Business Plan
for the
Northern Black Hills Business Incubator

Prepared for:
Black Hills State University
Spearfish, South Dakota

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Executive Summary

The Northern Black Hills Business Incubator (NBHBI), on the campus of Black Hills State University, will foster entrepreneurship and serve start-up businesses in the Northern Black Hills with mentoring, flexible space, access to a network of resources and other business services designed to accelerate their success, and create jobs and revenue for the region.

Black Hills State University (BHSU) is leading the effort to create a business incubator to foster entrepreneurship on the campus and in the community, and enhance learning, internships, and job opportunities for students. Business incubators accelerate the successful development of entrepreneurial companies by providing an array of business support resources and services. In addition to the economic development benefits that would be created for Spearfish and the Northern Black Hills, the NBHBI would provide direct opportunities for students to get hands-on experience with entrepreneurs and early stage businesses, and for faculty to work with entrepreneurs and bring the experience back to the classroom. It would contribute to an innovative learning environment on the campus.

The NBHBI would also help to position the university and the community to take advantage of the new business opportunities that may be generated by the Deep Underground Science and Engineering Lab (DUSEL). However, it is too early to predict the specific types of businesses that would start-up from Lab activities, or the specific impact of the DUSEL on the incubator. The NBHBI would expand the opportunities for BHSU to partner and engage with the community.

According to the National Business Incubation Association (NBIA), 87% of all businesses that graduate from incubators are still in business after 5 years.¹ In comparison, approximately 40 to 50% of start-ups in the U.S. fail in their first five years of operation. NBIA also reports that 84% of incubation program graduates stay in the community. An incubator in Spearfish, connected to BHSU and drawing upon the resources in the community, can help to form new businesses, create new jobs, and retain them in the community.

The incubation program, as designed, would serve approximately 6 to 12 businesses, at any given time, in a facility of approximately 8,000 to 10,000 SF on the BHSU campus.

¹ http://www.nbia.org/resource_library/faq/index.php#8
While relatively small in size, the incubator would be consistent with the size of the community and level of entrepreneurial activity. Some businesses would be “residents”, meaning they are located in the facility, and others would be participate as “affiliates” who do not reside in the facility. Clients would spend about 2 years in the program and then graduate into the community. The incubator staff would work closely with Spearfish Economic Development Corporation (SEDC), which will be an anchor tenant in the facility, and commercial real estate brokers to help to relocate graduating businesses into available space in Spearfish.

The NBHBI would be a “mixed use” incubator, meaning that it serves a variety of types of businesses. The clients would include non-technology and technology businesses as well as product and service businesses. Non-technology businesses may include retail, consumer products, and healthcare services. Technology businesses may include software products or computer services, medical devices, water and soil testing, or digital design, to name a few.

Client businesses would receive assistance with the successful start-up and growth of their businesses. One-on-one coaching and mentoring would be the primary form of assistance. The incubator staff would provide the coaching, and create a network of resources to enhance the business expertise available and to connect the businesses with bankers, accountants, lawyers and others in the community that provide assistance and guidance. Periodically, the incubator would host educational seminars for clients. Leveraging organized programs, like the training provided by the South Dakota Center for Enterprise Opportunity (who would be an anchor tenant in the facility), would be an important component. The incubator would also develop a technology commercialization program to benefit technology businesses and faculty developing intellectual property.

To facilitate close ties with the university and provide the benefits of non-profit status, the NBHBI should be operated under the auspices of the BHSU Foundation, which is a 501(c)3 non-profit organization. In addition, the NBHBI should create an Advisory Board, composed of members from the university and the business community, to provide oversight and expertise specific to the NBHBI’s mission and operations.

Companies and entrepreneurs that wish to join the incubator must successfully complete an application and selection process. The goal is selecting companies that are a good fit for the program and its mission. Considerations include business and market potential, as well as the opportunities for collaboration with BHSU and meeting economic development goals. The implementation of the marketing and public relations strategy will recruit entrepreneurs and early stage companies to participate in the
NBHBI, and build awareness, visibility and a reputation for the NBHBI as the hub for entrepreneurship in the Northern Black Hills.

Like most incubators, the NBHBI would be managed by a small staff. One of the key indicators of success in most incubation programs is a highly qualified Director who has small business experience and program management skills. In addition, the Director of the NBHBI must have the ability to engage effectively with BHSU and the community.

A campus location for the NBHBI would help to facilitate connections with the university, its faculty and its students. The proposed location (1246 St. Joseph) would be situated across from the planned alumni center at the gateway to campus, and it would be accessible to the community. However, the site appears to have some limitations that would reduce the size of the facility, and an alternative campus location may require consideration.

To get the NBHBI launched, through its development and first three years of operation, will require a subsidy of approximately $800,000 for operations and an additional $1.75 million for capital construction costs. However, because the business plan is completed prior to the selection of a site and the generation of detailed floor plans and cost estimates, the figures are general estimates. In addition, as necessary for all smaller incubators of less than approximately 10,000 square feet, the NBHBI will require an ongoing operating subsidy. Only larger incubators are able to sustain themselves eventually through rent and service fees from a substantial base of clients.

Achieving economic development and education goals, including fostering new business formation, generating jobs, and creating hands-on entrepreneurship education will necessitate a public and a university subsidy, but such efforts have proven to be a good investment for many communities and universities. The initial operating subsidy should provide the NBHBI staff with sufficient time to develop other sources of funding. The key to financial sustainability for incubators is pursuit of multiple sources of funding as a means to support future operations and activities.

The Business Plan discusses the incubator in detail. It starts with a clear mission and goals, and then addresses all aspects of incubator operations, including organization structure, the types of business assistance that would be provided to incubator client companies, marketing to prospective clients, selection and screening of applicants, staffing, site and facility, budget, and an implementation schedule. It provides the roadmap to move the incubator forward.
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1.0 Introduction

The Northern Black Hills Business Incubator (NBHBI) would have an important impact on Black Hills State University (BHSU), Spearfish and the Northern Black Hills. BHSU is leading the effort to create a business incubator to both foster entrepreneurship on the campus and in the community, and enhance learning and job opportunities for students. At the same time, the incubator would advance the local economy by providing resources and a place to start both technology and non-technology businesses in Spearfish, South Dakota. It would help to create new businesses and good paying jobs in the community.

Business incubators accelerate the successful development of entrepreneurial companies by providing an array of business support resources and services. The support and services are provided by the incubator management and its network of contacts. According to the National Business Incubation Association (NBIA), 87% of all businesses that graduate from incubators are still in business after 5 years. In comparison, approximately 40 to 50% of start-ups in the U.S. fail in their first five years of operation. NBIA also reports that 84% of incubation program graduates stay in the community. An incubator in Spearfish, connected to BHSU and drawing upon the resources in the community, can help to improve the local economy.

Prior to the preparation of this business plan, Black Hills State University hired Business Cluster Development (BCD) to perform a Needs Assessment for a business incubator. BCD has assisted in the development of more than 60 business incubation and technology commercialization programs across the U.S. BCD concluded that the opportunity for business incubation in the Spearfish area is clear and the community is committed and supportive of an incubation program. BHSU obtained a U.S. Economic Development Agency to fund the Needs Assessment and Business Plan.

In the Needs Assessment, BCD recommended that BHSU create an incubator that engages the campus and community, and fosters a culture of entrepreneurship. It would assist in the formation of new businesses and good paying jobs, and provide experiential learning and internships for students and entrepreneurial opportunities for faculty. Student and faculty participation would help to attract businesses to the incubator. It would create some opportunities for BHSU graduates and alumni to start businesses or obtain employment from incubator clients. The incubator would help BHSU to position itself to work with the Deep Underground Science and Engineering Lab (DUSEL) at the Sanford Lab in the future.

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2 http://www.nbia.org/resource_library/faq/index.php#8
The NBHBI would assist approximately 6 to 12 businesses at any given time. The program would be housed in a 8,000 to 10,000 SF facility on the campus. As a mixed use incubator, the NBHBI would serve a variety of types of businesses, including non-technology and technology in addition to product and service businesses. The incubator would draw clients from BHSU, Spearfish and neighboring communities. In addition, BCD recommends that the incubator focus specifically on fostering entrepreneurship within BHSU, and building visibility and recognition for BHSU as a place where entrepreneurship is cultivated. Client companies would participate in the program for about 2 years and then graduate into the community.

At the same time, the Needs Assessment identified 4 risks that could hinder the project:

1. The DUSEL and its implications are uncertain and unpredictable in many ways. To manage the risk, the incubator management must continually track the progress of the Lab and re-evaluate the potential opportunities.
2. Faculty engagement with the incubator and its programs is not clear, and must be made a priority.
3. Sufficient funding must be obtained to not only build, but sustain the operations of the incubator over time. This is a common risk for incubators, and requires diligence in securing funding.
4. Lack of entrepreneurs willing to take the risk of starting up a business. This risk is also common for incubators, and requires on-going and consistent efforts in cultivating and attracting entrepreneurs.

The Business Plan discusses the incubator in detail. It sets a clear mission and objectives. It addresses organization structure, the types of business assistance that would be provided to incubator client companies, marketing to prospective clients, selection and screening of applicants, staffing, site and facility, budget, and an implementation schedule. The plan explains how BHSU students, faculty and alumni can participate, and how the community can get involved as mentors to the client companies and by attending some of the incubator programs that are open to the public. The plan discusses how to engage the Sanford Lab/DUSEL as opportunities emerge in the future. It provides the roadmap to move the incubator forward.
2.0 Mission & Objectives

2.1 Mission

The Northern Black Hills Business Incubator (NBHBI), on the campus of Black Hills State University, will foster entrepreneurship and serve start-up businesses in the Northern Black Hills with mentoring, flexible space, access to a network of resources and other business services designed to accelerate their success, and create jobs and revenue for the region.

2.2 Goals

- Cultivate entrepreneurship on the BHSU campus and in the community.
- Assist in the formation of new businesses, both technology business and non-technology, in the community, and aid in their successful development.
- Create good paying jobs in the community.
- Position the university and the community to take advantage of the new business opportunities that may be generated by the Deep Underground Science and Engineering Lab (DUSEL).
- Provide experiential learning opportunities and internships for students and faculty that will complement programs on campus.
- Create jobs for graduating students and alumni.
- Expand the opportunities for BHSU to partner and engage with the community.

2.3 Fit Within University and Community Strategies

The mission and goals of the NBHBI are directly aligned with the vision of BHSU and the economic development goals of the community. Fostering entrepreneurship and new business formation create innovative learning opportunities that contribute to the education provided by BHSU, and create jobs in the community.

The vision of BHSU is to “be recognized as an innovative, high-quality university in the Black Hills region, the state, the nation, and the world”. Experiential learning and internships are an important component of education today. They not only enhance the educational experience, but also help students to get better paying, skilled jobs after graduation. The incubator would create new opportunities that do not currently exist. It provides a place—right on campus—to get hands-on experience working with early stage businesses and entrepreneurs. At the same time, it provides a place where faculty can engage with entrepreneurs and bring this experience back to the classroom. The incubator would contribute to an innovative learning environment on the campus.
The economic development goals in Spearfish are simple: create businesses and jobs. Incubators are proven tools to create new businesses and jobs. They accelerate the growth of new businesses and improve their chances for success. The incubator would complement and enhance the attraction activities of Spearfish Economic Development Corporation (SEDC) by focusing on business start-up.

2.4 Profile/Approach

Led by BHSU, the NBHBI would serve both BHSU and the community, including Spearfish and its neighboring communities in the Northern Black Hills. Not only would it focus on creating a culture of entrepreneurship on the campus, but also in the community. It would specifically help to assist in the creation of new businesses. The NBHBI would complement and build upon existing campus programs in entrepreneurship and the sciences. It would offer an important experiential learning component to education, which would help to prepare students to get good paying jobs after graduation. Faculty could engage with the businesses in the incubator and bring valuable lessons back into the classroom. For both students and faculty, the incubator would be a place right on the BHSU campus where they could pursue entrepreneurship and business start-up. It may also attract alumni who wish to start businesses. Many of the entrepreneurs who would join the NBHBI would be residents of Spearfish and the Northern Black Hills. They would be attracted by the assistance, resources and connections, including connections to BHSU, that they cannot find elsewhere in the area. Many successful university-based incubation programs serve both the community and the university.

Given the size of the community and level of entrepreneurial activity, the NBHBI would be a relatively small program. The incubation program would be designed to serve approximately 6 to 12 businesses at any given time. A facility of approximately 8,000 to 10,000 SF would be located on the campus to house the program. Some businesses would be “residents”, meaning they are located in the facility, and others would be participate as “affiliates” who do not reside in the facility. Affiliates may include retail businesses which do not need an office location, or businesses located in surrounding communities who would benefit from the assistance provided by the incubator but would not relocate. Clients would spend about 2 years in the program and then graduate into the community. The incubator staff would work closely with Spearfish Economic Development Corporation (SEDC) (an anchor tenant in the facility) and commercial real estate brokers to help to relocate graduating businesses into available space in Spearfish.
The core of every successful business incubation program is quality assistance provided at the right time. The NBHBI would create business assistance programs that are specifically geared to the needs of its businesses. Mostly, the assistance would be provided in the form of one-on-one coaching and mentoring, helping entrepreneurs to navigate the business start-up and development process. Another service is helping entrepreneurs connect to the right resources through a network of partners, mentors and assistance providers in the Northern Black Hills. An important form of assistance is access to capital. The incubator would assess entrepreneur readiness for financing, and then if ready, would guide them on developing the information needed to apply for loans and other sources of funding. Most of the assistance would be provided by incubator staff, but successful business people from the community would be tapped to serve as mentors to the businesses.

The resource network includes partnerships with other organizations and service providers in the Northern Black Hills and Rapid City. Partners would include economic development and business assistance providers. All of the partners are referral sources for the incubator. The partners for NBHBI include Spearfish Economic Development Corporation, the City of Spearfish, the South Dakota Center for Enterprise Opportunity, Dakota Rising, Black Hills Vision, and the South Dakota Small Business Development Center, in addition to regional partners such as Black Hills Community Economic Development, the Black Hills Business Development Center, and the South Dakota Business Incubator Alliance.

It is anticipated that the clients would include both non-technology and technology businesses. They may include both product and service businesses. Non-technology businesses may include retail, consumer products, and healthcare services. Technology businesses may include software products or computer services, medical devices, water and soil testing, or digital design, to name a few. If the DUSEL moves forward, it is expected that some of the clients would be businesses starting up to provide either products or services to the Lab; however, it is too early to predict the specific types of businesses that would start-up from Lab activities.

To help to fulfill the need to cultivate entrepreneurship, the incubator would create a specific program to assist entrepreneurs with a business concept to develop a business plan, and then move to business start-up. This type of pre-incubation program would assist those just thinking about starting a business, or those with an idea and not sure if it would be a viable business. Individuals who may participate in the pre-incubation program include people from the community, and faculty or students wanting to evaluate their business ideas. The pre-incubation program would provide the guidance necessary to help the individual determine if he/she should move to the next stage.
Since the incubator facility may not be up-and-running for several years (due to planning and construction periods), the virtual incubation program currently operating at BHSU should continue to operate and be enhanced. The program currently serves 3 entrepreneurs. BCD recommends that additional funding be obtained in order to increase the participation to 5 businesses, and provide them with a more complete offering of business assistance. To help to meet this goal, an increased number of student interns could be used. The launch of this expanded virtual program would occur once funding has been obtained to support the addition of new intern positions, and the participation and commitment of faculty is secured. This type of approach would enable the university and the community to have an impact sooner while the plans for the permanent facility are developed and funds raised. It would also help to create a pipeline of companies for the opening of the incubator facility.
3.0 Focus

BCD recommends that BHSU establish a mixed use incubator. A mixed use incubator serves a variety of types of businesses. In addition to the mixed use approach, BCD recommends that the incubator focus on fostering entrepreneurship within BHSU.

It is anticipated that a mixed use incubator in Spearfish would serve non-technology and technology businesses, in addition to product and service businesses. The businesses in a mixed use incubator could potentially be working in a wide range of industries. For example, the businesses could include a groundwater testing business and a medical device company as well as a retail clothing store and a mountain biking guide service. In a community the size of Spearfish, mixed use provides the best opportunity to foster new business start-up.

Generally, rural areas cannot support specialized incubation programs because they cannot generate sufficient businesses over time in a specific sector to sustain the incubation program. Establishing a sector focus for an incubator requires the presence of 6 factors: a growing sector, critical mass, asset base, entrepreneurial activity, capital, and community support. All are needed to ensure that a steady stream of businesses in a particular sector will start-up and grow in the community. Insufficient assets and activity exist to justify specialization in a specific sector in the Northern Black Hills. Mixed use is the best approach for Spearfish.

BCD recommends that the incubator also focus on fostering entrepreneurship within BHSU. This approach is important for positioning the incubator as a key resource for entrepreneurship and business start-up for students, faculty and alumni. It would help to build visibility and recognition for BHSU as a place where entrepreneurship is cultivated. This, in turn, may help with faculty and student recruitment, and retention of graduates in the community.

A focus on fostering entrepreneurship within BHSU would also help the incubator to connect with entrepreneurs outside of the university who would be interested in joining the incubator in order to connect with faculty, students and other university resources. For example, if the DUSEL proceeds, this type of focus would help to attract entrepreneurs who want to work with the Lab and the university. The incubator could be a connection point to the university and resources needed for business start-up. For example, if an entrepreneur wanted to start an engineering services business that would have the DUSEL as a client, he/she could join the incubator where he/she could connect to faculty researchers and students that would assist with the business. Also, a start-up
needing assistance with market research could utilize students as interns, or students conducting class project, to evaluate the market.

Building a reputation as the place to connect with university resources for your business start-up would be a beneficial focus for the incubator. Operating as a mixed use incubator would be the best approach for supporting the formation of new businesses and good paying jobs in the community.
4.0 Organization Structure

To facilitate close ties with the university and provide the benefits of non-profit status, the NBHBI should be operated under the auspices of the BHSU Foundation. In addition, the NBHBI should create an Advisory Board to provide oversight and expertise specific to its mission and operations.

4.1 Legal Structure

Starting up under the auspices of an existing, 501(c)3 non-profit organization is the best approach. This strategy would enable more rapid development of the incubator and provide the additional credibility of a more established organization.

Operating under the university’s non-profit foundation is common for university-led incubators. Two of the more recent winners of the National Business Incubation Association (NBIA) Incubator of the Year Award (the Environmental Business Cluster and the San Jose BioCenter) are both operated by the San Jose State University Foundation in San Jose, California. This structure has enabled both incubators to maintain a close working relationship with the university, share in the non-profit status which enables the incubators to obtain foundation and government funding, and provide accounting and fiscal support. This type of relationship would be beneficial for the NBHBI.

Such an arrangement would alleviate the need to create a new organizational and business support infrastructure for the NBHBI. The host organization has a Board of Directors, and could provide fiscal oversight and governance for the NBHBI. It is also anticipated that the Foundation would provide some services to the incubator, such as accounting and bookkeeping support. If this type of partnership does occur, the BHSU Foundation may need to add board members aligned with the NBHBI mission. Also, the NBHBI should form a separate Advisory Board designed to provide strategic oversight to the program, as well as business expertise to the NBHBI and its client companies. The NBHBI staff would manage the day-to-day operations, as well as interact with and assist the client companies. (The staffing plan for the NBHBI is outlined later in Section 8.0.)

Operating with 501(c)3 tax status is important to the NBHBI’s operations. It allows the NBHBI to open additional avenues for financial support: charitable contributions, and government and foundation grants. Equity participation issues may also result if another type of organizational structure (such as a state or public institution) is used. For all of these reasons, BCD recommends that the NBHBI operate as a non-profit organization.
4.2 Advisory Board Role and Composition

The main function and purpose for the Advisory Board would be to help guide policy development for the NBHBI. Experience and industry best practices demonstrate the important role that an Advisory Board can play in establishing the strategic direction for an incubator.

The Advisory Board should be comprised of 15 to 25 representatives from the university, Spearfish, and the local business community, as well as significant sponsors of the NBHBI. Its role is to provide advice to the NBHBI Director, review the financial status of the NBHBI when requested by the Director, advise on ways to help incubator companies succeed, and provide advice and assistance with fundraising for the NBHBI.

To distinguish, the Advisory Board is strictly advisory in nature, and not a Board of Directors with governance authority. The actual daily oversight and management of the NBHBI would be conducted by the Director, subject to the oversight and governance of the host, non-profit organization’s Board of Directors.

The Director would determine the composition of the Advisory Board and the appointment of its members. The Director would interact directly with the Advisory Board, manage Advisory Board meetings, and call upon individual Advisory Board members, as needed, for advice and counsel.

Incubator policies would be developed by the Director and then reviewed by the Advisory Board. The policies typically reviewed by an Advisory Board include:

1. Management of physical facilities, including space, equipment and furniture;
2. Support services for the NBHBI and its client companies, including administrative, business, legal, regulatory, finance;
3. Budgets, including grants, donations and in-kind services;
4. Business development, including programs to assist technology start-ups with marketing, sales, automation, etc.;
5. Recruitment and selection criteria for start-ups entering the NBHBI.

The NBHBI Advisory Board should include the appropriate mix of individuals with the following skills and experience:
• **Founders or managers of successful small businesses in the community**, with particular experience in growing and funding companies, marketing and sales. Will provide valuable expertise in how to successfully grow and manage companies and build strong entrepreneur skills.

• **Attorneys** with legal expertise in corporate formation, the management of intellectual property and patents, and investment structures.

• **Accountants or Chief Financial Officers** with a strong background in finance for small companies.

• **Representation from Black Hills State University**, which may include the President, Vice President of Finance, Dean of the College of Business and Technology, or others who could help to engage faculty and students with the incubator.

• **Representation from key institutions in Spearfish and the Northern Black Hills**, which may include the City of Spearfish, Spearfish Economic Development Corporation, Black Hills Vision, South Dakota Center for Enterprise Opportunity, and the South Dakota Small Business Development Center.

• **Executive Director of the DUSEL** to foster collaborations between the Lab and the incubator.

• **Major sponsors** designated by a specific level of sponsorship for the NBHBI.

All of the Advisory Board members should be champions for the NBHBI and its mission. Furthermore, most of these individuals should have strong connections in the business community in the Northern Black Hills and the state.
5.0 Entrepreneurial Assistance and Programs

Best practices in business incubation require the provision of quality business assistance programs and services that meet the needs of incubator clients. For smaller incubators, like the NBHBI, the assistance is more likely to take the form of one-on-one coaching. In addition, leveraging organized programs, like the training provided by the South Dakota Center for Enterprise Opportunity, would be an important component.

The programs and services should include:

A. Coaching and Mentoring  
B. Resource Network  
C. Technology Commercialization  
D. Funding for Companies  
E. Education and Events  
F. Peer-to-Peer Networking

5.1 Resident and Affiliate Clients

Participants in the NBHBI would include both resident and non-resident, or affiliate, companies. Affiliate companies would expand the number of early stage companies that the NBHBI can assist. Whether a start-up business already located in the Northern Black Hills seeks business and technical assistance and a place to get started, or whether a new business already has a facility and wants to get connected into entrepreneurial assistance provided by the incubator, it can join the NBHBI and benefit. The affiliate program also benefits retail operations that would operate in retail space but need the type of assistance provided by the NBHBI. It is estimated that the incubator facility could accommodate 6 to 12 resident companies. Another 2 or 3 businesses could participate on an affiliate basis. Whether resident or affiliate, NBHBI clients would receive the programs and services described in this section.

5.2 Services for Incubator Clients

The services listed below will be part of the core services provided by the NBHBI and are included in the standard program fees charged to NBHBI companies.

1. Consultation and assistance from the Director on business plans, strategic planning, marketing, product commercialization and financing.  
2. Business development seminars from sponsors, partners and volunteer businesses.
3. Business assistance through a network of BHSU interns, the SDCEO, volunteers, mentors and other members of the business community.
4. Technology commercialization assistance (if applicable), including intellectual property advice, product development and corporate formation.
5. High-speed Internet access and on-site networking equipment - data lines, servers, etc.
6. Introductions to business resources, including financial institutions, investors, accounting firms, law firms.
7. Assistance with developing adequate business plans and management teams in order to obtain funding or attract investment.
8. Use of copier, fax and postal meter (usage charges only).
9. Facility administration and front desk reception area.
10. Shared conference rooms and small kitchen/break area.

If demand is sufficient, the following optional services could be made available on a user fee basis separate from the monthly rent:

1. Group medical and dental insurance plans
2. Disability and liability plans
3. Telephone usage and long distance plans
4. Part-time secretarial support
5. Media and public relations announcements
6. Faxes (long distance phone charges) and photocopies.

5.3 Programs for Entrepreneurial Assistance

A. Coaching and Mentoring

One-on-One Coaching

Mentoring, or one-on-one coaching, is frequently cited by entrepreneurs as the most valuable resource provided by an incubator, and one that they could not receive elsewhere. A significant portion of the Director’s time would be spent providing consulting advice on a one-on-one basis to each client company. The Director would provide both direct assistance and referrals to resources for entrepreneurs. Assistance may include revising business plans, creating product development plans, reviewing marketing material, understanding financing options and other assistance commensurate with the Directors’ business background. Typically, coaching involves weekly meetings between the company CEO and the Director (or, at times, an Executive Associate as described in Section 5.4 - Business Assistance Providers). The assistance
provided by the Director would be supplemented by volunteer mentors (called Executive Associates, as described later in this section) and the staff of the SDCEO, which would be an anchor tenant in the facility.

**Pre-Incubation Program**

One of the goals of the NBHBI is to foster a culture of entrepreneurship on the campus and in the community. A Pre-Incubation Program is a way to channel the interest in entrepreneurship into a process for developing a business. For example, the NBHBI, at times, would be approached by inventors or entrepreneurs who are in the concept stage, and not ready for incubation. They may have a business idea but no plan. These individuals may be faculty or students, or people from the community. These individuals are too early to fully participate in the NBHBI, yet could benefit from the NBHBI's assistance.

The NBHBI would set-aside an area of cubicles that participants in the Pre-Incubation Program can rent. An Executive Associate (volunteer mentors described later in Section 5.4) would be assigned to each of these companies to provide the necessary one-on-one coaching to guide them through proof of concept and business plan. Student interns from BHSU could be assigned to work on market assessment, business planning and product development. In addition, the services of the SDCEO would be provided to pre-incubation clients.

If an entrepreneur completes the Pre-Incubation Program successfully, and the Director determines that the inventor is ready and appropriate for the NBHBI resident program, he or she would be encouraged to apply to join the incubation program. Essentially, the Pre-Incubation Program can help to bridge entrepreneurs with good ideas into the incubation program.

**B. Resource Network**

The NBHBI should establish a network of professionals with business expertise. The network expands the range of expertise—beyond that of the Director—that can be provided to the incubator clients. It reaches beyond the expertise of the small incubator staff and creates opportunities to tap into the business expertise in the community.

The Resource Network would include the Advisory Board, partners, sponsors, and Executive Associates, in addition to professional service providers and experienced business managers. For example, attorneys knowledgeable in business formation and intellectual property, bankers, small business consultants, experienced Chief Executive
Officers and Chief Financial Officers of small companies would be good additions to the network. The partners described earlier, including the SDCEO and SEDC, would be good participants in the network since they have experience and valuable contacts in the community and would be anchor tenants in the facility.

C. Technology Commercialization

As a mixed use incubator, the NBHBI would serve both technology and non-technology businesses. To ensure that the NBHBI can effectively serve technology businesses, it must have a technology commercialization program available.

A technology commercialization program is an organized program specifically designed to speed and scale commercialization of technology with the goal of market entry. The NBHBI will identify faculty from BHSU and entrepreneurs from the community with promising technologies, assist with the development and testing of their products, and then help with market entry and penetration. While the research activity on the campus is limited currently, BHSU intends to grow these capabilities.

Such a program would assist BHSU with enhancing its commercialization efforts. The program could be used to evaluate concepts and technologies developed at the university and determine their commercial viability.

A model program is the one developed at the Environmental Business Cluster (EBC) in San Jose, California. The EBC program provides one-on-one assistance to entrepreneurs in market assessment and technology and product development. Incubator staff and student interns provide the assistance. Once ready for market, the incubator staff introduces the entrepreneurs to potential customers. The goal of the program is assisting client companies in bringing their products to market, and ultimately, achieving market penetration. Such programs are great opportunities for students to work directly with the client companies, put their business and technical skills into practice, and improve their prospects for obtaining well-paying jobs after graduation.

In our experience, student interns can play an important role in providing some of the types of assistance. For example, BHSU students can conduct market assessments, market research, business planning, web design, marketing and sales collateral development, and financial projections. The skills needed would involve not only business students, but students in communications, computer information technology, and the liberal arts as well. In addition, to obtain expertise and skills not readily available at BHSU, the incubator could reach out to the South Dakota School of Mines and
Technology and Western Dakota Tech to obtain student interns with engineering and technical skills.

The commercialization services would be provided, as needed, to each company and may include:

1. **Market analysis** - Size, demographics, maturity, number of players, etc.
2. **Market surveys** - Revenue expectation, adoption rates, customer reactions, etc.
3. **Assessment of Intellectual Property status** - Suitable protection, patent possibilities, legal documents, etc.
4. **Review of operations structure** - Employee agreements, consulting agreements, incorporation status, Board of Directors, investor agreements, etc.
5. **Business planning** - Cash flow, profit & loss statement, business plan development, sales and marketing strategies, employment plans, etc.
6. **Web design** - Site design, site content planning assistance, content management recommendations, assistance in understanding hosting arrangements, etc.
7. **Investor/financing assistance** - Financing options, 30 minute pitch presentation rehearsals, due diligence preparation, executive summary preparation, term sheet review, etc.
8. **Customer presentations** - Presentation development, demonstration development, value proposition, development agreements, etc.
9. **Design of marketing/sales collateral material** - Message preparation guidance, graphic design recommendations, trade name assistance, copyright protection assistance, etc.

**D. Funding**

Capital is often the resource perceived by entrepreneurs as the most limited in supply. For all incubators, financing assistance is a major component and attracts potential client companies. Assistance with financing and funding is a two-step process. First, the companies need preparation for securing financing or raising investment capital. Second, the incubator staff needs to connect them with sources of capital. In Spearfish,
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the sources of financing a business are bank loans and revolving loan programs. For technology businesses seeking investment, angel investors are the potential source in the region.

The first step, preparation, requires that the incubator staff work with the client company to prepare the necessary materials that would be provided to a lender or funding source. Typically, they include a complete business plan and financial statements. For high-growth technology companies seeking investment capital, preparation of a presentation would be part of the process.

The second step is developing a network of contacts with financing and funding sources. The Director needs to establish relationships with local lenders, including commercial banks and revolving loan funds. For high-growth technology companies in the program, the Director must reach out to angel investors in the region, and angel investor funds in the state including the Regional Angel Investment Network (RAIN) funds. Once the Director is comfortable that a client company is well-prepared to approach a funding source, he or she would make an introduction to the appropriate contact(s) in the network. Providing good, quality referrals to financing and funding sources helps to build strong relationships which can benefit future client companies.

E. Education and Events

Entrepreneurship Seminars and Programs

The NBHBI would partner with the South Dakota Center for Enterprise Opportunity (SDCEO) to provide seminars and training to entrepreneurs. The goal is not to duplicate services, and to partner with other organizations to bring valuable educational content to incubator clients. Relevant topics on starting and growing successful companies would include writing a business plan, obtaining funding, marketing, making sales pitches, and more. If these topics are covered by SDCEO programs, the incubator would refer its clients to those programs. It is anticipated that the SDCEO would locate its office in the incubator, thereby helping to facilitate coordination between the programs.

Specific programs directed at BHSU faculty and students would be developed and implemented by the NBHBI staff. For example, the incubator could partner with the College of Business and Technology to provide seminars geared toward entrepreneurship program students and incubator client companies. Also, it could provide seminars for faculty on the entrepreneurship and technology commercialization process, and how the incubator could serve as a resource. These types of programs would help to cultivate entrepreneurship on campus.
Brown Bag Lunches

From time to time, the incubator may host free, lunch seminars by local business professionals from banking, outplacement services, lawyers, accountants and others which will help educate and introduce clients in the NBHBI to experienced professionals. Unlike the seminars, typically, these programs are restricted to participation by client companies, and are a mechanism to facilitate networking.

F. Peer-to-Peer

CEO Roundtables

CEO Roundtables are regularly scheduled meetings to allow the client company CEOs to share problems and successes with their peers. These discussions are facilitated by the Director. This program helps to build an entrepreneurial community at the NBHBI.

Peer-to-Peer Events

One of the most important benefits that the NBHBI provides is a community of entrepreneurs. While companies will get to know one another by working at the NBHBI, participating in events specifically designed to foster socializing among the client companies will facilitate interaction and networking. The NBHBI should host informal, periodic get-togethers for client companies, Advisory Board members, partners, mentors and faculty members.

6.4 Business Assistance Providers

The business assistance services and programs outlined above will be provided by the following providers:

1. **NBHBI Professional Staff** will provide both direct assistance and referrals to resources for entrepreneurs. The Director will assist client companies in developing revised business plans, reviewing marketing presentations, understanding financing options, technology and product development and other assistance commensurate with the Director’s business and technical background. The Director and staff also make referrals to the other resources of the NBHBI, including those mentioned below.
2. The **NBHBI Advisory Board** members, who have special expertise or interest in an area being addressed by one of the NBHBI businesses, will be asked to work with client businesses. It is also desirable for all of the NBHBI start-ups to periodically make presentations to the Advisory Board.

3. **Students from BHSU** will be invited to advise NBHBI businesses through formalized internship and course project programs. Typically, students can receive class credit or pay. In addition, students, engaged through faculty oversight, can be deployed as individuals and/or teams to perform defined projects for NBHBI companies.

4. **Faculty from BHSU** could serve as advisors to client companies at the NBHBI. College of Business and Technology faculty, as well as other faculty, could be involved.

5. The **Executive Associates** program will be an important mechanism for attracting expertise from the Northern Black Hills. This program will consist of 10 to 12 experienced business people offering pro bono assistance to incubator businesses. Former CEO’s, CFO’s, marketing managers, and other senior business people will be recruited to staff this program. The program could be modeled after a similar program used by the Software Business Cluster in San Jose, California for more than 10 years. Often, potential candidates for the Executive Associates program are looking for opportunities to serve on the Board of Directors of a start-up or are interested in the possibility of investing in a start-up. Sometimes, the Executive Associates are consultants interested in the possibility of obtaining work from the start-ups at some later date once they have matured. The Executive Associates commit to volunteering a minimum of 1/2 day per week on site and are matched with one or two companies that need the Executive Associate’s particular skills. Areas of expertise that should be covered in this mentoring program are marketing, sales, formation of management teams, human resource issues, preparation of business plans and financial projections, and executive recruitment. The Director would match Executive Associates with client companies, as appropriate. The Executive Associates program is a good way to connect with business people in the community who can serve as mentors.

6. The **SEDC Dakota Rising Resource Team**, which recruits and mentors applicants from Spearfish to the Dakota Rising program, could be mobilized to mentor and assist the businesses in the NBHBI.
7. **NBHBI Sponsors** and service providers of all types would participate as speakers in the Brown Bag Lunch program. In these events, the speakers would cover a topic identified by the Director as pertinent to a substantial number of client companies.
6.0 Marketing Plan

The ultimate goal of the marketing and public relations strategy is the recruitment of entrepreneurs and early stage companies to participate in the NBHBI. To achieve this goal requires building awareness, visibility and a reputation for the NBHBI as the hub for entrepreneurship in the Northern Black Hills. Marketing activities need to be aimed at both the community and the campus.

Marketing is a management function that will be critical to the success of the NBHBI, as it is used to attract qualified start-ups and early stage companies. Marketing must be an on-going effort over the life of the incubator, but special emphasis should be placed on the six months prior to and after the launch of the NBHBI. The marketing plan needs to address positioning, promotion, packaging and pricing.

Positioning is very important for the NBHBI as it must differentiate itself from other entrepreneurship organizations and activities in the region. Assisting entrepreneurs on a daily basis with tailored, one-on-one coaching is a key differentiator. Another differentiator is the NBHBI as an access point: for the community to BHSU students and faculty, and for students and faculty to the community. The NBHBI should develop a strong message that would be communicated on a regular basis both locally and to a wider audience across the Northern Black Hills region.

Effective positioning will also involve the theme of cultivating entrepreneurship at BHSU. Sending a message to students that the incubator is the place to launch businesses and get entrepreneurial experience will encourage their participation. Marketing the NBHBI as a place to have business ideas evaluated and get the resources necessary to help to plan and start a business will be an essential message for faculty. For faculty, focusing on the incubator as part of the learning experience to be built into curricula will help to cultivate entrepreneurship. For the community, marketing the theme of the connection between the incubator and the university will attract businesses to participate.

The target audience for client marketing should include the following groups:

- Existing businesses—large and small,
- Academic programs at BHSU, including the Entrepreneurship Program,
- BHSU alumni association,
- Local business organizations, including chambers of commerce,
- Job training and business counseling organizations,
- Economic development organizations, including the SEDC, other communities in the Northern Black Hills, and the Governor’s Office of Economic Development,
A public relations plan for the NBHBI should be developed to attract applicants from the Northern Black Hills. To inform the community and BHSU of the NBHBI, the public relations efforts should include the following activities:

1. **Web Site** – One of the first steps in marketing the NBHBI is the creation of a website for the NBHBI. The goal of the site is both to inform others about the incubation program and to promote the incubator’s activities and client companies. The web site can also be used to hyperlink to the web sites of NBHBI sponsors (and to get them to reciprocate). Reciprocal links should also be established with partners and other local, regional and statewide networking organizations. The web site should be created prior to the launch of the incubator.

2. **Newspaper coverage** - Coverage in *Lawrence County Journal*, the *Black Hills Pioneer*, and the *Rapid City Journal*, in addition to the *BHSU Jacket Journal* for the following events:
   
   a) Actual opening of the NBHNI - usually limited to brief coverage sufficient to generate a number of new applications.
   
   b) "Grand Opening Event" - described below. The event will generate good newspaper, radio and possibly television coverage. Press kits should be developed and the press invited to the event.
   
   c) Stories on local companies and entrepreneurs in the NBHBI by local papers.
   
   d) Success stories - funding, graduation, product launches, major sales contracts, other noteworthy events.
   
   e) Visits by high-level state, federal, foreign and private individuals will generate coverage.
   
   f) Stories in the business sections covering incubation, entrepreneurs and their businesses, job creation, and economic vitality.

3. **Grand Opening Event** - After a sufficient number of entrepreneurs have joined the NBHBI, the public grand opening event should be held. In most cases, this type of event
is held three to six months after the actual opening of the incubator, providing sufficient time to attract a few client companies. Typically, speakers would include key public and university officials in addition to several of the entrepreneurs. Booths or demos would be set-up by all of the businesses to disseminate information and create photo opportunities. Invitations should be sent to business and community leaders. Many incubators have Grand Openings with a VIP event for 75 to 150 attendees, followed by an Open House for the rest of the day. If the Grand Opening is open to the general public, public service radio announcements and newspaper press releases should be developed. Public Grand Opening events typically attract 150 to 250 people and are an excellent vehicle to establish a strong referral network for future applicants. It can be a significant source of free publicity for both the NBHBI and its client companies. In a similar manner, the event can be used to encourage financial sponsors to contribute to the NBHBI.

4. **Brochure** - A brochure should be developed that describes the NBHBI’s services and programs. It would provide information to potential applicants, as well as background information to possible financial sponsors. The brochure should list all sponsors and be developed in a format that can be easily and inexpensively modified to reflect new sponsors as they are added. The brochure should be produced in electronic and hard-copy versions.

5. **Networking** - A coordinated program should be devised to effectively inform and educate the business, technical, and university communities about the opportunities offered by the NBHBI. Effective channels should be established to access entrepreneurs throughout the region. The NBHBI brochure and/or other collateral should be distributed to economic development officials in all local communities and business networking groups. Networking on campus is also an important part of marketing activities. Brochures should be distributed to students and faculty, and presentations about the incubator made to various groups on campus. Visits and briefings at the DUSEL should be held in the future. Beyond collateral distribution, constantly networking with all of the above-mentioned is critical to generate “deal flow”.

6. **Mailing Lists** - Mailing lists should be created to send collateral to potential new NBHBI start-ups in the Northern Black Hills. Existing mailing lists from the SEDC, BHSU alumni, local chambers of commerce, city and county agencies, and other pertinent organizations should be used whenever possible. During the initial months, the mailing lists should be managed to ensure that a new one is used each month, producing a steady and manageable response rate that can receive timely follow-up from the staff.
7. **Conferences and Events** - NBHBI staff should attend small business seminars and conferences in the region and state to publicize the incubator and attract applicants, in addition to sometimes producing its own events for that same purpose. Often, trade shows, and sometimes business conferences, can provide free exhibit passes where staff can disseminate literature about the incubator and speak with start-up businesses that are exhibiting. For example, conferences produced by the SDCEO are opportunities for NBHBI staff to promote the incubator. NBHBI staff can also obtain lists of conference participants for future mailing lists. Second, the staff can participate as conference speakers. Third, the NBHBI can set-up an exhibit booth at shows where such an expense is warranted (or where exhibits are free). In addition, the NBHBI should produce occasional events specifically designed to introduce entrepreneurs, early stage companies, and university faculty to the NBHBI.

8. **Business and Community Organizations and Local Governments** - The NBHBI should develop relationships with business and community organizations, economic development organizations, and cities in the Northern Black Hills. These relationships often provide opportunities to speak at functions, promote the NBHBI in organization newsletters, obtain mailing lists at no cost, and display marketing collateral from the NBHBI. The NBHBI should explore co-marketing and joint activities with local and regional organizations. Included in these activities should be outreach to the DUSEL focused on connecting with businesses and researchers with an interest in either starting up a business, working with a start-up, or engaging with BHSU.

9. **BHSU** – Distinct efforts should be made to market to BHSU faculty and students. Working through academic leadership and groups can help to spread the word about the NBHBI. Walking the halls and speaking with faculty members about the NBHBI and its programs on fostering entrepreneurship can help to engage faculty members as entrepreneurs or as advisors to businesses. Publishing information about the NBHBI in campus newsletters would be useful. Speaking in front of student groups and courses focused on entrepreneurship and business can help to attract students as entrepreneurs or interns. Having a booth at student fairs on campus activities may help to attract students, as well.

10. **Social Networking and Media Sites** – The NBHBI should take full advantage of Facebook, LinkedIn, blogs, Twitter, YouTube, and other social media to network on and beyond the campus. Social networking allows easy connections with alumni, students, faculty and the community. Photos of the incubator can be posted and shared, along with a virtual tour. Updates on the successes of incubator clients publicized. Events can be announced. The key to successful use of social networking sites is regular postings that share useful and relevant information.
All of these marketing efforts can also be effective forums to identify and attract sponsors for the NBHBI. Relevant events in the region and speaking engagements are good opportunities to network and identify potential sponsors that might provide financial support or equipment, loaned executives, and other in-kind support. (The sponsorship program will be described in Section 10.0 Budgets.)

Effective use of the marketing and public relations plan to attract both early stage companies and sponsors requires careful development of marketing materials. As a general approach, three types of materials are needed. First, prepare a multi-purpose, but simple brochure that describes the advantages to start-ups. It is important to include a current list of all sponsors and to be clear that the NBHBI operates under the 501(c)3 status of the host non-profit organization.

In addition, two different packets of materials should be available: one for applicant businesses, and a second one for potential sponsors. The applicant packet would include the application, a more detailed list of programs than listed in the brochure, a list of current businesses in the NBHBI (and graduates when appropriate), and a roster of Advisory Board members. The sponsor packet should include a list of the benefits of becoming a sponsor, the different levels or categories of sponsorship, a list of current sponsors, and Advisory Board members, as well as press articles on the NBHBI.

In our experience, the most effective way to attract client companies is networking, getting out into the community and the university. Networking involves informing people about the incubation program, the types of businesses that it assists, and how it accelerates the growth of businesses. Regularly attending business events and campus functions, and scheduling meetings with people who could serve as referral sources is an important part of a successful marketing strategy.
7.0 Client Application and Selection

An application and selection process is part of every incubator program, and the goal is selecting companies that are a good fit for the program. Companies should have either developed or are currently developing products or services for the commercial marketplace, and be able to demonstrate sufficient market potential. All companies should have the potential to create jobs while participating in the incubator.

7.1 Application Overview

Since the selection of businesses is a critical factor in the ultimate success of an incubator, it is important to carefully screen, evaluate and select companies. Businesses would be screened for a number of factors, as explained below, to ensure that they are entering the incubator at an appropriate time in their development, the NBHBI is likely to be able to add value, and the business is an appropriate one given the purpose of the NBHBI.

Prior to accepting an application, the Director would speak with the potential applicant briefly. This is an ideal time to politely screen-out businesses that are not start-ups, still in pure research mode, or not ready for the NBHBI.

The screening and selection process involves submission of application materials, informal discussions, an interview of the applicant’s management team, and review by the Advisory Board. The interview process should always be conducted by a team of two people (the “Applicant Review Team”) that would include the Director. The second person on the Applicant Review Team would be either a member of the Advisory Board or an Executive Associate. Members of the Advisory Board and Executive Associates participate in the evaluation of client applications at the discretion and request of the Director.

7.2 Application Guidelines

In order to be accepted into the NBHBI, all applicants must apply in one of two ways:

1. **Submit a business plan**

The Director will review all business plans submitted. Based on the following criteria, the Director and the Applicant Review Team will determine which applicants to recommend for acceptance:
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- **Business Potential** - includes quality of business plan, assessment of product, technology or service being proposed, clarity of market focus, assessment of competition, and other business factors.

- **Scientific Merit and Commercial Viability** – each application will be reviewed for scientific merit (if a technology business) and/or commercial viability, which will include an assessment of commercial market opportunities.

- **Quality of Management Team** - business and/or technical experience related to the focus of the business.

- **Ability to Utilize NBHBI Services** – start-up needs, networking potential and ability to assist the business.

- **Potential to Engage with BHSU** – the type and level of connections that can be forged with the university, which may include use of student interns, potential for student projects, and collaboration with faculty members.

- **Economic Impact on Community** - includes contribution to the development of the local economy, job creation potential, sales generated, indirect economic benefit to contractors, vendors, etc.

**2. Submit a description of the business**

In some cases, an applicant may already be operating and selling product or service, but not have a business plan. In these cases, the Director will review the business description using the same criteria as #1 above.

**7.3 Screening and Selection Process**

In addition to the business plan or summary, each business must submit an application, participate in an interview with the Applicant Review Team, and meet the following criteria to be accepted into the NBHBI:

1. Be a for-profit firm producing products or services for the marketplace.

2. Be in the early stages of development as a business, which generally means within the first two years of business operations, not yet profitable and still growing. However, exceptions may be made for small companies that are
changing focus, "turn-around companies", and companies that are going through substantial restructuring or launching of new business projects.

3. Show the ability to pay rent while they are developing a positive cash flow.

4. Present a management team, though usually incomplete, that the Applicant Review Team believes can handle the technical aspects of the business or understand how to obtain needed technical assistance.

5. Identify a product, technology or service that, through the NBHBI’s assistance, can be developed into a successful business. The NBHBI clearly needs to understand the ways in which it can "add value" to the start-up businesses.

6. Have the potential to generate economic benefits by creating new jobs, producing work for vendors or contract agencies in the community or developing a product, technology or service deemed to have a potential impact in the marketplace.

7. Not be in direct competition with another start-up already participating in the incubator. If such a conflict appears likely, the applicant would meet with the relevant existing client company. The viewpoint of the existing client and NBHBI management will be a primary factor in determining the eligibility of the new start-up.

After the application is complete, and if the interview provides satisfactory information to enable the Director to endorse the applicant, the Director should forward the application, with a recommendation for acceptance into the NBHBI, to all the Advisory Board members for their review and comments. If acceptable to Advisory Board members, the business should be admitted as a client into the NBHBI. The entire process should take about 2 weeks to complete, provided that the information is provided by the applicant on a timely basis.

7.4 Sample Application

See Appendices section.

7.5 Graduation Policy

Following incubation best practices, the NBHBI would create and implement a clear policy for graduating companies. Businesses should be allowed to stay at the NBHBI for
a maximum of two years. It is anticipated that many of the resident client companies would outgrow the available space within 18 to 24 months. A policy should also be established requiring businesses to leave if they exceed a certain percentage of the square footage of the incubator. (10 to 15% is recommended.) At that point, they should be encouraged to move into larger, commercial space in the community, as retention of the start-ups is a key part of the economic development goals of this program. The NBHBI should coordinate with the SEDC to facilitate graduation into the community. A policy should also be developed to allow exceptions to the time limits under extenuating circumstances and with the the approval of the Director and Advisory Board.
8.0 Staffing Plan

Like most incubators, the NBHBI would be managed by a small staff dedicated specifically to the incubator. Staff capabilities should include small business experience, program management, and administrative skills. One of the key indicators of success in most incubation programs is a highly qualified Director.

8.1 Staffing Structure

BCD recommends a staffing structure of two full-time equivalents (FTEs): a Director and an Office Manager/Receptionist. This structure would be sufficient to manage and operate the incubator, and is consistent with the staffing of incubators of this size nationwide. More staff are sometimes added later, as budgets allow. Professional staff capabilities must include hands-on experience in small business and management.

The Director must possess skills in company formation, small business management and start-up, as well as strong interpersonal skills. This experience is required since the Director is responsible for not only managing the NBHBI, but also providing direct business assistance to the early stage companies. The Director would also be responsible for the NBHBI’s day-to-day operations. The Director should be a dynamic individual who can effectively market the project to potential stakeholders, start-ups and entrepreneurs, local business people, BHSU, and foundations. This is especially critical during the first 6 months when the Director would spend one-half or more of his/her time marketing the NBHBI.

It is important, in addition, that the Director have the ability to engage with BHSU effectively. From obtaining qualified student interns and matching student projects with company needs, to working with faculty who have business ideas and coordinating with university administration, the Director must be able to network within BHSU and create relationships that would benefit both the university and the incubator. An important role for the Director is fostering entrepreneurship on the campus, as this is a focus of the incubator.

The client companies would look to the Director for guidance on how to start a successful business, and expect that he/she would have a set of valuable business contacts (e.g. bankers, investors, attorneys, successful entrepreneurs, small business consultants, etc.). He/She must have the ability to coach the client companies on a path to success. Then, because no small staff can be fully knowledgeable in all aspects of entrepreneurship, the Director would need to enlist the assistance of experts in the region and elsewhere. Creating the resource network and managing it effectively to
ensure that client companies get the type of assistance that they need at the right time is a critical role of the Director. The Director must recruit mentors from the community and create effective matches with entrepreneurs.

Currently, the Center for Business, Entrepreneurship and Tourism at BHSU operates a small, virtual incubation program which is managed by Barbara Zwetzig. Ms. Zwetzig has completed her incubator manager certificate from the National Business Incubation Association, and has successfully started and operated the incubation program. In our opinion, she would be a strong candidate for the Director position.

To provide administrative functions, a full-time Office Manager/Receptionist would be hired, as well. This position is responsible for managing the facility, providing administrative support to the NBHBI, interacting with client companies, greeting visitors and answering the phone. During the development process as funding allows, the Office Manager/Receptionist position should be filled and would assist in the launch of the NBHBI (during the construction phase).

Eventually, other staff positions may be added, provided that specific needs develop and funding is available to support the positions. For example, a bookkeeper is often desirable. Sometimes, a secretary is hired to be shared by the incubator staff and the start-up businesses.

8.2 Sample Job Descriptions

Descriptions for staff positions are included in the Appendices.

8.3 Staff Selection and Training Plan

The key experience and skills necessary for a successful Director are described in the sample job description in the Appendices. To summarize, the key qualifications are hands-on experience working in small business, as well as strong interpersonal skills. This background would enable the Director to evaluate applicants and determine the appropriate source of assistance. In order to work effectively with those client companies working on technology development, he/she needs the knowledge and experience in technology business. Marketing abilities are important, as well.

Hiring experienced professionals is critical for the NBHBI’s success. Offering a salary suitable for someone with the right skills and experience is essential, as well.

The NBHBI staff should be trained in the following specific areas:
1. **Incubator management** - purposes and policies of the incubator, how to work with start-up businesses and how to find assistance for them whenever possible.

2. **Facility management** - managing the inventory of furniture and equipment at the incubator, working with electricians, HVAC contractors, plumbers, and other businesses responsible for maintenance of the site. Also, invoices to start-ups for copies and other NBHBI services which are not included in the rent.

3. **Screening of NBHBI applicants** - how to (a) evaluate applications using the screening criteria, (b) interview applicants, and (c) work with the Advisory Board on final decisions.

An important resource for the NBHBI and its staff is the National Business Incubation Association (NBIA). NBIA provides resources on incubator management, an annual conference that attracts more than 600 attendees, an annual training institute, an incubator management certificate program, and a network of more than 1,000 incubators worldwide.
9.0 Site and Facility

The NBHBI would be located on a site on the campus of BHSU which would also be accessible to the community. Two potential sites have been identified by the university. BCD recommends the construction of a 8,000 to 10,000 square foot facility designed to house 6 to 12 companies.

9.1 Site

BHSU has identified a property (1246 St. Joseph) on the campus as the preferred home for the incubator and requested that BCD review this particular site. During the interviews with stakeholders, most of the feedback about a campus location was very positive. A campus location is viewed as a way to facilitate connections with the university and provide learning opportunities for students. Moreover, the property is easily accessible.

To address the priorities of engaging with the campus, faculty, students, a campus location would be the best choice. Minimizing the distance and travel time for students and faculty, in our experience, increases the odds and opportunities for engagement. At this location, it would also be easier to access university resources, including equipment, labs and meeting rooms. Participation of faculty and students in the incubator is important to BHSU.

In addition, the BHSU Foundation owns the site and is willing to provide it as the incubator location. The site is located across the street from the planned alumni center, which would help to enhance the visibility of the incubator, especially among alumni. The lot is situated at the gateway to campus.

BCD recommends the construction of an 8,000 to 10,000 SF facility to accommodate approximately 6 to 12 businesses. However, it appears that the recommended 8,000 to 10,000 SF building cannot be constructed on the designated site. A preliminary assessment conducted by an architect at the request of BHSU reveals that the site has an available building area of only 7,560 square feet. In addition, the small size and dimensions of the site dictate that the building must be 2 floors. The combination of the smaller size and the need for 2 floors reduces the efficiency of the building space. In other words, the amount of leasable space—space available to accommodate client companies—would be reduced and the recommended size could not be achieved. Also, if the incubator needed to expand in the future, the expansion could not occur at this site. Therefore, we recommend consideration of an alternative location on campus for the incubator.
An alternative location on the corner of St. Joe and Hillsview, just north of the 1246 St. Joe site, would provide a larger lot. BHSU has indicated that the alternative lot could accommodate a 25,000 SF, single story building. As a single story building, the incubator space can be designed more efficiently to maximize leasable space. In addition, a larger site allows for opportunities for expansion later, if needed. The lot, however, is a little further from the campus entrance. The campus location would still facilitate student and faculty participation.

At this point, BHSU should weigh its options to determine whether it should proceed with the designated site, or consider the alternative location.

9.2 Facility and Design

BCD recommends housing the incubator in a 8,000 to 10,000 SF facility designed to accommodate approximately 6 to 12 businesses. This size would also provide space for conference rooms, a small break room, server room, storage, and staff offices. It would allow flexibility for expansion as companies grow. It is expected that the incubator would include office and some lab space. Yet, the type of lab space is uncertain since it may be utilized by business start-ups associated with the DUSEL, and, as discussed earlier, the outcomes from the proposed DUSEL, and therefore the uses, are unclear at this time.

The design for the NBHBI should include:

- One large conference room large enough to serve as a Board Room
- One small conference rooms of approximately 250 square feet
- One kitchen with a small area to accommodate table and chairs
- One server/network room
- High-speed Internet connectivity
- One central reception lobby
- One copy/fax room
- Adequate storage
- Hard wall offices in a variety of sizes from approximately 125 to 600 square feet
- Lab spaces of approximately 300 square feet
- Cubicle space for pre-incubation
- Security – 24/7 access, lockable offices, lockable drawers for cubicle space

Since incubators are working with early stage companies that will expand during their participation, they must provide flexibility: smaller spaces for client companies to move
into once they join, and then larger spaces as they grow. The best way to achieve flexibility is offering space in a variety of sizes. At the same time, the space should be designed to be efficient. In other words, design the space to maximize the amount of square footage that can be leased to client companies, which will increase the rent revenue that would be collected from them. This design aspect is very important to the incubator’s financial model.

Approximately 90% of the office space should be designed as hard-walled offices with the balance set-aside for cubes. Companies that share a multi-office environment prefer hard-walled offices. The cubes would be set-aside for pre-incubation space, places where one person can work on his/her business. Affiliate companies, in addition, may need some cubicles as offices for day-use. Adequate electrical capacity for companies must be part of the design.

Approximately 1,000 square feet would be allocated as lab space. Because of the uncertainty as to the specific potential uses that would be required from work at the DUSEL, the specific uses of the space cannot be predicted at this time. Therefore, BCD recommends that the space be set-aside as dry lab space. Dry lab space can accommodate prototype construction and assembly of equipment. A brief survey of a few faculty members who are potentially interested in lab space at the incubator indicated that dry lab space would be sufficient. Later, if a need arises for sinks, special air handling, fume hoods or other requirements, changes could be made to the design and facility. The length of time between the completion of this plan and the actual construction of the facility will allow, perhaps, more clarity of the needs that may be created by the DUSEL and then adjustments can be made to the design. The dry labs can be constructed with the infrastructure (e.g. HVAC and plumbing) in the ceiling so that it can be dropped down into labs, if needed later. Labs of approximately 300 square feet are recommended, with adjoining doors that allow for easy expansion.

A detailed equipment list is typically developed approximately 60 to 90 days prior to the opening of the facility, when the demands of the initial client companies can be considered. Postponing the detailed equipment list will enable the most effective use of the equipment budget.

Common, or shared, space is an important component of every incubator. As listed earlier in this section, a small kitchen, conference rooms, a copy/fax room, server room, and a central reception lobby would be part of the facility. It is anticipated that the incubator could, periodically, utilize meeting and conference rooms on campus, in order to reduce the needs for additional common space. The NBHBI must be a secure, safe building with 24-hour, 7-day per week access. This type of access requires electronic
card key access to the perimeter of the building. Most start-up companies also need lockable offices.

Other aspects to consider include:

- **HVAC** - The HVAC system would be used off hours and weekends because entrepreneurs work long hours. The HVAC should be zoned to limit the costs of this additional usage. The incubator must be able to control the HVAC after hours. Appropriate HVAC for lab would be required, as well.

- **Expansion** – Consider how the space would accommodate the expansion of companies within the incubator. Consider using adjoining doors between offices and between labs, and other layout designs that would facilitate expansion.

- **Entrepreneurial community** – One of the most important benefits that an incubator provides is on-going, informal interaction among a relatively small group of entrepreneurs. The NBHBI should be designed with spaces that encourage the creation of this entrepreneurial community. Casual seating areas and a small break room are examples of the types of space needed. However, the amount of common space must be balanced against the need for efficient space and the incubator’s development and operating budgets.

- **Electrical** – Sufficient electrical load is required to accommodate high volume computer usage.
10.0 Budget and Sustainability Plan

Budget projections for the development and operation of the NBHBI are described in this section (with the budgets provided in the Appendices), as well as the sustainability model to demonstrate how the NBHBI can be supported over time. To achieve sustainability will require multiple revenue sources to support NBHBI’s operations.

The NBHBI—like most incubators—will require an “up-front”, or seed, investment to cover the development costs for the facility. The development cost for the NBHBI is estimated at approximately $1.75 million. In addition, as necessary for all smaller incubators of less than approximately 10,000 square feet, the NBHBI will require an ongoing operating subsidy. Only larger incubators are able to sustain themselves eventually through rent and service fees from a substantial base of clients.

Achieving economic development and education goals, including fostering new business formation, bringing innovations to the market, creating jobs, and creating hands-on entrepreneurship education will necessitate a public and a university subsidy, but such efforts have proven to be a good investment for many communities and universities. It is anticipated that the subsidy would be provided by a combination of a cash contribution by the City of Spearfish/SEDC and an in-kind contribution by BHSU in the form of rent and a portion of the staff salaries.

10.1 Pro Forma Budgets

The pro forma budgets in this Business Plan (see Appendices) are meant to provide “ball park figures” to generally estimate the operating costs and income for the NBHBI. Because the business plan is completed prior to the selection of a site and the generation of detailed floor plans and cost estimates, the figures in the budget are based upon BCD’s facility recommendations and discussions with BHSU, in addition to BCD’s experience with more than 60 business incubators and general market conditions in the region and the state. The specifics of the facility would be designed sometime after the completion of the business plan, and the actual building expenses would affect the budget bottom line and the amount of subsidy required. However, the pro forma budget is a detailed example of the possible budget for the NBHBI.

The budget provides some basic information on funding of the construction of the facility. External funding will be required. It is anticipated that BHSU would seek construction planning and build-out funding from the U.S. Economic Development Administration, which is the largest funder of incubator construction in the U.S. Typically, the EDA covers one-half of the project cost, with the other half comprised of
matching funds secured by the applicant. In this case, the assumption is the match would be raised from a combination of public funds from Spearfish and/or the State, and private funds which may include contributions and foundations.

The operating budget will be significantly affected by the rate at which companies move into the NBHBI. Because it is difficult to forecast the actual rate at which companies will move into the facility, a level of uncertainty and risk is associated with the occupancy assumptions in the budget. While the region and the university have the potential over time to build-up a sufficient level of entrepreneurs and small companies, in the short term it is difficult to predict the level and rate at which companies will move in. In addition, the uncertainty over the DUSEL and its impact on the incubator are difficult to predict at this stage. Given the size of the facility, location and market, the budget assumes that the space for resident companies will be filled in a 24 month period. However, to adjust for occupancy rate that might vary from the projections, a contingency (or reserve fund) is included in the pro forma budget. The allocated contingency should enable the NBHBI to balance the budget if occupancy is slower than projected.

Part of the financial model for the NBHBI, and for many successful incubators, is to charge market rent to the client companies. Market rate for new office space in the area currently appears to be in the range of $9 to $15 per SF NNN. BCD recommends that incubators typically charge roughly mid-market for office space. For NBHBI, we recommend setting the starting rate at $11 per SF per year, just under the mid-point which should make it attractive to businesses. For the lab space—which would be dry lab—comparables in the local market do not appear to exist. Therefore, BCD considered recent data on rates charged by incubators in the Midwest for similar space. The rates appear to range from $10 to $20 per SF NNN per year. Given that lab space is not available in the Spearfish area, it is recommended that the rate be set at the mid-point, $15/SF per year. In our experience, the price for lab space can be set at the high end if availability does not currently exist. While it may be possible to charge more than $15 per SF, we used the more conservative figure for the budget.

It is important to note that, while the rent is equal to market rate, it includes professional start-up services, office furniture, and for lab clients, lab benches and shared equipment at no additional charge. When comparing their options for locations in the Northern Black Hills, entrepreneurs will understand that, while they are paying the same rate as in other buildings, they will be receiving assistance with business development, sales and customer acquisition, funding and professional business advice included in the equivalent market rent rate. The connection to BHSU will weigh as an
attraction factor, as well. In other locations, this model has proven to attract companies who value an incubator’s full range of services.

The budget presents a scenario which assumes that both BHSU and the City/SEDC would contribute annual operating support. BHSU would underwrite the cost of the space and a portion of the salaries. The City/SEDC would contribute cash on an annual basis. The level of this subsidy would be reviewed on a yearly basis or sooner if conditions warrant. Underwriting the space and salaries would be an important component of the funding model. BHSU would provide this type of support because the incubator would help BHSU to achieve its educational and community mission, while also providing benefits to the university and the economy. BHSU clearly has a vested interest in making the incubator successful. The budget shows the estimate of these contributions.

The annual operating subsidy would decrease over the first 3 (start-up) years and then remain fairly stable over the life of the incubator. Such a subsidy is common among smaller incubators and is typically provided by either the public sector and/or the university. To achieve the goals of the NBHBI, including creating economic development, fostering entrepreneurship on the BHSU campus, created student internships, growing new businesses and jobs, and engaging the entire community in effective networking, requires funding beyond the rental income received from start-up companies. The companies cannot afford to pay more than market rate, and they will not be attracted to a program that charges more. Other sources of funding (which will be identified in the next subsection) need to be obtained in order to support the educational and economic results that a program like the NBHBI can generate.

Typically, smaller incubators like the NBHBI require a greater operating subsidy than larger incubators during the first 3 years, or the start-up phase. Then, in later years, the annual operating subsidy is less than in the start-up years and remains fairly stable over time. Thus, the initial financial stakeholders need to understand that the incubator program will be a continuing obligation for a number of years, but in return the incubator will generate economic benefits.

To get the NBHBI launched, through its development and first three years of operation, will require a subsidy of approximately $800,000 for operations (approximately $200,000 to $250,000 per year while the incubator is open) and an additional $1.75 million for capital construction costs. The initial operating subsidy should provide the NBHBI staff with sufficient time to develop other sources of funding. The key to financial sustainability for incubators is pursuit of multiple sources of funding, as outlined below, as a means to support future operations and activities.
10.2 Funding and Sustainability Model

The funding model requires that sufficient funding be available for both the facility development phase and for operations. Obtaining funding from a number of different sources will make the project feasible, work toward reducing the subsidy required, and help the program become sustainable over time. The options to fund the NBHBI are described below:

a) **Subsidy of space.** Establishing an arrangement that underwrites the NBHBI space is important for getting the new program launched. At times, incubation programs have been able to obtain donated land, building or space which, in effect, lowers or eliminates the subsidy required in the initial years of the project. In this case, BHSU would provide the land for the facility and seek external funding for construction. Rent would not be charged to the incubator by the university. In other words, the space would be subsidized by the university. A “free building” enables the NBHBI to collect market rent from client companies without an associated rental expense from BHSU. This rental income will provide some operating funds for the NBHBI.

b) **Subsidy of staff salaries.** Due to the small size of the incubator, often other expenses must be subsidized by the lead organization, which is BHSU. This is not an unusual approach for university-based incubators. Some staff positions are provided to the incubator and not charged to the incubator budget. It is considered a contribution or subsidy by the university in support of the program due to the educational opportunities created by the incubator. This subsidy may be provided on a limited basis, during the start-up years, until other sources of funding are secured, or on an on-going basis over the life of the incubator. Some incubators connected to universities offer the incubator director a joint faculty position as a way to pay salary.

c) **Rent/fees charged to client companies.** The NBHBI can recognize at least two types of monthly fees from client companies:

- Rent charged directly to resident client companies for space and the incubation consulting advice and mentoring described in the Entrepreneurial Assistance Programs section.

- Fees paid by affiliate, non-resident members for the consulting advice and mentoring described in the Entrepreneurial Assistance Programs section.

d) **Program Grants.** Program funding refers to grants that support a specific program or programs. The sources for the grants may be private or government. Several local and
regional foundations are present in the Northern Black Hills and they provide an opportunity for support of specific programs at the incubator. In our experience, banks can also be a source of grants. For example, student internship programs may be funded by grants. Scholarships to enable entrepreneurs without the financial means to join the incubator are another possible use of grants. The funding for the incubator needs assessment and business plan was provided by a grant from Black Hills Vision. In addition, the NBHBI could partner with BHSU to jointly pursue grant opportunities. Securing program funding requires constant development of new programs, attention to sources of income for programs and diligence in consistently applying for funding.

e) Sponsorships. Similar to other incubation programs, the NBHBI would generate sponsorship revenue from the private sector. Sponsorships might consist of financial contributions, as well as important in-kind support including mentors, loaned executives, and donations of furniture and equipment. Potential contributors typically could include banks, professional services firms such as law firms and accounting firms, established companies operating in the area, and other organizations seeking opportunities to work with early stage companies.

A formal sponsorship program would be developed that creates a few levels of financial sponsorship with benefits associated with each level. The levels can range from $2,500 to $20,000 or more. However, the sponsorship levels and amounts vary by community and local market conditions and need to be adjusted accordingly.

In general, sponsor recruitment can start simply as an outgrowth of general marketing efforts (as discussed earlier in this plan). Potential sponsors may include the following groups:

- Established companies or firms in the Northern Black Hills interested in supporting the mission of the incubator,
- Public utilities and others with community development programs,
- Banks, law firms, accounting firms and consulting firms,
- Newspapers and industry magazines and publications.

f) Private Contributions. Some incubators launch a fundraising campaign to attract the financial support of individuals. They may be high net worth individuals with an interest in supporting the mission of the NBHBI or that have realized entrepreneurial success. BHSU alumni are another potential source. Donors could be sought for a portion of the match for the EDA construction grant, and for on-going operating funds. It seems that most donors are interested in supporting facilities and start-up.
g) **Local Government Contributions.** Typically, local governments subsidize business incubation programs in order to achieve economic development goals, which include job creation. Funding includes both start-up and operational support. For example, the City of San Jose, California has provided both the Environmental and Software Business Clusters with more than $1 million in rent support during a 7 year period. For the Chesapeake Innovation Center in Annapolis, Maryland, Anne Arundel County provided support of approximately $400,000 annually. It is anticipated that the NBHBI would need City/SEDC support for the match for the construction and soft development costs, as well as for operations as identified in the budget.

h) **Equity and royalties.** Equity and royalties can be a small part of the long-term strategy of making the NBHBI sustainable. Client companies would be subject to either equity, or royalty arrangements (on a percentage of company revenues), depending upon their situation. It may not apply to all businesses that enter the program. For example, equity agreements only apply to high-growth technology product businesses. Client companies for whom this may apply would sign a standard agreement upon joining the incubator.

Taking equity in client companies is becoming more common among technology incubation programs. It involves obtaining part ownership of the client company, generally as a stock warrant. Most incubators take equity in lieu of charging more for their services and as a way to become sustainable in the future. The equity participation is typically charged to every technology client company and the services provided by the incubator—especially advice on preparing for investment—help the companies obtain the funding necessary for the equity arrangement to have meaning for the incubator. The incubator normally retains its equity position until a public offering occurs or a third party acquisition occurs. In theory, over its history a well-managed incubator will have a few highly successful companies that will provide a substantial equity stake to an incubator. At the same time, many of the incubator companies likely will not have an exit event that provides a payoff to equity holders, and the equity contribution of those companies will be zero. For the NBHBI, only a very small portion of incubator clients would be eligible for this type of arrangement, and then only a significantly smaller percentage of those clients will have businesses that result in a pay-out.

The amount of equity that the NBHBI acquires should be 1 to 2%. The NBHBI should hold the warrants issued by the start-up companies. Over time, equity from these warrants will accrue to the program and will provide funds to help ensure the sustainability of the NBHBI.
The standard agreement for the NBHBI client companies would provide for either scenario, equity or royalties. If a client company obtains $1 million in funding or more, then the equity stake would be activated and a warrant would be issued. If not, the client company would be subject to the royalty requirement and would pay a small pre-determined royalty as a percentage of its sales for a ten year period.

Equity stakes are a long term financial strategy, and quick pay-offs should not be anticipated. For most incubation programs, equity stakes are a part of the path to sustainability, and not a way to meet short-term financial needs.
11.0 Implementation Schedule

A schedule of the actions required to open the NBHBI and implement the business plan is outlined in the chart below. The timing of the development phase is roughly estimated to be 2 years. Q1 marks 3 months prior to opening. Q2 is the opening of the incubator facility.

<table>
<thead>
<tr>
<th>Implementation Actions</th>
<th>Development Phase</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<tbody>
<tr>
<td>Development of construction plans, layout &amp; design</td>
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<td>X</td>
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<tr>
<td>Construction of facility</td>
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<tr>
<td>Obtain funding for NBHBI</td>
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<tr>
<td>Finalize organizational structure &amp; arrangement with BHSU Foundation</td>
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<tr>
<td>Implementation of the Business Plan for the NBHBI</td>
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<td>X</td>
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<tr>
<td>Begin to create Advisory Board</td>
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<tr>
<td>Develop a specific budget based upon final facility plans</td>
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<tr>
<td>Conduct marketing &amp; client recruitment efforts</td>
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<tr>
<td>Recruit sponsors</td>
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<tr>
<td>Create application process</td>
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<tr>
<td>Screen and qualify candidate companies</td>
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<tr>
<td>Implement operating policies</td>
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<tr>
<td>Implement programs &amp; services</td>
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<tr>
<td>Opening of the incubator facility</td>
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<tr>
<td>Grand Opening</td>
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</table>
Appendices:

- List of Interviewees
- Application
- Job Descriptions
List of Interviewees

Tim Crawford
Marvin Doering
Blaise Emerson
David Haney
Kelsie Hoffman
Jerry Krambeck
Steve Meeker
Helen Merriman
Jim Mirehouse
Priscilla Romkema
Shane Sarver
Rod Schaffer
Kay Schallenkamp
Kristi Wagner
Bryan Walker
Kevin Whitelock
Ron Wheeler
Les Voorhis
Paul Young
Barb Zwetzig
Northern Black Hills Business Incubator

APPLICATION
(Information submitted will be held in confidence & used only for purposes of evaluation for occupancy)

Business Name:

Principal Officer(s) and Title:

Telephone ( ) Fax ( )

Current Business Address:

Form of Ownership:
___ Corporation
___ Partnership
___ Sole Proprietor

Nature of Business (brief description of product/service and nature of market. Submit product brochures and company literature, if available):

Brief Background of Principal Officer(s) (attach resume):

Date Business Established:

Current Business Status (e.g., concept, working on prototype, product in advanced development, etc.):

Current Sales Revenue (please indicate dollar volume per month):

Number of Employees (include principal officers)
   Full time___

12/10/10
Part time__

Projected Number of Employees Within 12 Months:

Type of Financing Used to Operate Business to Date:
   __ Personal Resources
   __ Bank Loans
   __ Private Investors
   __ Other, Indicate Nature:

Status of Business Plan:
   __ Business Plan Completed (Please Attach)
   __ Business Plan in Preparation - To be Available By:_____
   __ Business Plan Not Started

Do You Need Help Writing a Business Plan?
   ___Yes
   ___No

Approximate Space Requirements, if any:

   ______Square Feet for Office
   ______Square Feet for Lab
   ______Other (Please Specify)
   ______None – My company will be a non-resident, affiliate.

Special Facility Requirements (electrical, ventilation, floor load, etc.):

Approximate Date You Desire To Occupy Space:

Submitted by:

   NAME:______________________________
   TITLE:______________________________
   DATE:______________________________
Please attach or mail:
1. Business Plan or Summary
2. Company and Product Literature
3. Management Team Biographies
Sample Job Description

Director

Principal Responsibilities of Director

The Director reports to the Board of Directors of the non-profit, host organization (the “non-profit”), and manages all aspects of the NBHBI, which include following primary responsibilities:

Client Assistance

Develop and implement business support programs that assist start-up companies, maximize their growth and success, including: mentoring and advice for clients on an as-needed basis; development of a consultants’ and mentors’ network; events and programs; access to capital through linkages and information.

Program Management

- Facilities fit-up, as needed
- Landlord relationships
- Budgeting
- Staff supervision
- Policies and procedures implementation
- Marketing for public awareness and for tenant attraction
- Development and implementation of incubator programs and services
- Program management

Relationships with Sponsors and Funding Sources for the Incubator

Recruit sponsors for the NBHBI and secure funding (including foundation support) for the incubator. Maintain positive and productive relationships with sponsors and funding sources, and issue such reports, plans, and assistance as requested by them.

Relationship with BHSU

Build strong, working relationships with the administration, faculty and students at BHSU to fully engage them in the incubator program. Prepare reports, as necessary.

Networking
Develop and maintain a strong network in the community and region, including federal and state government, federal research labs, companies, entrepreneurs, and a variety of service providers. Remain current on community and economic development activities of value to the NBHBI at the regional and state levels, and to client businesses. Establish affiliations with sources of existing programs.

**Strategic Planning**

Establish an orderly process for assessing and reporting the effectiveness of the NBHBI programs and facilities; Review and establish mission, goals, milestones, and processes, as needed.

**Qualifications**

Relevant experience working with start-ups or small businesses. Management or project management experience, strong interpersonal skills, and a good business network in the region, are all highly desirable.
Sample Job Description

Office Manager/Receptionist

Position Summary:

Under general supervision of the NBHBI Director, provides support to NBHBI programs, assistance to incubator client companies, performs a reception function, and provides administrative assistance to the Director, including secretarial support.

Principal Responsibilities and Tasks:

- Interact with incubator clients, visitors and vendors;
- Provide administrative support for NBHBI programs and services, including registration and set-up;
- Reserve and prepare rooms for events;
- Client assistance, as needed;
- Ordering and maintaining stock of office supplies;
- Reception, including greeting visitors, answering the NBHBI phone, and maintaining a supply of NBHBI and client company literature for visitors.

Assistant to the Director and Assistant Director

- Assist with preparation of correspondence, documents, and records and reports as requested by the Director;
- Maintain supplies of materials for response to inquiries about the NBHBI.

Qualifications

Prior administrative or reception experienced required. Experience with start-ups or small businesses desirable. Strong interpersonal skills, computer skills, and strong organizational skill are all required.