



**CLALLAM COUNTY INCUBATOR NETWORK**

**Operating Strategy and Business Plan**

**November 15, 2002**

*This document is confidential and intended solely for the use and  
information of the organization to whom it is addressed*

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**This document contains operating strategy and business plan for the Clallam County Incubator Network. These are based on the results of an assessment of incubator best practices, particularly for incubators located in economically disadvantaged and rural areas, and the specific needs of Clallam County. The intent of this document is to present preliminary strategy and business plan recommendations recommendations that maximize the ability of the incubator network to catalyze economic development in Clallam County. A supplementary report entitled “Operating Guidelines” provides operating procedures for the Incubator Network**

- **Background**
- **Incubator Strategy**
- **Culture and Values**
- **Business Model**
- **Management Capabilities**
- **Performance Benchmarks**

## **BACKGROUND...**

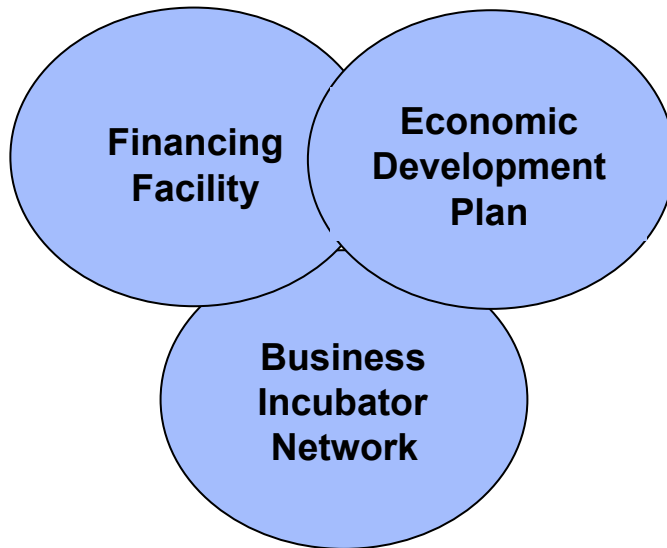
### **Clallam County is starting a major effort to foster a new direction in economic development for the county**

- **The decline of the forest and fishing industries have caused a significant downturn in the county's economy**
- **Other industries have not taken the place of the forest industry sector**
- **Wage levels, tax receipts and the county's attractiveness to young people have been declining**
- **The percentage of the economy dependent on government funding has increased to over 60%**
- **The Clallam County Economic Development Commission is spearheading an effort to diversify the economic base of Clallam County**

**BACKGROUND...**

**Clallam County is pursuing a comprehensive program for catalyzing economic growth comprising an inter-linked economic development plan, financing facility and business incubator**

**Clallam County Approach  
Components**



**Approach Benefits**

- **Approaches economic development from a practical, business standpoint**
- **Provides all the components needed to drive economic growth**
  - economic development strategy
  - sources of new business financing
  - business incubator network
- **Insures that all economic development efforts are focused and consistent by linking the financing facility strategy and the business incubator strategy to the economic development strategy**

## **BACKGROUND...**

**As a part of this effort, Clallam County has asked ViTAL Economy and Signal Hill Advisors to answer a number of questions regarding the development of the Clallam County Incubator Network**

- **How does the incubator network fit into the overall economic development strategy and the proposed integrated finance structure for Clallam County?**
- **What are the specific needs of entrepreneurs located in Clallam County?**
- **What are incubator “best practices,” and which of these best practices need to be adopted by the Clallam County incubator considering the specific circumstances in the county?**
- **Given the above, what incubator strategy best serves the needs of Clallam County?**
- **Given the right incubator strategy, what is the right business plan for the Clallam County Incubator Network?**

## **BACKGROUND...**

**ViTAL Economy and Signal Hill Advisors are completing an engagement which will create a strategy and business plan for the Clallam Incubator Network that will catalyze economic growth in Clallam County**

## **PROJECT DELIVERABLES**

- **The business strategy for the Clallam County Incubator Network**
  - the strategic role for the incubator network in Clallam County’s economic development plan
  - the relationship of the incubator to the proposed integrated finance structure
  
- **The business plan for the Clallam County Incubator Network**
  - Incubator processes
  - Incubator procedures
  - Incubator network organizational structure
  
- **Performance metrics**

- **Background**

- **Incubator Strategy**

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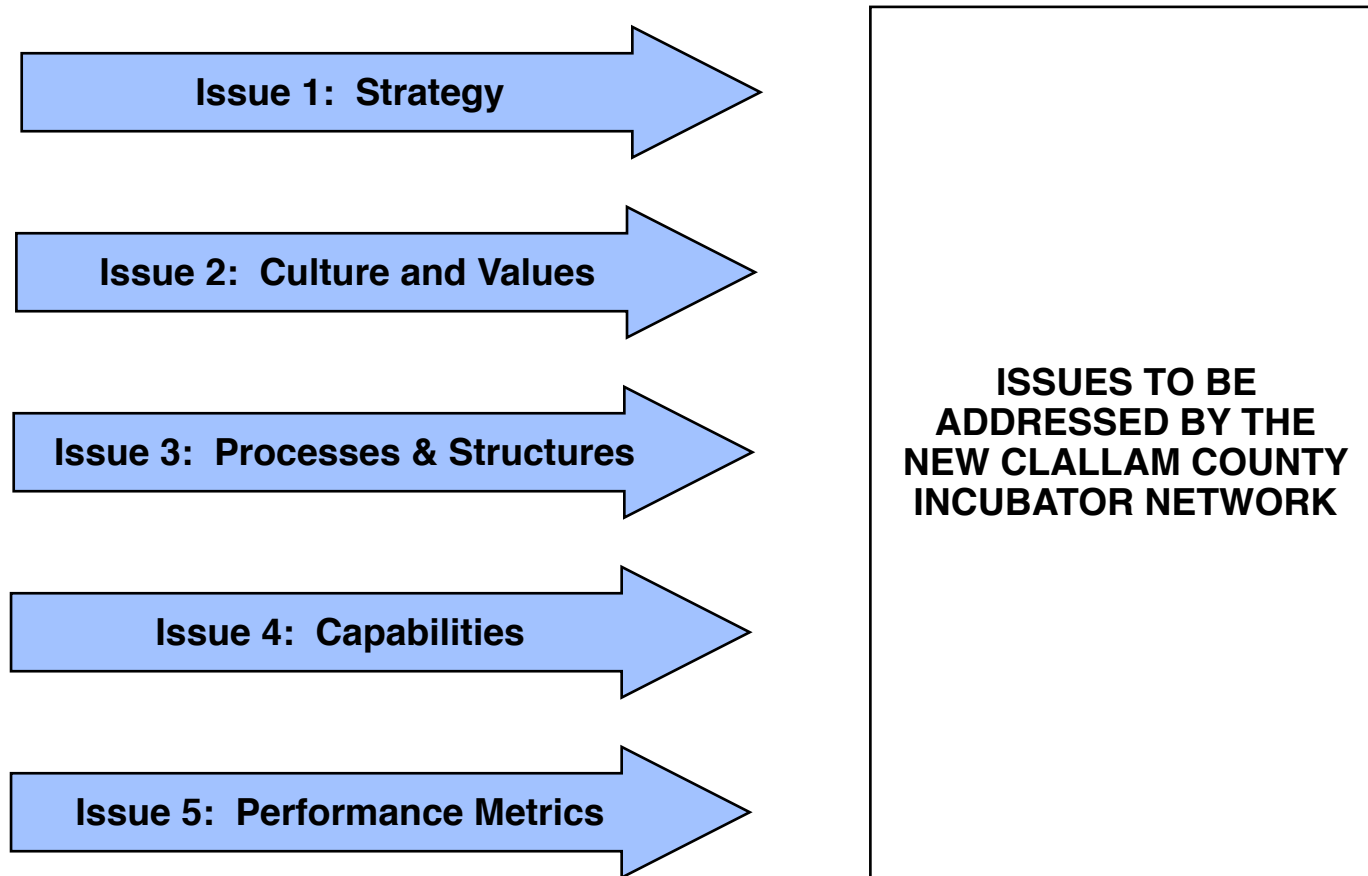
- **Performance Benchmarks**



## INCUBATOR STRATEGY...

The successful development of the Clallam County Incubator Network must address five key issues: strategy, culture and values, processes and structures, capabilities, and performance metrics

### Overview of Incubator Network Development Issues

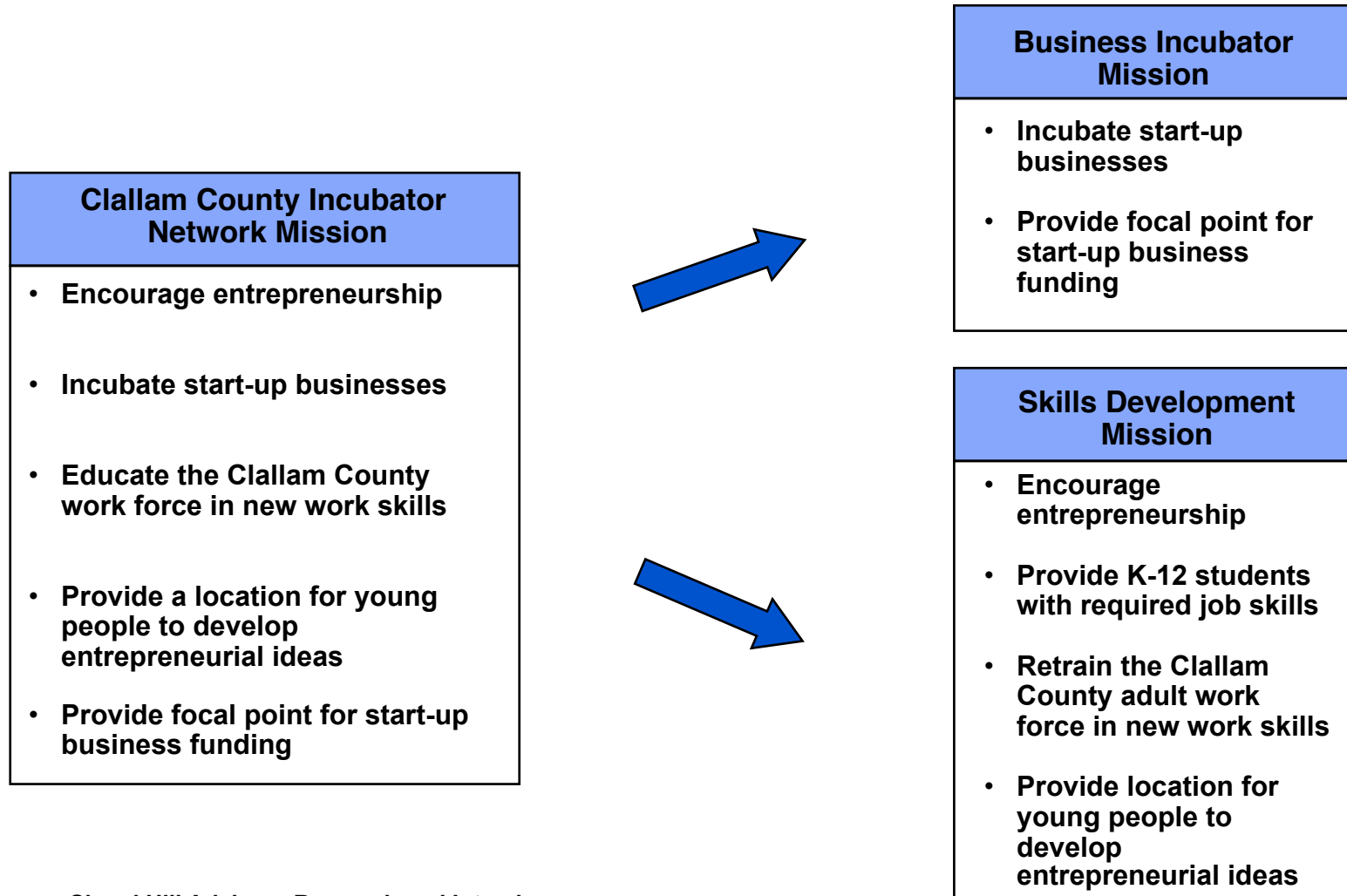


Source : Signal Hill Advisors Research and Interviews

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## INCUBATOR STRATEGY...APPROACH...

The Clallam County Incubator Network must clearly differentiate between its business incubation mission and its skills development mission



Source : Signal Hill Advisors Research and Interviews

INCUBATOR STRATEGY...APPROACH...

**While the skills development mission supports the mission of the business incubator, the mission elements for business incubation and skills development are fundamentally different**

**Mission Elements**

<b>Mission Element</b>	<b>Business Incubator</b>	<b>Skills Development Center</b>
<b>Organizational Objective</b>	Create successful profitable businesses	Educate Clallam County K-12 students, college students and adults in technical skills and entrepreneurship
<b>Geographic Focus</b>	United States and Canada	Clallam County
<b>Clients</b>	Limited number of start-up businesses that meet rigorous selection criteria	Open to all
<b>Types of Services Provided</b>	Space, utilities, mentoring, business consulting and financing network	Classes, space for student entrepreneurs
<b>Minimum Quality of Services Provided</b>	<i>World Class</i> – must match services available at best in class incubators anywhere in the United States	<i>Best in State</i> – must offer level of instruction equivalent to that available at most Washington State Community Colleges

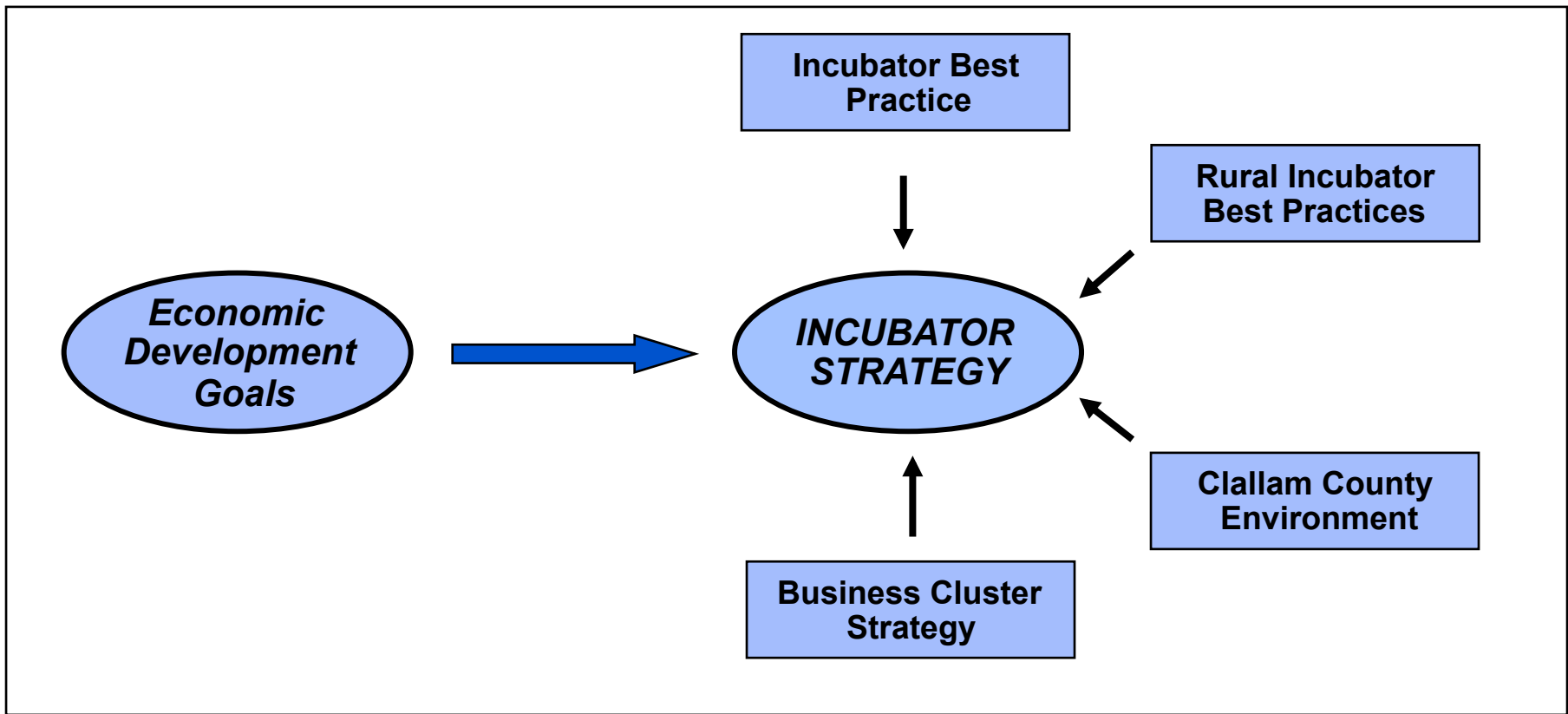
**This report reviews the strategy and business plan for the business incubator**

Source : Signal Hill Advisors Research and Interviews

## INCUBATOR STRATEGY...APPROACH...

The strategy for the Clallam County Incubator Network must be driven by its economic development goals and reflect business cluster development strategies, incubator best practices, specific best practices for incubators located in economically depressed areas and the specific economic and political circumstances of Clallam County

### INCUBATOR STRATEGY DEVELOPMENT APPROACH

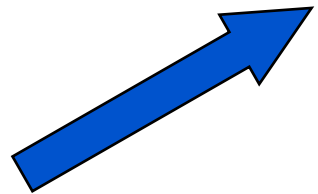
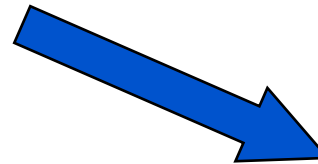
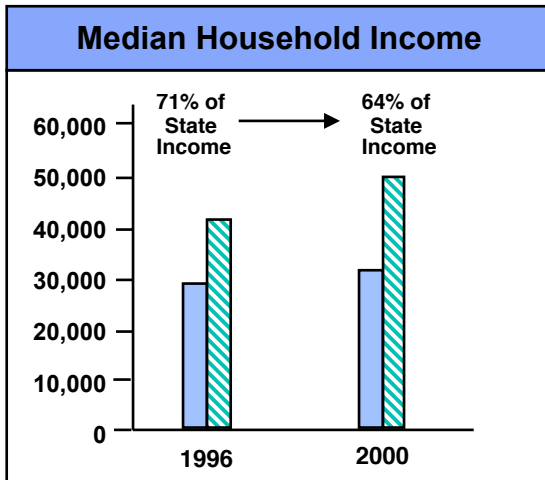
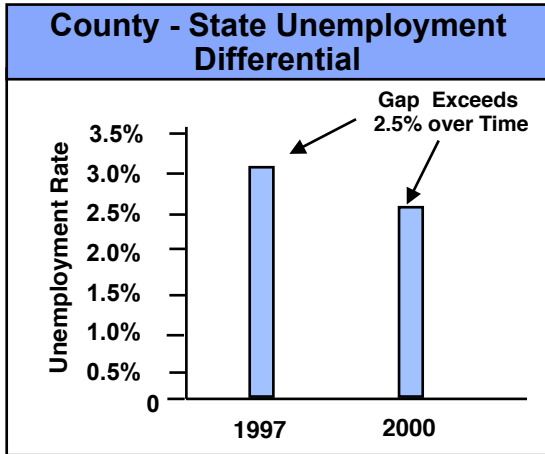


Source : Signal Hill Advisors Analysis

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INCUBATOR STRATEGY...DEVELOPMENT...

Clallam County's economic development goals are driven by a need to reduce County unemployment and increase the average county wage to Washington State levels



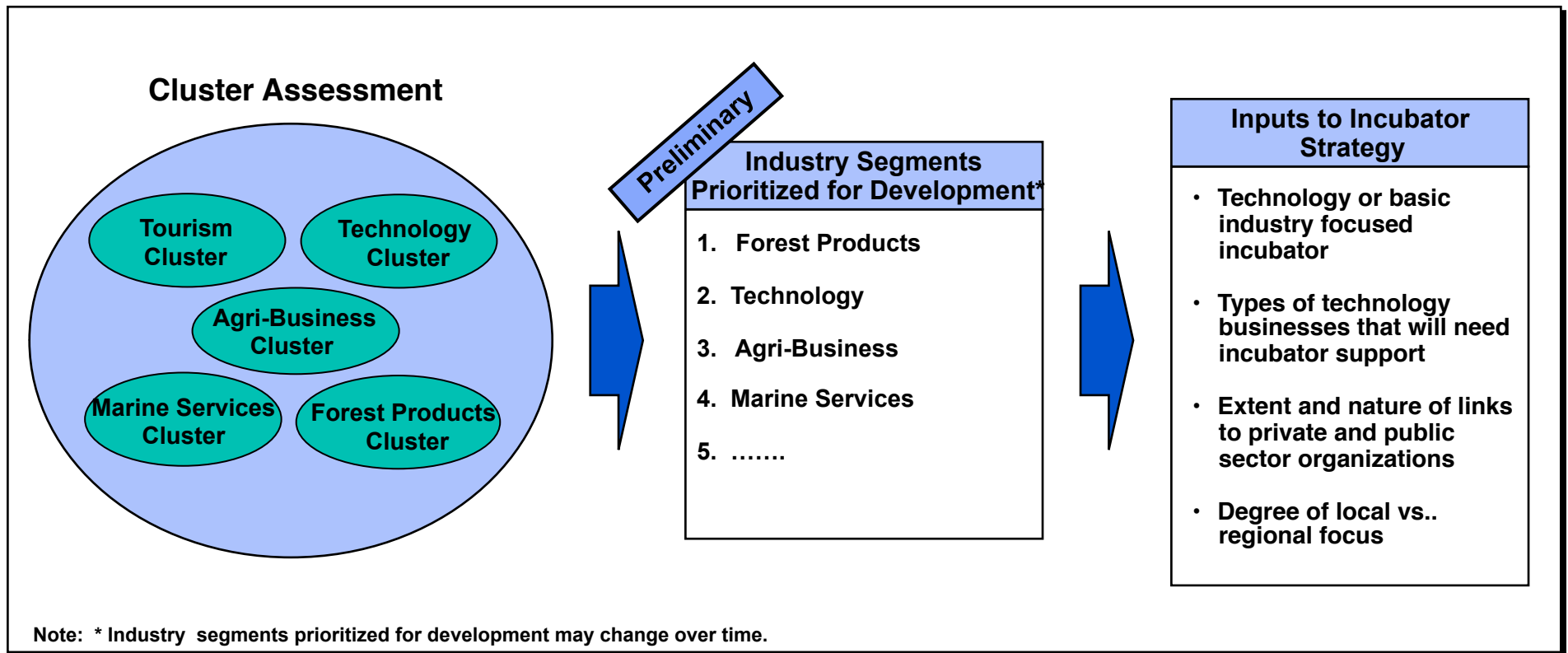
- Economic Development Goals**
- Reduce unemployment differential
  - Reduce wage differential

Source : Signal Hill Advisors Research and Interviews

## INCUBATOR STRATEGY...DEVELOPMENT...

The current economic development assessment underway in Clallam County will drive incubator strategy by establishing which industrial clusters and which segments within each cluster must be supported by the incubator

### Cluster Assessment Input into Incubator Strategy



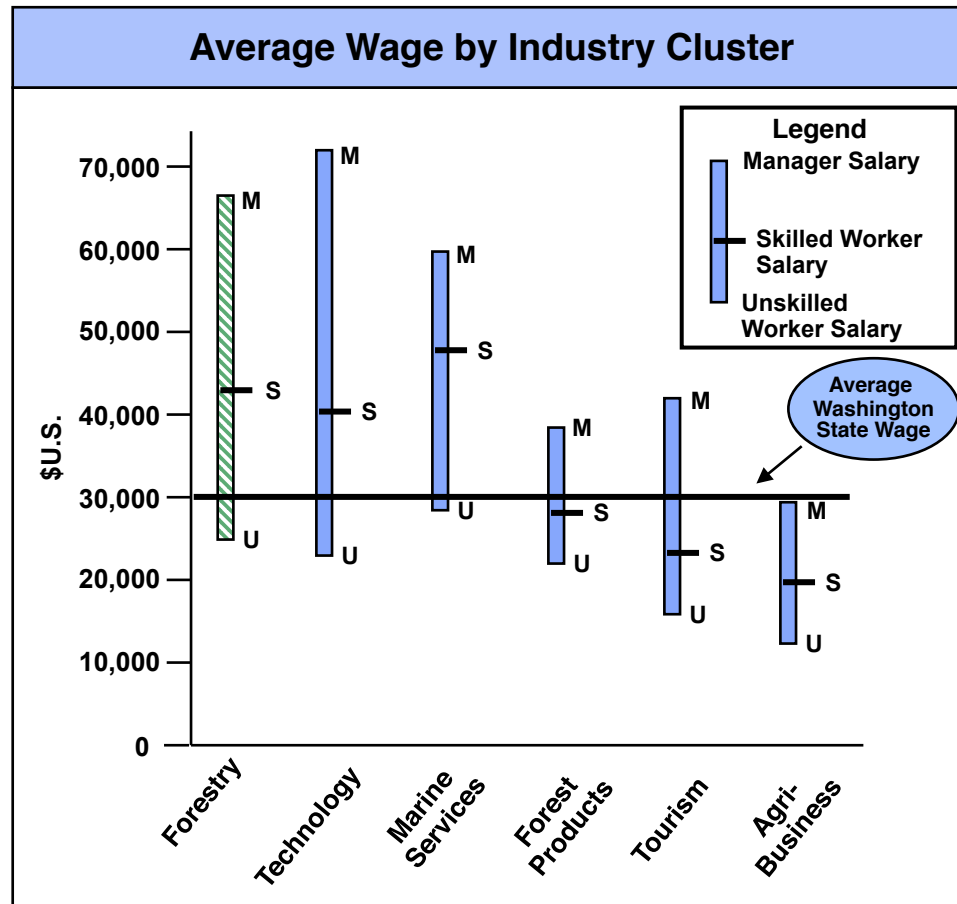
Source : Signal Hill Advisors Research and Interviews



**INCUBATOR STRATEGY...DEVELOPMENT...**

**For example, assessment of wage levels by industry cluster may show that Clallam County should focus its economic development efforts on the technology and marine services sector to raise wages to Washington State levels**

**Industry Cluster Prospective Wage Sectors**



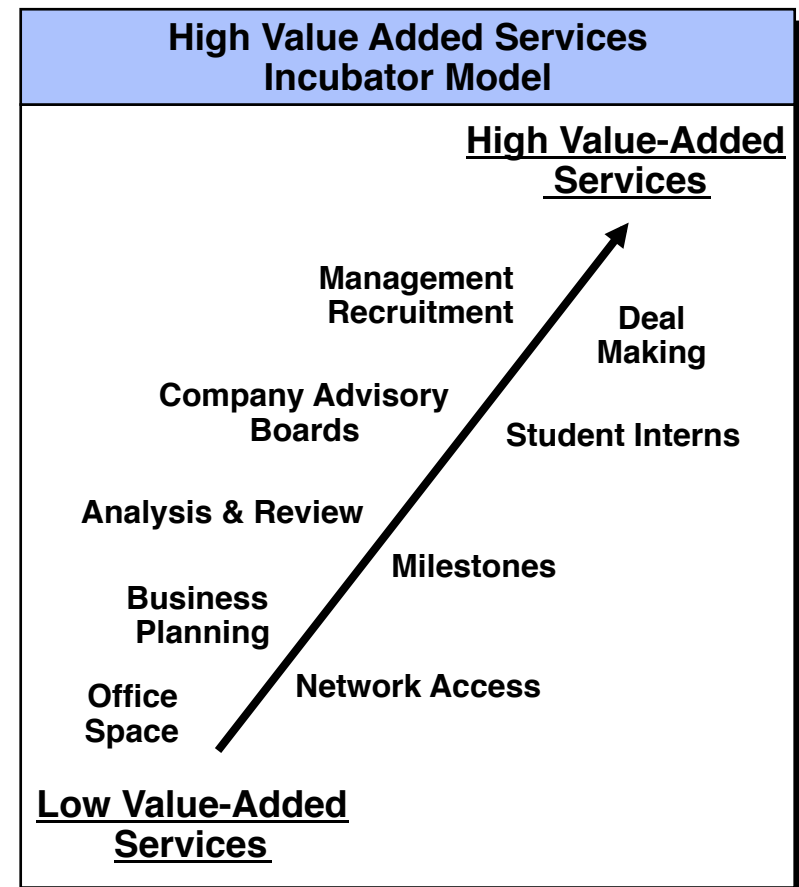
- Impact on Incubator Strategy**
- **Clallam County must develop industries that replace lost high-paying logging jobs**
  - **The Clallam County Incubator Network should focus on the development of the Technology and Marine services sectors**
  - **The Clallam County Incubator Network should encourage the development of the Agriculture, Forest Products and Tourism sectors, but they should not be the primary focus of the business incubator**

Source: U.S. Bureau of Labor Statistics, Signal Hill Advisors Analysis

## INCUBATOR STRATEGY...DEVELOPMENT...

**Strategic best practices derived from the operation of business incubators over the past 25 years show that incubators must be non-profit and offer high value added services to resident companies to be successful**

Strategic Best Practices
<ul style="list-style-type: none"><li>• The “for profit” incubator model is not viable</li><li>• An incubator must provide value added services to resident companies, not just free office space</li><li>• An incubator must be extremely selective in choosing which companies to admit to the incubator</li><li>• Incubator management must proactively work with resident companies to develop their businesses</li><li>• Start-up businesses’ progression through the incubator must be tracked with clear quantifiable milestones</li><li>• The incubator must facilitate capital acquisition for resident companies</li></ul>



Source: AUSTEP Strategic Partnering Pty, Signal Hill Advisors Analysis

## INCUBATOR STRATEGY...DEVELOPMENT...

**Incubators located in economically depressed or rural areas must also take into account the lack of resources and supporting institutions for the incubator and its resident companies when developing operating strategies**

<b>Factors Affecting Early-Stage Business Development In Depressed or Rural Areas</b>
<ul style="list-style-type: none"><li>• Few entrepreneurs</li><li>• Absence of local markets large enough to develop early-stage businesses</li><li>• Few local financing sources</li><li>• Limited business support network for early stage businesses</li><li>• Lack of a pool of skilled employees for start-up businesses</li><li>• Community mindset that believes it “can’t be done here” and resents success</li></ul>

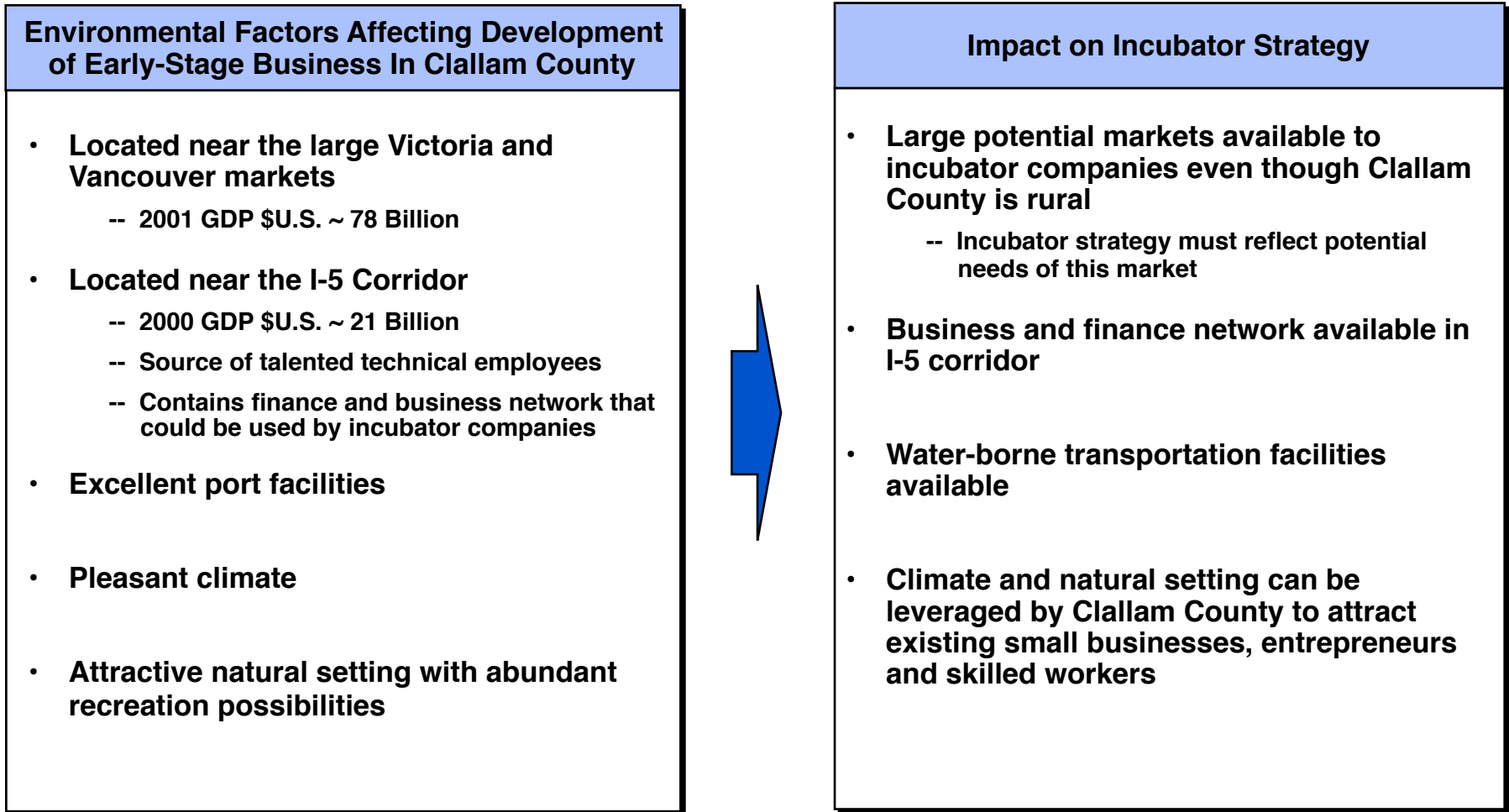


<b>Strategic Best Practices for Incubators in Economically Depressed Areas</b>
<ul style="list-style-type: none"><li>• Attract entrepreneurs from outside the area</li><li>• Incubate businesses that can easily grow through sales to non-local markets</li><li>• Develop relationships with outside funding sources</li><li>• Develop a support network of consultants, successful entrepreneurs for use by resident companies</li><li>• Identify sources and/or develop a pool of skilled employees</li><li>• Become the evangelist for entrepreneurship in the community</li><li>• Create new businesses within the incubator</li></ul>

Source : Signal Hill Advisors Research and Interviews

## INCUBATOR STRATEGY...DEVELOPMENT...

**Clallam County's geographic location vis-à-vis Seattle and Canada and its natural beauty provide unique business capture and business development opportunities that must be reflected in the incubator strategy**



Source : Signal Hill Advisors Research and Interviews

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**INCUBATOR STRATEGY...RECOMMENDED STRATEGY...**

**The recommended strategy for the Clallam County Incubator Network is based on its links to the County’s economic development strategy and is characterized by selective admission, free provision of facilities and utilities and strong support for resident companies**

**Recommended Strategic Elements**

<b>Strategic Elements for Clallam County Incubator Network</b>	<b>Drivers</b>
The Incubator will be non-profit 501C3 organization	Σ Best Practice for Business Incubators
The Incubator will focus its efforts only on those industry clusters whose development meets the economic development objectives of Clallam County	Σ Economic Development Objectives Σ Business Cluster Strategy Σ Best Practice for Incubators in Economically Depressed Areas
The Incubator will be very selective in admitting companies into its facilities —companies must have scalable technology and intellectual property	Σ Best Practice for Business Incubators Σ Best Practice for Incubators in Economically Depressed Areas
The Incubator will provide space, equipment usage and software licenses at no charge and utilities at substantially reduced rates – resident company books will be open to the Incubator	Σ Best Practice for Incubators in Economically Depressed Areas
The Incubator will aggressively recruit entrepreneurs and start-up businesses from other geographic areas	Σ Best Practice for Incubators in Economically Depressed Areas Σ Clallam County Environment
The Incubator will aggressively develop new businesses in the Incubator	Σ Best Practice for Incubators in Economically Depressed Areas Σ Clallam County Environment

Source : Signal Hill Advisors Analysis

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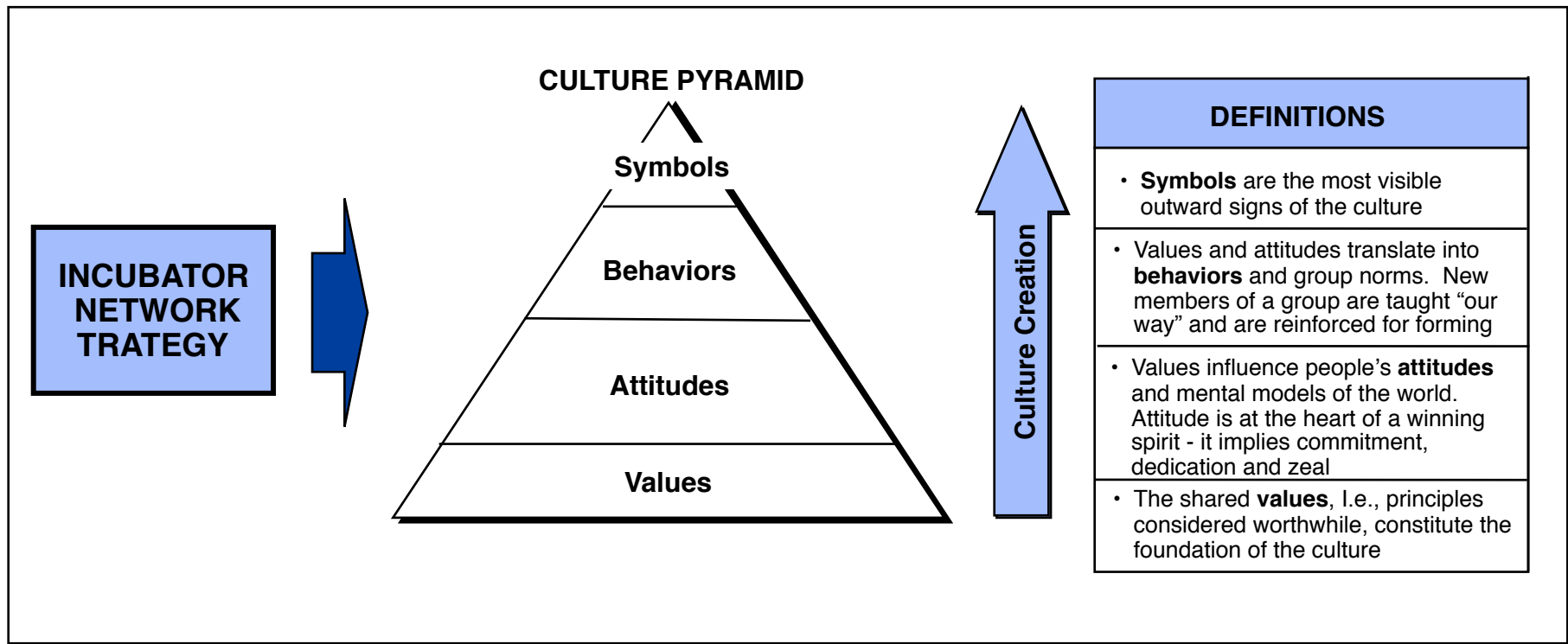
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## CULTURE AND VALUES...

The Clallam County Incubator Network must create a culture that reflects its strategy

### Clallam County Incubator Network: Culture Development



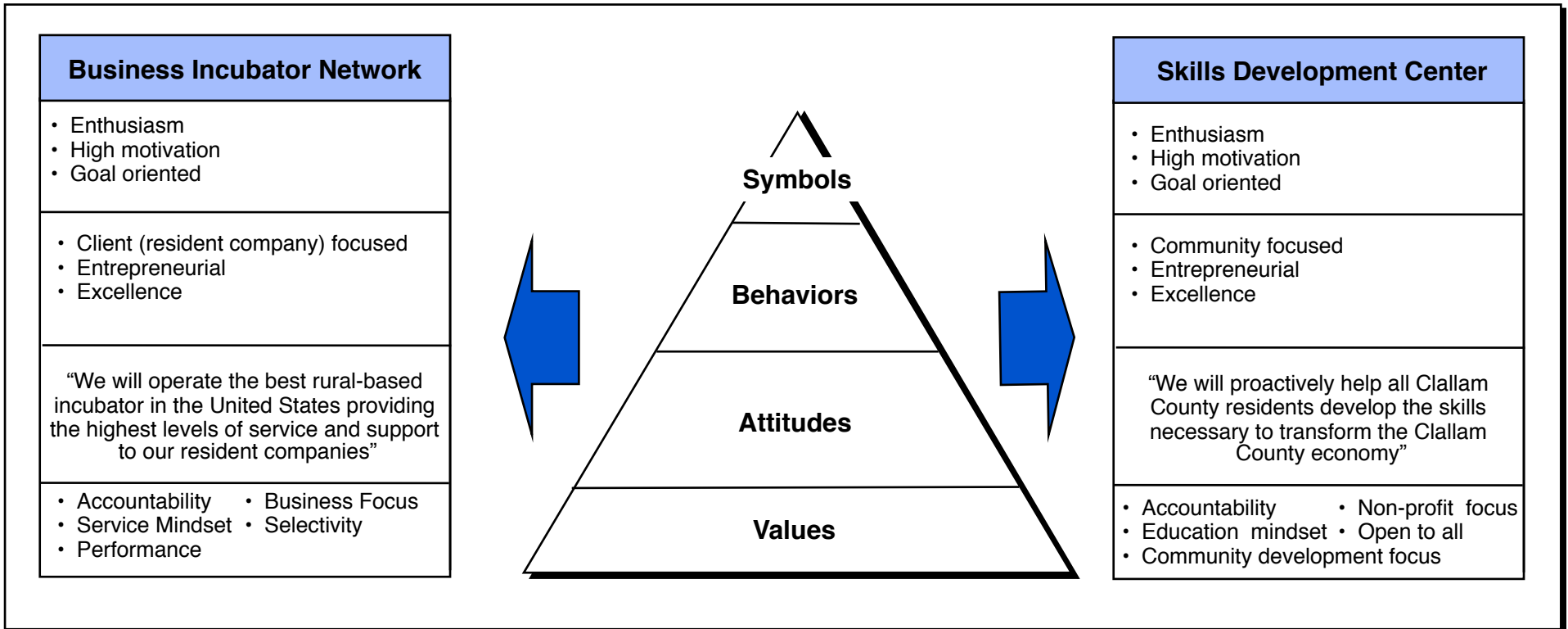
Source : Signal Hill Advisors Analysis



**CULTURE AND VALUES...**

**The Clallam County Incubator Network must create a separate culture for the business incubator network and skills development center**

**Recommended Cultures for Incubator Network and Skills Development Center**

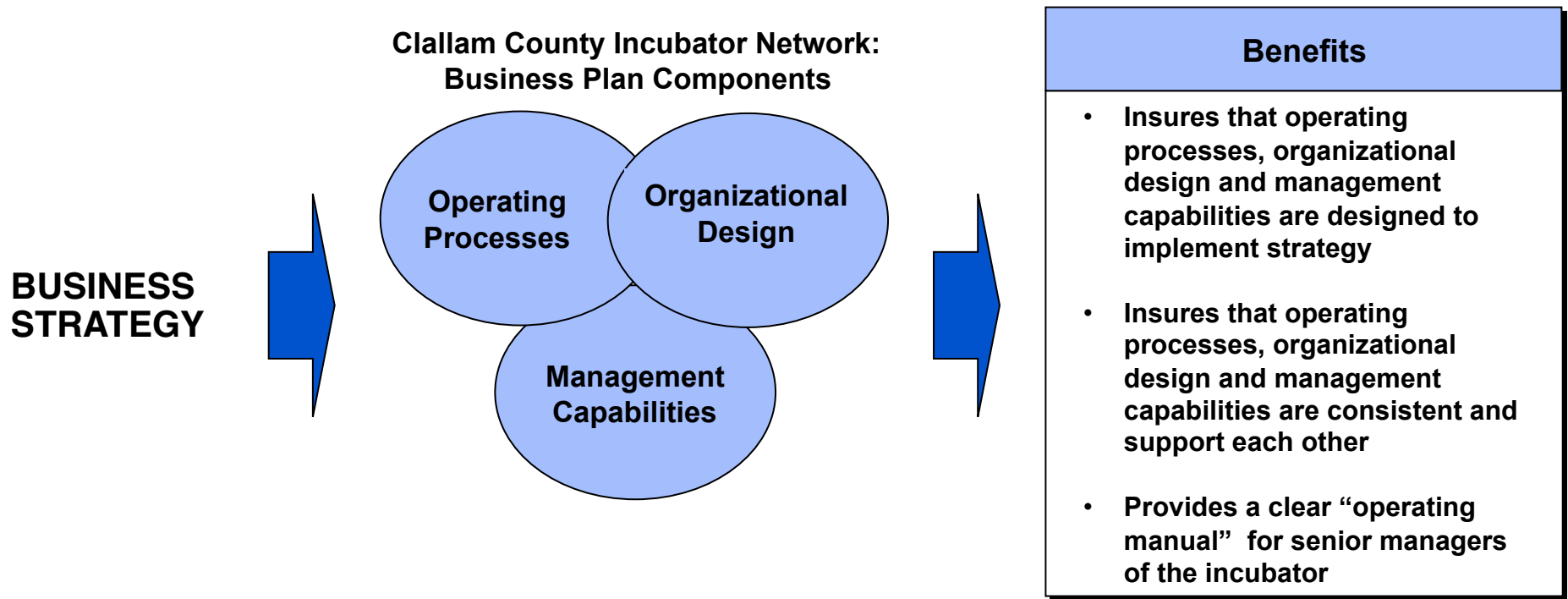


Source : Signal Hill Advisors Analysis

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  - **Operating Processes -- Business Incubator**
  - **Operating Processes -- Skills Center**
- **Management Capabilities**
- **Performance Benchmarks**

## BUSINESS MODEL...

The business model for the Clallam County Incubator Network must reflect its business strategy and contain integrated operating processes, organizational design and capabilities to be successful



Source : Signal Hill Advisors Analysis

## **BUSINESS MODEL...**

**The business model must also reflect best practices for business process and organizational structure design**

- **Clear roles and responsibilities**
- **Streamlined management**
- **Adequate delegation of authority**
- **Utilization of synergies/economies of scale**
- **Relevant and timely information flow**
- **Streamlined business processes**
- **Focus on core activities of the organization**
-

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- **Organizational Design**

- **Operating Processes -- Entire Organization**
- **Operating Processes -- Business Incubator**
- **Operating Processes -- Skills Center**

- **Management Capabilities**
- **Performance Benchmarks**

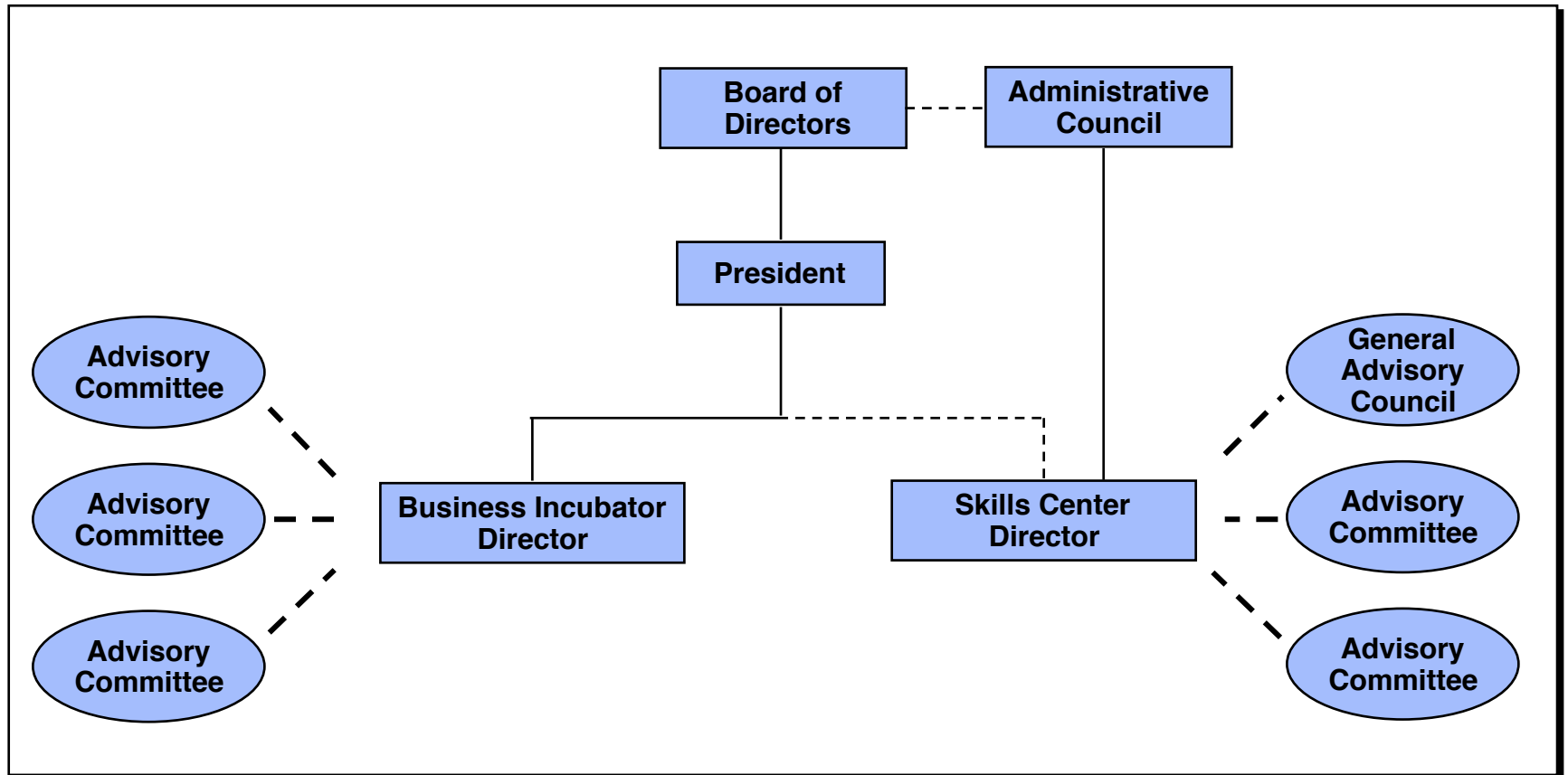
## **The Clallam County Incubator Network should be organized as a separate 501c3 corporation**

- **Operation as a separate organization, as opposed to part of the EDC or other government organization, will make it easier for the incubator to meet its business development objective**
  - **permits collection of required expertise on its Board**
  - **Insulates Incubator from competing agendas**
  
- **Removes the Incubator from restrictions under the Washington State Constitution that preclude providing benefits to businesses**
  
- **Contributions to the Incubator from corporations or foundations are tax deductible**

**BUSINESS MODEL...ORGANIZATIONAL DESIGN...**

**The organizational structure of the Clallam County Incubator Network should reflect its two missions--business incubation and skills development**

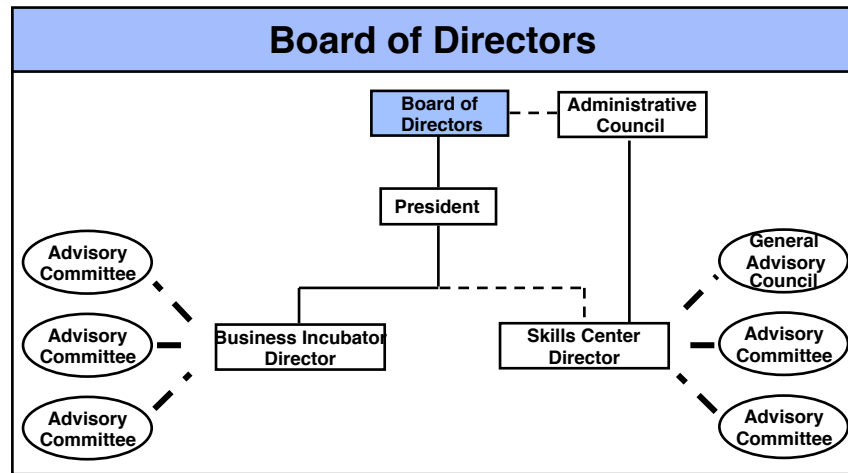
**Recommended Organizational Structure**



Source : Signal Hill Advisors Analysis

## BUSINESS MODEL...ORGANIZATIONAL DESIGN...

**The Board of Directors will be responsible for the operation of the Business Incubator Network and have joint responsibility for operation of the the Skills Center with the Board of School Superintendents**



### Responsibilities and Structure of the Board of Directors

#### Responsibilities

- General responsibilities for Business Incubator Network and Skills Center Management
- Fund Raising

#### Structure and Membership

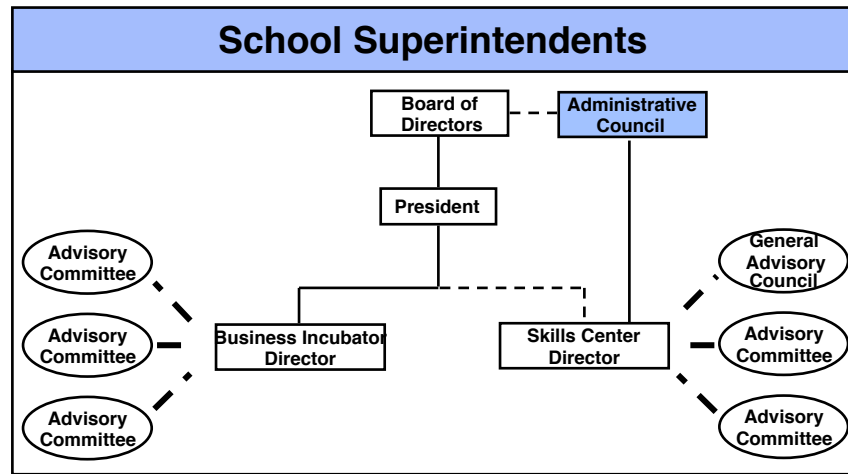
- Members selected to provide credibility to the Incubator and to assist in fund raising
- Members will not be selected based on ability to provide advice to resident Incubator companies
- Members selected primarily from Clallam County, with one or two members from Seattle area

Source : Signal Hill Advisors Analysis



## BUSINESS MODEL...ORGANIZATIONAL DESIGN...

**The Administrative Council will be responsible for the operation of the Skills Center**



### Responsibilities and Structure of the Administrative Council

#### Responsibilities

- General responsibilities for Skills Center management
- Input into Skills Center curriculum
- Coordinate Incubator and Skills Center management with Board of Directors

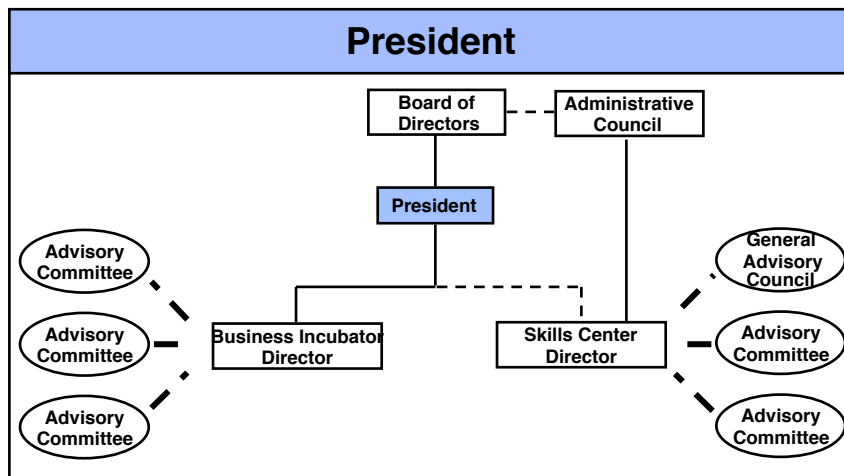
#### Structure and Membership

- Members comprised of Clallam County schools Superintendents

Source : Signal Hill Advisors Analysis

## BUSINESS MODEL...ORGANIZATIONAL DESIGN...

The President of the Business Incubator Network and the Skills Center will be primarily responsible for overall administration and coordination of activities across both sides of the organization



### Responsibilities and Authority of the President

#### Responsibilities

- General administration of the Business Incubator Network and Skills Center
- Insuring coordination of activities across the entire organization
- Community and business sector relations
- Formulating annual budgets for the entire organization

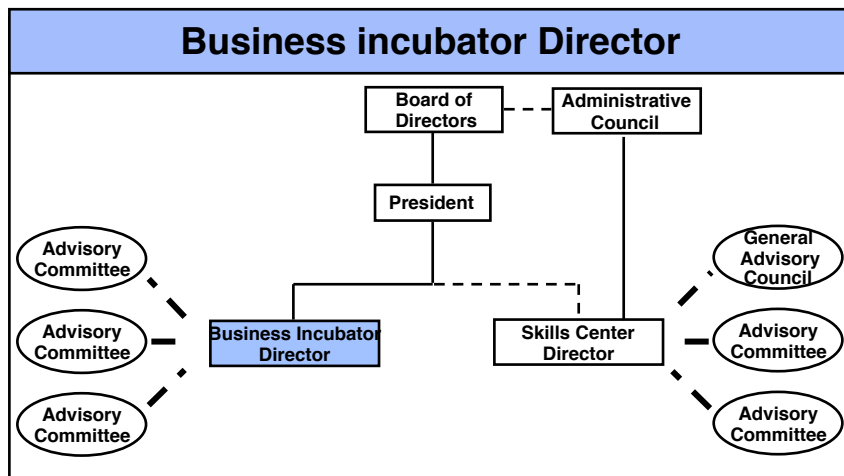
#### Authority

- Hiring and managing the Business Incubator Network Director
- Providing advice to the Administrative Council on managing the Skills Center Director
- Approving strategies, policies and procedures in consultation with Business Incubator Network Director and Skills Center Director
- Approving annual budgets for the Business Incubator Network and coordinating annual budgets for the Skills Center

Source : Signal Hill Advisors Analysis

## BUSINESS MODEL...ORGANIZATIONAL DESIGN...

The Business Incubator Director will be primarily responsible for the overall management of the Incubator Network, recruitment of resident companies and the provision of services to resident companies



### Responsibilities and Authority of Business Incubator Director

#### Responsibilities

- Management of the Business Incubator Network to best practice levels
- Recruitment of and on-going assessment of companies in the Incubator Network
- Coordinating the provision of services to resident companies by Advisory Committees and consultants
- Mentoring resident company management
- Assisting the President in business sector relations
- Formulating and managing annual budgets for the Incubator Network

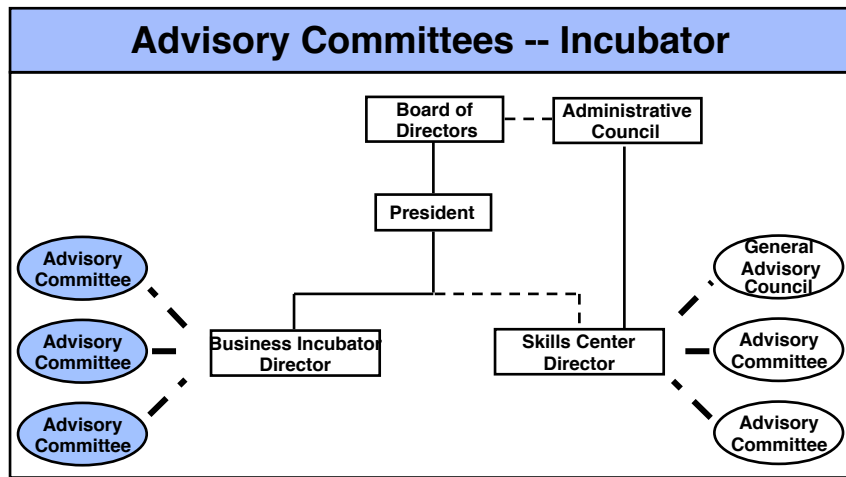
#### Authority

- Hiring and managing the Business Incubator staff
- Approving strategies, policies and procedures for the Business Incubator Network
- Spending authority as approved by Board of Directors

Source : Signal Hill Advisors Analysis

## BUSINESS MODEL...ORGANIZATIONAL DESIGN...

The Business Incubator Advisory Committees will provide specific business and technical advisory services to resident companies



### Responsibilities and Authority of Business Incubator Advisory Committees

#### Responsibilities

- Provide a source of business and technical expertise that the Business Incubator Director can use in operating the Incubator Network
- Individual Advisory Committees will be responsible for providing advice in the following areas
  - company admission
  - company advisory services
  - company performance and residence

#### Authority

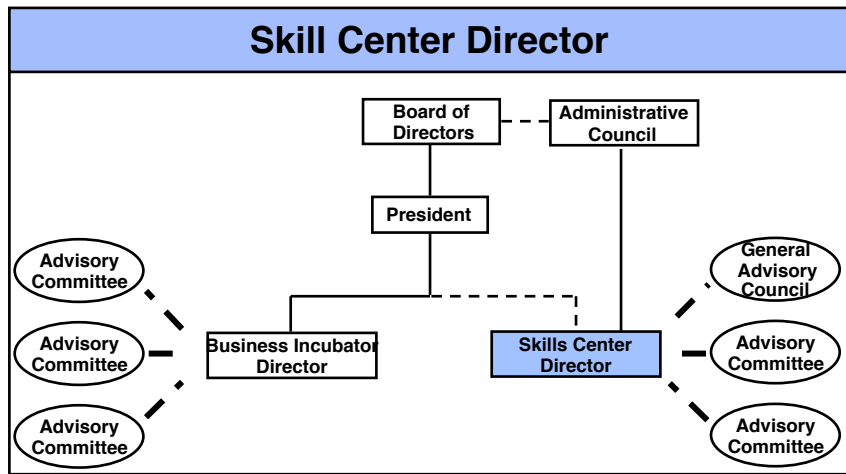
- Approving companies for admission into the Incubator
- Removing companies from the Incubator

Note: The Business Incubator Director will chair the Advisory Committees

Source : Signal Hill Advisors Analysis

**BUSINESS MODEL...ORGANIZATIONAL DESIGN...**

**The Skills Center Director will be primarily responsible for the overall management of the Skills Center, coordination of Skill Center efforts with local educational institutions, tribes and other private sector institutions**

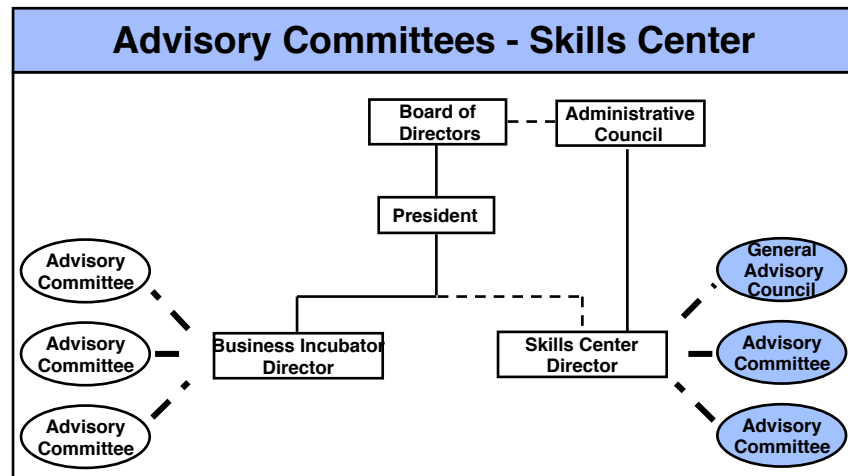


Responsibilities and Authority of Skill Center Director
<p><b><u>Responsibilities</u></b></p> <ul style="list-style-type: none"> <li>• Management of the Skills Center to best practice levels</li> <li>• Coordination of Skill Center efforts with local educational institutions, tribes, local banks and private sector supporters</li> <li>• Coordination of fund raising efforts for the Skills Center</li> <li>• Assisting the Administrative Council and President in public sector and government relations</li> <li>• Formulating and managing annual budgets for the Skills Center</li> </ul> <p><b><u>Authority</u></b></p> <ul style="list-style-type: none"> <li>• Hiring and managing the Skills Center staff</li> <li>• Approving instructors for teaching at the Skills Center</li> <li>• Approving strategies, policies and procedures for the Skills Center</li> <li>• Spending authority as approved by the Administrative Council</li> </ul>

Source : Signal Hill Advisors Analysis

**BUSINESS MODEL...ORGANIZATIONAL DESIGN...**

**The Advisory Committees for the Skills Center will provide specific education, partnering, and equipment purchase advisory services to the Skills Center Director**



**Responsibilities and Authority of Skill Center Advisory Committees**

**Responsibilities**

- Provide a source of skills training and technical expertise that the Skills Center Director can draw upon in managing the Skills Center
- Individual Advisory Committees will be responsible for providing advice in the following areas
  - curriculum
  - partnering/collaboration
  - equipment purchase

**Authority**

- Entering into or ending collaborative agreements with partnering institutions
- Purchasing equipment for the Skills Center

**Note: The Skills Center Director will Chair the Advisory Committees**

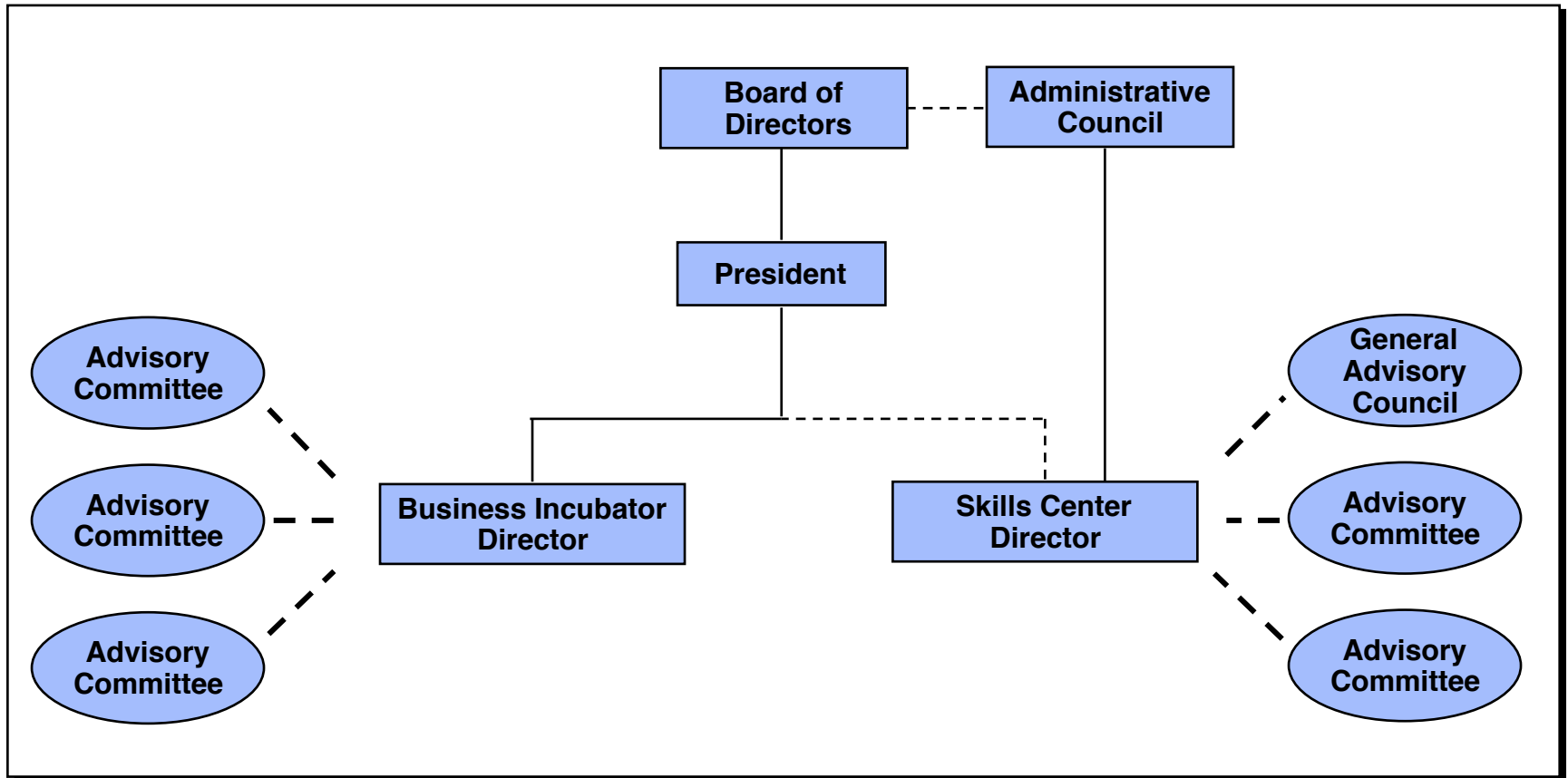
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**BUSINESS MODEL...OPERATING PROCESSES...ORGANIZATION WIDE...**

**The Business Incubator Network and Skills Center must have operating processes at the organization-wide, Incubator and Skills Center levels that reflect the strategy for each operational level**

**Proposed Organizational Structure**



Source : Signal Hill Advisors Analysis



**BUSINESS MODEL...OPERATING PROCESSES...ORGANIZATION WIDE...**

**The operating processes for the Clallam County Incubator Network must cover operation of the entire organization, Incubator management, resident company management and Incubator/Skills Center coordination**

***Organization Management***

- **Strategic Planning and Budgeting**
- **Coordination of programs and activities between the Incubator Network and Skills Center**

**FREQUENCY**

**ANNUAL  
QUARTERLY**

***Incubator Management***

- **Network Management**
- **Company Admission**
- **Company Advisory Services and Incubation**
- **Company Graduation**
- **Finance Structure Interaction**

**MONTHLY  
QUARTERLY  
QUARTERLY  
QUARTERLY**

***Skills Center Management***

- **Strategic Program Design**
- **Curriculum Determination**
- **Equipment Purchase**

**BI-ANNUAL  
BI-ANNUAL  
BI-ANNUAL**

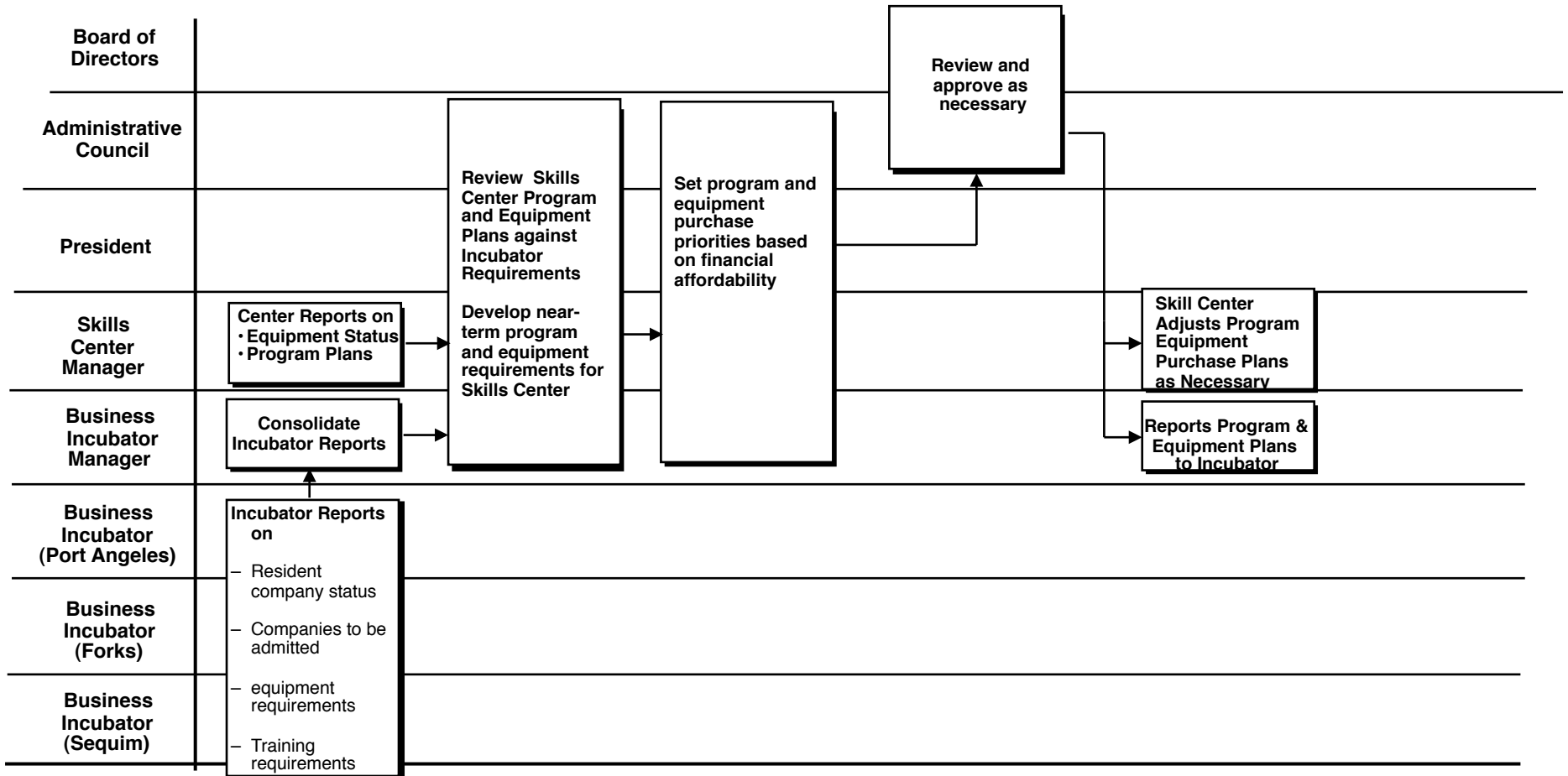
Source : Signal Hill Advisors Analysis



**BUSINESS MODEL...OPERATING PROCESSES...ORGANIZATION WIDE...**

**The quarterly Incubator and Skills Center process insures that the Skills Center meets the training and equipment needs of resident Incubator companies**

**Quarterly Incubator and Skills Center Coordination Process**



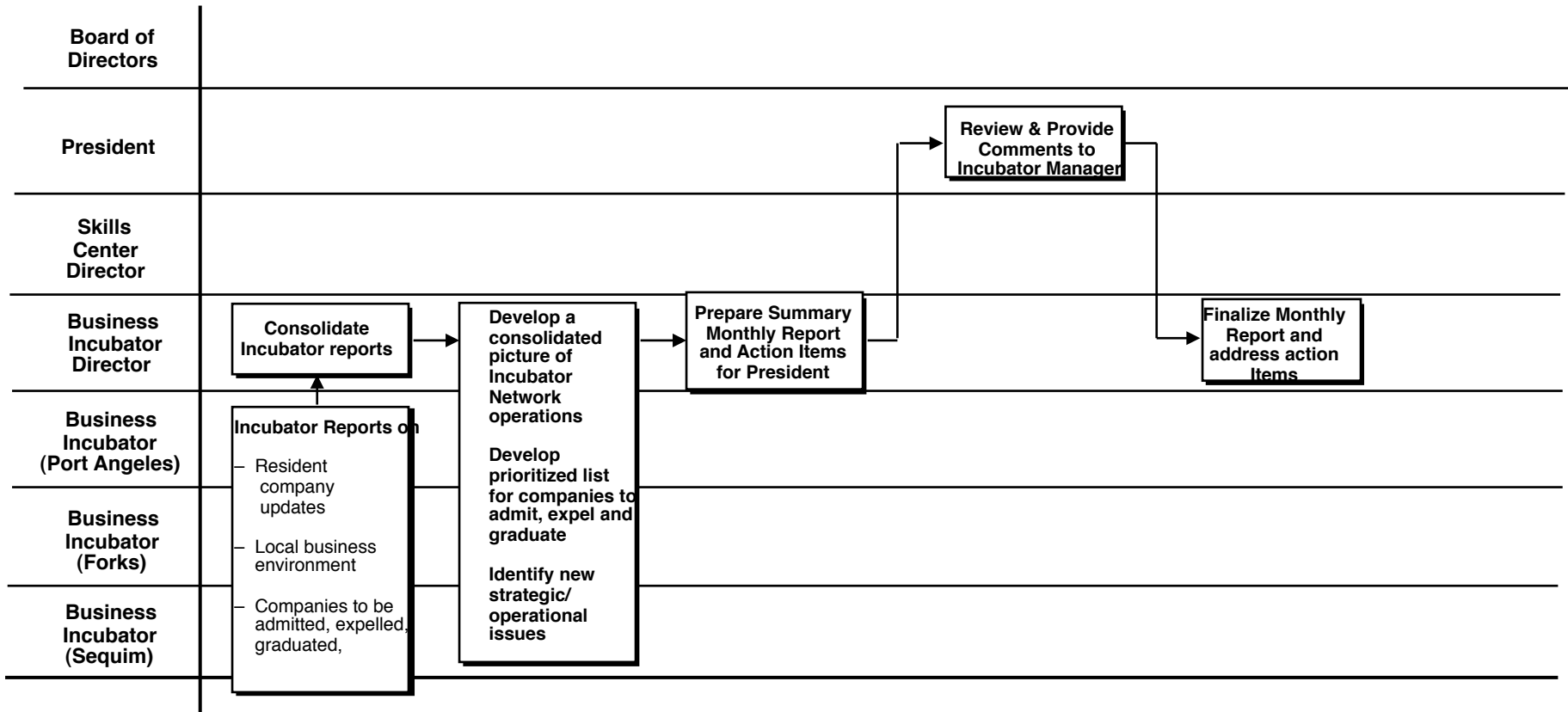
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**BUSINESS MODEL...OPERATING PROCESSES...INCUBATOR NETWORK...**

**The monthly Incubator Network management process will insure that the Incubator stays focused on its strategic goals and operates as one organization**

**Incubator Network Management Process**

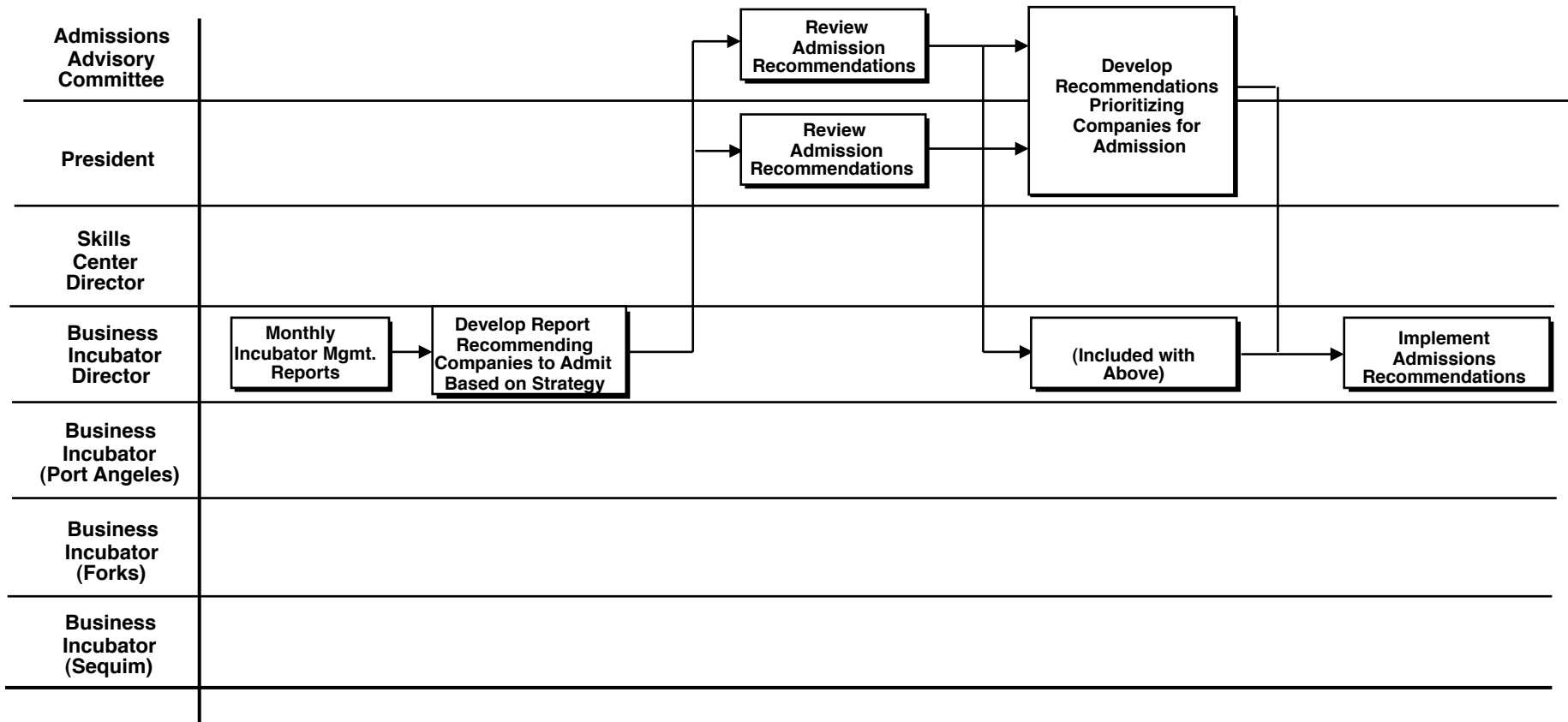


Source : Signal Hill Advisors Analysis

**BUSINESS MODEL...OPERATING PROCESSES...INCUBATOR NETWORK...**

**The quarterly company admissions review process will insure that only those companies that can help meet Clallam’s County’s economic development objectives are admitted to the Incubator Network**

**Incubator Advisory and Incubation Services**

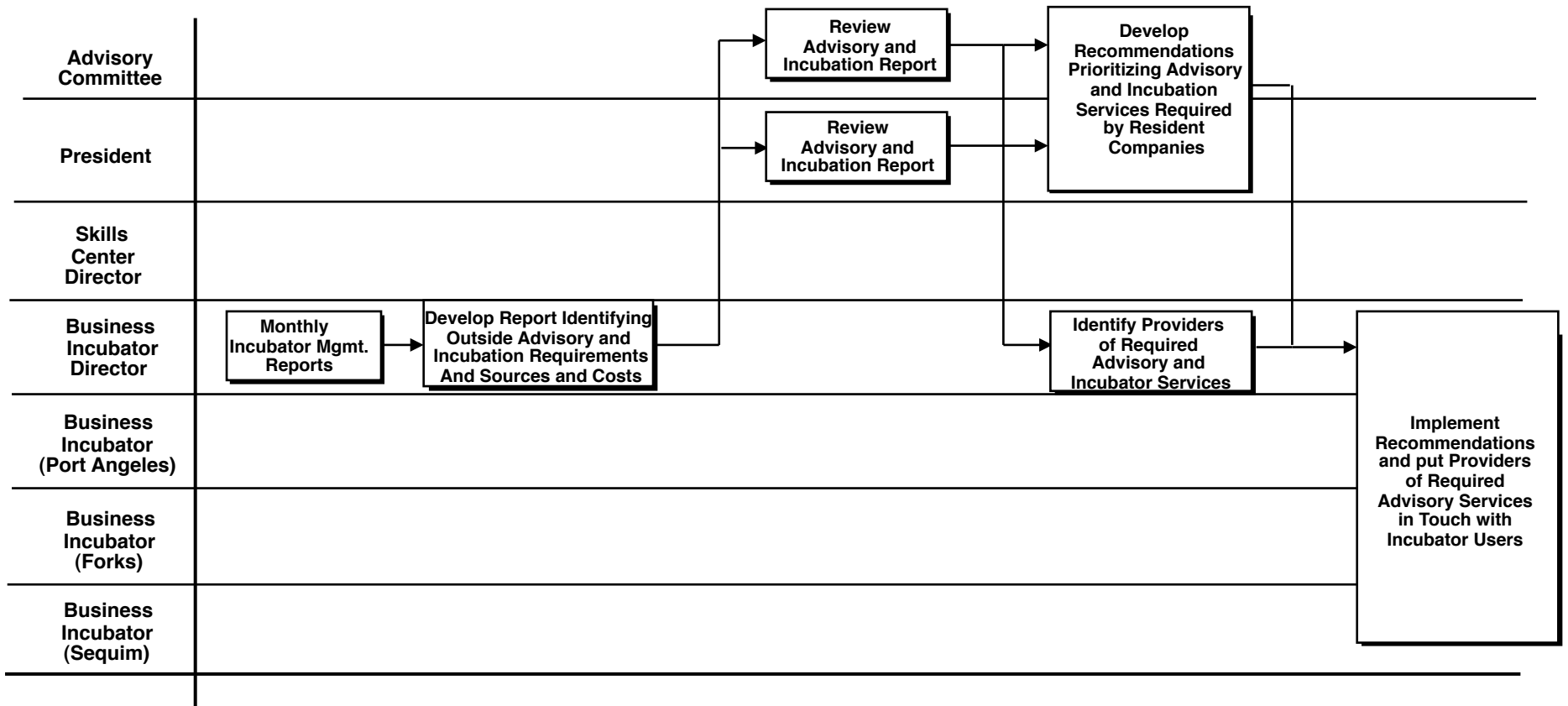


Source : Signal Hill Advisors Analysis

**BUSINESS MODEL...OPERATING PROCESSES...INCUBATOR NETWORK...**

**The quarterly company advisory services and incubation review process will insure that resident companies will obtain the best services and support as they grow into self-sustaining businesses**

**Incubator Advisory and Incubation Services Process**

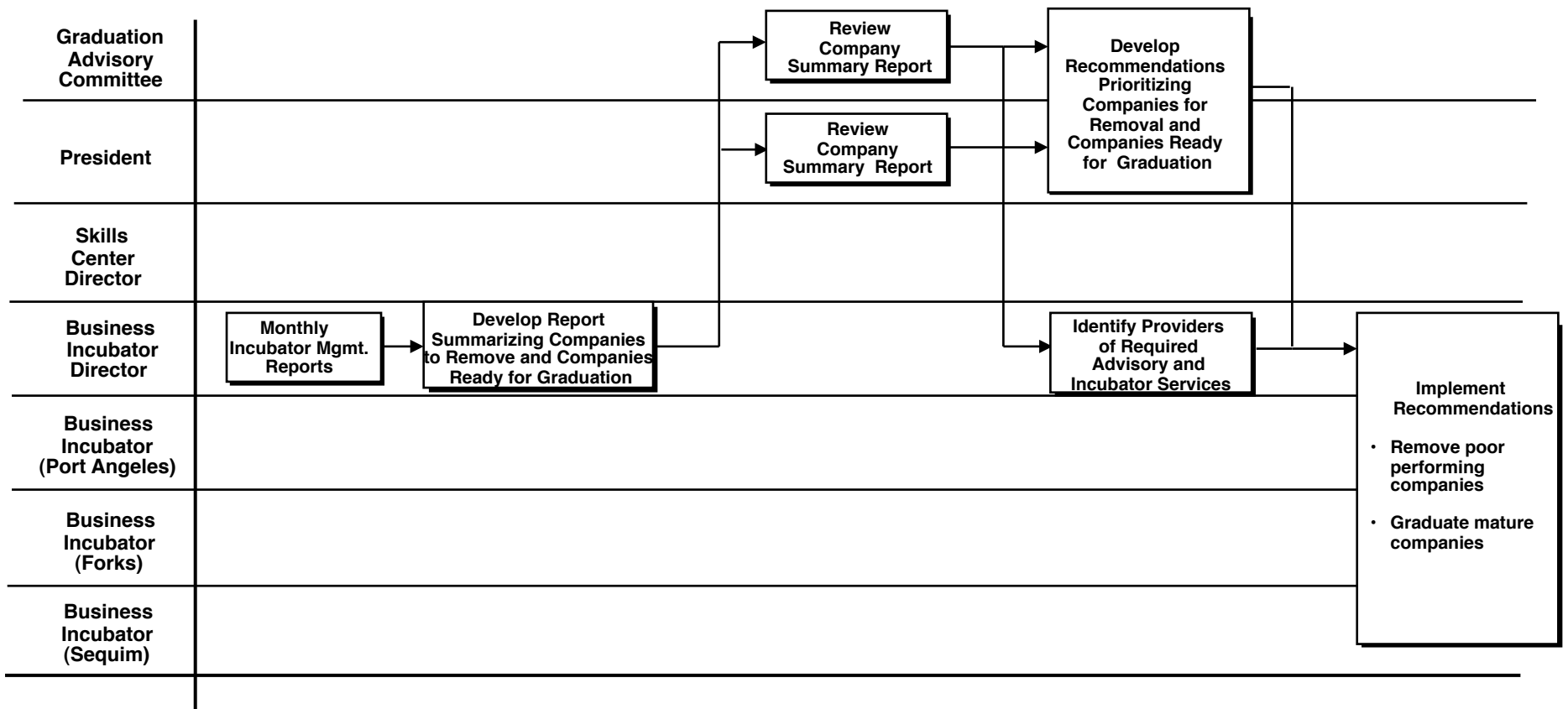


Source : Signal Hill Advisors Analysis

**BUSINESS MODEL...OPERATING PROCESSES...INCUBATOR NETWORK...**

**The quarterly company review and graduation process will insure that successful companies graduate, unsuccessful companies leave, and space is created for new companies in the Incubator**

**Company Graduation Process**



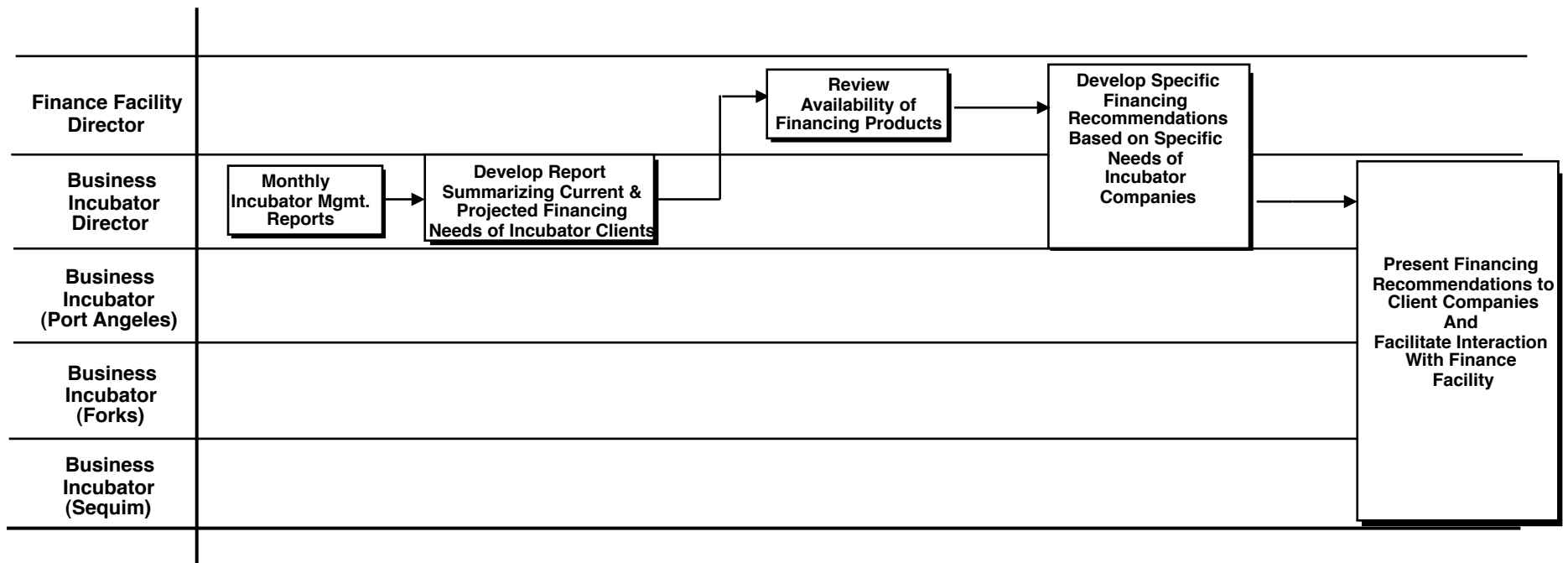
Source : Signal Hill Advisors Analysis



**BUSINESS MODEL...OPERATING PROCESSES...INCUBATOR NETWORK...**

**The quarterly finance facility interaction process insures that the Incubator Director and Finance Facility Director work hand-in-hand to meet the financing needs of Incubator clients**

**Finance Facility Interaction Process**



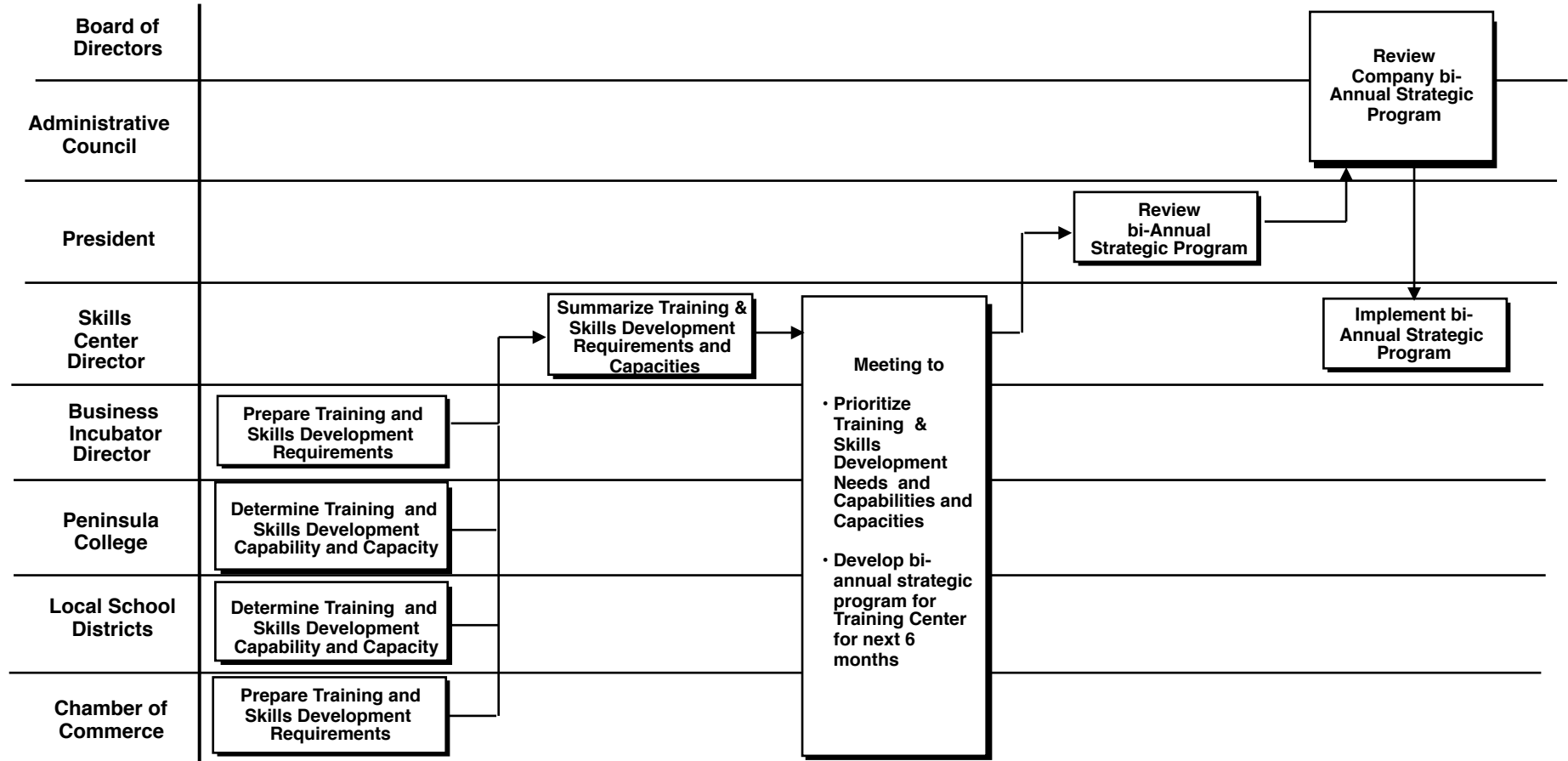
Source : Signal Hill Advisors Analysis

- **Background**
- **Incubator Strategy**
- **Culture and Values**
- **Business Model**
  - **Organizational Structure**
  - **Operating Processes -- Entire Organization**
  - **Operating Processes -- Business Incubator**
  - **Operating Processes -- Skills Center**
- **Management Capabilities**
- **Performance Benchmarks**

**BUSINESS MODEL...OPERATING PROCESSES...SKILLS CENTER...**

**The bi-annual strategic program design process will insure that the Skills Center provides programs that meet the needs of start-up and existing businesses in Clallam County**

**Bi-Annual Strategic Program Design Process**

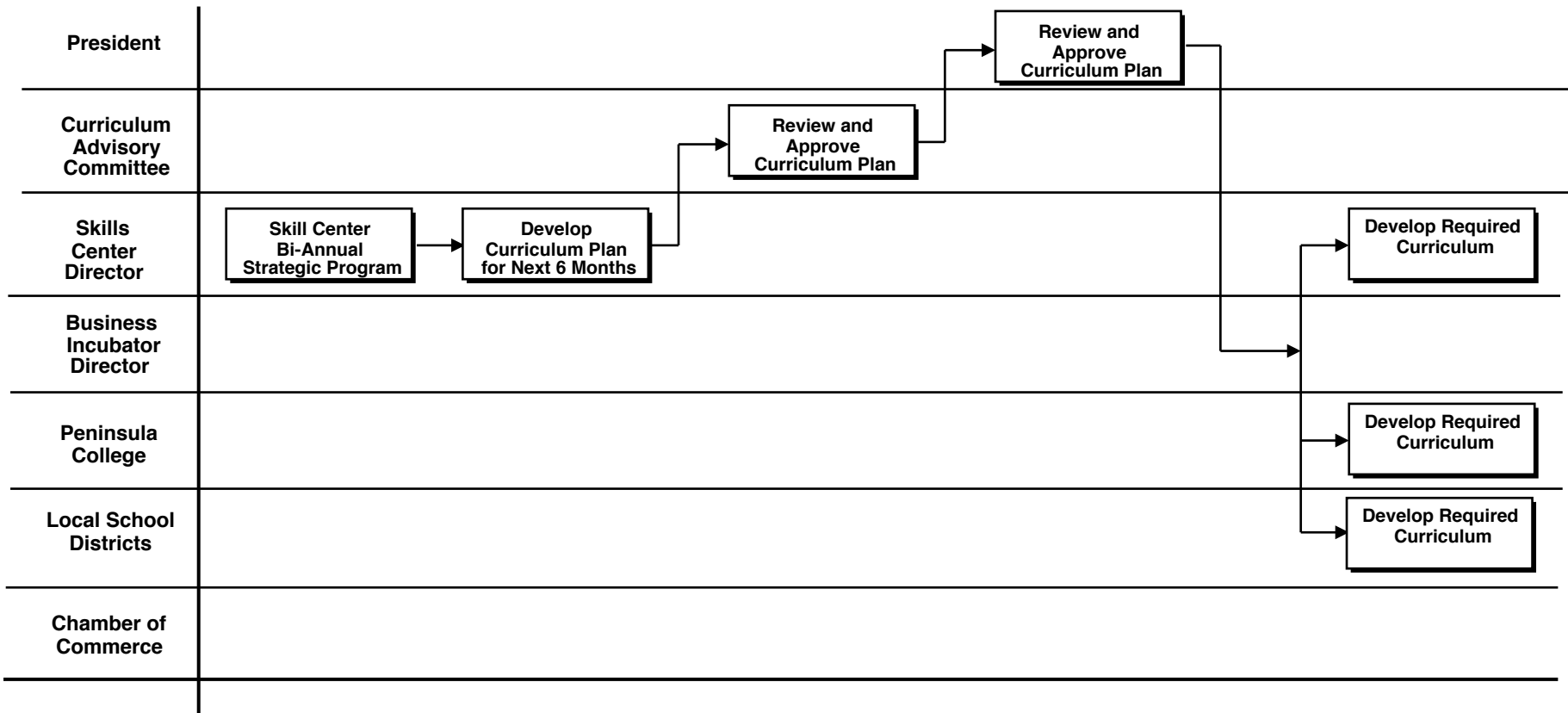


Source : Signal Hill Advisors Analysis

**BUSINESS MODEL...OPERATING PROCESSES...SKILLS CENTER...**

**The curriculum development process will insure that the Skills Center provides the curriculum that reflects the Skills Center's strategic program**

**Curriculum Development Process**

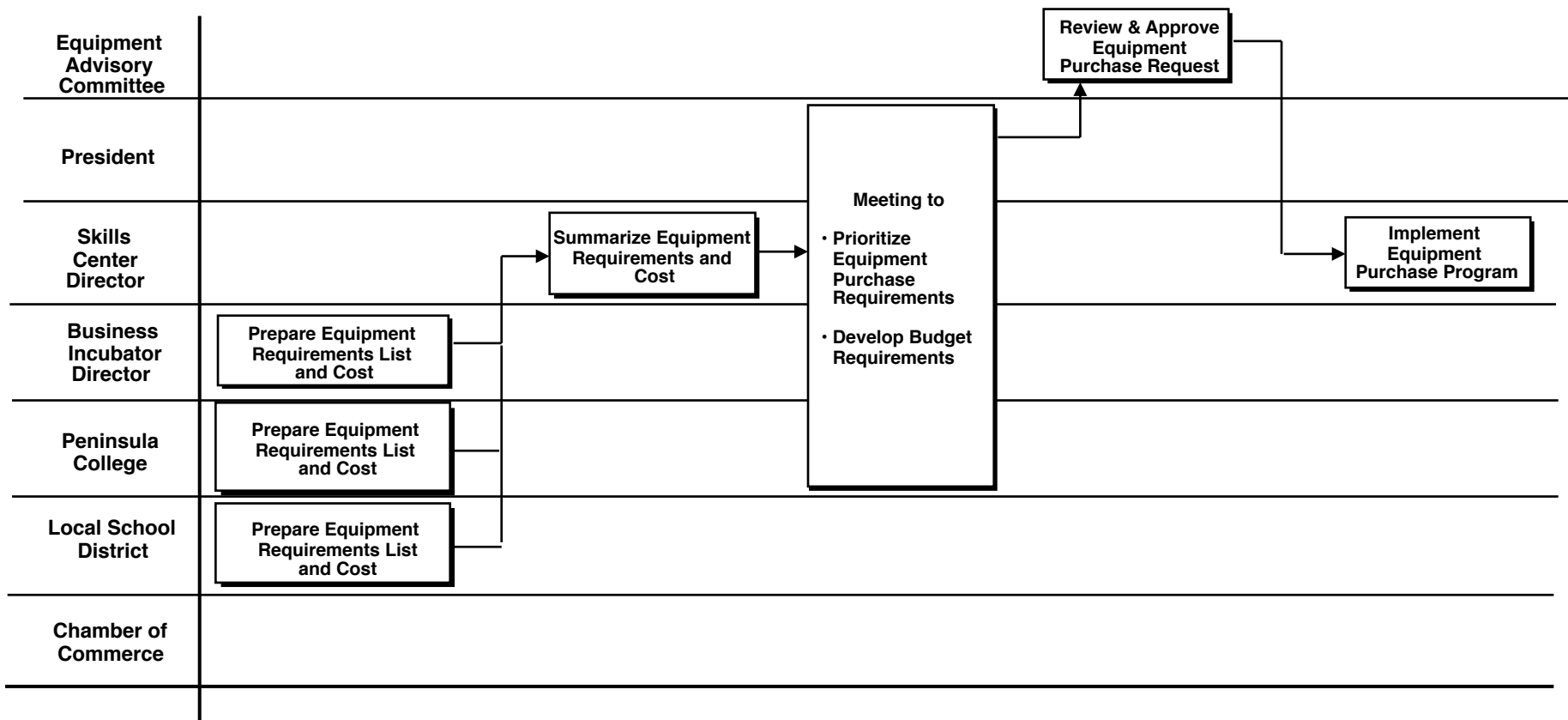


**Source : Signal Hill Advisors Analysis**

**BUSINESS MODEL...OPERATING PROCESSES...SKILL CENTER...**

**The equipment purchase process will insure that the Skill Center has the equipment needed to upgrade skills of the local workforce and to support resident companies in the Business Incubator Network**

**Equipment Purchase Process**

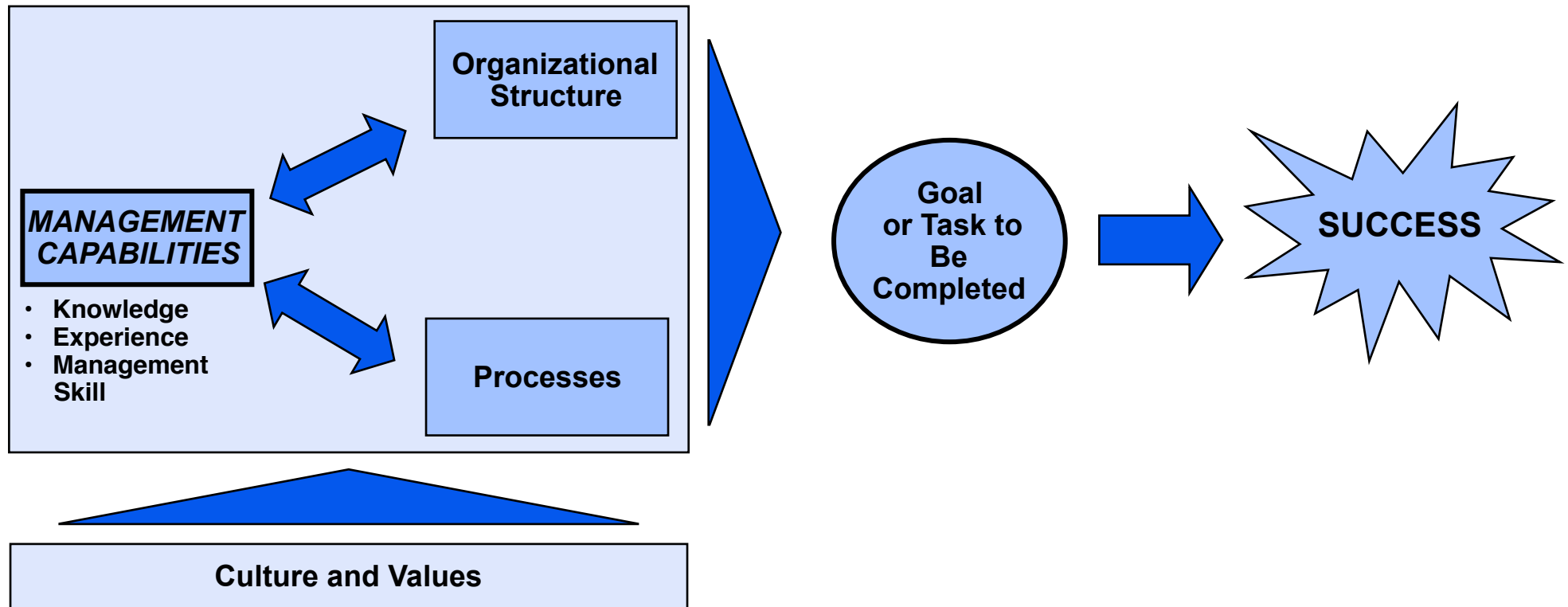


Source : Signal Hill Advisors Analysis

- **Background**
- **Incubator Strategy**
- **Culture and Values**
- **Business Model**
- **Management Capabilities**
- **Performance Benchmarks**

## MANAGEMENT CAPABILITIES...

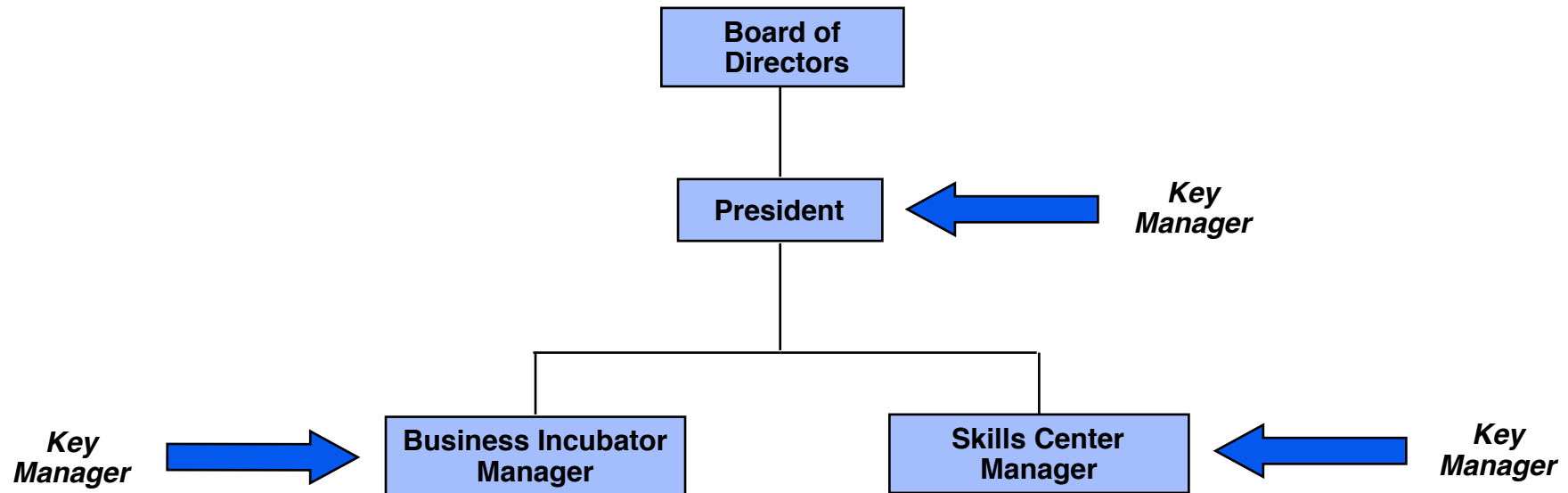
An organization's management capabilities are the knowledge, experience and management skill that a manager uses to engage an organization's structure, processes and employees to accomplish a goal or complete a task



Source : Signal Hill Advisors Analysis

MANAGEMENT CAPABILITIES...

The President, Business Incubator Network Manager and Skills Center Manager must have the knowledge, experience and management skill to effectively implement and manage the processes and organizational structure required to accomplish the goals of the Skill Center and Incubator



Source : Signal Hill Advisors Analysis



**BUSINESS MODEL...MANAGEMENT CAPABILITIES...**

**The President of the Incubator Network and Skills Center must have business experience, community development experience and ties to Clallam County**

**QUALIFICATIONS FOR INCUBATOR NETWORK AND SKILL CENTER PRESIDENT**

Qualification	Criteria
Work Experience And Accomplishments	<ul style="list-style-type: none"> <li>Σ 5 – 7 years working experience in the private sector in a senior professional management capacity – <b>Required</b></li> <li>Σ 3 – 5 years of experience working in the non-profit or public sector in a senior managerial capacity -- <b>Preferred</b></li> <li>Σ Demonstrated ability leading organizations in the accomplishment of profitability and/or program objectives -- <b>Required</b></li> </ul>
Education	<ul style="list-style-type: none"> <li>Σ A master’s degree, preferably an MBA from a top school or equivalent work experience -- <b>Preferred</b></li> </ul>
Demonstrated Strengths	<ul style="list-style-type: none"> <li>Σ Organization management -- <b>Required</b></li> <li>Σ Fund raising -- <b>Preferred</b></li> <li>Σ Strong communications skills -- <b>Required</b></li> </ul>
Demonstrated Interests or Ties	<ul style="list-style-type: none"> <li>Σ Experience living or working in rural environments -- <b>Required</b></li> <li>Σ Community development -- <b>Required</b></li> </ul>
Other Qualifications	<ul style="list-style-type: none"> <li>Σ Ties to Clallam County -- <b>Required</b></li> </ul>

Source : Signal Hill Advisors Analysis

**BUSINESS MODEL...MANAGEMENT CAPABILITIES...**

**The Manager of the Incubator Network must have venture capital and early stage business advisory experience and a demonstrated interest in community development**

**QUALIFICATIONS FOR INCUBATOR NETWORK MANAGER**

Qualification	Criteria
Work Experience And Accomplishments	<ul style="list-style-type: none"> <li>Σ 5 – 7 years combined venture capital investment experience – <b>Required</b></li> <li>Σ 2 – 3 years of small or large company operating or consulting experience – <b>Required</b></li> <li>Σ Demonstrated work experience as an entrepreneur -- <b>Preferred</b></li> <li>Σ Demonstrated ability leading organizations in the accomplishment of profitability and/or program objectives -- <b>Required</b></li> </ul>
Education	<ul style="list-style-type: none"> <li>Σ An MBA from a top school or equivalent strong work experience -- <b>Required</b></li> </ul>
Demonstrated Strengths	<ul style="list-style-type: none"> <li>Σ Organization management – <b>Required</b></li> <li>Σ Strong mentoring skills – <b>Required</b></li> <li>Σ Strong research and analysis skills (market, financial) – <b>Required</b></li> <li>Σ Strong communications skills (written, spoken, presentations, etc)-- <b>Required</b></li> </ul>
Demonstrated Interests or Ties	<ul style="list-style-type: none"> <li>Σ Experience living or working in rural environments -- <b>Required</b></li> </ul>
Other Qualifications	<ul style="list-style-type: none"> <li>Σ Strong links to the national venture capital community -- <b>Required</b></li> </ul>

Source : Signal Hill Advisors Analysis

**BUSINESS MODEL...MANAGEMENT CAPABILTIES...**

**The President of the Skills Center must have education and community development experience as well as strong ties to Clallam County**

**QUALIFICAITONS FOR SKILL CENTER MANAGER**

Qualification	Criteria
Work Experience And Accomplishments	<ul style="list-style-type: none"> <li>Σ 3 – 5 years working experience in the education sector in a senior professional management capacity – <b>Required</b></li> <li>Σ 2 – 3 years of experience working in the private sector in a managerial capacity -- <b>Preferred</b></li> <li>Σ Demonstrated ability leading organizations in the accomplishment of profitability and/or program objectives -- <b>Required</b></li> </ul>
Education	<ul style="list-style-type: none"> <li>Σ A master’s degree in education or related field, or equivalent work experience -- <b>Required</b></li> </ul>
Demonstrated Strengths	<ul style="list-style-type: none"> <li>Σ Organization management</li> <li>Σ Fund raising -- <b>Preferred</b></li> <li>Σ Strong communications skills -- <b>Required</b></li> </ul>
Demonstrated Interests or Ties	<ul style="list-style-type: none"> <li>Σ Experience living or working in rural or economically disadvantaged areas -- <b>Required</b></li> <li>Σ Community development -- <b>Required</b></li> </ul>
Other Qualifications	<ul style="list-style-type: none"> <li>Σ Ties to Clallam County -- <b>Required</b></li> </ul>

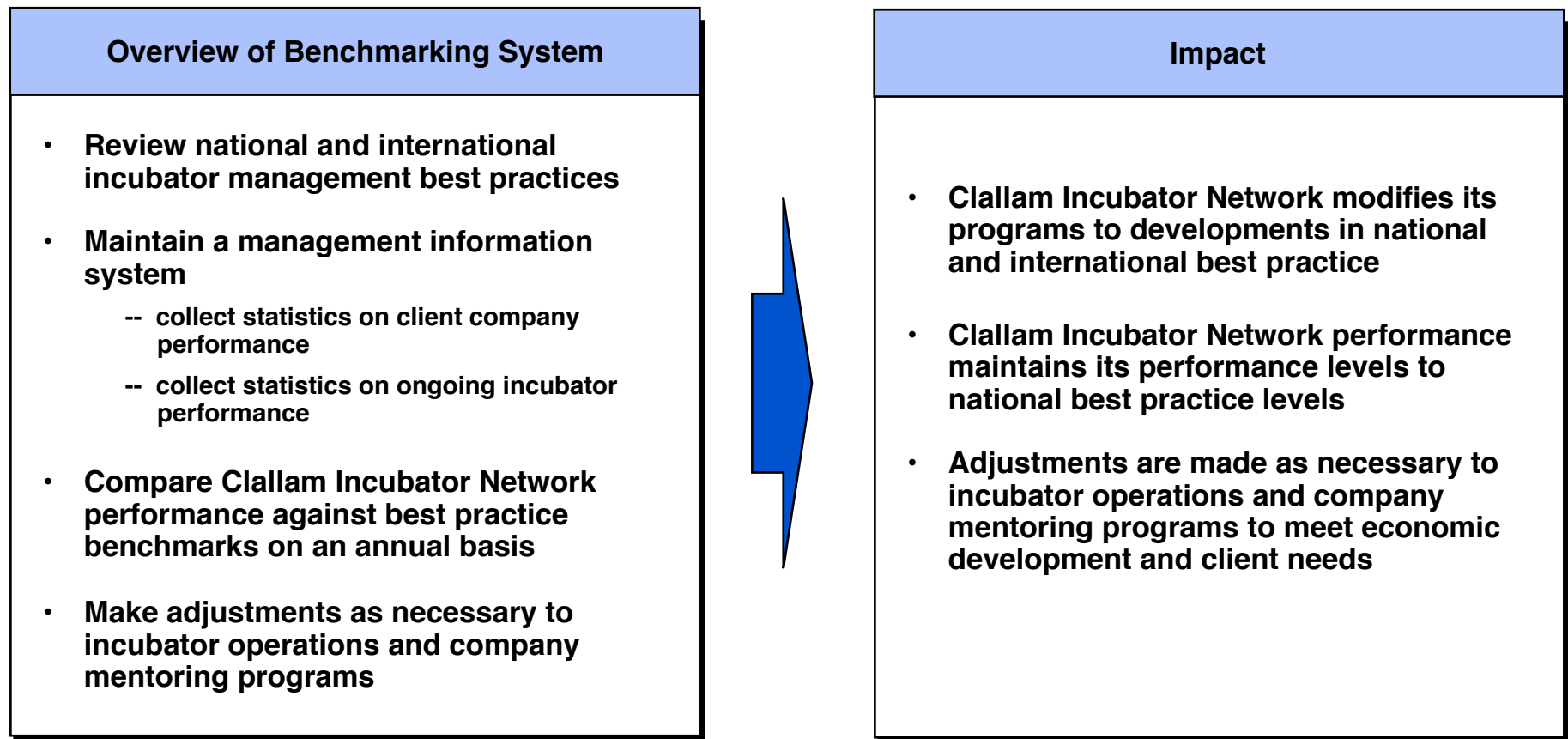
Source : Signal Hill Advisors Analysis

- **Background**
- **Incubator Strategy**
- **Culture and Values**
- **Business Model**
- **Management Capabilities**

- **Performance Benchmarks**

## PERFORMANCE BENCHMARKS...

**The Clallam Incubator Network must measure itself on an annual basis against best practice incubator benchmarks to insure it meets the economic development needs of Clallam County and the needs of its client companies**



Source : Signal Hill Advisors Analysis

**PERFORMANCE BENCHMARKS...**

**Incubator operating performance benchmarks should focus on the success of client companies and what the incubator is doing to insure their success**

**OPERATING PERFORMANCE BENCHMARKS**

<b>Key Performance Statistic</b>	<b>Benchmark</b>	<b>Rationale</b>
Percent of Revenue from Public Sources	25%	<ul style="list-style-type: none"> <li>Σ Public funds needed to fund incubator operations in the first years of operation</li> <li>Σ A non-profit operation insures the incubator maintains a business development perspective</li> </ul>
Number of in-house Incubator Clients	20 to 30	<ul style="list-style-type: none"> <li>Σ An incubator needs a sufficient number of companies to create synergies and collaboration among companies, but so many companies that management becomes unwieldy</li> </ul>
Incubator Occupancy Rates	85%	<ul style="list-style-type: none"> <li>Σ An incubator needs a high occupancy rate to create the conditions necessary for collaboration among clients</li> </ul>
Length of Company Stay	3 years	<ul style="list-style-type: none"> <li>Σ A company staying in an incubator beyond 3 years is unlikely to be successful</li> </ul>
Number of Management Staff	2 (minimum)	<ul style="list-style-type: none"> <li>Σ The number of staff is driven by the ideal number of companies in an incubator—see above</li> </ul>
Ratio of Incubator Staff to In-House Clients	1:10 to 1:20	<ul style="list-style-type: none"> <li>Σ Incubator management must not be spread so thin they can not mentor resident companies</li> </ul>
Percentage of Manager's Time Advising Clients	50%	<ul style="list-style-type: none"> <li>Σ Incubator management must spend time mentoring clients , not just managing the space, if the clients and the incubator are to be successful</li> </ul>

Source: National Business Incubator Association, European Commission's Enterprise Directorate General

## PERFORMANCE BENCHMARKS...

**Incubator operating performance benchmarks should also focus on the performance of client company performance**

### OPERATING PERFORMANCE BENCHMARKS

Key Performance Statistic	Benchmark	Rationale
Survival Rates of in-house clients	25%	∑ Incubator management needs a target that allows it to take risks, but insures that sufficient companies survive to produce required economic payoff
Average growth in client revenues	20 to 30	∑ Incubator client companies must demonstrate sufficient growth to demonstrate potential to graduate from the incubator
Cost per job created	\$6,000	∑ The incubator must produce jobs at a low enough investment level to justify incubator operation

Source : Signal Hill Advisors Analysis