

INCUBATORS

In the 1980s DMACC was encouraged to establish business incubators to assist small businesses and entrepreneurs who wished to begin a business. The Dean of Business Management and two faculty members carried out a national study of existing business incubators. The committee recommended an incubator be established at DMACC. Ultimately the DMACC Board of Directors established two incubators: The Golden Circle Incubator at the Ankeny Campus and The Golden West Incubator in Audubon. The incubators had a common purpose: to encourage, develop and support small businesses in Iowa. The two differed substantially in organization, funding, and structure in order to meet the needs of different populations.

These two papers describe the history of each incubator.

Ankeny Campus Incubator

By Don Zuck & Wayne Haines

The incubator located on the Ankeny campus was incorporated as the Golden Circle Center for Business Development, Inc. (GCBC). The purpose of the GCBC was to assist small businesses in being successful by providing low-cost incubator space and services. The development and operation of the incubator was supported by grants from the US Department of Commerce, the State of Iowa, DMACC, contributions from business and industry and lease revenue from the incubator tenants. The incubator concept represented one of President Joe Borgen's efforts to develop stronger and more extensive relationships with business and industry. At the same time, Borgen was very persistent that the incubator operate absent any funds generated by student tuition and fees and tax dollars intended for support of DMACC credit and non-credit course offerings.

Timeline

- June 10, 1985 DMACC Board of Directors approved GCBC
- August 28, 1985 GCBC Articles of Incorporation filed
- November 20, 1985 Incubator groundbreaking involving the following people:

DMACC staff presiding: Dr Joseph A. Borgen, President
Carey Israel, Vice President, Economic Development Group

Guest Speakers: Terry E. Branstad, Governor, State of Iowa
Connie Wimer, President/Publisher, Iowa Title Company, Business Record, Skywalker

GCBC Board Members: Joseph Borgen, President, DMACC
Robert Dee, CEO, Holmes Murphy
Richard Herman, Attorney at Law
Carey Israel, Vice President, DMACC

Donald Lamberti, CEO. Casey's Inc.
James Luhrs, President, Equitable of Iowa
Robert Mann, Vice President, Brenton Banks
Mary Richie, President, Richie Associates, Inc.
Ralph Schlenker, Executive Vice President, Iowa Resources
Mark Threlkeld, Vice President, Greater DM Chamber of Commerce
John Wassenaar, President, Boone Citizens National Bank

January 9, 1986	First GCBC Board meeting held
1986	Iowa's Golden Circle established (the GCBC was an important component of this organization). Included all cities and towns within approximately 50 miles of the DM metro; established a philosophy of regional cooperation; pooled resources to enable the area (Golden Circle) to work toward a group goal of increased employment and job creation
1986-1987	GCBC first budget \$235,300
1986-1995	During the first 10 years of operation, 84 tenants served
June 20, 1997	GCBC Board terminated the incubator

Staff

Within the DMACC organization chart, the GCBC was included in the Economic Development Group (EDG). The vice president responsible for EDG at the time of the GCBC start-up was Carey Israel, followed by Clyde Kramer. The first GCBC Executive Director was Wayne Haines, followed by Kathy Curry. The GCBC secretaries were Rosemary Robbins, and Stephanie Markert.

Tenants

Approximately 90 tenants occupied the GCBC incubator spaces during the 12 years of operation. These spaces were within the total incubator space of 66,800 square feet in buildings 15-20 located on the east side of the Ankeny campus.

A survey done in 1993 indicated that of the first 74 tenants, only nine (9) had gone out of business, 38 had successfully graduated, with the remaining still in the Business Center. Of the 38 graduate companies, they had a total of 232 employees. This 88 percent success rate was one of the highest in the nation for business incubators.

A wide variety of companies in the Business Center included electronics manufacturing, unmanned gas dispensing facilities, snack foods, sports equipment, irrigation systems, job training services, recycling services, telemarketing services, food products, tool manufacturing, dental equipment and business consulting.

Some of the successful graduates were as follows:

- Data Input Services, founder--John Dion. This company provided contracted on-line data input to several major companies in the Midwest. At the time of its graduation, the company was employing 75 people in the West Des Moines office.
- Laramy-K Optical, founders--Janet and Jack Benjamin. They developed a process to provide economical ground eye glass lens and marketed their products worldwide. They move to Indianola and at the time of graduation were employing 25 people.
- A-Tec, founder--Ron Newman. This company provided in-home energy audits. It was contracted by Mid-America Energy, as well as several other energy companies in five states. At the time of graduation, the company had 20 employees.
- News Corp, founder--Ralph Hejlik. This company provided computer-based employment services to many cities in the Midwest. It was employing 20 people at the time of graduation.
- Electrobionics, founder--Bob Singer. This company manufactured orthopedic bracing and artificial limbs for amputees. The company graduated to Des Moines with 10 employees.
- Groundwater Service and Supply, founder--Gene Blazenko. This company did assessment and cleanup for subsurface and groundwater contamination and worked with companies in four Midwestern states. It had 12 employees at the time of graduation.

Finalist for National Incubator of the Year

In 1992, The Golden Circle Business Center was entered in a national competition for National Incubator of the Year, sponsored by Coopers and Lybrand. At the time of the competition, the Golden Circle had 27 tenants, with a total of 66 graduate tenants accounting for 262 employees and annual sales of \$6,550,000. The Golden Circle Business Center was one of the five finalists for this award.

Closure

Despite the successes identified above, during the last several years of operation, the incubator experienced a decreased demand for services, and the operational costs exceeded lease revenues. Those two factors drove the decision to discontinue the GCBC incubator operation. The GCBC Board took that action and transferred all assets and liabilities to the DMACC Foundation. The incubator spaces were then converted to education and training facilities for entrepreneurs, offices for training consultants and New Jobs Training Program staff and facilities for apprenticeship training and OSHA training.

Circle West Incubator Audubon, Iowa

As part of the long-term plan for the Ankeny Campus Incubator, satellite centers were planned in Boone, Audubon and Winterset.

With additional state funds being generated from the passage of Iowa's gambling laws, authorizing the establishment of a lottery operation, the Iowa Legislature agreed that a portion of the proceeds of the system be designated for economic development and job creation. The funds were budgeted to the Iowa Department of Economic Development to fund incubator projects on a grant basis. Under the

support of State Sen. Bill Hutchins and the Incubator on DMACC's Ankeny campus, funds were made available for the satellite incubator in Audubon. The incubator opened in March of 1988.

Funding – The grant from the Iowa Department of Economic development provided funding for an executive director and secretarial help. Equipment was provided by the College's Economic Development Department. The telephone company in Audubon provided office space at no cost. The space provided included offices for the director and secretary, a board room for about 20 people and a large meeting room that would accommodate about 50. Operating expenses were paid by DMACC. The State's incubator grant was to be for a three year period, after which time, the incubator was expected to be self-supporting. Prior to the end of the three years, the grant was made part of the College's annual funding.

Operations – In developing the plan for the Ankeny Incubator, an office/warehouse space survey was completed. The survey determined that 11% of the available total space was available for rent and in rural Iowa that percentage was significantly higher. This made space not an issue for new businesses. The Circle West Incubator focused on other services that could be provided by these businesses.

Economic Territory – The Circle West Incubator was developed to serve businesses within a 50-mile radius of Audubon and direct supervision was provided by DMACC's Carroll Campus. The area of coverage included the counties of Crawford, Carroll, Shelby, Audubon, Guthrie, Cass, and Adair and the major cities of Denison, Carroll, Harlan, Elk Horn, Guthrie Center, Panora, Atlantic and Adair.

Business Services – Services were designed to assist new and existing businesses. These services were basically two different types. Services were offered in seminar fashion, handling several businesses at one time (seminars) or one-on-one services that focused on a single business but many aspects of that business's operations. The executive director worked with economic development professionals, community leaders, chambers of commerce, and business leaders to receive referrals and identify businesses that might benefit from one of the incubator's services. Once a business was identified, the incubator would meet with that business and determine a work schedule to gather information and offer a solution.

Seminars – Seminars were offered on the following topics:

- Preparing a business plan (rotated from county to county on a monthly basis)
- Marketing a business
- Analyzing the competition

One-On-One Services –

- Secretarial help
- Preparing business materials (brochures/mailings)
- Referrals (legal/accounting/marketing)
- Business plan preparation and research

The Circle West Incubator remained in service until 2011. At that point, space for the operation was becoming more difficult to find and the College's funding for the incubator was determined to be better used to hold down the student's cost of tuition.

Personnel

- Executive Director, Joe Robbins & Lori Harmening
- Secretarial, Alice Hemmingsen