

Cecil County Incubator Feasibility Study

Progress Update Meeting

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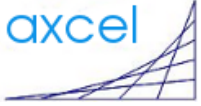
Agenda

- Review of Phase 1
 - Economic Context
 - Demand Assessment
 - Economic Development Purpose
 - Market Analysis Report
 - Performance Metrics
 - Conclusions and Recommendations

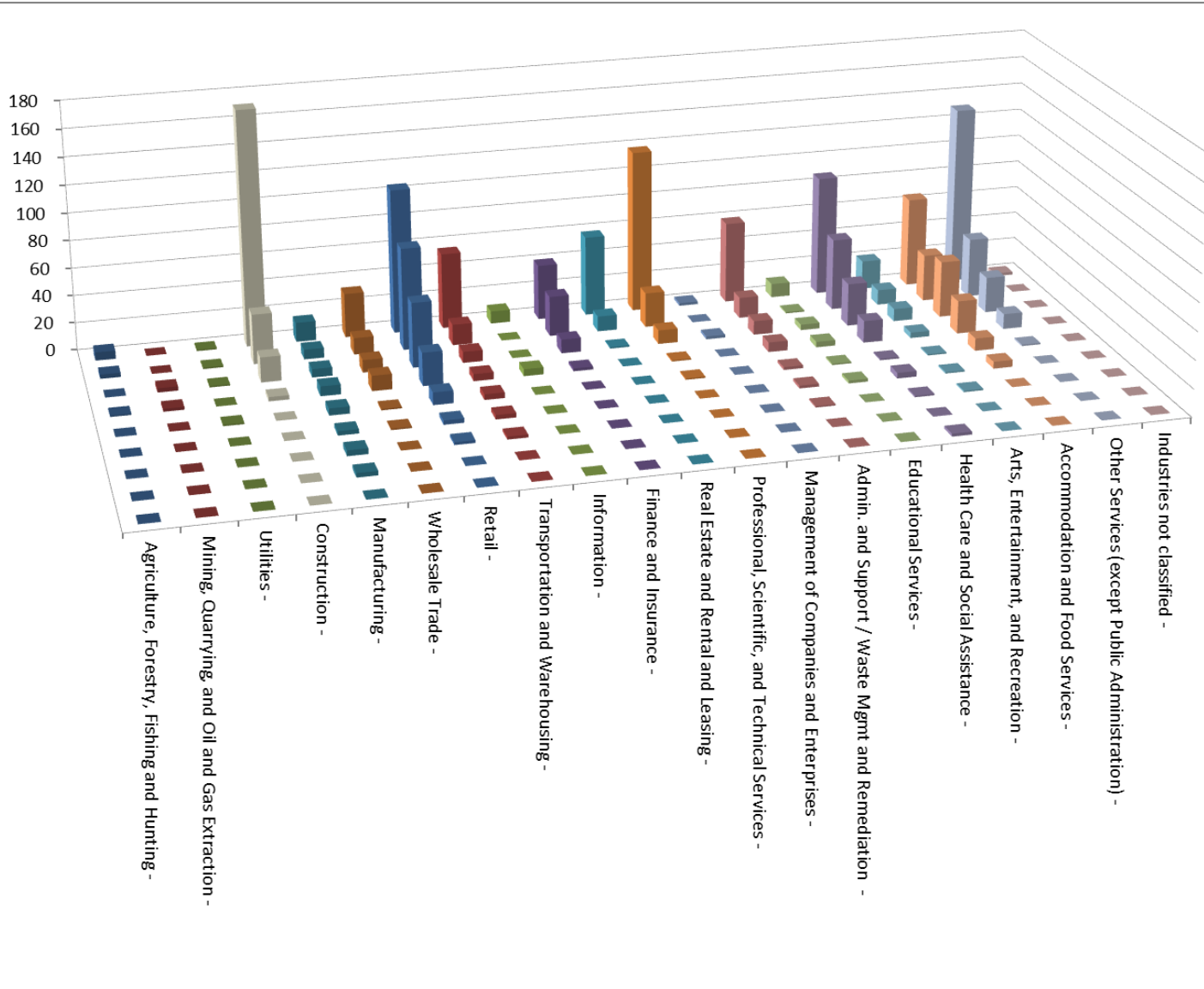
- Phase 2
 - Economic Context

Business Incubation Requirements





Industry Base





Change in Establishment Numbers 2007-2012

Industry Code	Description	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000+
11----	Forestry - Fishing - Hunting - and Agriculture Support	1	1	0	1	-1	0	0	0	0
21----	Mining	0	0	1	0	-1	0	0	0	0
22----	Utilities	0	0	1	0	0	0	0	0	0
23----	Construction	-21	-31	-13	-10	0	-1	0	0	0
31----	Manufacturing	-4	2	-5	-5	3	2	-1	1	0
42----	Wholesale Trade	-6	-2	2	4	0	-2	-1	0	0
44----	Retail Trade	-19	-3	-14	-2	-1	-1	1	0	0
48----	Transportation and Warehousing	-10	8	-1	-3	3	0	1	0	0
51----	Information	-1	-4	-1	1	0	-1	0	0	0
52----	Finance and Insurance	-8	2	2	-3	0	0	0	0	0
53----	Real Estate and Rental and Leasing	-7	-2	-1	0	0	0	0	0	0
54----	Professional - Scientific - and Technical Services	-13	-4	-1	-4	0	0	0	0	0
55----	Management of Companies and Enterprises	1	-2	2	-1	0	-1	0	0	0
56----	Administrative and Support and Waste Management	-9	-3	-1	0	-1	1	1	0	0
61----	Educational Services	4	1	1	1	-1	0	0	0	0
62----	Health Care and Social Assistance	22	8	4	6	1	-2	1	-1	1
71----	Arts - Entertainment - and Recreation	-5	-4	-2	0	0	1	1	0	0
72----	Accommodation and Food Services	-4	1	11	-5	2	2	0	0	0
81----	Other Services (except Public Administration)	3	-3	12	0	0	0	0	0	0
99----	Unclassified	-1	0	0	0	0	0	0	0	0
-----	Total	-77	-35	-3	-20	4	-2	3	0	1



Innovation Ecosystem

Strong:

- Commuting patterns
- Unemployment
- Skills
- (Education levels)
- Education infrastructure

Not distinctive

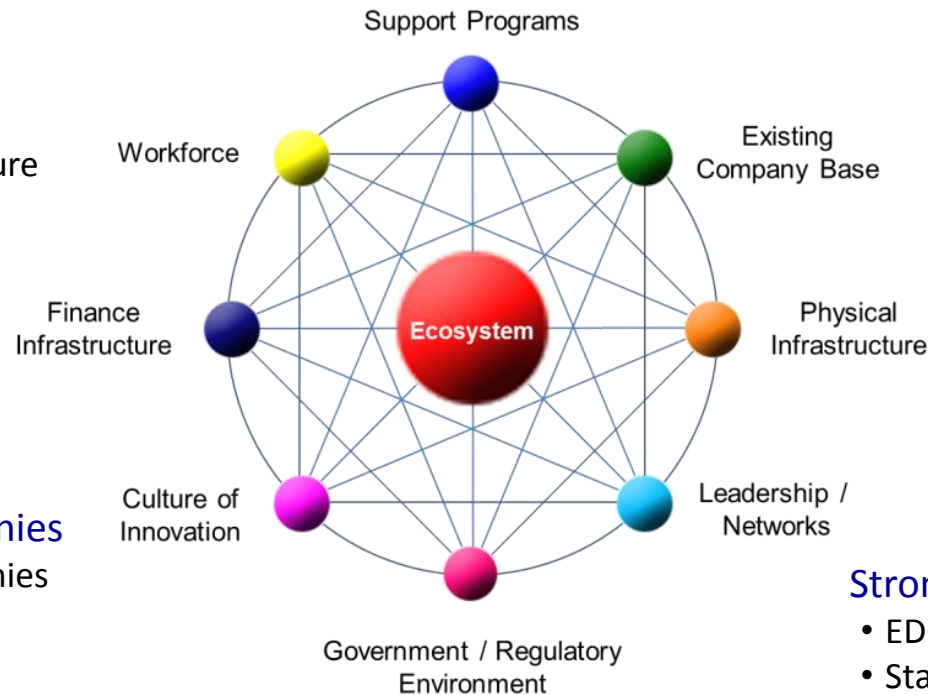
- Statewide programs
- Limited local provision
- Angel activity in region

Good in large companies

- Some smaller companies but scope for growth
- School system
- Community College
- High level of patent activity
- Good innovative capacity

Mixed:

- Limited at local level
- Strong at State level



Strong:

- Large company base, although comparatively few smaller companies in some sectors

Good:

- Road, rail, (air)
- Telecoms
- Sites
- Strong logistics capability

Strong:

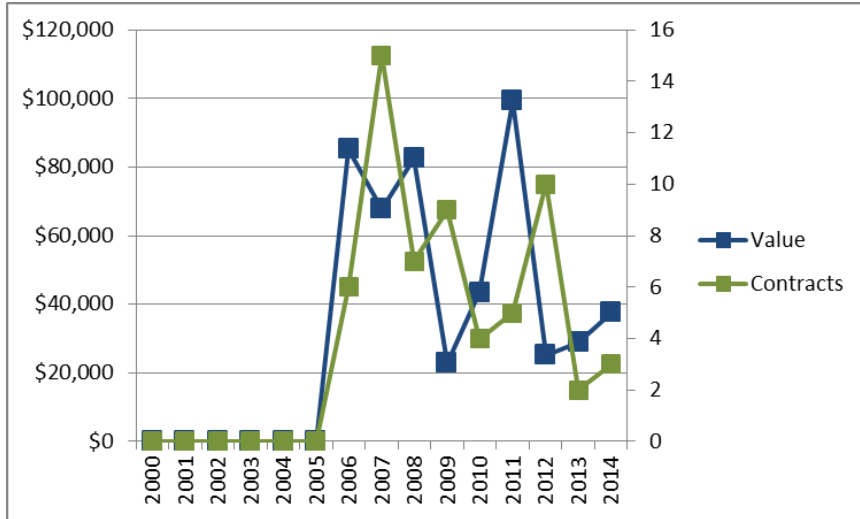
- EDC, Tech Council, CoC
- State-level organizations

Changing:

- Bus. tax, Incentives
- Regulation

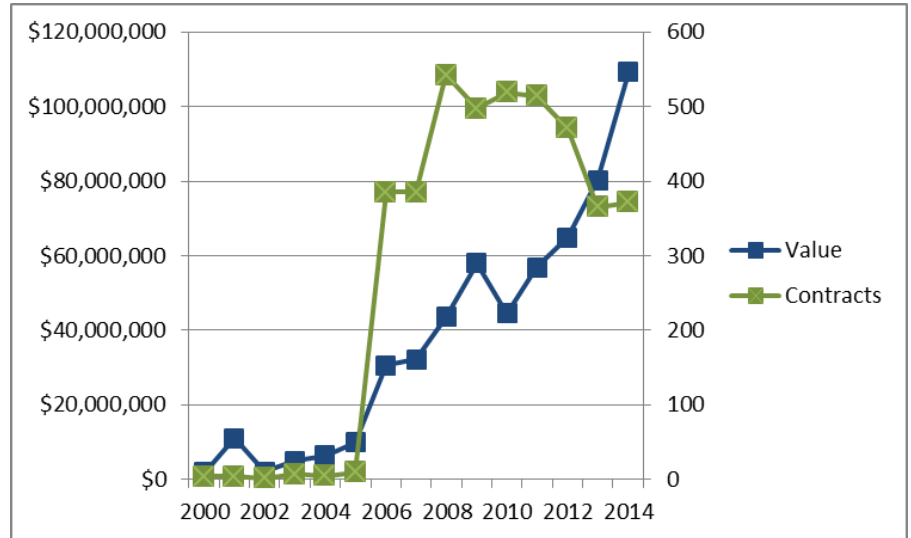


Aberdeen Proving Ground



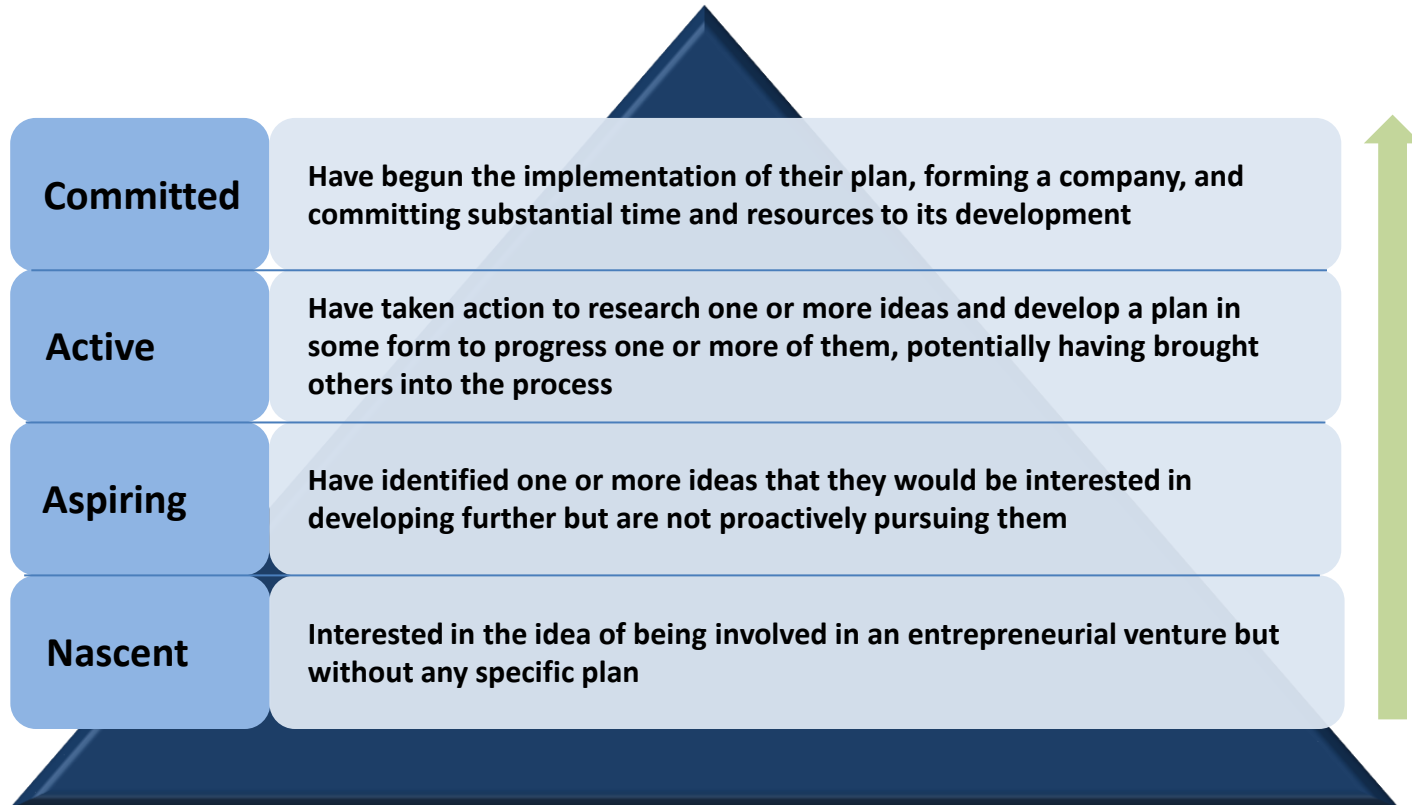
Cecil

Harford





The Entrepreneurial Process





Projected Levels of New Business Formation for Cecil County

Estimation Method	Manufacturing / Technical Companies	Transportation / Logistics Companies
Historical data (based on establishments)	23	8
Historical data (based on population)	39	14
Kauffman Entrepreneurship Index	42	15

23 – 42 Companies per year in:

- Manufacturing
- Information
- Professional, Scientific, and Technical Services
- Educational Services

8 – 15 Companies per year in:

- Transportation and Logistics



Overall Demand Assessment

- Who will clients be ?
 - County residents
 - Outward commuters
 - (Inward attraction)
- Where will they come from?
 - Existing companies
 - Community college
 - Current commuters
 - (High school)
 - (Inward attraction)
- Industries
 - Chemistry
 - Engineering
 - Anything
- Stakeholders
 - Highly supportive
- What do they need / want?
 - Networking
 - Workspace
 - Guidance (Mentors, Advisors)
 - Training (business, technical)
- How many?
 - 30 - 50 per year
- Sustainable?
 - Yes
- Demand stimulation
 - Largely untapped at present
- Competition
 - Mainly from North
- Scale
 - Small initially

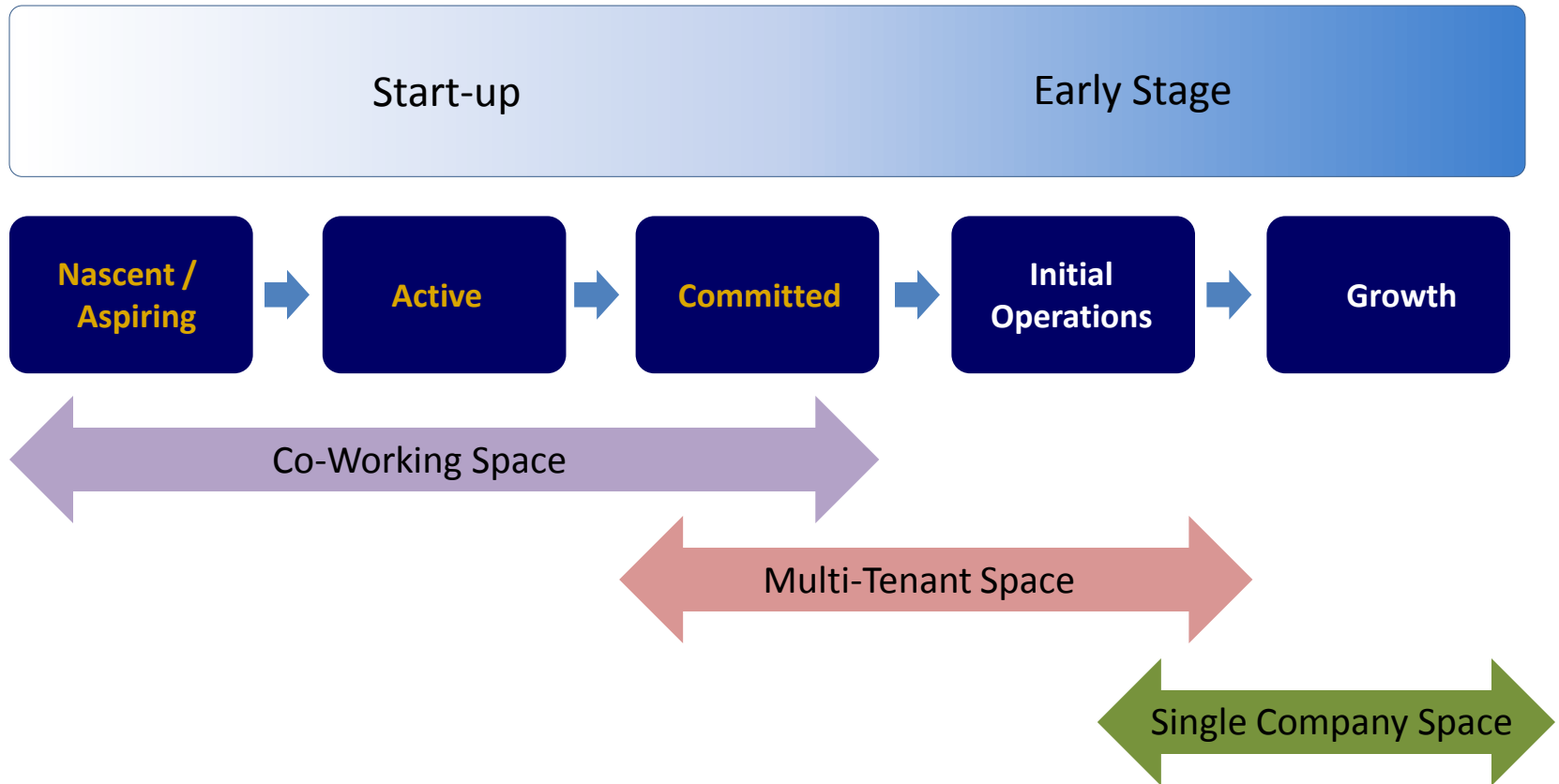


Potential Models

Model	Pros	Cons
Traditional incubator	<ul style="list-style-type: none"> • Can be good for companies needing specialist facilities 	<ul style="list-style-type: none"> • Not suited to large client population • Less relevant to contemporary start-ups • Challenging financial model
Co-working Space	<ul style="list-style-type: none"> • Highly flexible • Can support large client population • Limited financial support required • Can be coupled with multi-tenant space 	<ul style="list-style-type: none"> • Does not address need for services (mentoring, business advisory, etc.)
Co-working Space + Services	<ul style="list-style-type: none"> • As above but provides client services • Provides focal point for service delivery • Provides strong marketing message • Ensures access to relevant services • Financial support focused on services • Can be highly cost-effective 	<ul style="list-style-type: none"> • Requires client management resource
Multi-tenant Space	<ul style="list-style-type: none"> • No staff or services overhead • Can work well for companies past the initial planning / start-up phase 	<ul style="list-style-type: none"> • Not appropriate for the earliest-stage start-ups or individual entrepreneurs • Limited scope for networking
Co-working + Services + Multi-tenant Space	<ul style="list-style-type: none"> • Provides a pathway from the earliest stages of the entrepreneurial process • Scalable 	<ul style="list-style-type: none"> • Additional space requirement



Entrepreneur / Company Space Requirements





Phase 2

- Business plan
 - Legal structure
 - Governance
 - Management
 - Facilities / Operational Resources
 - Services
 - Marketing plan
 - Staffing
 - Financial model
 - Performance Metrics
- Funding sources
- Implementation Plan



Model

- **Model**
 - Partnership-based
 - Community-wide initiative
 - Multiple resources and locations - not a single 'place'
- **Governance**
 - Non-profit – may require a separate 501c3
 - Partnership model – anyone providing resources is a partner
 - Board oversight – representatives of all partners
- **Operational**
 - Space + Services
 - Membership-based
 - Low cost



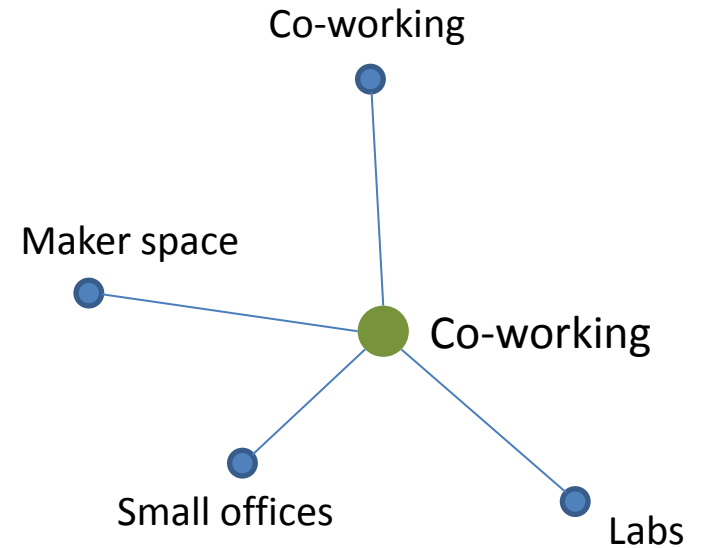
Resources

- Space

- Central location, ideally with easy access to other amenities
 - Co-working space (open plan, meeting rooms, phone booths, etc.)
 - Management office
- Partner space
 - Additional space, additional locations, specialist facilities, etc.

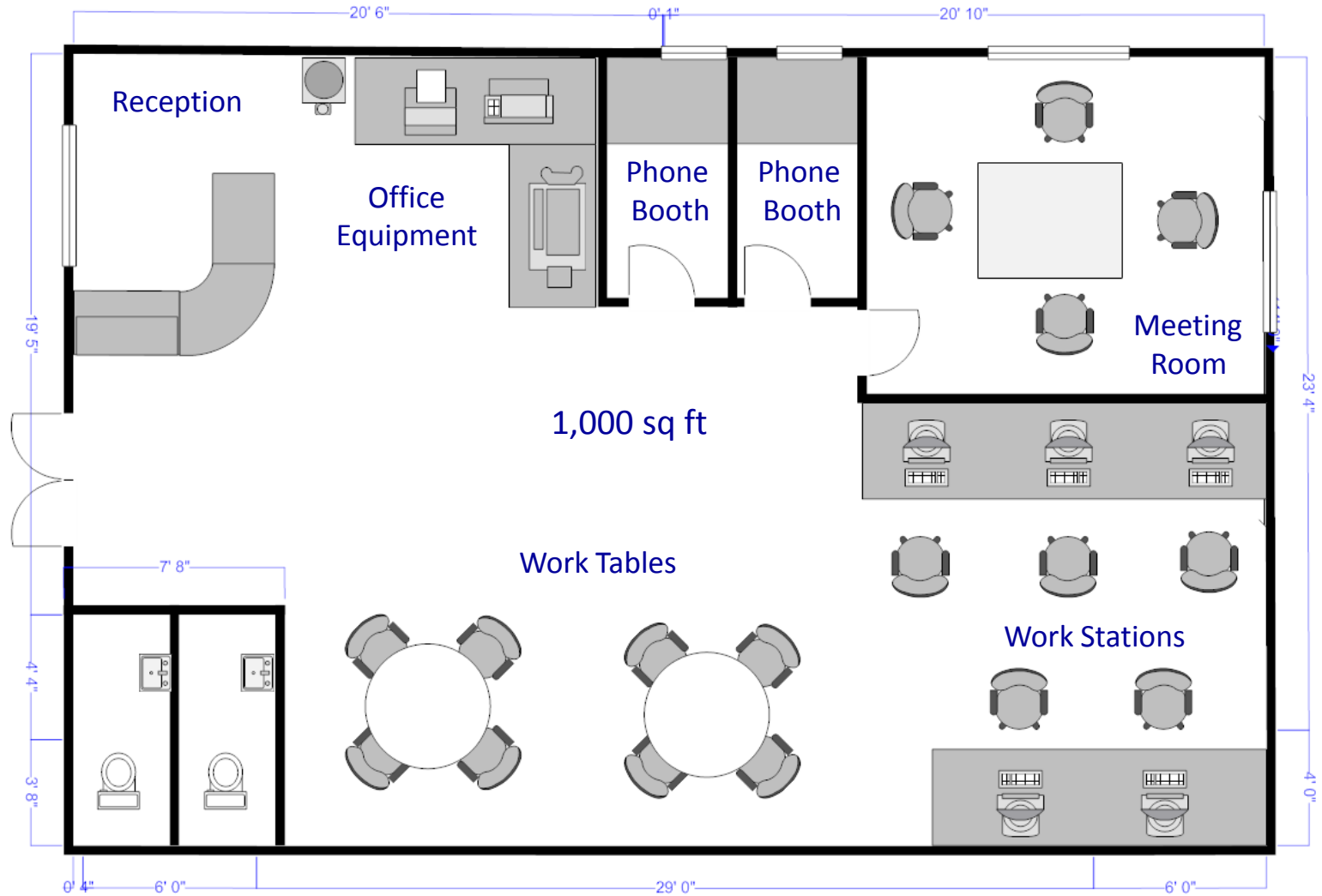
- Services - leveraging partners

- Mentoring
- Training / Education
- Networking
- Internships
- Advisory boards



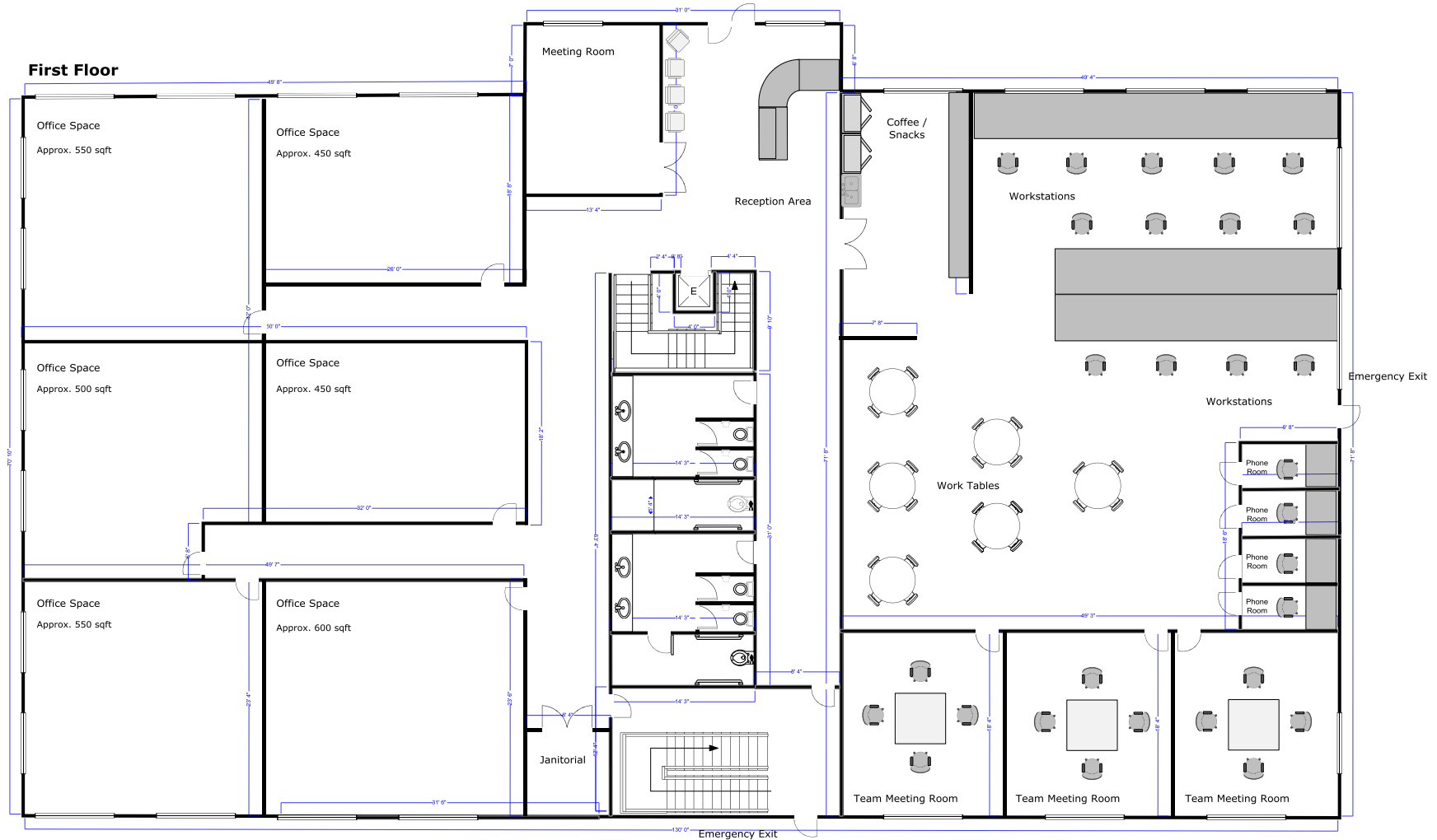


Example Small Co-working Space





Example Co-working + Multi-Tenant Space



Coworking Space





Coworking Space





Coworking Space

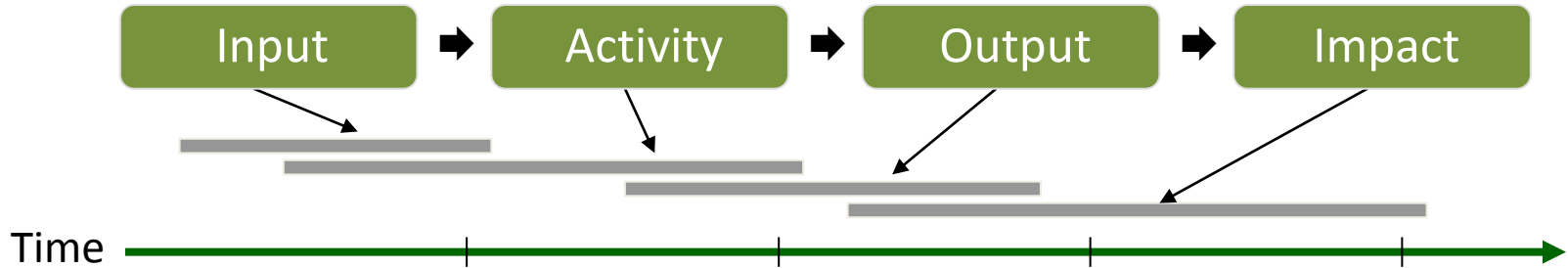




Coworking Space



Performance Metrics



- **Direct** (measurable at the individual company level):
 - Entrepreneurs supported (**activity**)
 - Patents utilized (**activity**)
 - Capital raised by clients (**output**)
 - Grant funding obtained by clients (**output**)
 - Products Launched (**output**)
 - Job creation (**impact**)
- **Indirect** (measurable in aggregate)
 - Sector development (**impact**)
 - Geographical market reach (**impact**)
 - Reduction in Commuting (**impact**)
 - Community revitalization (**impact**)



Summary

- An incubation program would be of benefit to the County and would help to:
 - Create companies that are likely to remain anchored within the county
 - Diversify the industry and employment base of the county
 - Provide opportunities for county residents who currently commute to other locations
 - Build a broader awareness of the opportunity for entrepreneurial career paths which are likely to become increasingly important in the future
 - Provide opportunities for commercialization of IP developed within the county
 - Provide opportunities for training and work experience for students within the county
- There is an opportunity to create a community-wide partnership that will:
 - Build on existing relationships
 - Leverage multiple resources / locations
 - Provide benefits to all organizations involved



Thank You
Axcel Innovation LLC