

WYCHEPROOF BIG SHOP PROPOSAL

Community Plan Goal: Wycheproof VISION Inc. aims to positively promote and foster business and tourism in Wycheproof and District

Community Plan Outcome: revitalisation of the Broadway Retail Precinct

Project: Wycheproof Business Incubator Group – BIG Shop

Background

USA experience: The goal of incubators is to increase business success by providing support and reducing start-up costs. State and local economic development agencies, not-for-profit organisations, chambers of commerce, colleges and universities, and private corporations, operated business incubators.

Service...Service...Service...

You need to offer two things: space and services. Specific services that incubators provide are office services and equipment on a pay-as-you-go basis, such as a reception service, on-site counselling, fax machines, copy machines, etc. There's sometimes also an on-site incubator manager as a resource for business advice, orchestrated exposure to a network of outside business and technical consultants, often providing accounting, marketing, engineering and design advice, assistance with financing, opportunities to network and transact business with other firms in the same facility, and flexible space and leases.

What Kind of Incubators Are There?

The National Business Incubation Association reports that programs focus on minority and women-owned businesses, 25 % of incubators specialize in technology companies and 43 % are mixed-use (10 percent light manufacturing, 6 percent services). Some incubators specialise in software development, others in medical and biotechnology research, food production or arts and crafts.

In terms of clients, incubators may have three tiers of clients:

1) anchor, 2) regular, and 3) affiliate. Anchor clients are tenants who pay market rates for the incubator's space and services; they are stabilising forces that literally "anchor" the incubator. The income from the anchor tenants helps offset the cost of providing services to the regular and affiliate clients. Regular clients are usually the smallest and weakest firms (start-ups); they rent space within the incubator facilities and use the services – sometimes at below – market rates. Affiliate clients are a little stronger; they just access the incubator's services, but are located outside of the incubator facility. A good mix of clients – from "superstars" to "long shots" – is needed to make the incubator work.

How Long to Stay In an Incubator?

According to the National Business Incubation Association, there is an 87% national success rate and the average stay is 2.3 years. Remember, the primary emphasis of business incubators is to see clients graduate and become self-sufficient.

Some Incubator Feedback...

Finally, some points to remember: Look at the local economy for your incubator theme, choose your anchor tenants wisely, place a five-year cap on tenancy, help clients get ready to graduate.

Australian experience: A small business incubator or business enterprise centre (BEC) provides serviced office accommodation for newly emerging businesses or those seeking to move from a home-based environment. Businesses located in the incubator have the opportunity to grow in a fully supportive environment where they are able to share facilities

such as meeting rooms, fax, secretarial services, photocopying and are able to get professional advice from BEC staff through all stages of establishing and/or growing their business.

The BEC adds value for the tenants through the provision of business planning and marketing assistance, mentoring and social activities where tenants have an opportunity to meet other business people through established business networks at the incubator to network and identify cluster opportunities. Industry specialists can be invited to these functions where they can pass on additional experience and advice. *BEC News, My Business Magazine, October 2004*

From the *Submission to the Review of the National Innovation System* report Bob Waite, Chair, Business Innovation & Incubation Australia Inc April 2008: Incubators, cluster and technology parks all share a focus on business growth, a place, a process and work at the conjunction of innovation and entrepreneurship as collaborative networks. Furthermore 'enterprise hubs' involving a place and support for businesses in a community are being explored as a way of fostering local innovation and entrepreneurship, adapting the principles of business incubation to local business needs. Hybrids may be more important and dynamic than incubators alone. Innovation is required developing new models relevant to the 21st century, as the success of dynamic small businesses is proving to be as much about individuals' drive, networks and experience as it is about the quality of product/service. The so-called 'intangibles' are very much core attributes of new generation incubation strategies.

About BIIA: What is a Business Incubator? Business Incubators are a new hybrid type of economic development facility that combines features of entrepreneurship, business facilitation and real estate development. They have proven to be the most effective technique yet devised for creating employment, commercialising new technologies and developing local economies.

Business Incubators provide a physical location in which a new business can commence, coupled with support services such as shared facilities and business advice.

A typical business Incubator with about 1500 m2 of leaseable space would accommodate between 20 and 50 new businesses. Once fully operational it would graduate an average of 15 businesses per year. Over a 10-year period such an Incubator would "hatch" over 150 new businesses, employing a total of 600-900 people and turning over around \$200m per year.

Not all communities are large enough to manage an Incubator of this size, but smaller communities can have a scaled down version, which is networked with neighbouring Incubators to achieve the necessary economies of scale to enable the Incubator to be financially self-supporting. Some communities can support much larger facilities.

Programs such as the AusIndustry Incubator program for small business ceased in 2008; however, from that program peak bodies such as the Business Enterprise Centre <http://www.becaustalia.org.au/>, and the BIIA have developed to provide resources for small business.

In Victoria there are 17 BECs in metropolitan and regional areas our closest BEC is Wimmera Business Centre Horsham, and an incubator group in Donald, which is supported by Workspace Australia based in Bendigo.

Workspace Australia is supportive of the Wycheproof project and has suggested some models for operation including the Ballarat HOT OFFICE concept. Workspace Australia Manager Sue Devereaux has met with Wyche VISION and has indicated ongoing support see information at <http://workspaceaustralia.com> .

The Wycheproof Business Incubator Group project:

Despite the number of unoccupied shop fronts in Wycheproof there is no space at present that would cater for start-up businesses or newly established (within past 5 years) business and provide a cost effective solution to the need for a business to display or have a professional office location in the Broadway retail precinct. Many local small and home-based businesses are isolated and required some support to be successful.

Management stakeholders: Wycheproof Chamber of Commerce, Wycheproof VISION, Wycheproof Community Resource Centre, & Buloke Council.

Location: 322 Broadway Wycheproof (currently let by Wycheproof VISION Inc.)

Premises: two-room shop front with area for shelf display and window display

Equipment: Wycheproof VISION Inc. can supply desks, chairs, photocopier and display shelving. There is a secure area for storage including space for filing cabinet.

Costs: Utilities and rate for removal of rubbish. There is a small amount of funding for building improvements. Ongoing shop improvements, equipment purchase and training seminars and workshops will be funded from rent and grants.

Cost recovery: Small business tenants pay \$15 per week (\$65 per calendar month) for the use of the space. Annual rent increase 5% per annum.

Other support and income: Source grants and network with Workspace Australia and other BEC groups and Buloke Council Economic Development officer

Tenants: Identify and promote scheme to individuals who are working from home in town or on farm who need space to display wares and/or a professional office environment to meet clients. Such businesses could include: web based sales, small manufacturing, professional services such as insurance brokerage, party plan sales, or other agencies.

How the project will work: For the nominal fee of \$15 per week (\$65 per calendar month) tenants will have use of the office/shop space to have a permanent display, and use of the office at times negotiated. The tenants will provide their own computing and telephone equipment (mobile). If secretarial support is required the tenant will be directed to the Wycheproof Community Resource Centre. Core tenants will form a hub group (a subcommittee of Wycheproof VISION Inc. and work within guidelines of the subcommittee TOR) and will organise opening and closing of the shop Monday – Saturday during business hours and negotiate times of use based on individual tenant requirements. The shop front and back room will be configured in such a way that two users could attend the premises at any one time.

Tenants will be required to present a business plan as part of the application process and enter into a lease agreement.

Monthly rent will be paid directly to the Wycheproof VISION account at ANZ Bank and will be held in the account for use by the project subcommittee for activities approved by the WV committee.

Time-frame: Core tenants will have the opportunity to continue operating from the premises for 5 years.

Terminating the lease: Tenants may opt to move to their own premises or vacate the Wycheproof VISION shop after giving notice of 1 week to the Wycheproof VISION Secretary or Wycheproof Chamber of Commerce Secretary. All stock and belongings of the vacating tenant are the tenant's responsibility and if left at the shop may incur a storage fee.