

CENTER ECONOMIC DEVELOPMENT SMALL BUSINESS DEVELOPMENT PROGRAM PLAN

EXECUTIVE SUMMARY

This proposal is for the creation of a small business development program. This approach seeks to realize all the potential benefits of a traditional business incubator but at a fractional cost. The program could develop into a community game changer, creating an entrepreneurial eco-system which attracts outside investment and position Center as a great place for business.

DEFINITION

A small business development program is an economic and social development process designed to advise potential start-up companies, and through a comprehensive business assistance program, help them establish and accelerate their growth and success.

MISSION STATEMENT AND PURPOSE

The Center Economic Development Corporation Board finds that the development and operation of a small business development program is consistent with the mission of the Corporation. The small business development program assists new businesses by providing business counseling, business services and real estate subsidies

The purpose of the small business development program is to enhance the success of new and fledgling businesses through education, training and support services.

Program clients will receive training, business and financial planning assistance, identification of sources for financial support and information on resources available in the community. This will create an entrepreneur eco-system to fuel economic growth in the community.

STAFFING AND MANAGEMENT

The Economic Development Coordinator will be responsible for the administration of the small business development program and will develop additional operating procedures which are consistent with the policies established by the CEDC Board. The Coordinator will report to the City Manager

The Coordinator will use these guidelines for screening applications, recommending clients, operating the program, and implementing the exiting process. All agreements will be approved by the Center Economic Development Corporation Board.

ELIGIBILITY

The selection of clients for the small business development program will be a direct reflection on the goals, priorities, and focus of the Center EDC Board. The basic considerations for program entry shall be as followed:

- Does the company appear to have the potential to make a significant impact on the community? Additional consideration will be made for those businesses generating large amounts of sales tax revenue.

- The clients must project a firm commitment to the proposed business
- The clients must have participated in some form of basic business training. This eligibility criteria can be satisfied either by completing a basic business course offered through a SBDC, applicable college work or on the job experience.
- Do the clients have the personal characteristics whereby they would be a sound investment?
- To what degree is the business unique, innovative or new to the area?
- The proposed business must create at least 20 jobs within 5 years.

The small business development program will not allow certain types of businesses to participate. Local service businesses such as personal services, retail establishments, restaurants, entertainment venues, hair salons, or auto mechanic shops will not be allowed. Businesses that produce a high value service or manufacture a product to import money from outside the community are the intended beneficiary of this program.

Further, the client must agree that in order to continue in the program that they must agree to operate their business in Center.

BENEFITS AND SERVICE TO CLIENTS

The small business development program will provide reimbursement to clients based on the following schedule

	Assistance Offered	Annual Assistance Not To Exceed
Year 1	Creation of marketing and growth business plan, incorporation costs, general legal costs, accounting costs, intellectual property filing costs, marketing research and brand development	TBD
Year 2	Quarterly subsidy 50% lease payment	TBD
Year 3	Quarterly subsidy 40% lease payment	TBD
Year 4	Quarterly subsidy 30% lease payment	TBD
Year 5	Quarterly subsidy 20% lease payment	TBD
	Total Assistance to Client	TBD

In order to qualify and receive their quarterly lease payment, clients shall agree to quarterly meetings with the Coordinator.

From time to time, the program will present educational events for clients to attend. Participation may not be mandatory but will be encouraged.

The Program will not pay for the following costs: Legal costs associated with a litigation, claims or legal disputes; research and development costs; personal costs or personal reimbursements; taxes to any government entity; franchise fees or licenses; personal or business travel expenses; trainings expenses or costs.

CLIENT ENTRY AND EXIT PROCEDURES

A pre-entry interview for screening purposes is required. A pre-entry application shall be completed and submitted to the Coordinator. The completed application is reviewed by the

Coordinator and presented to the Center EDC Board for program acceptance. Upon acceptance into the program, the client will sign an agreement.

The maximum length of participation in the program is 5 years. According to the National Business Incubator Association, the average time for a business to be located in an incubator is 3 years. During the assistance period, the company must reach job creation targets in order to remain in the program based on the following table.

	Job Creation Target – by end of year
Year 1	30-40%
Year 2	40-50%
Year 3	55-65%
Year 4	75-85%
Year 5	100%

A job is defined as a full time equivalent (FTE) or one person or a combination of positions working at least 2,000 hours per year. Fulltime self-employment in the business may be included.

If the business appears to be struggling, the Coordinator can demand an intervention be made. This can take the form of additional counseling or other measures to help the business get back on track.

Within the 5 year period, a business owner may be asked to leave the program if progress toward graduation is not being achieved, i.e. not meeting job targets, or fulfilling their other financial responsibilities. The client may also exit the program if they elect to move their business outside of Center. The client may exit the program if they fail to meet the terms of any corrective action plan for 4 consecutive quarters. The Center EDC Board reserves the right to recoup its investment in any legal means available.

The client may, at the Center EDC Board's sole discretion, be a candidate for graduation after achieving one or more of the following benchmarks.

- Client has experienced significant revenue growth and/or profitability allowing the client to continue operation without further assistance.
- Client company employs 30 or more full time employees to work at their facility.
- Client is acquired by another company. Participation in the program is not automatically transferable.
- Client, if a corporation, initiates an initial public stock offering (IPO).
- Expiration of 5 years from date of the agreement.
- If the company moves outside the Center city limits