%
Loaned executive to act in management capacity	(n=55)	13%

Overall Rural incubator Benchmarks from the 2006 NBIA SOI Survey

Rural Incubation Programs — Responses	
Characteristic	↓
Average Year Program Began Accepting Clients	1996
Incubator Average Gross Square Footage	34,874
Average Space Leased in Incubator	71%
Average Incubation Program Revenue	\$264,661
Average Incubation Program Expenses	\$269,847
Percent of Programs That Took Equity in Client Companies*	12%
Average No. of Resident Clients in 2004	11
Average No. of Months Resident Clients Received Services Before Graduating	35
Average Combined Client Revenues**	\$9,976,838
Average Combined Equity Investments in Clients**	\$5,803,623
Average Combined Full-Time Employment by Incubator Clients**	56

* Includes both programs that took equity in all client companies and those that took equity in selected clients.

** Includes both resident and affiliate clients.

APPENDIX D

INDIVIDUAL BUILDING/SITE NOTES

1. South Hill Building - Currently vacant, part of a complex next to the Courthouse Annex. Apparently designated for use by the School Board, but not yet occupied or claimed by them; question is "is it available, or not?" Street is one-way, going north, bounded on either side by two-way street (good access). Great parking – excess capacity. Interior is not in bad shape, would require some rehabilitation/repair; 2 stories, adequate space for both office/light manufacturing. Some offices segmented off, large open space, good lobby area. Has loading dock area in back; layout feasible. An excellent location, great visibility, great access, good size, good overall location. Could be rehabilitated and used on a 4-5 year basis, then turned over to school board and pursue joint venture with CSCC?

2. Industrial Park – large property, significant parking capacity available. Excellent electrical service capacity, new broadband service installation. Would be a new building, possible expensive endeavor; depends on size and location in park. Visibility would be an issue, off-road and secluded. Excellent room for expansion, future inclusion of other entities? Area of town – safe after dark?

3. Solarwise Building – Newer, large (35k+ sf), small office area, large open "warehousing/mfg" area. Easy to segment. Plenty of power. Odd configuration, including "storage" bins with chain link (would require removal if incubator is built here) – expensive (\$2-4MM price tag?). Has loading docks, poured concrete floor. Good location, good visibility; lots of building already in use for solar manufacturer. Issues would be segmentation, who operates/controls building, ability to work with current tenant, cost, suitability for "incubator" space.

4. Textron Building– typical large manufacturing space, low visibility, probably 50k+ sf, older building, strange entry area (doors in front), would require extensive rehabilitation/construction, segmentation, cost.

5. McSpadden Building– Great location (across from TWC), attractive building outside – needs work inside, very large (two segments – could sub-let one?) – easy segmentation into offices, conference rooms, light manufacturing. Parking would be an issue, as would access (on one-way street). Would need expensive systems upgrades (HVAC, lighting, flooring, roof, electrical, etc.) – would almost be as cheap to build new facility in Industrial park?

6. All-Star Sports building – Building is in poor shape, unsuitable for manufacturing or mixed use, not in reasonable condition for rehabilitation, would require too much work and operating expense would be very high (HVAC). Also, no parking available downtown.

7. Cleveland State Partnership – Cleveland State Community College is in need of additional space as it continues to expand its offerings in McMinn County; it is worth exploring a future partnership to see if CSCC expands its “footprint” in McMinn County, and if incubation could be a part of that footprint, as CSCC has accomplished in Cleveland with the incubator there.

APPENDIX E RESUME OF MARK S. LONG

MARK S. LONG

6231 N. Impatiens Street

Ellettsville, IN 47429

(317) 437-6771 (mobile)

mlong@longperformanceadvisors.com

www.longperformanceadvisors.com

QUALIFICATIONS

Senior Executive with 30 years progressively responsible and diversified experience in the biomedical/biotechnology industry in strategic marketing services, sales management, brand marketing, product positioning and marketing communications. Also extensive experience in economic development, business incubation and in academia. Intensive working knowledge of Pharmaceutical, Medical Device, and Biotechnology business areas. Experienced in patent management, entrepreneurship and contract negotiation. Responsible for management and development of staff and other managers. Background in, service, company formation, public relations, advertising, regulatory affairs, property management, teaching and general management. Planned, built and operated a life sciences incubator and a medical outpatient clinic.

BUSINESS EXPERIENCE

LONG PERFORMANCE ADVISORS – Greenwood, IN 2008-Present
KELLEY SCHOOL OF BUSINESS – INDIANA UNIVERSITY - INSTRUCTOR
2008-Present

President of Long Performance Advisors, a consulting firm with expertise in the fields of sales, marketing, business incubation including incubator design/operations/management, feasibility/development studies, small business management, entrepreneurship and technology transfer. Experienced in business plan and marketing plan development, feasibility studies, technology assessment and valuation, licensing, negotiation, contracts and grants. Advisor on incubator design and management in China, Malaysia, Russia, and other countries.

Currently a Visiting Instructor at the Kelley School of Business at Indiana University in the Department of Management and Entrepreneurship in Entrepreneurship and Small Business Management, including course development in "The Business of Life Sciences" and "Contemporary Entrepreneurship". See company website at <http://www.longperformanceadvisors.com> for more information.

- Advisor on Technopark and Incubation projects in Russia under IREX and with Ernst and Young
- Performed management reviews, site surveys, and energy efficiency studies for various clients worldwide
- Won Indiana University Trustees Teaching Award in 2010 for outstanding teaching at IU Business School
- Frequent speaker at National Business Incubator Association on key topics, including seminars requirement for incubator management certification in U.S., China and Malaysia

INDIANA UNIVERSITY RESEARCH & TECHNOLOGY CORPORATION –
Indianapolis, IN 2002-2008
& THE IU EMERGING TECHNOLOGIES CENTER
MIDWEST PROTON RADIOTHERAPY INSTITUTE
2002-2004

President and Chief Executive Officer

Directed activities of the non-profit Indiana University Research & Technology Corporation (IURTC) in the areas of technology transfer from Indiana University, licensing of University trademarks, new business development, and formation of new biotechnology, medical science, and information technology companies and creation and management of a technology business incubator facility. Also supervised program for executive management education and online MBA program. Responsible for seeking venture capital, funding opportunities, business plan creation and critique, attracting companies to Indiana, formation of management teams, public relations and overseeing new company progress. Supervision of staff of 40. Formed and built the Indiana University Emerging Technologies Center (IUETC), a life sciences/biotech incubator with 26 tenant companies in downtown Indianapolis. Responsible for operations, facilities management, real estate acquisition and admissions for the IUETC and for the Indianapolis downtown Research Park. Former Chief Executive Officer of the Midwest Proton Radiotherapy Institute (MPRI), a subsidiary of IURTC. Recruited and managed physicians, technicians and other personnel, and day-to-day management of the clinic.

- Moved Indiana University from 93rd in Technology Transfer to 26th (AUTM 2004 Survey)
- Purchased building for IUETC and designed facility within 3 months of hire, open within 1 year of hire
- IUETC designated one of the fastest-growing incubators in U.S. (90% full in 2 years), 7 graduates in 4 years
- Increased Technology Transfer revenue threefold and invention disclosures fivefold, set patent application records, closed largest revenue deal in the history of the institution

WASHINGTON UNIVERSITY – St. Louis, Missouri 1998-2002
Director of Technical Operations, Center of Technology Management 2001-2002
Business Development Manager 1998-2001

Responsible for operational activity of staff and department in technology transfer, including development of new business opportunities through the proactive marketing and licensing of technology to industry and new ventures. Responsible for encouraging new technology disclosures from faculty; assessing disclosures to determine patentability and commercial potential; designing and maintaining website, catalog, and promotional literature to promote new business through ecommerce; market new technologies to Biotechnology, Medical Diagnostics, Pharmaceutical, and Chemical companies; format, negotiate and manage license and industry sponsored research agreements; and ensure compliance and non-infringement of technologies. Initiated new start-up companies and assisted with acquisition of Venture Capital, laboratory/incubator/office space and management staffing. Provided public relations information on University technology via television, print and radio. Supervision of staff of 12.

- Led Washington University to #1 ranking in Association of University of Technology Managers (AUTM) survey for licenses written per year in 1999, 2000
- Established new benchmarks for invention disclosures received in 1999 and 2000 for Wash U.
- Wrote 23 licenses for single product (CK-MB) in 1999

SIGMA DIAGNOSTICS – St. Louis, Missouri

1994-97

Vice President, Sales, Marketing, and Service

Management of field sales operations for medical devices, disposables and reagents with 8 direct reports and 88 total employees, Marketing and Marketing Communications group with 11 employees, and Service group with 23 employees. Responsible for domestic sales in excess of \$58M and budget of over \$14M. Accountable for product line sales, strategic sales and marketing direction, advertising and promotions, tradeshow management, market research, and new product evaluation/selection. Also included was supervision of employees in Distributor management, National Account Sales, Customer/Employee education and Shareholder/Analyst presentations.

- Met sales target in 1995, 98% to target in 1996, 101.5% to target in 1997
- Interviewed and selected new agencies for advertising, promotion and printing, new tradeshow booth
- Established cost-cutting policies with 12% decrease in expense budget while increasing headcount
- Negotiated 15-year contract with Amelung GmbH for global distribution of hemostasis instruments

BAXTER HEALTHCARE, INC, DADE DIAGNOSTICS DIVISION – Miami, Florida

1992-94

Director, Technical Services and Marketing Communications

Responsible for field and internal support of all product lines with departmental budget of \$12M. Includes management of call center, laboratory analysis, complaint investigation, quality assurance program, and field coordination of support and sales personnel. Other duties include development of customer and sales training department, establishment of computer network and expert system, and implementation of quality indicators. As Marcom Director, responsible for creation and placement of print advertising, supervision of trade shows, design and staffing of booth for shows, design and development of sales collateral, and tracking/ dispersion of leads obtained from direct mailings, advertisements, and promotions.

- Exceeded company benchmark requirements for customer response within six months of employment
- Directed design, development and implementation team for LabLink® software with vendor (EDS)
- Selected vendors and implemented new computer network for customer account management
- Implemented new booth design and new advertising theme for trade shows

COULTER ELECTRONICS INC. – Hialeah, Florida

1987-92

Manager, Technical Product Support, Chemistry, Cytometry, and Scientific Instruments

Accountable for all Product Support activities for these product lines, including issue of all Service Memos, Service Bulletins, and technical information for hardware, software, and reagent support. Responsible for direct management of ten employees with an annual departmental budget of \$3.9 million. Provided proof of claims and complaint management with additional duties for sales support and product demonstrations.

- Designed and implemented Service software program and computerization of field force
- Successfully managed service transition to new Chemistry instrument
- Implemented technical training course for all field service personnel on Flow Cytometry

Coordinator, Clinical Product Substantiation

Supervision of hospital based Product Evaluation laboratory; responsible for generation, reduction, and compilation of data for Pre-Market Approval; and 510K submission for new product approval. Developed protocols and procedures for evaluation of new instrumentation and reagents while assisting Research and Development engineers in failure analysis and product development. Made recommendations to Marketing and Sales regarding product performance and specifications. Worked for A. Richardson Jones, M.D., and Wallace Coulter, on Coulter VCS (5-part differential) project for FDA approval.

- Completed 510(k) submission for new automated differential instrument in record time (85 days)
- Established on-site trouble-shooting teams for launch of all new instrumentation
- Set up statistical evaluation guidelines for company

WESTWOOD HIGH SCHOOL - Ft. Pierce, Florida

1984-87

Chemistry/Physics Instructor: Responsible for preparation of lecture/laboratory courses in Biology, General Chemistry, Honors Chemistry, Gifted Chemistry, Chemistry 2 and General Physics. Coached varsity tennis team. Received Outstanding Teacher Support Award in 1986.

PORT ST. LUCIE HOSPITAL – Port St. Lucie, Florida

1982-1984

Shift Supervisor/Chemistry Section Chief: Ran inpatient hospital laboratory function for all clinical analysis and testing, including chemistry, hematology, serology, blood bank and microbiology. Supervised staff of 7. Supervised Emergency Room laboratory and worked as Pathologist's assistant in charge of autopsy and morgue service.

Also during Graduate School and Undergraduate School worked full-time at Tallahassee Memorial Hospital, Tallahassee Community Hospital, and Leon County Blood Bank as Medical Technologist, evening shift.

EDUCATION

Master of Science Degree in Molecular Biology - Florida State University - 1982
Bachelor of Science Degree – Biology - Florida State University - 1980
Associate of Arts Degree - Indian River State College - 1976
Associate of Science Degree - Medical Laboratory Technology - Indian River State College - 1978

PROFESSIONAL AFFILIATIONS

Clinical Professor of Marketing – Kelley School of Business
Affiliate faculty – Indiana University Department of Bioethics
Past President – Indiana Business Incubator Society
Member - American Association for Clinical Chemistry
Member – Central Indiana Life Sciences Initiative Steering Committee
Member – Association of University Technology Managers
Member – American Society for Clinical Pathology
Member – Association of University Research Parks
Member – National Business Incubator Association

PROFESSIONAL SERVICE AND AWARDS

Board Member, National Business Incubation Association
Former Board Member, Midwest Proton Radiotherapy Institute
Board Member, Phylein Corporation
Former Board Member and Former Chairman, The Haelan Group
Former Board Member, Predictive Physiology and Medicine
Former Board Member, Pervasive Technology Laboratories Investment Committee
Former Board Member and Investment Chairperson, METACyt Investment Committee
Former Board Member, Techpoint
Former Board Member, IUPUI Solutions Center
Board Member, Indiana Make-A-Wish Foundation
Former Chairman, Indiana University Emerging Technologies Center Board
Legislative Liaison, American Association of Clinical Chemistry
Board Representative, National Committee for Clinical Laboratory Standards
Indiana Top 25 Power Players in Life Sciences, 2005
Who's Who in Technology, Indianapolis Business Journal, 2003
Lumina Foundation Grant for Business Interns, 2006
Distinguished Alumni Award, Indian River Community College, 2007
IU Trustees Teaching Award, 2010

MEDIA AND PRESENTATIONS

Long, M.S. "Partnering between Industry and Academia – A Delicate Balancing Act".
BioExecutive International: February 2007; 32-35.
Biotech Transfer Week; August 18, 2007. Interview, "Trends in Biotechnology
Company Formation", Ben Butkus
Genome Technology, February, 2007. Interview, "Advancements in Technology
Transfer".

Wall Street Journal, November 27, 2006. Interview, "More Universities Increasing Support For Campus Start-Ups", Rebecca Buckman.

Contributor, A Practical Guide to Business Incubator Marketing, Corinne Colbert, NBIA Publications, Athens, Ohio. 2007.

Panel Presentation, "Do's and Don'ts of Marketing Technology", Techpoint New Economy, New Rules. Barnes & Thornburg LLP, The Business & Technology Group, October 6, 2006.

Co-Presenter, National Business Incubator Association Fall Training Institute; All-day Seminar, "Best Practices in Facilities Management", Nashville, TN. October 30, 2007.

Presenter, National Business Incubator Association Annual Meeting, half-day Seminar, "Finding and Keeping Key Sponsors", San Antonio, TX. May 4, 2008.

Co-presenter, National Business Incubator Association Annual Meeting, Session, "Regional Economic Development Through Community Cooperation", San Antonio, TX. May 6, 2008.

Presenter, Seminar, "Idea to Market; How the Entrepreneur Takes the Next Big Idea and Moves it to Commercial Success", Regional Economic Summit, Evansville, IN. November 21, 2008.

Others available upon request