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Prospective Tenants for Business Incubators

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Fulton-Carroll Center Becomes Tour Attraction

The Fulton-Carroll Center, an industrial incubator in Chicago, has become a tour attraction for businessmen from many countries.

“We’ve given more than 430 tours to individuals and groups from numerous countries, including Germany, Italy, England, Denmark, Japan, Korea and several in South America,” said June Lavelle, Executive Director of the Industrial Council of Northwest Chicago (ICNC).

“People who come here usually are studying incubators and consider ours to be one of the most successful in the world.” Even members of the British Parliament have dropped in for a look at the incubator facility, which formerly housed an old plumbing supply factory.

ICNC is a not-for-profit association of manufacturers whose primary mission is to retain, expand and develop industries in the Kinzie Industrial Corridor on Chicago’s west side.

In 1980, with a $1.7 million grant from the U.S. Department of Commerce, Economic Development Administration, the ICNC redeveloped the Fulton-Carroll Center into one of the largest industrial incubators in the world. The building, with 348,000 square feet of space, is located in the 2000 block of W. Fulton Street, an area that was deteriorating rapidly.

“Demand for space became so great,” said Ms. Lavelle, “the Fulton-Carroll Center filled to 100 per cent of capacity within two years.”

The incubator has been the home for 74 firms since 1980 — 65 of which have survived. The firms, 45 per cent of them minority- or female-owned, have created 470 jobs, Ms. Lavelle noted.

“Nineteen firms have graduated from the facility. Most of them have remained within a mile of the center.”

With such success, said Ms. Lavelle, ICNC elected to continue its ‘hands-on’ development role in the Kinzie Industrial Corridor.

To what does ICNC owe its successes with three incubators?

“Hard work,” says Ms. Lavelle. “Things don’t happen in a vacuum. The incubators evolved out of a well-planned economic development strategy. It takes years to build a network that makes it possible for incubators to happen. Word-of-mouth, not advertising, attracted entrepreneurs to our facilities.”

Ms. Lavelle further noted that the Fulton-Carroll Center “exceeds the other two incubators in the degree of synergy, cooperation and sense of community among tenants. The reason probably is because ICNC bases its operations in this facility.”

Profile: Prospective Tenants For Business Incubators

By Dr. John R. Mullin and Jeanne H. Armstrong*

When planning the development of an incubator, a fundamental question is “Who will be the tenant?” The answer, at least in part, comes from LandUse, Inc. of Hadley, Mass., which has conducted more than 200 in-depth interviews with owners and/or chief executive officers of young manufacturing firms that could be located within the client communities. The firms all have fewer than 50 employees, and most have fewer than 10. The key characteristics of the owner are:

Personal Traits. Male, between 35 and 45 years of age, married, with roots in the local community. Often he grew up there and has a high school diploma. (Note: not one was a woman.)

Financing. Rarely could he obtain a commercial loan from a bank. Instead, he remortgaged his home or borrowed from his family. A firm that survives the first five years can get loans from banks.

Location. New companies are located close to the owner’s home. The small to medium-sized company stays close to home because of the owner’s personal and family ties to the community.

Management experience and style. Few owners have any formal training or previous experience with management. There is no written business plan.

Marketing. The owner handles sales and contacts with customers. Market analysis is done by intuition and street smarts.

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The Relevant Factors for the Successful Management of Incubators Incorporating Technology Ventures in Australia (Julian Hall, British Commonwealth — University of Wollongong)

This 210-page report provides a comprehensive review of what development and management factors to consider to successfully establish and operate incubator centers in the process of extending the trend in Australia.

This report is of special benefit to economic development officers, property developers, interested and private investment parties who are looking to establish incubator centers to nurture the growth of technology ventures. It is designed not only to assist such persons to “discover” what the incubator concept is all about, but to assist in reducing the two to three year learning curve involved in their actual establishment and operation.

Much can be learned from the experiences and lessons learned by both U.S. and Australian incubators as presented in this report. It integrates more than 150 research and literature references related to incubator developments in the U.S., along with empirical research conducted on the initial operation of Australian incubator centers.

Copies are $85 each, from:
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The Three S’s of Marketing

When you’re ready to market your product, remember the Three-S approach.

1. Sales support. Make sure you have enough literature. Plan for trade shows, coordinate ads and provide product-knowledge training. Two musts: a schedule and resources to do the job.

2. System consistency. Check to see if you have enough people to sell and supervise and that you have enough market data. And always ask this question: Is the sales force committed to the strategy?

3. Strategy incentives. Provide bonuses and awards that will make your sales team succeed.

(From communication briefings, March 1987.)

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Inventions. About one in 30 bases his business upon an innovative process or product. Many mention having some good ideas, but have no time to pursue them.

Attitude toward growth. Owners of small firms don’t necessarily want to grow.

Attitude toward public programs. He is wary of government assistance programs, believing that they require too much paperwork, have too many strings attached and aren’t really for the little guy anyway.

An incubator? If you have to rent, a cheap space sounds good. Does “sharing management services” mean you want to look at my books? How much money will I save the first month?

The typical owner of a small industrial firm is very independent, hard working, and street smart. He’ll listen only as long as he hears you talking concrete, down-to-earth sense.

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