

**NEW MEXICO
ECONOMIC DEVELOPMENT DEPARTMENT**

STATE EXPENDITURES FOR BUSINESS INCUBATORS ACT

REQUEST FOR INCUBATOR CERTIFICATION

1. Requesting Agency:
2. Address:
3. Phone:
Fax:
Email:
4. Type of entity:
5. Liaison person at Requesting Agency:

Phone:
Fax:
Email:
6. The Requesting Agency certifies that the following facts are correct, in existence, in operation, and documented in this Request:
 - A. a mission statement that defines the incubator's role to assist entrepreneurs and support the growth of businesses;
 - B. for incubators established after July 1, 2005, a formal feasibility study indicating an appropriate market and local community support or, for incubators established prior to July 1, 2005, a business plan;
 - C. an effective governing board or an appropriate oversight advisory board committed to the incubator's mission;
 - D. qualified management and staff to achieve the mission of the incubator and to help businesses;
 - E. an ongoing business assistance program that places the greatest value on client assistance and adds value to client businesses by developing programs and coordinating activities such as:

- (1) technical assistance and consulting;
- (2) coaching and mentoring, business training workshops and seminars;
- (3) providing marketing assistance;
- (4) fostering networking opportunities and links with other business service providers; and
- (5) providing assistance in obtaining financing;

F. a facility that encourages innovation and provides dedicated space for incubator client firms with flexible leases and that includes a common area meeting space and business equipment;

G. a process for client businesses that involves a screening and selection process and graduation policy for client companies;

H. a system for program evaluation;

I. all applicable required licenses and permits and a functional accounting system; and

J. membership in the National Business Incubation Association.

SIGNED this the _____ day of _____, 2005.

Name:
Title:

Incubator Definition *(Source: National Business Incubation Association)*

An incubator is a business support facility with processes that accelerate the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or orchestrated by incubator management and offered both in the business incubator and through its network of contacts. A business incubator's main goal is to produce successful firms that will leave the program financially viable and freestanding. These incubator graduates have the potential to create jobs, revitalize neighborhoods, commercialize new technologies, and strengthen local and national economies.

Attachments to Application:

- Resumes of management and staff
- Incubator mission statement
- A description of the incubator's ongoing business assistance program that places the greatest value on client assistance and adds value to client businesses by developing programs and coordinating activities such as:
 1. technical assistance and consulting
 2. coaching and mentoring, business training workshops and seminars
 3. providing marketing assistance
 4. fostering networking opportunities and links with other business service providers
 5. providing assistance in obtaining financing
- Facility description (the facility must encourage innovation and provide dedicated space for incubator client firms with flexible leases and that includes a common area meeting space and business equipment)
- Description of business application screening process
- Description of graduation policy and exit strategy for client companies
- Description of system for program evaluation
- Describe the accounting system and financial controls
- Provide a copy of your membership in the National Business Incubation Association
- Include copies of all applicable required licenses and permits
- Provide a minimum of three letters of support from the local community

Established Incubators (see definition on previous page) must also include a current business plan approved by the governing entity.

Business Plan Components (applicants are scored on sections three through six):

1. The Incubator Organization
 - Complete and official name of organization
 - Legal structure of organization
 - Profit or Non-Profit
 - Location
 - Mission Statement
 - Organizational Goals and Objectives
 - Affiliations with other organizations, institutions, groups (membership in the National Business Incubation Association is required)
 - Service area
 - Describe local support for the incubator and include a minimum of three letters of local support
2. Management Team
 - Summary of management team training, experience and skills
 - Names of Board of Directors, Advisors or Members of governing entity with affiliations
 - List of incubator staff positions with a resume for each staff person
 - Describe on-going staff training and professional development
3. Marketing Plan
 - Overall marketing/ promotional strategy of incubator
 - Explain anticipated occupancy rate
 - Describe market area served
4. Client Services and Programs
 - Describe specific services offered to clients, including consulting, support, networking opportunities, training and workshops
 - Describe how these services are delivered to clients and include the pricing structure
 - Describe incubator's internal evaluation process
 - Describe client graduation/ exit policies
 - Provide a copy of incubator's client application
 - Provide requirements for clients' admission into incubator
5. Facilities and Operations
 - Ownership of building
 - Describe facility including type of equipment available to clients, common area availability and description, etc.
 - Incubator facility insurance coverage

- Include a sample lease agreement or memorandum of understanding and description of how clients pay incubator lease and services costs
- Describe how client insurance coverage is addressed
- Include copies of land and facility title, lease or other assurance of long term availability to clients; legal description of property; and drawing of facility lay-out with square footage

6. Financial Information

- Describe incubator sources of funding
- Include copies of most recent year-end and month-end financial statements (audited if available)
- Provide a 3-year proforma income statement and cash flow projection (year one by month, years two and three can be cumulative) or approved budget
- List assumptions made in proforma statement

Applicants representing incubators that were not established before July 1, 2005 (see definition on previous page) must include a Feasibility Study.

Feasibility Study Criteria & Components:

The feasibility study should address whether or not the market area that will be served by the incubator has a significant concentration of small business activity to sustain an incubator facility. The market area must be able to generate a sufficient level of new business activity to provide a new group of businesses every two to three years, depending on the time needed to properly incubate client businesses.

The feasibility study should address whether or not the community or region to be served has a sufficient level and diversity of value-added services (e.g., business coaching and mentoring from experts in the field, access to professional services, and access to capital) suited to stimulate the formation and growth of businesses. If an incubator only provides reduced rent and cannot differentiate itself with benefits that are available only to businesses served by the incubator, it is operating more as a business park than as a true incubator.

Other incubator success factors in the defined market area:

- The region must have a sound regional economic development strategy;
- A clear concept of how the incubator will play a role in meeting broader economic development objectives; and
- Long-term commitment from its stakeholders.

Components of the Feasibility Study:

- Identify the incubator's stakeholders and potential funding sources for the incubator
- Define the market to be served by the incubator and assess the economic environment and entrepreneurial activity of the area
- Identify industry sectors that may be targeted as clients and identify the opportunities and challenges for each sector
- Identify services available to potential clients, such as management guidance, technical assistance, business training workshops, marketing assistance and networking opportunities.
- Identify capital available to potential clients within the market area
- Identify and analyze potential site(s)
- Demonstrate the region's desire to build and sustain the incubator and provide letters of support
- Create and provide action plan for incubator development
- Create and provide a projected operating budget and proforma projections for three years, including sources of funding with description of each. Please list all assumptions made in the proforma statement.