



Lincoln Trail Dynamic Business Accelerator

Portability, Scalability & Sustainability

Ποιότητα, Ποσότητα & Οργάνωση

Objectives

This document provides information related to the portability, scalability, and sustainability of the Dynamic Business Accelerator (DBA). It addresses how the model can be duplicated in other areas of the same region or in other regions. It also addresses scalability issues to show how the model can be expanded or contracted as the need arises, depending upon the location. Finally, it addresses issues of sustainability with respect to the DBA and finally, a fully operational business accelerator.

As a demonstration project, the initiatives conducted during the period of performance of this contract have contributed significantly to providing insight into portability, scalability, and sustainability for a business accelerator.

Portability

Portability refers to the ability for the model to be duplicated in other areas, either within the Lincoln Trail region or even outside the region. Following is a narrative explaining how each of the relevant deliverables relate to the issue of portability:

Mailer and Brochure. These documents were prepared to assist in tenant recruiting and in obtaining public support for a business accelerator. While some of the content is location specific, most of it is not. Both documents are easily adaptable and can be easily modified to meet the needs of different locations. They can serve easily as a template for newly developed products that are customized in nearly every way. The images were purchased, allowing them to be used specifically for this purpose. The images are also scalable and can be edited with nearly any image editing program. The final documents are presented in PDF format. Images are vector images which can be used by nearly any print vendor. The source files were created in Apple Pages (version 4.0.2) are also provided.

Web Site. The web site was created using a Content Management System (CMS) platform, (Wordpress) specifically for its adaptability, and ease of use for both development and maintenance purposes. It is hosted at Hostmonster.com, an inexpensive hosting service that provides features not commonly found with other hosting services, including American technical support. Nearly all management of the system can be done using standard, freely available browsers (Internet Explorer, Firefox, Safari, etc.). Documentation provided for the maintenance (Site Management Instructions.pdf and .pages) of the site can be used and modified for other custom sites. The Wordpress platform is version 2.7.1. A Wordpress theme titled “bSocial” (version 1.0.6) purchased and licensed from iThemes.com. Additionally, the freely available discussion forum software, Simple Machines, was also installed and customized to meet the needs of the DBA. All of the software can easily be duplicated, modified, customized, and installed in alternate locations with minimal technical expertise required. Nearly all of it can be customized without the knowledge of HTML, PHP, or other coding expertise, allowing it to be easily duplicated for any other location or region.

Seminar. The seminar provided as a deliverable under this contract was specifically chosen to reflect the needs of the project and to demonstrate the ability to partner with outside organizations. The subject matter of this seminar was “Leadership;” however, any relevant subject matter could be arranged to duplicate this function. In our case, leadership was chosen to illustrate the importance of community and organizational leadership in

establishing and maintaining functions needed by the community. This function was a coordinated effort sponsored by the Chambers of Commerce from Radcliff, Vine Grove, Elizabethtown, and Larue, Grayson, and Meade Counties, which illustrates the flexibility in partnering with other relevant organizations to meet the needs of a business accelerator functions.

Economic Roundtable. Similar to the Seminar, this deliverable was a function intended to solicit support and educate community leaders about business acceleration and entrepreneurship. The roundtable forum was structured with a panel of experts and facilitated by a professional representing a post-secondary educational institution (Western Kentucky University). The panel was well rounded, represented by Dr. Wilburn Clouse, Western Kentucky University, Mr. Norm Desmaris, Founder and CEO of TiER1 Performance Solutions, Inc., Mr. Mark Johnson, Kentucky Cabinet for Economic Development, Mr. Mike Mengeot, President and CEO of Kentucky Association of Economic Development, and Ms. Lisa Williams, Executive Director, Lincoln Trail Innovation Center. It was facilitated by Ms. Laura Owens, Advancement Strategies, Inc. The principal audience was the Lincoln Trail Workforce Investment Board; however, many others were in attendance, including those from local and state government. This function can easily be duplicated with the same subject matter, but at any of the other Workforce Investment Boards within Kentucky.

EAE Syllabi. This deliverable was prepared using materials and experience obtained during a previous contract, the Entrepreneurial Academy of Excellence, that provided introductory entrepreneurial training in the Lincoln Trail Area Development District. It was further expanded to include a syllabus for advanced training. This resulted in two documents, that could be customized if necessary, although, the material prepared for both documents is applicable in any other location. The final documents are presented in PDF format. The source files were created in Apple Pages (version 4.0.2) are also provided.

Entrepreneurial Boot Camp. This deliverable was done to demonstrate the ability to present entrepreneurial training for youth at the secondary school level. Training was offered as a one day, introductory class to high school students and to introduce to them starting and operating businesses. Four classes were conducted, two in Radcliff and two in Bardstown. The material was presented using powerpoint presentations, video segments, and lectures illustrating how other youth had successfully participated in entrepreneurial efforts. This project could easily be duplicated at any level and any location where there might be entrepreneurial interest at this age group. Additionally, there was sufficient interest from both school officials and students to suggest it could be expanded to include ongoing training or perhaps even clubs or business operations within high schools to further engage interest. This project could be implemented as a function provided or supported by business accelerator in the region and could include both student mentoring and student interns.

Focused Education Pilot. The focused education pilot was intended to demonstrate how a particular subject matter could be folded into efforts initiated by the DBA using education as a tool. In this case, the subject of contracting was used and presented by Innovative Productivity, Inc., to an introductory business class at Elizabethtown Community and Technical College (ECTC). This also demonstrated the ability to partner with other organizations to help achieve mutually beneficial outcomes. This process can easily be

duplicated through similar efforts with any educational institution, allowing post-secondary schools and a business accelerator to jointly promote and affect business oriented education.

Mentoring Network. A dual layer mentoring network was established during the period of performance of this contract. Layer 1 included organizational/institutional level mentoring, and Layer 2 included individual mentor volunteers. The organizational network includes SCORE, the Lincoln Trail Innovation Center, and the Elizabethtown Small Business Development Center. The individual mentoring layer included a list personal volunteers (38), with one or more individuals representing each of the eight counties in the Lincoln Trail Area Development District. A basic set of guidelines were established for the personal mentors to ensure their time and availability were respected by potential clients. Additionally, online methods of mentoring were also highlighted, which include electronic mail, interactive video (Skype.com), and the DBA web site forum. Using the methods identified during this contract, similar mentoring networks could be set up in any region.

IRIE Demonstration. The purpose of the Interactive Remote Instructor Education (IRIE) demonstration was to illustrate the use of existing remote video technology from the WKU Radcliff facility during an educational event. Further use of IRIE to be considered would be lectures from both the post-secondary educational institution level and the business community to allow for world-class educational events to occur locally. This deliverable was provided in conjunction with the Focused Education Pilot program where the instructor was located at ECTC with interactive participation at the WKU Radcliff facility. While this technology can be duplicated anywhere there is interactive remote video technology, it is limited to facilities that can support it. It should be noted however that the entire community and technical college system within Kentucky is capable of supporting it, making it portable to the extent access to those facilities is available.

Interactive Mentoring Demonstration. This demonstration was used to illustrate the capabilities of commonly available technology to provide virtual, face-to-face mentoring services. Two demonstrations occurred using Skype.com video services, a freely available service to anyone equipped with high-bandwidth Internet access (cable, DSL, or better) and a desktop computer with a camera (either internal or attached). The parties involved in these sessions can be located anywhere in the world, clearly demonstrating its ability to be duplicated.

Operations Documents. Five customized operational documents were prepared for the DBA. They were obtained by reviewing a wide array of documents currently in use by other business accelerators or incubators and customizing them for use by the DBA. These documents were delivered in PDF format and source documents were prepared in Apple Pages format. Copies in Microsoft Word are also available. For purposes of portability, the process of customization will again need to be repeated for any new location. Additionally, the documents should be reviewed by legal counsel to ensure they meet the needs of the sponsoring organization. The five documents are:

- Client Application
- Conflicts of Interest Policies
- Ethics Policies
- License Agreement
- Non-Disclosure Agreement

IT Education Model. The Information Technology (IT) Education Model was developed to illustrate how a business accelerator can select an industry sector, prepare an educational pipeline that can be used effectively by accelerator clients. For this deliverable, we made arrangements with the WKU Systems Management division to arrange for a customized curricula and educational path for clients. The WKU Systems Management program leads to a bachelor's degree with 44 hours in general education, 24 hours in systems management, 9 hours of department electives, 28 hours in elective or transfer courses (or minor) and 15 hours in a professional concentration. It was designed specifically to prepare graduates with organizational, managerial, and technological skills. This program was selected for its unique flexibility which includes the ability to take all classes online, no pre-defined start or end dates, and its wide array of relevant professional concentration areas. These concentration areas include:

- Administration
- Criminology Systems
- Digital Media Systems
- Geographic Information Systems
- Government Systems
- Health Care Systems
- Human Resources Development
- Industrial/Manufacturing Systems
- Information Systems
- Leadership
- Military Systems (Civilian)
- Occupational Safety & Health
- Technical Sales
- Technical Training
- Technical Writing

In addition to this program, WKU offers customized certification programs which can be established uniquely for the DBA.

For portability purposes, this program can be established anywhere WKU offers their classes. Additionally, it is believed a program of this type could be established with other university systems in the event that is needed.

Investor Relations. An investor relations program is a key ingredient of a business accelerator. It allows clients to be introduced to different methods and institutions for purposes of obtaining capital for the growth of their businesses. The deliverable under this contract established direct relationships with various forms of investment opportunities including banks and venture/angel investment groups. While the specific groups identified for this contract may not be suitable for accelerators in other communities, the model established is. In addition to access to investors, the model includes establishing guidelines and screening mechanisms that allow the businesses and investors to have confidence that introductions may yield satisfactory results.

Scalability

Scalability is an essential element of success for both a business accelerator and its clients. This section reflects the extent that specific deliverables are scalable with respect to the business accelerator to ensure growth can be adequately accommodated as the need occurs. If a business accelerator is capable of supporting only a single business client or only a few clients, its ability to become self-sustainable is in doubt, thus it is important to demonstrate how various functions of the accelerator can grow and be adapted to a larger support mechanism.

Mailer and Brochure. The products under this deliverable do not specifically lend themselves to scalability; however, their use may certainly contribute to the scalability of any business accelerator. The audience and recipients of the documents can be customized to reach either a small or large base, allowing for promotion of any size operation.

Web Site. The platform under which the web site operates is scalable in a number of ways. The informational portion can easily be modified or adapted to achieve any number of goals. The number of pages is virtually unlimited, the existing pages can easily be updated without requiring professional web developers, and the content can be changed via a simple web browser. Additionally, a blog functionality is built in to allow for wide scale distribution using RSS feeds, visitor lists, members, etc. Finally, the “Forum” section can be updated and expanded in a way to reach a wider audience if desired.

Seminar and Economic Roundtable. These deliverables were specifically developed as a method to solicit, obtain, and maintain public support of a business accelerator, a key component of the success of any similar initiative. The scalability can be achieved merely by expanding the availability of each of them and introducing them to other audiences.

EAE Syllabi. The syllabi developed for this project was limited specifically to entrepreneurial training; however, it was further used to demonstrate the viability of using continued education as a method of improving the likelihood of success for business clients or potential clients. While the individual documents are themselves scalable, the more important feature is the ability to expand the offering and the vehicles for presenting them to a larger audience.

Entrepreneurial Boot Camp. This deliverable demonstrated the feasibility of engaging youth in the entrepreneurial process, a subject that is often not available in traditional secondary education environments. The application can be applied “as is” as a tool to introduce youth to entrepreneurial opportunities or it can be expanded to include more direct relationships within a business accelerator. This may involved opportunities such as internships from local high schools or even fully sponsored businesses within high schools.

Focused Education Pilot. This pilot project demonstrated the ability to engage alternative audiences to diverse subject matters, particularly ones that may be relevant to a specific geographic location or timely in terms of economic situations in the location it is presented. The project can easily be expanded by taking advantage of existing partner relationships or cultivating new ones. This project presented an overview of government contracting to a group of students and ECTC; however, both the subject matter and the

location and delivery can be adjusted to meet the needs of any location and would in most cases involved a much more detailed educational class structure.

Mentoring Network. Mentoring networks should be established at any business accelerator due to the importance of this function in helping businesses succeed during their vulnerable periods. This contract established a dual layer model of mentoring. The first being organizational mentor relationships and the second being individual mentors. This model is easily scalable using the existing networks established. The SCORE mentors can be called upon and is represented by over 11,000 volunteers and 370 nationwide offices. The individuals are represented by volunteers that offer varying degrees of support. There are currently 38 volunteers recruited for this purpose. Additional scalability is achieved by the use of online technology including interactive video sessions using SKYPE and the Forum offered on the DBA web site.

IRIE Demonstration. The IRIE (Interactive Remote Instructor Education) functionality is perhaps one of the best examples of scalability. Instructors, mentors, speakers, etc., from all over the world can be connected directly with business accelerator clients in a professional classroom environment. It allows them to interact with the instructors or speakers regardless of their location. This project demonstrated this technology by presenting a class to students of ECTC and to others located outside the ECTC campus (Radcliff WKU offices).

IT Education Model. The model established for this contract created a multi-layered education path for business accelerator clients. Clients can begin a formal education route through a baccalaureate program in Systems Management. They can also obtain a uniquely designed certificate in Information Systems. This program was established in partnership with WKU. Scalability is achieved by leading students from certificate programs to a full bachelor's degree.

Facilities Plan. This demonstration project worked under the assumption that an accelerator would be established in the WKU facility in Radcliff. Until such time that a fully operational accelerator is in development, a formal relationship with WKU cannot be pursued; however, WKU has offered to work with this initiative and offered a generous plan of occupancy if that occurs. Scalability is an essential component with respect to facilities. Client tenants must be able to grow from smaller offices to larger ones. Working with Kerr Office Solutions, they recommended using a modular office product offered by Trendway Corporation, which allows walls, windows, doors, electrical, lighting, and networking to be installed in modular components. This allows any of these to be easily moved at little expense and with little effort and time. The facilities plan calls for an initial office structure of 5000 square feet, which would include administrative offices and some common area functions such as conference rooms. There will be an additional 10,000 square feet available for expansion upon reaching full occupancy.

Investor Relations. Investor networks were established for this project. The scalability occurs upon allowing the client tenants to move from lower level, more traditional funding methods through more sophisticated funding methods such as venture capital.

Sustainability

Sustainability of a business accelerator is perhaps the most critical factor in considering establishing one. While some business accelerators rely on subsidies from outside agencies or organizations, it is the goal of this one to become self-sustainable. This means at some planned point in time, it must rely solely on income based on revenue generated by its offerings. The principle form of revenue is generated from rent receipts from business occupants. For further explanation, the following was extracted from a feasibility study¹ conducted by Burt Walker.com for the city of Radcliff.

This study makes numerous references to self sustainability. Because there is currently no foundation or other sponsor that has expressed an interest in being the sole benefactor for a business accelerator in Radcliff, this study was conducted under the assumption that any business accelerator should achieve self sustainability in a reasonable amount of time. As such, it is important to clarify the meaning of self sustainability for purposes of this study. The current landscape of business incubation and acceleration attributes different meanings to the concept. In general, the meaning should be viewed as:

Continued operation without subsidies from outside sources.

This may seem simple, but clarification of the term *subsidies* must also be considered. Sometimes this can evolve into a game of semantics. For example, some accelerators depend on the refund of occupational taxes from local municipalities based on the jobs created by the accelerator programs. Some may consider this a subsidy. Others may not. If the accelerator cannot support itself without the continued infusion of revenue using occupational taxes as a source, then it may well be considered unable to achieve self sustainability if it is defined in such a way.

Another issue related to self sustainability is the practice of the accelerator taking equity positions in the companies they incubate. In some cases, particularly with some university and for-profit owned accelerators, it is likely that the centers would not be self sustaining without the revenue generated as a result of their equity positions in companies they graduated. Note that 24% of incubation programs take equity ownership in their clients and 10% take equity in all of them. The trend however in incubator programs indicates a decreased level of interest in taking equity positions in client companies.

¹ Conceptual Plan and Business Feasibility Analysis, October 31, 2008, done on behalf of the City of Radcliff.

This study further identified a recommended model that suggests a business accelerator can become self sufficient in the fifth year. See the chart below:

OPERATING PROFIT (WKU Model)					
	2010	2011	2012	2013	2014
Revenue	\$51,174	\$103,482	\$167,906	\$234,791	\$318,437
Expenses	\$1,203,894	\$213,463	\$225,584	\$236,343	\$250,431
Total	(\$1,152,720)	(\$109,981)	(\$57,678)	(\$1,552)	\$68,006
Buildout Costs	\$900,000	\$0	\$0	\$0	\$0
Total w/o Buildout Costs	(\$252,720)	(\$109,981)	(\$57,678)	(\$1,552)	\$68,006

With respect to this contract, sustainability was demonstrated in a number of ways through the following deliverables:

Web Site. The web site created for the DBA (www.dynamicbusinessaccelerator.com) was created so that it could be managed without the need of outside, expert help. Its platform was deliberately chosen so that it can be sustained by staff or volunteers without technical knowledge. Most can be maintained by anyone capable of using a browser and with the level of expertise needed being only the ability to navigate on a personal computer and operate electronic mail applications.

Economic Roundtable. Perhaps one of the most important deliverables in this contract, the panel of experts and the interest from the audience clearly demonstrated that economic development through recruitment and retention should take a back seat to entrepreneurial efforts. It was clear that the community and those on the panel agreed that a business accelerator should be of the highest priority. Community support is commonly referred to as one of the most needed characteristics of a self sufficient business accelerator.

Entrepreneurial Boot Camp. Through this program and other recent ones in the community (GEL-IN, EAE), it is clear there are a substantial number of individuals that are willing to provide time and effort to contribute toward a successful program. There is also willingness among the secondary and post-secondary educational institutions to play a role in establishing and operating a business accelerator.

Focused Education Pilot and IRIE Demonstration. There is a nominal cost to using the remote video facilities in our community. These deliverables demonstrated that they can be used without excessive cost and will contribute to a fully functional, successful business accelerator.

Mentoring Network. This deliverable identified a number of mentoring functions within the community, all of them available at no cost to a business accelerator or its clients. These include institutional organizations such as SCORE, SBDC, Lincoln Trail Innovation Center, etc. Additionally, it identified 38 private individuals who will offer mentoring services within our region at varying degrees of service.