Small Business Development, Incubators and Accelerators

Strategic Assessment

DISCUSSION DRAFT

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Submitted to:

Port of Seattle

Submitted by:

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Community Attributes Inc. tells data-rich stories about communities that are important to decision makers.

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Executive Summary

Introduction

Incubators are key elements of economic development through their support for innovation, entrepreneurship and new venture creation in the economy. The Port seeks to enhance its role in economic development through understanding the range of small business support organizations throughout King County, as well as the opportunities and hurdles of small business development.

The Port is specifically interested in small business assistance in four sectors: manufacturing, maritime, construction and food production. Incubators and accelerators that cater to tech startups were consulted on a limited basis to incorporate their perspective.

CAI worked with the Port to define a list of interviewees from incubators, accelerators, maker spaces and co-working spaces based in King County. Only a few tech-focused incubators and accelerators were chosen. The final list included 29 interviewees. Interviews were conducted over the phone and in person.

Key Findings

• A majority (55%) of incubators in this study are nonprofit models. This is in line with national trends where a majority of business incubators are nonprofit organizations focused on economic development (2012 State of the Business Incubation Industry, NBIA).

• Supplemental funding contributes to program success. Only three of the incubation programs in this study operate without public sector support from local government agencies, economic development groups, colleges or universities. Sources of funding are diverse but public sector support through federal grants and local government support are key sources.

• Championing and coordinating small business assistance, providing space, and funding existing incubators were the most common responses as to how the Port could promote small business development. Coordinating assistance opportunities and providing space the most common responses from interviewees. Directly funding existing incubators was the third most popular response among interviewees when asked how the Port could help small business development in King County.

• Successful incubators provide more than space. Incubators are complex and demanding in terms of management and administration. Several of the established incubators CAI examined provide additional services and a scripted process of facilitation and engagement, in addition to physical space. The array of services offered range from business basics, networking activities among incubation program clients, marketing assistance, help with accounting or financial management, access to capital, or connections to higher education resources and/or strategic partners.

• Incubator success depends on both design/development at the outset and successful operations management on an ongoing basis. The match between the incubator services and the business
community’s needs is a critical element of design/development while selecting clients based on fit, reviewing client needs at entry, showcasing clients to the community and potential funders, and establishing effective entry and exit criteria are operational management best practices.

- **Funding is the top concern among entrepreneurs.** Regardless of type of business or stage in growth, interviewees cited funding as the greatest challenge entrepreneurs face when trying to expand their business. Funding challenges are diverse and encompass lack of financial planning skills, as well as low creditworthiness in addition to access to capital or investor networks.

- **Among food-focused entrepreneurs, space ranked ahead of funding as a top concern.** For small-scale food production, space constraints can drastically affect business growth.

- **Industrial manufacturing incubators are the least prevalent among existing operators.** With the exception of Industry Space, all other manufacturing incubators in King County work with small scale producers.

- **Tech incubators confirmed the Port’s involvement is not necessary in their industry.** Tech-focused incubators said they were unsure how the Port would assist incubators and accelerators in the technology sector in King County.

**Recommendations**

Representatives from all but three of the incubators in this study saw an opportunity for the Port to play a role in small business assistance in King County. The Port’s patient capital and ability to provide a long-term commitment to ensure incubators are embedded in the community were cited as significant assets. Feedback on the best role for the Port from existing organizations, small business advisors and experts coalesced around two broad themes – championing and convening small business assistance across the region and the direct provision of space. The following section presents specific ideas that were cited under these two broad themes.

**Champion Small Business Assistance and Coordinate Assistance Opportunities**

When asked how the Port could help small business development, coordinating assistance opportunities was the most popular answer among interviewees. However, suggestions as to how the Port could provide this coordination varied across industries and organizations. The following suggestions outline how the Port could play a convening role to support small business development, and indicate potential partnerships.

- Coordinate technical assistance workshops and networking events for entrepreneurs

- Strengthen market channels by working with small business assistance organizations to connect entrepreneurs with the Port’s existing markets
Provide Space or Land for Incubators

There was broad consensus from the study that the Port was well positioned to go beyond a convening role and make a larger real estate commitment. The provision of long-term space for incubators either as land or real estate building space the Port could provide would be invaluable. A range of specific concepts for the spaces were identified. These are explored in greater detail in the recommendations below.

MARINE INDUSTRY INCUBATOR

Utilize Port-owned land at Fisherman’s Terminal or uplands at Terminal 91 to support an incubator focused on the marine industry. Easy access to storage sheds, material handling equipment and net repair areas makes the Fisherman’s Terminal location unique and attractive for maritime companies.

Next Steps

• Capitalize on the Port’s historic presence at Seattle’s waterfront and use the Fisherman’s Terminal (or other marine properties) as sites to explore marine industry incubator opportunities
• Explore partnerships with Thinkspace

CONSTRUCTION INCUBATOR

Utilize some of the Port’s available building space to develop a one-stop support center for small businesses in construction, architecture, engineering or similar fields. This would build on the Port’s long standing procurement technical assistance center for businesses interested in contracting opportunities with the Port.

Next Steps

• Coordinate with the City of Seattle, King County and Sound Transit to explore potential construction business incubator
• Enhance the Port’s presence at Tabor 100 events
• Explore partnerships with William Factory

COMMERCIAL FOOD PROCESSING INCUBATOR

Provide a shared-use, licensed, commercial kitchen that allows entrepreneurs to develop products and enterprises without the high overhead cost of purchasing facilities, equipment, and necessary licensing.

Next Steps

• Work with the cities of Tukwila and SeaTac to evaluate potential commercial kitchen space
• Explore partnerships with Food Innovation Network, Seattle Made and Healthy Food Accelerator

MANUFACTURING INCUBATOR

Establish an incubator with suitable space, mentoring support, and shared tools/resources for small startup manufacturing companies.

Next Steps

• Conduct feasibility research to identify demand for an advanced versus low-tech manufacturing incubator
• Approach a manufacturing incubator from a regional perspective, and coordinate with the cities of Kent, Bellevue, Seattle and Federal Way on potential partnerships
• Explore partnerships with the University of Washington, Green River College and Seattle Made
Introduction

Background and Purpose

The mission for the Port of Seattle establishes the agency’s commitment to creating “jobs by advancing trade and commerce, promoting industrial growth, and stimulating economic development.” In support of that mission statement, the Port of Seattle endeavored to learn more about small businesses development, specifically how incubators assist small business manufacturing and contractors. Understanding the range of these support organizations, as well as the opportunities and hurdles of small business development, will help the Port enhance its role in economic development.

The Port is specifically interested in small business assistance in four sectors: manufacturing, maritime, construction and food production. Incubators and accelerators that cater to tech startups were consulted on a limited basis to better understand their perspective.

Methods

CAI worked with the Port to define a list of interviewees from incubators, accelerators, maker spaces and co-working spaces based in King County. CAI drew from existing lists from the Economic Development Council of Seattle-King County and GeekWire, and segmented interviewees by industry focus. The full list of considered interviewees appears in Appendix A. Most of the incubators and accelerators focused on tech startups and companies were removed, as this is an industry already heavily represented in King County and not of significant interest to the Port. The finalized list included 27 incubators, accelerators, maker spaces co-working spaces as well as small business advisors/experts to be interviewed.

CAI designed the interview instrument to investigate the nature of assistance provided by existing operators and to gather feedback on the best role the Port can play in small business assistance. The interview instrument was developed by CAI and approved by Port of Seattle (Appendix B). Full summaries of the interviews are available in Appendix C.

Interviewee Profile

Incubators, maker spaces, co-working spaces and accelerators vary substantially in their focus, structure and missions. King County has each of these models, all providing small business assistance to entrepreneurs at different stages and companies of varying sizes. Definitions of incubators, maker spaces, co-working spaces and accelerators used for the study are presented below.

Incubator. A business incubator is a multitenant facility that provides rental space and flexible leases, shared basic business services and equipment, technology support services, and assistance in obtaining the financing necessary for company growth. Several incubator operators offer additional programming based on their client needs to augment the services above. Incubators typically focus on early stage companies, helping them transition from ideation to product development.
**Maker Space.** A maker space is a general term for shared spaces for industrial light manufacturing work, where people can also access shared tools, supplies, and materials. Some maker spaces offer classes and training to help workers sharpen their craft skills and business acumen. Maker spaces can provide access to equipment but they don’t typically offer the clear heights, truck access and loading facilities needed for heavy manufacturing.

**Co-working Space.** Co-working spaces are membership-based workspaces where diverse groups of freelancers, remote workers, and other independent professionals work together in a shared, communal setting.

**Accelerator.** Accelerators are typically defined as a late-stage incubation program, assisting entrepreneurial firms that are more mature and ready to grow and scale their business by procuring external financing. Its defining features are a highly competitive selection process, and a time-limited, cohort-based program.

Of the 28 interviewees, nearly half were operators of incubators or accelerators. Several targeted specific sectors such as food production, while others accepted tenants from a range of industries. Maker spaces, Co-working spaces and membership networks were also represented among the interviewees, though to a smaller extent. Nearly a fifth of the interviewees were small business advisors and/or experts in small business assistance (Exhibits 1, 2 and 3). Criteria for entering and exiting incubators and accelerators varied. More traditional incubators required a certain stage of growth to enter. Other incubators based tenants’ entrance off of best fit with the overall organization. Exit criteria among interviewees was often tied to a timeframe or duration of training. Only one incubator had specific revenue milestones for companies to exit. The majority of incubator and accelerator interviewees did not have exit requirements for tenants. (See Exhibit 4 for a summary of entry/exit criteria.)
Exhibit 2. Proportion of Interviewees by Type

*This exhibit counts interviewees twice if the organization fits into multiple categories.
Exhibit 3. Location of Interviewees
The Port of Seattle & Economic Development

The Port’s Mission

Included in the Port of Seattle’s mission is a decree to grow jobs and support its surrounding community. According to a 2013 economic impact report, 216,000 jobs were generated through Port activity, which accounted for $4.2 billion in direct wages and salaries (Martin Associates, 2014). The Port has contributed to job growth—not only through trade—but also by acquiring privately held properties and transferring them to business, public and community uses.

In 2011 the Port ratified a 25-year strategic plan called the Century Agenda, which outlines the Port’s objective to add 100,000 jobs, for a total of 300,000 port-related jobs in the region. The Century Agenda states the Port will promote small business growth and workforce development through training and business opportunities specifically in the maritime, trade, travel and logistics sectors.

The Role of Incubators

Supporting incubators and accelerators is another option for the Port to support local economic development and help generate jobs. Incubators are key elements of economic development through their support for innovation, entrepreneurship and new venture creation in the economy. Business incubators can be effective economic development tools since they create jobs and help new businesses take root and grow. Incubators can also help create linkages among firms and benefit the local economy.

Studies have found that the cost of creating jobs through business incubation is competitive in comparison to other strategies to attract firms to a local economy (Markley and McNamara, 1995). A 1997 study funded by the U.S. Economic Development Association found that incubation programs create new jobs for a low subsidy cost of $1,109 per job. In addition, incubation programs create firms that have higher survival rates and remain in their communities (Molnar, Grimes, 1997).

Key Findings

A majority (55%) of incubators in this study are nonprofit models

Five of the nine incubators in this study are nonprofits. This is in line with national trends where a majority of business incubators are nonprofit organizations focused on economic development (2012 State of the Business Incubation Industry, NBIA).

The for-profit incubators in the study focus on technology startups. This finding suggests that for-profit incubation programs may not be successful models for industries other than technology. Instead, the most important goals of currently established incubation programs are related to economic development and societal good. These goals encompass creating jobs and fostering the entrepreneurial climate in the community, diversifying the local economy, building or accelerating new industries and businesses, and attracting or retaining businesses to the region.
Supplemental funding contributes to program success

Incubators are rarely able to finance their operations through the rent or fees they charge. Only three of the incubation programs in this study operate without supplemental funding support from local or federal government agencies, economic development groups, colleges or universities. See Exhibit 4 for a summary of sources of supplemental funding among interviewees.

Thus, this research suggests that some level of supplemental funding or investment from the public sector is needed for incubators to operate and succeed. This is especially true for incubators that focus on industries such as manufacturing and marine-related sectors since they require a relatively longer time to incubate and grow into viable businesses.

Exhibit 4. Sources of Supplemental Funding

Championing and coordinating small business assistance, providing space, and funding existing incubators were the most common responses as to how the Port could promote small business development

Coordinating assistance opportunities and providing space the most common responses from interviewees. Directly funding existing incubators was the third most popular response among interviewees when asked how the Port could help small business development in King County.
Successful incubators provide more than space

Incubators are complex and demanding in terms of management and administration. Several of the established incubators CAI examined provide additional services and a scripted process of facilitation and engagement, in addition to physical space. The array of services offered range from business basics, networking activities among incubation program clients, marketing assistance, help with accounting or financial management, access to capital or investor networks, or connections to higher education resources and/or strategic partners and mentors.

Incubator success depends on both design and development at the outset and successful operations management on an ongoing basis

In terms of the design and development of an incubator, a critical element for success is the match between the policies and services and the community’s needs. Our research revealed a wide range of needs for small businesses and incubator clients. These needs vary depending on their stage of business, industry sector, and management skills.

In terms of successful operation, practices most represented among established programs are selecting clients based on fit, reviewing client needs at entry, showcasing clients to the community and potential funders, having a payment plan for rents and service fees and having effective entry and exit criteria. Several incubators/accelerators in this study had well defined entry and exit criteria. Exhibit 5 offers a summary of entry and exit criteria from six interviewees.
### Exhibit 5. Entry and Exit Criteria for Incubators/Accelerators

<table>
<thead>
<tr>
<th>Incubators/Accelerators</th>
<th>Entry Criteria</th>
<th>Exit Criteria</th>
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</thead>
<tbody>
<tr>
<td><strong>Kenmore Business Incubator</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1. Be a new venture that is a for-profit entity.</strong></td>
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<tr>
<td><strong>2. Have a product or service that can be commercialized within two years.</strong></td>
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<tr>
<td><strong>3. Demonstrate strong market for products or services.</strong></td>
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<td><strong>4. Have potential for rapid company growth and the associated creation of new high paying jobs.</strong></td>
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<tr>
<td><strong>5. The management team is willing to seek and accept assistance from the KBI and its partners and service providers.</strong></td>
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<tr>
<td><strong>6. The Founder/President/CEO/Director will be located in the incubator.</strong></td>
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<tr>
<td><strong>7. Have a basic business plan or a written outline of the business.</strong></td>
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<tr>
<td><strong>8. Have a management team plan that demonstrates an ability to handle both the technical and managerial aspects of the business.</strong></td>
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<tr>
<td><strong>9. The management team is willing to seek and accept assistance from the KBI and its partners and service providers.</strong></td>
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<tr>
<td><strong>10. Be well-suited as a business to benefit from the business incubator environment, technical assistance, and program education.</strong></td>
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<tr>
<td><strong>11. Be compatible with other participants in order to maintain a productive and professional environment for all participants.</strong></td>
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<tr>
<td><strong>12. Be compliant with all applicable, federal, state, and local laws and regulations.</strong></td>
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<tr>
<td><strong>13. Agree to participate in the incubator's business assistance/networking programs and to cooperate in the evaluation of the business.</strong></td>
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<tr>
<td><strong>14. Be a good fit for the business environment at the incubator.</strong></td>
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<tr>
<td><strong>15. Adhere to KBI policies regarding video/computer game content.</strong></td>
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<tr>
<td><strong>16. Must be a member of the KBI on January 1, each year.</strong></td>
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<tr>
<td><strong>17. Must have a lease agreement with the KBI.</strong></td>
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<tr>
<td><strong>18. Must participate in the KBI’s business assistance/networking programs.</strong></td>
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<tr>
<td><strong>19. Must agree to abide by the KBI’s policies.</strong></td>
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</tr>
</tbody>
</table>

| **9. Seattle Made** | | |
| **1. Be a new venture that is a for-profit entity.** | | |
| **2. Require a lease agreement with the KBI.** | | |
| **3. Require a tenant to have 1 FTE, sales through 1 retail outlet, manufacture/produce at least 1 product in Seattle.** | | |
| **4. Require that the tenant be able to pay rent.** | | |
| **5. Require that the tenant be able to pay rent.** | | |
| **6. Require that the tenant be able to pay rent.** | | |
| **7. Require that the tenant be able to pay rent.** | | |
| **8. Require that the tenant be able to pay rent.** | | |
| **9. Require that the tenant be able to pay rent.** | | |
| **10. Require that the tenant be able to pay rent.** | | |
| **11. Require that the tenant be able to pay rent.** | | |
| **12. Require that the tenant be able to pay rent.** | | |
| **13. Require that the tenant be able to pay rent.** | | |
| **14. Require that the tenant be able to pay rent.** | | |
| **15. Require that the tenant be able to pay rent.** | | |
| **16. Require that the tenant be able to pay rent.** | | |
| **17. Require that the tenant be able to pay rent.** | | |
| **18. Require that the tenant be able to pay rent.** | | |
| **19. Require that the tenant be able to pay rent.** | | |
Funding is the top concern among entrepreneurs

Regardless of type of business or stage in growth, interviewees cited funding as the greatest challenge entrepreneurs face when trying to expand their business. Moreover, incubators and accelerators noticed a lack of understanding and awareness amongst entrepreneurs regarding sources of available funding and financing mechanisms.

Among food-focused entrepreneurs, space ranked ahead of funding as a top concern

For small-scale food production, space constraints can drastically affect business growth. Many food and beverage startups, especially immigrant- and minority-owned, begin production at home and start a customer base of friends and neighbors. Moving into a larger kitchen space for these individuals can mean legitimacy through licensing and permits, and access to new market channels. Some food incubator models help entrepreneurs with this step by providing licensed production work stations in a shared kitchen space that is permit-ready.

The various challenges entrepreneurs face as cited by interviewees are summarized by rank in Exhibit 6 below.

Exhibit 6. Top Challenges for Entrepreneurs

<table>
<thead>
<tr>
<th>Weighted Score</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money</td>
<td>12</td>
</tr>
<tr>
<td>Space</td>
<td>9</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>9</td>
</tr>
<tr>
<td>Fundraising</td>
<td>8</td>
</tr>
<tr>
<td>Talent</td>
<td>8</td>
</tr>
<tr>
<td>Access to Capital</td>
<td>5</td>
</tr>
<tr>
<td>Contracting Opportunities</td>
<td>4</td>
</tr>
<tr>
<td>No Background in Finance</td>
<td>4</td>
</tr>
<tr>
<td>Access to Markets</td>
<td>3</td>
</tr>
<tr>
<td>Being strategic</td>
<td>3</td>
</tr>
<tr>
<td>Lack of Ability to Make Prototypes</td>
<td>3</td>
</tr>
<tr>
<td>Lack of Planning</td>
<td>3</td>
</tr>
<tr>
<td>Poor Credit</td>
<td>3</td>
</tr>
<tr>
<td>Tools and Equipment</td>
<td>3</td>
</tr>
<tr>
<td>Social Capital</td>
<td>3</td>
</tr>
<tr>
<td>Visibility/PR</td>
<td>3</td>
</tr>
<tr>
<td>Ability to Reach Prospective Clients</td>
<td>2</td>
</tr>
<tr>
<td>Best Practices</td>
<td>2</td>
</tr>
</tbody>
</table>

Exhibit 6 continues on the following page
Industrial manufacturing incubators are the least prevalent among existing operators

With the exception of Industry Space, all other manufacturing incubators in King County work with small scale producers. Maker spaces, as well, typically are not equipped for heavy manufacturing and metal fabrication. While only one industrial manufacturing incubator currently exists, there may be demand for additional such manufacturing incubator spaces (in the 5000 SF per business range) that can accommodate larger equipment and with features such as clear heights, easy access for truck loading, the ability to have an open flame and distance from residential centers.

Tech incubators confirmed the Port’s involvement is not necessary in their industry

Three companies—two of which were focused on supporting tech businesses—said they were unsure how the Port would assist incubators and accelerators in the technology sector in King County. Fledge and Surf, which cater to tech startups, said they were wary of the Port starting its own incubator or accelerator because it could present parallel competition for existing businesses. In addition, the two tech incubators said they were skeptical a non-tech, sector-specific incubator would have a great enough demand.

<table>
<thead>
<tr>
<th>Weighted Score</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Capital</td>
<td>2</td>
</tr>
<tr>
<td>Isolation</td>
<td>2</td>
</tr>
<tr>
<td>Lack of Collateral</td>
<td>2</td>
</tr>
<tr>
<td>Lack of Commitment</td>
<td>2</td>
</tr>
<tr>
<td>Low Creditworthiness</td>
<td>2</td>
</tr>
<tr>
<td>Mentoring</td>
<td>2</td>
</tr>
<tr>
<td>Access to Land</td>
<td>1</td>
</tr>
<tr>
<td>Business Development</td>
<td>1</td>
</tr>
<tr>
<td>Market Competition</td>
<td>1</td>
</tr>
<tr>
<td>ESL Training</td>
<td>1</td>
</tr>
<tr>
<td>Lack of Fortitude</td>
<td>1</td>
</tr>
<tr>
<td>Lack of Outside Perspective</td>
<td>1</td>
</tr>
<tr>
<td>Project Management</td>
<td>1</td>
</tr>
<tr>
<td>Scaling</td>
<td>1</td>
</tr>
<tr>
<td>Sector Experience</td>
<td>1</td>
</tr>
<tr>
<td>Technical Assistance and Training</td>
<td>1</td>
</tr>
<tr>
<td>Unrealistic Expectations of Financing</td>
<td>1</td>
</tr>
</tbody>
</table>
Recommendations

The Port has a key role to play. All but three of the incubators in this study saw an opportunity for the Port to play a role in small business assistance in King County. The Port’s patient capital and the ability to provide a long-term commitment to ensure incubators are embedded in the community were cited as significant assets. Feedback from existing organizations, small business advisors and experts coalesced around two broad themes – championing and convening small business assistance across the region and the direct provision of space. (Exhibit 7)

Exhibit 7. Responses to How the Port can Help
Champion Small Business Assistance and Coordinate Assistance Opportunities

When asked how the Port could help small business development, coordinating or facilitating assistance opportunities was the most popular answer among interviewees. However, suggestions as to how the Port could provide this coordination varied across industries and organizations. The following suggestions outline how the Port could play a convening role to support small business development, and indicate potential partnerships.

Coordinate technical assistance workshops and networking events for entrepreneurs

Kenmore Business Incubator advocated for a Port-sponsored networking or seminar series that could rotate throughout the county. Co-sponsoring existing networking and training events was also suggested.

William Factory SBI suggested the Port expand on the organization’s current work with entrepreneurs in the specialty trades and manufacturing sectors. Drawing on the Port’s connections and existing network would help boost participation and understanding among disadvantaged small contractors.

A commercial kitchen feasibility study commissioned by the Food Innovation Network recommended expanding technical assistance opportunities for food-focused entrepreneurs. The study suggested developing a business mentor program to pair entrepreneurs with food industry professionals; and organizing seminars for entrepreneurs to hear how other businesses were started and key lessons learned.

Thinkspace suggested the Port host education events around transportation and logistics. Often times entrepreneurs are producing products in quantities so small they can’t be shipped. The Port could help new entrepreneurs navigate shipping logistics, as well as exporting internationally.

Strengthen market channels

Tabor 100 Meet and Greets offer Port officials the chance to talk with Tabor 100 members about the public bidding process and highlight current bidding opportunities. These events are also an opportunity for the Port to work with Tabor 100 to meet specific firms of interest. Enhancing participation in these networking events is an easy step toward forging a partnership with Tabor 100.

Seattle Tilth suggested the Port could leverage its connections to help farmers in its Seattle Tilth Produce program identify small-scale buyers interested in locally and organically-grown produce.

Food-focused entrepreneurs often don’t have access to a robust network of connections through which to market their product. The Food Innovation Network suggested the Port could help individuals tap into the right market channels by providing introductions and contacts to startups.

Washington Interactive Network, which supports independent gaming companies, suggested the Port publicize locally made games on the SeaTac Airport homepage. Travelers would have the chance to play a free game while they wait for their flight.

Federal Way Chamber of Commerce suggested the Port participate in its business retention outreach efforts. The Chamber currently holds monthly luncheons with Puget Sound businesses to determine what has been working for them and what can be improved. An added effect of this effort is helping to unite industry needs with education and training programs.
Provide Space or Land for Incubators

The study found broad consensus that the Port is well positioned to go beyond a convening role and make a larger real estate commitment. Ten out of 25 interviewees suggested space as a way the Port could help small business development.

The provision of long-term space for incubators either as land or real estate building space the Port could provide would be invaluable. A range of specific concepts for space/land were identified. These are explored in greater detail in the recommendations below.

Marine Industry Incubator

Utilize Port-owned land at Fisherman's Terminal or uplands at Terminal 91 to support an incubator focused on the marine industry.

The maritime industry is an economic engine. Seattle's maritime sector includes businesses engaged in fishing, water transportation, ship building and repair, marine goods and services, seafood processing, cold storage, and marine construction. The industry provides more than 22,000 jobs and contributes approximately $2.1 billion to the local economy. The maritime industry provides important economic diversification for the city and includes many stable, multi-generational companies that provide family-wage jobs.

Maritime industry job growth. Maritime-related occupations are estimated to produce 3,048 job openings between 2016 and 2021 in King County (CAI). Based on occupational demand and the supply of available workforce, the industry is projected to experience a labor shortage of 295 openings annually countywide. Occupations with the three largest shortages are Sailors and Marine Oilers; Captains, Mates and Pilots of Water Vessels; and Laborers and Freight, Stock, and Material Movers, Hand.

Fit with Century Agenda. The Port's Century Agenda includes a goal of doubling the economic impact of the fishing and marine industry in Seattle over ten years. Fishermen's Terminal is the historic center of the fishing industry in Seattle, and continues to be an important center for the industry (Madison Bay Commercial, 2015).

Locational advantages of Fisherman's Terminal. Fisherman's Terminal has been the home of the North Pacific fleet for the past hundred years. The fleet benefits from the critical mass and support services provided by Fisherman's Terminal. Key amenities include the storage sheds, shared access to material handling equipment, and net repair areas. In addition, the local ecosystem includes suppliers such as Ballard Hardware and Supply Company and a critical mass of highly skilled workers such as shipwrights and people skilled in electronics and hydraulics who can repair and work on fishing vessels. For these reasons, the Fisherman's Terminal location is a critical asset with no easy substitutes in the region.
Land and building space are increasingly scarce due to market pressure. The Ballard Interbay industrial submarket, which includes Fishermen's Terminal, has an extraordinarily low vacancy rate of 0.60% at the end of Q3-2015, below the Puget Sound industrial real estate market vacancy rate of 4.91%, and far below the national average of 6.70%. Coupled with the limited supply of industrial property in the overall Seattle market, this has resulted in rising rents and building sale prices. This may result in suppliers and vendors being unable to locate in the area.

Demand from suppliers and vendors in the area. Recent surveys of the fleet, its suppliers and vendors have unearthed several specific needs. The fleet would like to see an industrial space added in the area with an on-site chandlery, hardware supplier, heated storage and shop space, and metal fabrication and machine shop services. Suppliers and vendors favor light industrial facilities with a warehouse/shop area, office space, and either grade-level or dock-high loading capabilities. A facility size range between 5,000 square feet and up to 110,000 square feet has been proposed.

The Port is uniquely positioned to help. As an important partner of the maritime industry and major landowner in the Fisherman's Terminal area, the Port is uniquely positioned to support the fishing industry. The development of light industrial space on its upland land in the Fisherman's Terminal area would be a unique and timely opportunity to help the industry and ensure diversification in the local economy.

Existing Efforts

Thinkspace. Founder and CEO Peter Chee said he was open to entertaining partnerships with the Port, specifically around running a marine incubator. He noted the sufficient demand for new technologies to improve maritime operations, and said Thinkspace even had members that were focused on technology for deep sea diving and underwater research.

Next Steps

• Capitalize on the Port’s historic presence at Seattle’s waterfront and use the Fisherman’s Terminal (or other marine properties) as site to explore marine industry incubator opportunities
• Explore partnerships with Thinkspace
Construction Incubator

Utilize some of the Port’s available building space to develop a one-stop support center for small businesses in construction, architecture, engineering or similar fields. This would build on the Port’s longstanding procurement and technical assistance center for businesses interested in Port contracting opportunities.

The Port is a source for contracting opportunities. As a public entity, the Port solicits construction bids and possesses in-house expertise on trade, construction and logistics. With this background and established network, it would be a quick transition to support a construction-focused incubator.

King County is in the midst of a construction boom. Construction employment in King County is forecasted to grow at a rate of 2.3% per year through 2020 (CAI). The largest source of demand for construction jobs is from the private sector, at 83% in King, Snohomish, and Pierce County. On the public side, Sound Transit’s currently-funded projects represent, on average, approximately 11% of total public works employment in the region. Federal, state and local projects represent the remaining 89% of public works projects. This level of economic activity presents an opportunity for the Port to help small business shape the future of the industry.

93% of the state’s construction firms had fewer than 20 employees in 2015 (WSESD). Small businesses that may be missing out on large contract opportunities would benefit from co-locating in a Port incubator and leveraging the Port’s procurement processes.

Fit with Century Agenda. Construction occupations are often well paying, family wage jobs that offer opportunities for economic advancement. In King County, however, there is a relative lack of diversity within the construction workforce (CAI). Economically disadvantaged individuals constitute an important source of new workers who are able to meet the requirements of the construction industry. Serving these segments will help address equity, and help disadvantaged populations capitalize on the economic benefits of this growing industry.

Existing Efforts

William Factory Small Business Incubator currently houses more than 40 companies focused on specialty trade construction, applied technologies and business services. Tenants are charged $250 per month for shared office space, or between $500 and $2,000 per month for private offices. Client businesses have 24/7 access to the Tacoma facility without the burden of a long-term, binding lease.

William Factory SBI draw from its a network of mentors and interns to provide support for client businesses. In addition to programs and office space, William Factory SBI also provides several free small business training sessions throughout the year that are open to the public. Attendees are surveyed in anticipation of the event to determine the topic of the workshop.
More than 200 companies have graduated from William Factory SBI. Of these firms, 75% are woman- or minority-owned, and historical data show an 80% success rate for all incubator graduates. At entrance, the majority of clients have one- to two-person operations with gross commercial revenues up to $50,000. Typical companies employ anywhere from 5 to 40 workers, and gross $250,000-$2 million upon graduation.

Tabor 100 is an association that helps minority entrepreneurs through education and advocacy. Members of Tabor 100 are small business owners or self-employed individuals who predominantly work in the construction and trade sectors. The organization is currently working to establish a Business Development Center that would help contractors looking to start their own business. President of Tabor 100 Ollie Garrett explained Tabor 100 would serve as a “back office” for business owners and help with everything from bookkeeping to providing legal advice to searching bid opportunities. Garrett said Tabor 100 is open to Port involvement and establishing a presence at the center.

**Next Steps**

- Coordinate with the City of Seattle, King County and Sound Transit to explore potential construction business incubator
- Enhance the Port’s presence at Tabor 100 events
- Explore partnerships with William Factory

**Commercial Food Processing Incubator**

Provide a shared-use, licensed, commercial kitchen that allows entrepreneurs to develop products and enterprises without the high overhead cost of purchasing facilities, equipment, and necessary licensing.

There is sufficient demand to support a commercial food processing incubator. Multiple interviewees indicated there is sufficient demand to support a commercial food processing incubator in King County. CoMotion Incubator Associate Director Elizabeth Scallon called this option “low-hanging fruit” for the Port of Seattle because entrepreneurs are already familiar with the idea and have expressed support. Seattle Made Co-Director Christine Hanna said the Port should take into consideration naturally developing consumer trends in food preferences. For instance, she noted, specialty products that are vegan or gluten-free are growing niche markets that usually require separate production facilities. Moreover, Hanna pointed out the vast range of businesses that could operate out of a commercial food processing incubator, and said the Port should determine what stage of businesses it would support.

A recent food business incubator feasibility study prepared for the Food Innovation Network (FIN) also found sufficient demand to support a commercial kitchen in south King County. The study, which solely focused on south
King County, found market demand in that area is projected to be “moderate” because of the limited supply of shared commercial kitchen space plus emerging entrepreneurial activity. “Overall, King County has seen growth in the food sector in recent years with an expansion of food processing, food services establishments, mobile food units, and shared commercial kitchen rentals.” (Dawn Meader McCausland Consulting).

**The number of WSDA Food Processor licenses issued is rising.** A simple metric for measuring the growth of food processing and manufacturing in King County is the number of food processor licenses issued by the Washington State Department of Agriculture. From 2012 to 2015 that number jumped from 264 to 589, showing a 123% increase (Dawn Meader McCausland Consulting). Specifically in South King County, food processor licenses increased from 78 to 159 over the same time period.

**Food purchasing trends are shifting toward local, artisan companies.** Mirroring national trends, King County’s artisan food sector has grown considerably. Demand for local and sustainable ingredients has gained traction and smaller, artisan food producers have filled the niche. The trend has been reflected in larger food conglomerates purchasing smaller, profitable and popular artisan producers (Dawn Meader McCausland Consulting).

**Millennials and ethnic minorities are diversifying overall food preferences.** One force changing food preferences is due to purchasing power of millennials and ethnic minority groups who present a new food culture. As consumers, millennials value authenticity in their purchases. In the case of food, millennials want to know the source of their food and the story behind its production. This emphasis on origins affects food supply chains and places a premium on local and artisanal products. Ethnic and international foods have been steadily gaining mainstream popularity. Moreover, in a hyper-diverse region like King County, ethnic cuisine is already well established and embraced by the general public.

**Fit with Century Agenda.** Providing a commercial kitchen will likely help the Port create jobs that would reach immigrant and low income residents of King County. Recent immigrants often gravitate toward starting their own business in food production because it’s a transferable skill and also offers a way to retain their culture. The food business incubator feasibility study surveyed area entrepreneurs and determined the most likely candidates to use a commercial kitchen were: from diverse backgrounds, predominantly women, and had limited household income.

**Existing Efforts**

**Food Innovation Network (FIN),** which operates in SeaTac/Tukwila, is planning to pilot its own kitchen incubator in partnership with Project Feast in 2016. FIN, the incubation arm of Global to Local, addresses health and income disparities in SeaTac and Tukwila by growing the local food sector through job creation and entrepreneurship opportunities. Current programming assists mostly disadvantaged entrepreneurs and helps them create business plans for food-focused enterprises. Project Feast is a nonprofit that offers training, catering and cooking classes to recent immigrants and refugees. FIN’s first step toward establishing a kitchen incubator was to complete a feasibility study, which found sufficient demand from entrepreneurs. FIN is also actively looking for available kitchen space in south King
The organization anticipates renovating a 2,500 square foot space inside a YMCA in SeaTac to run a pilot kitchen incubator program with five to 10 entrepreneurs.

FIN Project Manager Kara Martin said the pilot program is still in its planning stage, but said it would likely target low income, minority and women residents in south King County. The feasibility study found these populations to have a strong interest in joining a commercial kitchen incubator. To accommodate the community, Martin said FIN might charge on a scaled rate. Martin also noted the overlap between a commercial kitchen and locally-sourced ingredients. She said this project was an opportunity to merge the two ideas, and moreover, to bring locally-sourced ingredients to low income residents.

While demand from entrepreneurs for a commercial kitchen is strong, supply of kitchen space, especially for beginning enterprises, is low. Martin and the recent feasibility study both noted this space shortage. Martin suggested the Port provide space as one way to assist food entrepreneurs. In addition, Martin said the Port could also boost exposure for food production startups and help business owners grow their markets. Lastly, as food enterprises are heavily regulated, Martin suggested the Port help train entrepreneurs to navigate food production and handling permits.

Seattle Made supports small businesses that produce goods within Seattle. About 40 percent of Seattle Made members focus on food and beverage production. To join Seattle Made, companies must have at least one full-time employee, and sell their product in at least one retail outlet. Companies in their infancy are therefore rejected. Co-director Christine Hanna explained, while there is plenty of demand, there is a lack of local, food-focused incubators to where she can refer companies that are too new to join Seattle Made.

Healthy Food Accelerator (HFA) operates out of the Pop! Gourmet Popcorn factory in Tukwila and assists between four and six food startups at a time. HFA is run by several partners who have established food businesses or connections with local market channels. While the exact equity exchange is confidential, HFA invests in food entrepreneurs and their businesses. HFA aims to have a lifelong partnership with the businesses it accelerates, so there are no exit criteria.

Next Steps

• Work with the cities of Tukwila and SeaTac to evaluate potential commercial kitchen space
• Explore partnerships with Food Innovation Network, Seattle Made and Healthy Food Accelerator
Manufacturing Incubator

Explore opportunities for an incubator with suitable space, mentoring support, and shared tools/resources for small startup manufacturing companies.

Manufacturing jobs are important to the regional economy. The region’s manufacturing sector is a vital economic engine and it continues to be critical to the diversification and strength of the economy. It represents a wide range of subsectors, including maritime, industrial machinery and fabricated metal, aerospace, printing, stone, clay, glass and concrete products, home and office furnishings, food and beverage production, construction, transportation, and wholesale distribution.

Manufacturing employment growth. King County’s manufacturing sector is a significant employer in the region, representing 105,790 employees in 2013 (CAI). The sector is projected to produce an average of 1,815 job openings per year from 2018 to 2023 in King County. This represents an annual growth rate of 0.9 percent, with manufacturing jobs increasing from 96,378 in 2018 to 100,571 in 2023.

Combining the elements of expected supply with projected demand, yields annual occupational gaps. On average, manufacturing is projected to experience an annual shortfall of local talent of 823 positions per year. The greatest absolute final gap in this category is among machinists, with an annual shortfall of 102 employees.

Manufacturing businesses need complex, expensive resources. Manufacturing businesses require relatively complex and expensive building, infrastructure and land needs. These include features such as building spaces with clear heights, heavy equipment, access to loading and unloading, heavy lifting capacity, compressed air, and access to heavy power. Locational needs include sites buffered from residential uses but with easy truck access. These complex requirements can create a higher barrier to entry for emerging manufacturing businesses than for businesses in other sectors.

Land and building space are increasingly scarce due to market pressure. Sites in Seattle where heavy manufacturing uses are allowed (uses that impacts such as noise, odor) have seen rising rents and building sale prices in recent years. These higher prices may not be affordable to early stage businesses and may result in them priced out of the region.

Fit with Century Agenda. The manufacturing sector is a significant source of jobs for people without a college degree, or people facing language barriers or other barriers to entry. These jobs provide higher wages, and greater benefits and advancement opportunities than other jobs available to low-skilled workers.
Existing Efforts

Industry Space, which operates out of an old metal factory in South Park, supports manufacturing tenants in industrial machinery, printing, food and beverage production and more. As a manufacturing incubator, Industry Space offers tenants a workspace with clear heights, truck access and loading zones, and maintains enough distance from residential uses to control noise. The facility is 47,500 square feet and owner Johnny Bianchi charges tenants $0.85 per square foot per month. Bianchi noted the shortage of such large industrial facilities, which are also the most in demand by small manufacturing entrepreneurs.

Seattle Made supports small manufacturers and producers based in Seattle. Co-founder Christine Hana explained the local business climate is becoming bifurcated—moving toward an analyst-versus service-based economy. Still, the city is home to hundreds of small-scale manufacturers, including those outside of the logistics and maritime sectors. When companies first join Seattle Made, Hana said about 40 percent of members are seeking more space to expand operations and production. She suggested the Port could provide space for these growing companies as a way to support Seattle’s manufacturing sector.

Next Steps

• Conduct feasibility research to identify demand for an advanced versus low-tech manufacturing incubator

• Approach a manufacturing incubator from a regional perspective, and coordinate with the cities of Kent, Bellevue, Seattle and Federal Way on potential partnerships

• Explore partnerships with the University of Washington, Green River College and Seattle Made
Appendix A. Considered Interviewees

1. 9Mile Labs
2. Accelerator Corporation
3. Activespace
4. Agnes Underground
5. Arcturus UAV
6. Autodesk, Inc
7. Ballard Labs
8. Blu Ocean
9. Cambia Grove
10. Center of Excellence Global Trade & Supply
11. City of Auburn
12. City of Kenmore Business Incubator
13. City of Kent
14. City of Seattle
15. Community Capital Development
16. CoMotion Incubator
17. Department of Commerce
18. Eastside Incubator
19. Element 8
20. Entrepreneurs' Organization
21. Federal Way Chamber of Commerce
22. Fledge
23. Food Innovation Center (Global to Local)
24. Founder Institute
25. Green River College
26. Grow50
27. Healthy Food Accelerator
28. Highline SBDC
29. Icogenex
30. Impact Hub
31. Industry Space
32. Innovate Washington Foundation/Affilate of Ignite
33. Ivy Softworks
34. Laser Cutting NW
35. Mckinstry Innovation Center
36. Mercury Medical Incubator
37. Metrix Create:Space
38. Microsoft Ventures
39. My Branch Office
40. Office Nomads
41. Omax Corporation
42. OneRedmond
43. Pacific Northwest National Laboratory
44. Playhouse Arts Incubator
45. Product Creation Studio
46. RBC Signals/RBC World Watch
47. Seattle Fashion Incubator
48. Seattle Made
49. Seattle Tilth
50. Small Business Accelerator at Everett Community College
51. SODO Maker Space
52. Sorensen Group
53. Space Angels Network
54. Startup Hall -UW
55. Surf Incubator
56. Tabor 100
57. Techstars
58. The Pioneer Collective
59. Think Space
60. Up Seattle
61. Ventures
62. Village 88 Techlab
63. WA Space MeetUps
64. Washington Interactive Network's Reactor
65. Washington State University SBDC
66. We Work
67. William Factory Small Business Incubator
Appendix B. Interview Guide
King County Incubators and Accelerators Research

As a public agency committed to creating jobs and growing the local economy, the Port of Seattle wants to learn more about small businesses development, specifically how incubators assist small business manufacturing and contractors. Understanding the range of these support organizations, as well as the opportunities and hurdles of small business development, will help the port enhance its role in helping local businesses grow.

I work for Community Attributes Inc., a consulting firm working with the port to research this topic and speak with organizations that are directly involved with incubators and small business development. If you’re willing to participate in this process, please respond to the questions outlined below.

Your responses will be used for internal research purposes only. All of your answers will be strictly confidential. Thank you for your time.

**BUSINESS PROFILE INFORMATION**

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<tr>
<td>Address:</td>
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<tr>
<td>Age of company:</td>
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<td>Number of employees:</td>
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**Overview and Mission**

Please describe your program, as related to the following:

- Overall mission
- Types of programming and support offered
- Total days of active training offered
- Duration of active support offered by the program
• Average class size or average number of enterprises or entrepreneurs trained per cohort or class
• Any formal partnerships with investors
• Fees charged to incoming program participants.
• How is your company funded?
• How did you get started? What was initial source of seed funding?
• What is ongoing revenue model?

1. As you work with community businesses, what are the top three issues that come up as they work to grow their business?

Focus Areas
2. Describe any focus areas (industry, geography, stage of company) you may have.
3. Is there enough deal flow, or enough early-stage startups, in X field (maritime, aerospace, UAS, outer space, medical devices) to sustain an incubator in our region?
4. What would some of the benefits of an industry-specific incubator?
5. What are some of the drawbacks?

Feedback on Port’s Initiative
The Port of Seattle is very interested in small business development, and particularly interested in incubators that support contractors and small businesses (for example, small manufacturers in food production, marine manufacturing, general purpose manufacturing or construction).

6. What are your thoughts on the role the port can play on small business assistance? What are some opportunities for the port to support small businesses, either by leveraging existing efforts or through a new initiative (for example a maritime business incubator or a construction trades support center)?
7. Do you see any opportunities for partnership with the port on this initiative?

Future Plans
8. Please describe your near- and long-term plans.

Goals and Results
9. Please share some lessons learned from your experience in promoting small business development.
10. Briefly describe what has worked well for certain initiatives. For example, do specific industries need help or do better than others in the region?
11. What are some opportunities for new incubators and accelerators in King County? Are there specific industries that may need small business assistance to work well in King County?
12. Please provide a list of program participants (including current participants and alumni) to date. (Include companies that may not currently operate but still participated in the program.)

13. Describe your results over time. Consider the following metrics when responding:

- Annual revenue of businesses upon exit versus entry or revenues over time
- Capital raised by businesses within two years of program completion or introductions to investors
- Increase in profitability
- Business growth in employees or units sold within two years of program completion
Appendix C. Interview Summaries
The CoMotion Incubator was founded in 2012 with the goal of continuing to fulfill University of Washington’s decree to the State to foster economic development and create jobs. CoMotion assists UW and non-UW entrepreneurs, though UW startups receive priority. Enrollment is open to companies in all sectors.

The Incubator is unique in the length of time it allows companies to develop under its guidance. “I believe in the long-term approach,” said CoMotion Associate Director Elizabeth Scallon. For example, IT companies are typically incubated for 1-2 years, medically-focused ones usually receive 3-5 years, and life sciences enterprises remain for 3-6 years. These timelines are tailored to each individual company, and their duration at the incubator depends on their readiness to leave.

**Mission:** CoMotion Incubator provides dedicated space and facilities to support UW-affiliated startups and other companies through their early stages of company and product development.

**KEY TAKEAWAYS**

- CoMotion sees many opportunities to partner with the Port
- CoMotion has the space and sufficient demand for a life sciences incubator, but needs funding
- Food processing incubator is low-hanging fruit for Port
- A manufacturing incubator in King County would have enough demand
- Incubated businesses benefit from wraparound services

**BUSINESS MODEL**

When CoMotion receives an application from a prospective startup, the incubator evaluates their business plan, their equipment needs, and the personality of the group to be sure it’s a good fit. If the product spun out of UW faculty or student research, CoMotion helps to license it out, and provides priority space in the incubator.

Incubator revenue is derived from client company rent. CoMotion offers low or comparable rents: cubicles are $270 per month, private offices are $415 per month, and lab benches with equipment are $850 per month.

**Courses and Services.** The Incubator’s on-campus location makes it easier for UW faculty and graduate students to stay engaged with startup teams, and it reduces costs and distractions by providing space inclusive of Internet access, shared office equipment, and meeting spaces. Clients work alongside each other, sharing in the joys and challenges of entrepreneurship. Proximity to UW, both its faculty and equipment, is a defining strength of the CoMotion incubator.
Wraparound Services. Scallon said companies at CoMotion greatly value the support, mentoring and opportunities for collaboration. CoMotion programming includes speaker series, workshops, office hours, and mentorship. Additionally, it hosts several CEO Roundtable discussions throughout the year where local leaders share experiences and solutions with incubated companies. The CoMotion Incubator Idea Lab is also a key component of the Incubator’s services. This arm offers educational and networking events to CoMotion’s client companies.

Partnerships. UW-related startups likely benefitted from the University’s relationship with more than 280 specialized research centers. In addition to collaboration, UW received more than $1.24 billion in sponsored research funds in 2013. CoMotion has a strong interest in partnering with the Port.

TOP ISSUES FOR SMALL BUSINESSES
Scallon highlighted challenges surrounding scaling a business from an idea to a market-ready product:

1. **Funding.** It’s difficult for small businesses to secure funding without reliable network connections or pitching experience.
2. **Hiring.** Entrepreneurs often struggle in assembling a dependable, productive team that works well together.
3. **Business Development.** Taking a product idea, and developing a positive user experience can be a challenge for startup companies. Production scalability is also a strategic issue multiple entrepreneurs face.

HOW THE PORT CAN HELP
Scallon had several suggestions for startup markets the Port could invest in. She specifically mentioned a food and food processing incubator in Columbia City as a starting point. CoMotion has seen entrepreneurial demand for these sectors, and this sort of program would have high visibility. A construction incubator would also be an easy program to develop and implement. The manufacturing sector has a significant amount of entrepreneurial demand, as well.

**Funding.** CoMotion is interested in creating a life sciences-specific component of its existing program. Scallon reported that there is enough demand from entrepreneurs in that sector, and the idea she’s considering wouldn’t work without a UW-Port partnership. The Incubator has the pipeline of entrepreneurs and the space to sustain a life sciences program, but lacks the resources to get it off the ground.

LOOKING AHEAD
**Saturated Co-working Market.** CoMotion continues to experience high demand for the type of programming it’s offering to startup enterprises, but Scallon noted waning entrepreneur interest in co-working spaces. In many instances, the cost-benefit analysis reveals that small businesses are better off renting their own space when mentor expertise in a particular program isn’t up to par.
Entrepreneurs’ Organization Accelerator
Small Business Development Strategic Assessment

BUSINESS PROFILE

Entrepreneurs’ Organization Accelerator is the accelerator arm of Entrepreneurs’ Organization. Established in 2005, EO Accelerator provides educational programming for entrepreneurs, teaching them about strategic planning, sales and marketing, finance, human resources and more.

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<td># of Programs</td>
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Mission: empower entrepreneurs with the tools they need to grow their business to more than US$1 million in sales and provide them with the skills to become better entrepreneurs and leaders.

KEY TAKEAWAYS

> The Seattle EO Accelerator chapter currently has 25 entrepreneur members
> EO Accelerator is a global network, with 38 programs in 11 countries
> Entrepreneurs enter with at least $250,000 in revenue and must hit $1 million to graduate

BUSINESS MODEL

EO Accelerator is a nonprofit that works with entrepreneurs aiming to grow their business to the $1 million mark. Board Member (and CEO of Thinkspace) Peter Chee explained incoming entrepreneurs must already have at least $250,000 in revenue, or have at minimum $250,000 from investors. Chee said the EO Accelerator Seattle Chapter currently assists 25 small businesses in varying industries, and provides training sessions at Thinkspace.

Training. EO Accelerator taps EO members and subject matter experts to determine the yearlong curriculum for incoming entrepreneurs. Training sessions are shaped around four main pillars: strategy, sales and marketing, finance and people. Entrepreneurs in the Seattle EO Accelerator chapter pay about $2,000 a year to participate.

Yearlong Programming. The EO Accelerator program runs for one year, with quarterly meetings and monthly Accountability Group sessions to keep entrepreneurs on track.

Graduation. Chee explained, companies graduate the EO Accelerator when they achieve $1 million in revenue. Because programming lasts one year, if a company hasn’t hit the $1 million mark by then, they can continue to stay in the accelerator for up to three years.

Connection to EO. To qualify for the EO Accelerator, entrepreneurs must have an interest in joining EO upon graduation.
SMALL BUSINESS ASSISTANCE

The Greater Federal Way Chamber of Commerce is a private, nonprofit membership-driven organization comprised of businesses, civic organizations, educational institutions and individuals. The Chamber aims to promote regional economic prosperity in communities along the Seattle-Tacoma business corridor by providing leadership and advocacy for its members. Sandwiched between the Port of Seattle and the Port of Tacoma, Federal Way has a “workforce of choice” for port operations, said Federal Way Chamber CEO Rebecca Martin.

KEY TAKEAWAYS

> The Federal Way Chamber is currently working with the Port of Tacoma to establish a high school internship program
> The South Sound has a “workforce of choice” for ports
> More work could be done to connect education and workforce training programs with Port-focused employment

EXISTING EFFORTS

Previous Incubator. In 2010 the Federal Way Chamber of Commerce established the South Sound Regional Business Incubator, which did not have a particular industry focus, and later changed direction to support tech startups. The parent organization, Jobs for South Sound changed the incubator’s focus in an effort to initiate a technology cluster in Federal Way. The incubator’s named was then changed to Cascadia Velocity and run by private consultants. At that point, the Chamber was only partly involved its operations. In 2014 the incubator dissolved, and now the Chamber is redirecting the focus of Jobs for South Sound toward job opportunities that are “business-based” said Martin.

Internship Program. The Chamber is currently working with the Port of Tacoma to establish a high school internship program, which would serve as the beginning end of a maritime employment feeder. Martin said the Chamber would definitely be interested in doing the same with the Port of Seattle.

Business Retention Outreach. Martin suggested the Port participate in its business retention outreach efforts. The Chamber currently holds monthly luncheons with Puget Sound businesses to determine what has been working for them and what can be improved. An added effect of this effort is helping to unite industry needs with education and training programs.

HOW THE PORT CAN HELP

Partnership. Since the collapse of the South Sound Regional Business Incubator, the Chamber is refocusing Jobs for South Sound (the incubator’s parent organization) and actively forging partnerships and growing contacts.

FEEDBACK FOR PORT

Martin said the Chamber is very open to partnering with the Port and sees opportunities for collaboration on industry-focused incubators. She ranked the four incubators below as follows:

1. Maritime. Federal Way sees the maritime sector as a source employment and a chance to connect business operations within the Puget Sound corridor. Federal Way has the workforce, but business opportunities
surrounding the ports have yet to be coordinated. And more can be done to connect education and workforce training programs with Port-focused employment.

2. **Construction.** Demand for this incubator is possibly greater than expected, Martin said, because contractors and small businesses might not know about available resources.

3. **Food Production.** Martin said several entrepreneurs have approached the Chamber asking for a commercial kitchen space.

4. **Manufacturing.** This incubator had the least potential for Federal Way, which focuses primarily on light manufacturing.

**LOOKING AHEAD**

For Federal Way, the waterfront and its opportunities of employment, is “low-hanging fruit,” but will require more coordination and effort to connect supply chain, business, workforce and education needs. The Chamber will continue its efforts to serve as a regional, gateway connector for businesses.
Fledge Accelerator and Kick  
Small Business Development Strategic Assessment

**BUSINESS PROFILE**

Fledge and Kick, founded in April 2012 by Michael “Luni” Libes, operates out of Impact Hub in Pioneer Square, and participates in the Hub’s mission to accelerate socially-conscious entrepreneurs. The Fledge model has been replicated 28 times, with locations in 13 U.S. cities and 15 different countries.

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<tr>
<td>Target Industry</td>
<td>Socially-conscious Companies</td>
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</table>

**Mission:** Helping mission-driven, for-profit companies succeed.

**KEY TAKEAWYS**

> Fledge owner is wary of Port involvement in local incubator community
> Fledge aims to grow globally by founding branches outside the U.S.
> Seattle is a hotbed of socially-conscious companies

**BUSINESS MODEL**

Fledge is structured like a technology incubator where the investment model is based on startup revenue rather than exits. The return on investment is not contingent on the fledgling company graduating or leaving the program at a specified time. This structure allows Fledge to be a partner in the success of each startup. Libes explained, “Our incentives are aligned with the founders, to find a path to sufficient, sustainable revenues. [Fledge] succeeds when the fledging succeeds in earning revenues from customers.”

The incubator secures 7% ownership in each startup, which is structured as redeemable equity, in exchange for $20,000 in seed money. The startup repurchases Fledge’s shares in the company with 4% of future revenues. If a business does not succeed, nothing is owed to Fledge beyond anything already repaid.

The Seattle office fields applications from around the world; half of the companies that apply to Fledge are from outside the U.S. Accepted enterprises are enrolled in a 10-week program where they are exposed to over 300 mentors in the Fledge network who provide guidance on traditional business components—sales, marketing, finance, leadership, etc.—to more innovative skills, like theater stage presence and speech coaching.

**Courses and Services.** In addition to the aforementioned regular Fledge programming, the incubator also offers ‘Kick’ sessions for businesses who were denied entry into the 10-week sessions. Kick applies to 97% of entrepreneurs who were initially turned away. The course itself is composed of 12 sessions and workshops over 6 weeks, and prepares companies to enter the accelerator stage. Each participant goes through an intensive restructuring process where they have the option to reconstruct their business from scratch. Kick assists entrepreneurs in uncovering core problems, identifying solutions, and building a “Minimum Valuable Product” (MVP). At the end of the sessions, individuals present
their companies and ideas to an audience of potential investors and customers with the goal of persuading the aforementioned group to believe in their business.

The incubator also attempted FledgeX—a one-time experiment in fall 2015 to determine if the 10-week Fledge programming could be replicated entirely online. 13 companies participated—9 different countries were represented, and 3 were from Seattle. FledgeX only lasted 8 weeks, and while Libes believes it was successful, the level of engagement of the in-person course was difficult to duplicate online.

**Results.** Fledge has 39 program graduate companies, most of which are outside the U.S. So far, the incubator isn’t profitable yet, but Libes expects it to be in the future. It’s funded by 30-40 angel investors in Seattle who donated about $1 million during the first round of funding. Fledge expects needing another million in the coming months.

**TOP ISSUES FOR SMALL BUSINESSES**

Overall, Libes has noticed that many entrepreneurs lack necessary knowledge about best practices and financing. He has also noticed that many entrepreneurs lack confidence about their ideas and business decisions.

1. **Funding.** Entrepreneurs have little to no experience raising money.
2. **Sales Skills.** New businesses don’t have hands-on experience in sales. Entrepreneurs tend to be wary of overselling their products and, subsequently, afraid of closing a sale.
3. **Finance Best Practices.** The leadership in startups, especially those focused on social good, typically don’t have any background in finance.
4. **Narrowed Markets.** Entrepreneurs shouldn’t limit the scope of their audience, and should look for entrepreneurial ventures outside the U.S.

**HOW THE PORT CAN HELP**

Overall, Libes expressed hesitation about the Port developing an incubator because government involvement can be a significant barrier. Very few incubators and accelerators are funded by government grants; potential incubates don’t want to deal with government bureaucracy. Privately-owned incubators can take money from investors, and obtain higher return on investments than publicly-held companies can.

**Diversify Assistance.** Based on his experience, Libes stated there aren’t enough entrepreneurs within a single sector in a small geographic area to sustain an incubator. He recommends the Port consider curating startups from multiple market sectors.

**Local Support.** Libes said the Port should support local incubators like Surf and Impact Hub, and ensure local small businesses don’t falter when faced with new competition.

**Support Underprivileged Entrepreneurs.** The Port should consider helping to make Craft3 loans possible for small businesses, which the Small Business Association won’t do.

**Partnerships.** Fledge currently has 30-40 angel investors who fund investments in startups and day-to-day programming, and is not looking for other partners at this time.

**LOOKING AHEAD**

**Program Expansion.** Fledge aims to replicate its investment model in more cities in the region. Once new locations are established, Libes intends to begin hiring.
BUSINESS PROFILE

The Food Innovation Network (FIN) is the incubation arm of SeaTac-based Global to Local (GTL). GTL was founded in 2010 through a partnership between Swedish Health Services, HealthPoint, Public Health Seattle & King County, the Washington Global Health Alliance, and the Cities of SeaTac and Tukwila. These entities recognized that access to good health is predicated on economic opportunity, education, and job skills. Twice as many residents in SeaTac and Tukwila live below the federal poverty line than in the rest of King County, indicating a concentrated need for economic development in the area.

FIN unites public and private partners to address health and income disparities by growing the local food sector through job creation and entrepreneurship opportunities in the SeaTac and Tukwila communities. FIN was founded in 2012, but did not receive its first grant until 2014. At this point, FIN is in a targeted planning stage to build a long-term kitchen incubator. Project Manager Kara Martin is leading FIN through the implementation phase.

Mission: A successful food innovation network would create a business cluster environment that spurs local and regional food system development and economic self-sufficiency while improving access to fresh, local food in a community with clear interest and deep cultural and culinary assets to contribute.

KEY TAKEAWAYS

- FIN will likely pilot its own food incubator in partnership with Project Feast
- A commercial kitchen feasibility study identified sufficient demand for a food incubator in South King County
- English language proficiency is a hurdle for many low-income food-focused entrepreneurs

BUSINESS MODEL

FIN operates as a subsidiary of Global to Local and has both public and private partners.

Courses and Services. FIN just completed a feasibility study for its kitchen incubator facility. In 2016, it will run a pilot program with 5-10 entrepreneurs in the food industry. FIN located 2,500 square feet of unused space in a SeaTac YMCA, and anticipates renovating that space for the incubator pilot program. Courses will include internal education and training for the pilot group of entrepreneurs, as well as nutrition classes for YMCA members.

Existing workshops assist disadvantaged entrepreneurs in the food industry with business plan development, identifying startup costs and marketing channels, public health or state processing permitting, and securing loans or credit. The Food Innovation Network coordinates training and funding provided by partner organizations, and connects
local entrepreneurs with these assets. Training providers offer a series of 6-week workshops where participants graduate with a business plan. Classes last about 2 hours each, and are limited to 10 entrepreneurs each.

**Partnerships.** FIN has many partners that provide funding, including Pinchot University, Boeing, and the Seattle Foundation. Martin explained FIN currently has a variety of trainers to provide business counseling for entrepreneurs, but could use assistance from the Port to launch new businesses into the food industry.

**TOP ISSUES FOR SMALL BUSINESSES**

Martin described several barriers to food industry entrepreneurs.

1. **Kitchen Space.** Renting and permitting a space for food production can be unaffordable to many startups.
2. **Startup Fees.** Capital costs for equipment can prevent entrepreneurs from expanding production.
3. **ESL Training.** For disadvantaged entrepreneurs, English is often a second language. Individuals have to be fluent enough to participate in many FIN workshops. Project Feast, one of FIN’s partners, offers a class geared toward people with a lower level of English proficiency that teaches participants Western terms for working in an American kitchen.

**HOW THE PORT CAN HELP**

Martin noted the strong demand for an incubator that caters to commercial food production, and highlighted several ways the Port could assist these businesses.

**Space.** There is a lack of food processing and commercial production facilities entrepreneurs can utilize in the early stages of business development.

**Market Opportunities.** If entrepreneurs are able to scale production, they frequently don’t have access to a robust network of connections through which to market their product. The Port could help individuals tap into the right market channels by providing introductions and contacts to startups.

**Regulation Assistance.** After individuals acquire a business license for food production, they’re often overwhelmed by the requirements they must fulfill in order to sell their food through established market channels. FIN has noticed food labeling causes a significant amount of confusion, for example.

**LOOKING AHEAD**

**Following Demand.** A recent kitchen incubator feasibility study revealed the level of entrepreneur demand and market would support a kitchen incubator, however, there is a lack of commercial kitchen space in South King County.
Healthy Food Accelerator
Small Business Development Strategic Assessment

BUSINESS PROFILE

Launched in 2015, Healthy Food Accelerator (HFA) helps early-stage food companies grow from a concept to distribution. Thus far, HFA has helped develop four companies, including POP! Gourmet, which now sells at retail outlets such as Starbucks and Costco.

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<tr>
<td>Address</td>
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Mission: HFA aims to help startups and mid-stage food companies that produce and sell vegan, vegetarian, natural, Non-GMO and organic foods to grow into successful and sustainable businesses.

KEY TAKEAWAYS

> HFA invests up to $50,000 per food-focused venture
> Partner David Israel is the founder and CEO of Pop! Gourmet
> HFA is strongly considering running a kitchen space, and has looked at a few possible facilities

BUSINESS MODEL

HFA has several partners who bring food enterprise expertise or a background in business and finance. David Israel, the founder and CEO of Pop! Gourmet has first-hand experience of running and growing a startup. As a partner at HHA, Israel, entrepreneurs benefit from his experience in distributing to large retailers like Costco, Krogers, Starbuck and Walmart. As an accelerator, HFA accepts between four to six applicants at a time, and provides lifetime assistance. HFA Partner Amandeep Kapoor explained there isn’t a formal “graduation” from the accelerator.

Training. Kapoor said HFA approaches entrepreneurial training like and internship program. He said their model was similar to an apprentice shadowing a doctor.

Investment. HFA invests up to $50,000 in selected small business ventures. Assistance covers topics such as company organization, capital infusion, product validation and development, marketing, manufacturing, distribution and financial management.

Kitchen Space. Kapoor said HFA is strongly considering running its own kitchen facility and has begun looking a suitable spaces. He said striking the right balance between entrepreneurs and established food companies will be key.

HOW THE PORT CAN HELP

Food Focus. Kapoor said it would behoove the Port to get involved in the region’s rich food culture, to help encourage food-related enterprises.
The Small Business Development Center at Highline Community College supports local business owners to build profitable businesses. Since 2002, the SBDC has been helping promising startups and established small businesses reach the next level by providing no cost business consulting.

**KEY TAKEAWAYS**

- It is important the Port play a role in small business assistance given it’s such a large organization.
- Land is a key thing the Port could contribute.
- The Port’s focus on industry-specific incubators is a good idea. Successful incubators are specific and focused on one industry.
- A maritime or manufacturing incubator sound like the best ideas for the Port given alignment with Port activities and the high-wage jobs that would be created.
- For food processing and construction, the Port could partner with the Food Innovation Network and ongoing efforts by the Port to provide technical procurement assistance for contracting.
- Access to marketing channels is a key need for small businesses. Another challenge is the lack of creditworthiness.
- An important practice for incubator success is the presence of a good sorting mechanism or clear criteria on entry and exit.
- Incubators are rarely self-financing. They tend to need outside money so there must be an ongoing dollar commitment.
- Currently the Port has an ongoing commitment to help minority, women-owned and disadvantaged businesses. This should be a continued area of focus.

**EXISTING EFFORTS**

The SBDC at Highline specializes in providing business and training services to entrepreneurs and existing businesses. The center provides:

- Knowledgeable, trusted and confidential one on one advice on all aspects of business
- A link to 23 other SBDC centers in the statewide network for additional advice
- Guidance on the purchase of an existing business or a franchise
- Assistance in finding the best sources of capital to grow businesses
- Support for established businesses ready to take their business to the next level
- Identification of improvement opportunities for existing businesses
- Matching businesses with resources that can accelerate their success trajectory through referrals
- Information about training and funding opportunities
The Small Business Development Center serves a diverse population. The population served consists of women-owned businesses (38%), African-American-owned businesses (21%), veteran-owned businesses (16%), Asian-owned businesses (10%) and Hispanic-owned businesses (4%). A related initiative, called StartZone serves those not yet ready for SBDC services, such as recent immigrants or refugees.

By design, the assistance center is not focused on companies at a certain stage of maturity or in a specific sector. Assistance is provided to entrepreneurs in the community at any stage in their business.

**HOW THE PORT CAN HELP**

Shockley had several suggestions for areas in which the Port could invest. His main suggestion was for the Port to provide land or space for small business incubation. He specifically mentioned manufacturing and maritime incubators as the best fit for the Port. The relatively higher wage jobs these sectors create and the fit with Port activities are significant advantages. Highline SBDC has seen entrepreneurial demand for these sectors, and this sort of program would have a high chance of success. Shockley also wanted the Port to continue its existing efforts to help small, disadvantaged businesses through its Technical Procurement Assistance Center.

Shockley reported there was demand from entrepreneurs for commercial kitchens as well as co-packing facilities but expressed concern jobs created in food processing may not pay a living wage.

**Entrepreneur Challenges.** In his experience, small business entrepreneurs, typically struggle most with sales and marketing. In many cases, he has encountered entrepreneurs who lack a clearly differentiated product or the ability to market or sell their products through retail or other channels. Entrepreneurs also struggle with access to capital because of their lack of creditworthiness.

**FEEDBACK FOR PORT**

Shockley thought the Port could play an important role in small business assistance.

1. **Maritime.** This is a sector that creates relatively higher wage jobs and is well aligned with the Port’s activities.
2. **Manufacturing.** Similar to maritime, manufacturing is also a sector with the potential to create living wage jobs that is well aligned with the Port’s activities.
3. **Construction.** Building on existing efforts from the Port through its procurement technical assistance center for businesses interested in contracting opportunities with the Port is a good idea.
4. **Food Production.** There seems to be a lot of demand for this but the jobs created by food processing may not be as high-wage as manufacturing or maritime jobs. In addition to commercial kitchens, co-packing facilities are also in demand. The Food Innovation Network will be a good partner for the Port in this specific effort.
Impact HUB
Small Business Development Strategic Assessment

BUSINESS PROFILE

Brian Howe, the founder of Impact Hub Seattle, was working in social impact investing, and wanted to create a space that brought small enterprises and entrepreneurs together. Impact Hub Seattle was established in July 2012, and the Bellevue branch was opened almost 3 and a half years later in November 2015. There are a total of 70 Impact Hubs in the worldwide network.

Mission: To support entrepreneurs, not-for-profit and for-profit organizations that want to have positive social impact through their enterprises.

Between the two locations, Impact Hub has about 700 individual members with an average of roughly 1 organization per person, which translates to a little less than 700 separate enterprises. Individuals running a single-person effort often feel isolated or lonely, which can derail their endeavors. Impact’s spaces aim to combat seclusion by fostering a strong sense of community and collaboration in communal working environments.

KEY TAKEAWAYS

> Impact Hub in Bellevue needs to relocate soon because the building will be demolished
> Local businesses can host events at Impact Hub
> Impact Hub Seattle is partnering with Technology Access Foundation to support youth entrepreneurship

BUSINESS MODEL

Impact Hub cultivates socially-conscious entrepreneurs that aspire to have a lasting, positive social impact. Unitus Seed Fund, a company that strives to invest in and support smaller companies and teams that have the potential to scale their services to benefit the masses, is one example of a company that operates out of the Seattle Impact Hub. The Hubs are funded through membership fees and office space rentals, as well as on-site corporate events. Membership fees start at $35 per month on the low end, while dedicated workspace in their otherwise open-seating environment is about $400-$500 per month. The Hubs generate around $1.5 million in revenue annually.

While the national network of Impact Hubs provided a considerable amount of best practices and business model support, the Seattle Impact Hub didn’t receive much material startup support. The Seattle Hub was a joint venture between HUB Seattle, the Bainbridge Graduate Institute (BGI), and Social Venture Partners. BGI offers a MBA in sustainable business and other certificate programs on-site, bringing like-minded students and entrepreneurs together. In addition to the co-working spaces offered to members, fixed office rentals are also available to socially-conscious companies, such as Unitus Seed Fund, mentioned above.
Courses and Services. It's up to members to decide how many weekly active training days and events they would like to attend. Training includes instruction on best practices, classes on how to scale businesses to match market demand, and coaching members on how to find healthcare coverage for themselves and their future employees. Impact Hub also facilitates networking events to connect small businesses to like-minded, established firms.

Physical Space. BGI, SVP, and numerous other companies and entrepreneurs share 30,000 square-feet of co-working office space.

Partnerships. The Impact Hub is currently working with Technology Access Foundation that is focused on entrepreneurship and young people. The Hub is assisting with business strategies.

TOP ISSUES FOR SMALL BUSINESSES

Social Capital. The Interim CEO, Peter Temes, communicated how integral social capital is to small business success. Entrepreneurs need a dependable network of peers and mentors—an informal community—to support their missions. Social and intellectual capital are the engines that allow small businesses to keep growing when funding runs out. Temes also spoke on the ripple effects of social consciousness and capital—the indirect and induced economic impacts that result from a successful socially-beneficial business are profound. For example, if one social firm prospers, the accounting business that serves this enterprise grows, which supports the accounting firm employees’ favorite restaurant. The employees and their families represented in all of these business relationships thrive.

HOW THE PORT CAN HELP

Space. The Bellevue Impact Hub is currently located in the Lincoln Center building slated for demolition to make way for the Bellevue light rail line. The Hub is currently paying below market price for this space, and cannot afford to remain in Bellevue and pay at-market rent. Peter Temes mentioned hearing that the Port is potentially looking to develop space in Bellevue, and believes the Port and Impact Hub would make great partners in this endeavor. If the Port could supply space of any kind—traditional workspace, a hanger, boat, basin, or warehouse—the Hub could continue its mission in Bellevue.

Scale. Incubators and accelerators have to prove their value over time. When the right model is found, there needs to be a very large set of participating entrepreneurs that may or may not succeed. The more commitment individuals have to operate an incubator or accelerator, the easier it is to build a model with minimal cost, which increases the probability that participating enterprises will succeed.

“It comes down to getting the largest possible number of smallest possible bets to empower the largest possible number of new enterprises.” – Peter Temes, Interim CEO

Improving Business Climate. The Port of Seattle and SeaTac Airport can specifically assist the ecosystem of services and small businesses near the Airport. Providing space and training programs would be valuable, and would help the Port gain visibility.

LOOKING AHEAD

Program Expansion. In the long term, Impact Hub wants to continue to grow membership, especially adding more programs for low-income individuals, and add square footage to co-working spaces.
Industry Space
Small Business Development Strategic Assessment

BUSINESS PROFILE

Seattle Mayor, Ed Murray, awarded $100,000 to Seattle Industry Space to create an incubator to assist new, local manufacturing businesses. The grant was funded by Seattle’s New Markets Tax Credit (NMTC) program. NMTCs attract private investment for development and other projects benefitting low-income neighborhoods. In 2008, the City’s Office of Economic Development created the Seattle Investment Fund (SIF) to participate in the NMTC program. Stadium Place, The Bullitt Center, and the Pike Place Market renovation are all projects that utilized these tax credits. Fees on these investment projects have allowed the City and SIF to support small business growth, such as façade improvements for businesses in the Chinatown/International District. Small business lending activity is also made possible through the Office of Economic Development and the National Development Council’s Grow Seattle Fund.

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The Seattle manufacturing industry encapsulates a variety of subsectors, ranging from industrial machinery to printing and publishing to food and beverage production. Some types of manufacturers require large warehouses, but many of them require 5,000 square-feet or less. Industry Space was borne out of evidence of a lack of supply for smaller spaces. Owner Johnny Bianchi used some of his own capital in combination with the aforementioned grant to found Industry Space. Located in an abandoned metal factory in South Park, Industry Space currently houses 3 tenant companies after opening its doors at the beginning of 2016.

Mission: To create an incubator focused on the manufacturing industry that consists of co-located, intentionally-selected tenants with the goal of encouraging the manufacturing of complementary goods, networking, sharing of information, and mentoring.
KEY TAKEAWAYS

> Industry Space tenants require large facilities equipped to handle heavy machinery
> The Port could provide industrial manufacturing space
> Industry Space plans on expanding into SODO or Ballard
> Industry Space tenants pay only $0.85 per square foot per month

BUSINESS MODEL

Industry Space’s revenue is derived from client company rent. Tenants can rent industrial space or office space or both. Industrial space is approximately $0.85 per square-foot per month, and office space is rented for $500 per month. The incubator is flexible on lease terms, but short-term contracts are more expensive. Typical lease terms range from 1 to 5 years.

Courses and Services. The Industry Space site offers tenants a fully-functional industrial space, with features like heavy lifting capacity, truck access, compressed air, and access to heavy power. Because it’s so early in the incubator’s tenure, Industry Space does not currently offer programming for start-ups, but is interested in organizing workshops and courses in the future if tenants express interest.

Physical Space. Industry Space offers tenants 47,500 square-feet of industrial and office space in the South Park neighborhood. Suites offered to manufacturing incubators include clear heights and loading hooks. The building itself has easy truck access and loading and unloading facilities. A shared kitchen is also available for common use.

Partnerships. Industry Space does not have any partners to date, but is interested in partnering with the Port once it has some concrete ideas and plans for its incubator. Bianchi is not interested in ideation, but would be happy to work with the Port to ensure that future incubator space aligns with the needs of the entrepreneurs it aims to serve.

TOP ISSUES FOR SMALL BUSINESSES

Functional Space. Manufacturing companies require expensive and complex space, infrastructure, and equipment needs. When these are not provided, manufacturing startups have high up-front costs, making it difficult for small businesses in this sector to take root. There is definitely a shortage of incubators that offer the space and amenities Industry Space provides to its tenants. Bianchi referred to a shortage of suitable spaces in the below 5000 SF range as the most in demand by small manufacturing entrepreneurs.

HOW THE PORT CAN HELP

Space. Manufacturing companies in need of industrial workspace struggle to find functional sites. Attributes such as clear heights, truck access, loading zones, and distance from residential uses are frequently difficult for tenants to find.

LOOKING AHEAD

Expansion. Industry Space is interested in expanding to more locations in SoDo or Ballard. Bianchi is currently looking for properties and deals that would work.
Kenmore Business Incubator
Small Business Development Strategic Assessment

BUSINESS PROFILE
The City of Kenmore founded the Kenmore Business Incubator to support an innovative community spirit and foster startup entrepreneurs. Tenants pay a monthly fee for co-working space and membership includes a suite of services such as mentorship, business development support, networking events, workshops and seminars. The incubator operates out of a 3,000 square foot office space in downtown Kenmore.

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Mission: Kenmore Business Incubator aims to nurture our homegrown businesses and to get Kenmore on the map as a place where innovative biz want to locate.

KEY TAKEAWAYS

> Kenmore City Council is considering whether to maintain the on-site incubator or only support virtual services
> Tenants focus on technology, healthcare, finance and business services
> Co-sponsoring the incubator’s seminar series would support the Port’s regional initiatives
> Having an incubator downtown reinforces Kenmore’s emphasis on innovation

BUSINESS MODEL
The Kenmore Business Incubator offers co-working spaces from a dedicated workstation to private offices. It currently support about 25 businesses on site, and several more though its virtual services. Funding from the City of Kenmore covers the incubator’s base rent and membership fees make up the rest of the operating budget. In January 2016 the incubator was nearly at capacity in terms of tenants, which took about two years to achieve.

Diversity. There is no particular industry focus among tenant, however current members work in technology, finance, healthcare and business services. Nancy Ousley, assistant city manager, said the diverse group of entrepreneurs was helpful for businesses to learn from one another and establish partnerships.

Courses and Services. Membership includes individual mentoring with a program consultant, access to a seminar series on best business practices, and group consulting. The incubator also holds networking and other informal events.

Virtual Membership. Through the incubator’s virtual option, entrepreneurs forego the on-site office space, but still have the opportunity to meet with a business consultant and take part in group consulting.

TOP ISSUES FOR SMALL BUSINESSES

1. Strategy. Often entrepreneurs and small business owners to have the time to think long-term and strategically about growing their operations.
2. **Isolation.** Ousley said she’s noticed entrepreneurs gravitate toward co-working spaces because a home office can be isolating.

3. **Lack of outside perspective.** A strength of the Kenmore Business Incubator is its diverse set of tenants, Ousley said. Although members focus on different industries, each share commonalities as business owners and can learn from each other.

**HOW THE PORT CAN HELP**

Ousley listed several ways in which the Port could provide small business assistance. And, even though Kenmore doesn’t share Puget Sound waterfront, Ousley noted Kenmore was still a community that supports the Port and its activities.

**Technical Assistance.** While the incubator currently offers technical assistance services for its tenants, Ousley said representatives from the Port could augment existing workshops.

**Sponsorship.** The Port could lend expertise to share through the incubator’s seminar series. Co-sponsoring these kinds of events would reinforce the Port’s regional reach and objectives.

**Space.** The Kenmore City Council is considering whether to maintain the on-site incubator or only support virtual services. Ousley suggested one option is the Port could provide the co-working space.

**LOOKING AHEAD**

**On-site versus Virtual.** The Kenmore City Council is exploring alternative models for running its incubator. Options include keeping the on-site co-working space, switching to only virtual programs, or concentrating on business consulting. The city plans to explore partnerships for maintaining the incubator and its current services.
McKinstry Innovation Center
Small Business Development Strategic Assessment

BUSINESS PROFILE
The McKinstry Innovation Center was founded in 2010 to focus on startups in the clean tech and life sciences sectors. The Center has since expanded its focus to include businesses in the education sector. The Center functions more like an accelerator than an incubator.

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| Address      | 210 S. Hudson St.  
               Seattle, WA 98134 |
| Time in Location | Since 2010 in Seattle,  
                            2012 in Spokane |
| Number of Employees | 2 |

Mission: The McKinstry Innovation Center provides dedicated space and facilities to scale and grow companies past the incubation stage in the clean tech, life sciences and education sectors.

KEY TAKEAWAYS
> The Port has a key role to play as both a convener as well as a provider of space/land
> Food processing incubator is an important sector and a good fit for Port
> A manufacturing incubator in King County would have enough demand

BUSINESS MODEL
Entry and Exit Criteria. Enrollment in the McKinstry Innovation Center is open to firms at various stages of maturity but they must have come past their infancy or early incubation stage and have a business plan and ability to pay market rent. The McKinstry Innovation Center houses a mix of tenants from established companies with proven ideas who use the facility as their base of operations to newly-formed companies and one-person offices that benefit from the experienced assistance of the Center’s mentoring team.

The Center conducts a yearly review of progress of its tenants based on proximity to going to market (pilot programs, product/service advances, partnerships and potential client engagement etc.). Evaluating whether the firm is on track to launch and/or get further funding secured is key.

Courses and Services. Amenities provided include office spaces, meeting rooms, access to common spaces, and the use of McKinstry's manufacturing areas for prototype development, demonstration space and mock-up demonstration platforms for testing. Tenants are charged market-rate rent for class A office space for their individual office space alone.

Wraparound Services. David Allen of McKinstry said companies at the Innovation Center greatly value the opportunity to mix and gather feedback from McKinstry's thought leaders and skilled tradespeople. The ability to produce pilot products or prototypes and gather feedback from industry experts at McKinstry is a valuable service.
Partnerships. McKinstry has partnered with the Gates Foundation to bring the education initiative, the STEM center, to the Innovation Center.

TOP ISSUES FOR SMALL BUSINESSES

Allen highlighted challenges surrounding scaling a business from an idea to a market-ready product:

1. Lack of Opportunities to Test Prototypes or Pilot Projects. It’s difficult for small businesses to test their ideas without the ability to produce prototypes and gather feedback from industry experts on it.
2. Funding. Entrepreneurs often struggle to access capital and investor networks.

HOW THE PORT CAN HELP

Space. Allen had several suggestions for startup markets the Port could invest in. He specifically mentioned a food and food processing incubator as an important and timely investment the Port could make. McKinstry has seen entrepreneurial demand for these sectors, and this sort of program would have high impact. The manufacturing and marine sector has a significant amount of entrepreneurial demand, as well. The construction incubator program was cited as a program with potential but a crowded field of current incubator operators was seen as a potential deterrent.
Seattle Made
Small Business Development Strategic Assessment

BUSINESS PROFILE

Christine Hanna and Erin Nelson, co-directors and founders of the Seattle Good Business Network (SGBN), also run Seattle Made, which supports small, local manufacturers and producers. Seattle Made operates like an accelerator and was modeled after the successful SF Made in San Francisco. Hanna said Seattle Made’s mission to support small, urban producers is imperative because they provide dependable, living wage employment. She added this effort is especially important now, as the local business climate is becoming bifurcated, and moving toward an analyst- versus service-based economy.

Mission: To promote a sustainable, local economy by inspiring people to produce, invest and buy locally.

According to Hanna, local production is vital to Seattle’s economy. The city’s urban manufacturing doesn’t just encompass the logistics and maritime subsectors; there are hundreds of small-scale manufacturing businesses that require assistance. Members of Seattle Made range from propeller producers to chocolate manufacturers.

KEY TAKEAWAYS

- About 40% of Seattle Made member companies say they need more space to expand production when they first join
- About 40 percent of Seattle Made members focus on food and beverage production
- Seattle Made is currently doing a landscape study of a potential garment district in Seattle
- The Port should move away from a positive ROI model and focus more on economic development

BUSINESS MODEL

Seattle Made caters to enterprises that have made it past the incubation phase. Membership criteria includes: manufacturing or producing one or more physical product in Seattle; offering one or more standard product lines; employing at least one full-time employee; and, provided the enterprise produces consumer products, selling through at least one retail outlet or online. Entrepreneurs are also asked when they expect to need capital, production space, and a workforce.

There is no time limit on membership, which is free thanks to investors and partnerships. Seattle Made has a contract with the City of Seattle’s Business Retention and Expansion Program, where the city partners with local organizations to support business development, such as helping enterprises secure space or permits. Seattle Made acts as a middle man, and is paid by the city to make connections. Seattle Made is also a member of the Urban Manufacturing Alliance, a national collective of nonprofit, for-profit, and governmental stakeholders focused on growing manufacturing businesses and creating diverse living wage jobs.
Courses and Services. Seattle Made works like an accelerator and offers somewhat established businesses branding and marketing training, funding, and assistance in locating the right space for business growth. The organization also assists businesses with outreach and publicity. In one instance, KOMO TV, a founding partner, did a segment called Seattle Made Minute and featured six member companies. During the 2015 holiday season, Seattle Made also launched a gift card for shoppers to buy its members’ products.

Capital. Companies that join Seattle Made typically seek loans that fall below the threshold of traditional bank loans. To assist its members, Seattle Made has partnered with Community Sourced Capital, an organization that links entrepreneurs with local investors, and provides a platform for small businesses to run funding campaigns. In addition, Seattle Made implemented the Seattle Made Matching Fund. Together, a member company would raise $10,000 through Community Sourced Capital, and the Seattle Made Matching Fund would supply another $10,000.

Physical Space. Seattle Made operates out of Impact Hub Seattle. Its 300 members have their own spaces.

Partnerships. Founding partners include the City of Seattle, BECU, Vulcan, and KOMO.

TOP ISSUES FOR SMALL BUSINESSES

1. **Space.** About 40% of Seattle Made member companies say they need more space to expand production when they first join.

2. **Sales.** Entrepreneurs play many or all roles in the earlier stages of their business, but typically have the heaviest hand in sales and marketing before joining Seattle Made. Company founders often need coaching about how to approach these topics as they attempt to scale their businesses.

3. **Scaling.** Young companies need assistance with the growing pains of scaling, both in the difficulties of managing growth and in the logistics of market expansion.

4. **Capital.** Members not only struggle with lack of capital, but also with what level of revenue is appropriate for entrepreneurs and their enterprises at various stages in their growth.

HOW THE PORT CAN HELP

If the Port can move away from a positive return-on-investment model and focus more on economic development, it could have a sizeable impact on Seattle’s manufacturing sector, said Hana. The Port has land and other valuable assets, and could create a release valve for small-scale production space.

**Space.** Young businesses are in need of long-term space solutions.

**Manufacturing Incubator.** About 40 percent of Seattle Made members focus on food and beverage production. To join Seattle Made, companies must have at least one full-time employee, and sell their product in at least one retail outlet. Companies in their infancy are therefore rejected. Hanna explained, while there is plenty of demand, there is a lack of local, food-focused incubators to where she can refer companies that are too new to join Seattle Made.

**Demand Factors.** Overall, Hanna urged the Port to consider multiple demand factors before deciding to act. A couple questions to consider are: What sector(s) should the Port’s space be geared toward (i.e. what equipment is needed)? Do businesses want to be surrounded by other businesses in similar sectors or should there be a mix?

LOOKING AHEAD

**Market Research.** Seattle Made is committed to meeting the needs of its member companies and ideal candidates. Because manufacturing has a wide array of subsectors, different manufacturers and producers have vastly different equipment and space needs. For example, to meet their individual needs, Seattle Made is currently doing a landscape study of a potential garment district to learn more about the textile sector in Seattle.
**Seattle Tilth Farm Works**
Small Business Development Strategic Assessment

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**BUSINESS PROFILE**

Seattle Tilth is a nonprofit dedicated to educating and empowering the community to build a sustainable and equitable local food system. The organization’s incubator program, Seattle Tilth Farm Works, provides farm business training and support to immigrants, refugees, and people with limited resources in South King County. Participants attend farm and business trainings, tour neighboring farm operations, and gain hands-on experience growing and harvesting food using organic practices.

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**Mission:** To inspire and educate people to safeguard our natural resources while building an equitable and sustainable food system.

**KEY TAKEAWAYS**

- Access to infrastructure and land are crucial to growing a farming enterprise
- Port could help connect farmers with distribution and market channels
- Seattle Tilth’s incubator is interested in securing more land for its farmer participants

**BUSINESS MODEL**

Each year Seattle Tilth Farm Works accepts eight to 10 new farmers as part of a new cohort. Participants in good standing have the opportunity to continue accessing the land base, infrastructure and ongoing technical assistance in an effort to further their enterprises. In 2015, 20 farm enterprises operated at the incubator site—10 were new farmers and 10 were returning farmers.

**Courses and Services.** The Seattle Tilth Farm Works provides an experiential learning Organic Farm Educational Program, which focuses on organic farm practices, small business management, and marketing. Participants attend farm and business trainings, tour neighboring farm operations, and gain hands-on experience growing and harvesting food using organic practices. The program runs for 20 weeks from February to June each year. Cohorts of 8-10 farmers meet twice per week throughout the duration of the program. Technical assistance, land base, infrastructure, and marketing outlets continue to be available to farmers in good standing after the program concludes.

Farmers currently operate on a micro-farm scale. Most farmers start with one-eighth of an acre; some returning farmers operate 1 acre. Current program participants and graduates share Seattle Tilth farm land in order to eliminate many startup capital costs, such as equipment, and to create a knowledge-sharing environment.
**Fees.** The fee structure is a sliding scale, and is determined by the enrolling farmer’s household income and number of dependents. Additionally, a decreasing subsidy structure is in place—first year farmers receive the highest level of subsidy and it decreases over time as their businesses grow. After 7 years, farmers are paying full market rates. Many farmers draw on nano-loans (up to $1,500) from Seattle Tilth. These loans are repaid throughout the season as product sold through the Produce Food Hub.

**Physical Space.** Seattle Tilth’s main offices are in Wallingford, where they hold courses and classes for incubatees and members.

**Results.** Success varies from farmer to farmer, but the program has positive results overall. Strong farmers see a 200% increase in revenue over 3 years. As a whole, program participants have totaled more than a 300% increase from 2013. The average gross revenue for a first year farmer is $2,700, while returning farmers average $9,300 in gross revenue. Average gross sales of the farmers in the program increased by 137%.

**Partnerships.** Seattle Tilth does not currently have any formal partnerships, but would be interested in partnering with the Port.

**TOP ISSUES FOR SMALL BUSINESSES**

Barriers small farmers when growing their businesses include:

1. **Access to Markets.** Entrepreneurial farmers have limited experience in selling their produce.
2. **Capital.** Small farmers lack the funds required to invest in equipment, infrastructure, or marketing.
3. **Land.** This goes hand-in-hand with funding—new farmers often can’t afford to acquire more land to increase the scale of production.

**HOW THE PORT CAN HELP**

**Infrastructure.** Access to infrastructure, such as washing/packing facilities, food processing equipment, and cold storage, is very important to the growth of the Seattle Tilth Program.

**Land.** Entrepreneurial farmers need an appropriate land base for farming/aggregation. If the Port could provide this, Seattle Tilth could increase the number of farmers it could accommodate in the Organic Farming cohorts.

**Connections.** The Port could connect Seattle Tilth Produce and its farmers with potential small-scale buyers interested in locally and organically-grown produce.

**LOOKING AHEAD**

**Land.** In order to continue operating within the farm hub model, the incubator component of Seattle Tilth needs to acquire a larger land base. This would mean the farmers can scale-up business and continue to benefit from the support systems (i.e. technical assistance, in-place infrastructure, and marketing channels). The idea is that farmers would not need to make large individual investments for land, equipment, or infrastructure, and an agency would make market rate leases and/or piece meal rates available.

**Market Expansion.** The next steps for Seattle Tilth Produce Food Hub include growing its direct market CSA, and pursuing wholesale/bulk markets that fit with the scale of its growers.
BUSINESS PROFILE
For co-founder Eric Renn, SODO Makerspace was his chance to develop a self-sufficient community. The 3,000 square foot space behind a doughnut shop in SODO acts as a center for supporting projects in advanced manufacturing in an effort to help people “solve local problems.”

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Mission: To educate and incubate the general public on advanced manufacturing technology to make new products to solve local problems.

KEY TAKEAWAYS
> SODO Makerspace asked the Port to provide space—any available buildings or unoccupied rooms to house manufacturing machinery
> SODO Makerspace received grant funding from the City of Seattle’s Office of Economic Development to commence a 12-week course for a small cohort
> One of SODO Makerspace’s first incubator successes was in 2015 with the small business Rainworks

BUSINESS MODEL
Renn became intrigued by the “maker movement” in September 2013 and traveled for three months to visit and investigate established maker spaces. From there, he drew from concepts he’d learned and brought his new-found knowledge back to Seattle. He secured a space in the back of a restaurant in his neighborhood, and invited others through posts online to utilize the space. Eventually his nascent maker space grew into a 500 square foot garage and attracted more likeminded individuals. In one year he had gone from an idea, to occupying 3,000 square feet in SODO.

Renn and fellow co-founder Jon Madamba opened SODO Makerspace in fall 2014.

Courses and Services. SODO Makerspace offers educational classes that are open to the public to learn advanced manufacturing skills such as 3D modeling, soldering, Computer Aided Design and more. Patrons can also rent equipment on a pay-as-you-go basis, and membership is not required to register for courses or to utilize machinery. For entrepreneurs or small businesses, the company provides consulting expertise on how to use the manufacturing equipment.

Educational Outreach. Over the past year, Renn has also branched out from SODO and has begun working with area K-12 schools and PTA groups to educate kids on advanced manufacturing techniques. In addition, this effort supplements STEM curricula.
**Partnerships.** SODO Makerspace recently received funding from the City of Seattle’s Office of Economic Development to commence a 12-week course for cohort of four students. Other partnership opportunities have come from both the Port of Seattle and the City of Kent. Talks with the Port of Seattle were focused on setting up a hardware incubator in the city; and the City of Kent was interested in working with SODO Makerspace to start a maker space in Kent.

**TOP ISSUES FOR SMALL BUSINESSES**

For the entrepreneurs who set up shop in SODO Makerspace, a few hurdles stand in their way of expanding their business. In order of priority, Renn listed these top three issues that small businesses face.

1. **Funding.** Whether they’re still holding their full-time job and have elected to pursue a business idea on the side, or they’ve devoted themselves fully to a new venture, both types of entrepreneurs need seed money to get started. Ideas may be free, but the execution is often expensive. Small micro-loans (as low as $500) can make a difference for an entrepreneur trying to get a business off the ground.

2. **Mentoring.** Often times entrepreneurs come to SODO Makerspace full of ideas, but might be less aware on how to actually run a business. Because SODO Makerspace supports startups from concept to creation, entrepreneurs take advantage of staff expertise to learn about crowdfunding, marketing and distribution. Consistency, following a schedule and setting easily attainable goals are all guidelines that have helped incoming entrepreneurs succeed.

3. **Teaming.** Advanced manufacturing takes a great deal of sweat equity, so growing a team can directly help start-ups grow. Teams foster collaboration and inspire new ideas. Entrepreneurs in SODO Makerspace can find likeminded individuals to assist in developing their project.

**HOW THE PORT CAN HELP**

**Space.** SODO Makerspace asked for one thing from the Port of Seattle—space. The company was interested in any available buildings or unoccupied rooms the Port owns, to house manufacturing machinery. Harbor Island was suggested as an area for future expansion. Donating a building or other available space would coincide with the sharing economy central to maker spaces. In addition, Renn stressed, the port would help empower the local community to solve its own problems through manufacturing.

“Find us a space, and we can fill it up with our likeminded folks. We can continue to expand on what we’ve started.” – Eric Renn, Co-founder, SODO Makerspace

**LOOKING AHEAD**

**Workforce Development.** A major long-term goal for SODO Makerspace is workforce development. Cultivating a manufacturing workforce begins with educating K-12 students on advanced manufacturing techniques. These students then apply their new skills to start and grow businesses, and in turn generate jobs.

**Investing in Manufacturing.** According to Renn, manufacturing offers one of the best returns on investment over a short time period because manufacturing businesses are often self-reliant. Focusing on manufacturing takes places like China out of the equation because parts are made locally.
SUCCESS STORY – RAINWORKS’ INVISIBLE SPRAY

The SODO Makerspace saw one of its first incubator successes in 2015 with the small business Rainworks. Creator of Rainworks and Seattle resident, Peregrine Church, came to SODO Makerspace ready to launch his product. Rainworks had developed a super hydrophobic spay that repels water, and can be used like temporary invisible ink to write messages on sidewalks—the liquid goes on invisibly and then appears once concrete gets wet.

Once at SODO Makerspace, Rainworks worked with Renn to make the spray consumer-ready. Together they created a spray bottle to contain the liquid, along with a stencil set, and packaged the two items for retail. Renn and Church initiated a two-day crowdfunding campaign via Kickstarter and raised more than $5,000 through 700 orders. That investment was used to broaden product distribution and allowed SODO Makerspace to buy capping and labeling machinery.

Since December, Rainworks and its invisible spray has been featured on NPR and aims to sell the product for general online purchase.

“This is a great example of going from an idea to production.” – Eric Renn, Co-founder, SODO Makerspace
Tabor 100
Small Business Development Strategic Assessment

BUSINESS PROFILE

Tabor 100 is an association that helps minority entrepreneurs through education and advocacy. Members of Tabor 100 are small business owners or self-employed individuals who predominantly work in the construction and trade sectors. Tabor 100 was founded in 1998 and named after its founder, David Tyner III, who was dedicated to economic, educational and political advancement of African Americans.

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Mission: Tabor 100 is an association of entrepreneurs and business advocates who are committed to economic power, educational excellence and social equity for African-Americans and the community at large.

KEY TAKEAWAYS

> Tabor 100 would like to see enhanced Port involvement in its events
> Often the problem isn’t lack of programming to educate entrepreneurs, the problem is low attendance
> Tabor 100 is currently working on starting a construction-focused Business Development Center

BUSINESS MODEL

Tabor 100 has a membership of around 150 entrepreneurs and business owners. Dues are $150 per year for each member and fund services such as mentoring and networking events. Some programs are open to the public and free of charge. Tabor 100 is a 501(c)3 nonprofit and covers operations costs through membership dues and fundraising.

Courses and Services. Membership in Tabor 100 includes instant access to the organization’s existing network of small contractors and business owners in construction. Often times entrepreneurs in construction are very skilled at their trade, but don’t have the administrative background and understanding of what it takes to run a business. Tabor 100 staff and volunteers mentor its members on business fundamentals such as bookkeeping and marketing.

Meet and Greets. In the past, Tabor 100 has also held forums with elected official and meet-and-greets with purchasing personnel, Port officials and other public sector representatives. Members were encouraged to ask questions about the bidding and contracting process to learn more about the public side of construction projects. The events created a comfortable atmosphere where firms and agencies felt began building business relationships. As a result, many minority firms earned contracts.

Attendance. For a multitude of reasons, minority entrepreneurs often don’t take the necessary steps to grow their enterprises. Ollie Garrett, President of Tabor 100, explained the problem isn’t a lack of available training, it’s getting individuals to attend programs. Garrett said minority entrepreneurs might not have time to seek mentorships or educational programs because they’re running a fledgling business. Garrett said she’s also noticed minority business
owners can be intimidated by what they don’t know and are too proud to admit they need help. One way to overcome this is to form cohorts that go through training courses together.

**TOP ISSUES FOR SMALL BUSINESSES**

Barriers that stand in the way of Tabor 100 members who want to expand their businesses:

1. **Access to Capital.** Small business owners face challenges to access to capital such as a lack of collateral, poor credit or a history of bankruptcy.

2. **Contracting Opportunities.** Navigating the public contracting process can be challenging and time-consuming.

3. **Business Know-how.** Business owners running a small construction company are well versed in their trade, but may lack the background and understanding of what it takes to run a business.

**HOW THE PORT CAN HELP**

**Construction Incubator.** Tabor 100 is currently working to establish a Business Development Center that would help contractors looking to start their own business. Garrett explained Tabor 100 would serve as a “back office” for business owners and help with everything from bookkeeping to providing legal advice to searching bid opportunities. Garrett said Tabor 100 is open to Port involvement and establishing a presence at the center.

**Partnership.** Garrett suggested Tabor 100 members could benefit from enhanced Port involvement in Meet and Greets to talk with members about the public bidding process and highlight current bidding opportunities. These events are also an opportunity for the Port to work with Tabor 100 to meet specific firms of interest. This participation is an easy step toward forging a partnership with Tabor 100.

**LOOKING AHEAD**

**Leadership.** Tabor 100 membership has nearly tripled since its first few years, from 50 to 150. For Garrett, this solid growth means it’s “time to take Tabor to the next level.” Establishing the Business Development Center is a move in that direction, but more work needs to be done to inform entrepreneurs of existing resources.
Thinkspace
Small Business Development Strategic Assessment

BUSINESS PROFILE
Thinkspace provides office and co-working space for tech startups and small businesses. Included in membership are support services such as recruiting, marketing and administrative functions. Before joining Thinkspace, staff vet entrepreneurs, looking for companies with core values that align to the organization’s mission.

| Locations | Seattle, Redmond |
| Addresses | 936 N 34th St, Ste. 400 8201 164th Ave NE, # 200 |
| Target Industry | Tech |

Mission: to build a strong community of entrepreneurs, tech startups, small businesses, and nonprofits which share similar core values. We passionately operate as a part of each company’s team; celebrating in their successes, contributing to their sustainable growth, and creating an environment that inspires.

KEY TAKEAWAYS
- Thinkspace is a potential partner for a marine incubator
- Recruitment is prized service for Thinkspace members
- Tech startups attract entrepreneurs and other small businesses from different sectors
- The Port could host educational events around transportation and logistics

BUSINESS MODEL
The majority of Thinkspace members are tech companies – about 75 percent – while the other small businesses are mostly service-based, said Founder and CEO Peter Chee. When first establishing Thinkspace, Chee said he focused on attracting tech startups because they were in line with his background. Since then, Chee explained, the tech members have attracted other startups from different sectors because, “they want to be around growth and innovation.”

Space. Thinkspace offers office space, co-working stations, meeting rooms and virtual offices.
Services. Chee said he realized early on entrepreneurs often take on too much while starting up their businesses. Whether that’s building a website, bookkeeping or marketing, they often aren’t “playing into their strengths.” Services at Thinkspace are geared toward helping entrepreneurs grow their initial enterprise thereby leaving them time to focus on their mission.

Recruitment. Recruiting support evolved organically after Thinkspace helped several members find and secure talent. It’s now a service offered to all members.

TOP ISSUES FOR SMALL BUSINESSES

Chee outlined the top three issues facing entrepreneurs trying to grow their businesses:

1. **Hiring.** For tech startups especially, convincing top talent to join a startup over established tech companies can be a hurdle for new entrepreneurs.

2. **Funding.** Securing a traditional bank loan can be difficult for a new startup.

3. **Sales and Marketing.** Tech entrepreneurs, Chee said, sometimes underestimate the time involved in quality marketing that makes an emotional connection with customers about a particular product.

HOW THE PORT CAN HELP

Chee said he was open to entertaining a conversation about partnerships with the Port, and said he could envision Port-led events. In regards to initiating incubators in King County, he said the Port should pursue ideas that align with the agency’s expertise.

**Marine Incubator.** Chee said Thinkspace could potentially help the Port run a marine incubator. He noted the sufficient demand for new technology to improve maritime operations, and said Thinkspace even had members that were focused on technology for deep sea diving and underwater research. Moreover, a marine incubator aligns well with the Port’s expertise.

**Food Incubator.** Even though a food venture doesn’t represent the Port’s expertise as well as a marine business, Chee said there was enough momentum among Seattle entrepreneurs in the food and beverage industry for the Port’s assistance to be worthwhile. He said he knew of a few food entrepreneurs in Georgetown who are in need of space.

**Logistics Education.** An easy way to support the startup community, Chee said, would be for the Port to host education events around transportation and logistics. Often times entrepreneurs are producing products in quantities so small they can’t be shipped. The Port could help new entrepreneurs navigate shipping logistics, as well as exporting internationally.

LOOKING AHEAD

**Driving Innovation.** Thinkspace will continue to help entrepreneurs and drive innovation in the local economy, Chee said. “We make Seattle a better place for all businesses and put Seattle on the map as doing something totally innovative.”
Washington Interactive Network
Small Business Development Strategic Assessment

BUSINESS PROFILE

Washington Interactive Network (WIN) is a nonprofit organization dedicated to supporting the state’s interactive media industry cluster. Its mission seeks to promote, nurture and grow interactive media to establish the region as a global center for the industry. Reactor is WIN’s accelerator program.

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<tr>
<td>Established</td>
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Mission: to promote, nurture, and grow the interactive media industry cluster in Washington state. By fostering a community around the industry cluster, WIN has helped to create more, high-quality jobs in the region.

KEY TAKEAWAYS

> Port could support WIN members by adding online game to SeaTac airport wifi website
> WIN is actively helping entrepreneurs market their products internationally
> The interactive media industry cluster includes 330 companies and more than $19 billion in revenue

BUSINESS MODEL

WIN is a 501(c)3 nonprofit currently housed under the umbrella of OneRedmond. Previously, WIN operated through the Economic Development Council of Seattle-King County. WIN does not take equity in companies it helps accelerate.

Reactor. When the program was funded through a federal grant, Reactor accepted between 6 and 8 entrepreneurs to enroll in a six-month accelerator program free of charge. Reactor now features a two-day boot camp for small businesses to learn from industry professionals and mentors.

Mentor Intensive Workshops. This portion of Reactor includes a four-hour workshop for entrepreneurs who want to learn more about pitching, fundraising, ecommerce, acquisition and getting featured by Apple or Google. WIN Executive Director Kristina Hudson explained mentors and mentees are intentionally paired with a “best fit” in mind.

International Exposure. Hudson said some services for interactive media entrepreneurs were designed with an international slant. Because tech companies with products accessible through the internet are essentially international on day one, Hudson explained specific workshops helped with global PR and marketing strategies. In 2015, for instance, WIN brought six independent game studios to Gamescom, an international trade fair held in Cologne, Germany.
TOP ISSUES FOR SMALL BUSINESSES

For entrepreneurs who have already developed interactive media products, the greatest hurdle is:

1. **PR and Marketing.** Interactive media can be highly competitive, so understanding your product and how to differentiate can make a significant impact.

HOW THE PORT CAN HELP

*SeaTac Airport.* Hudson suggested the Port could help publicize local interactive media entrepreneurs by adding their games to login page for SeaTac Airport’s wifi. Travelers would have the chance to play a free, locally-made game while waiting for their flight.

*Space.* One of the most expensive aspects of the startup process is renting or buying space from which to operate. Hudson said WIN would greatly benefit from Port-provided space for its members. She added, it could accommodate not only interactive media entrepreneurs, but small business owners from other clusters as well.

LOOKING AHEAD

*Video Platform.* Hudson said WIN is currently seeking funding to develop a video platform to share workshops and mentoring sessions online. She said this approach would reach more entrepreneurs than just the ones who enroll in person sessions.
William Factory Small Business Incubator
Small Business Development Strategic Assessment

BUSINESS PROFILE

William Factory Small Business Incubator is named for its founder, William Factory, who created the space in 1986 as a way to improve living and working conditions in East Tacoma. Before establishing his own incubator, William Factory co-founded the Tacoma-Pierce County Small Business Incubator, which received a 1988 “Neighbor’s USA” award.

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| Target Industries | Specialty Trade Construction  
|                    | Business Services  
|                    | Information Technology |

Mission: To promote community revitalization through employment growth from the startup and expansion of small commercial enterprises.

Tim Strege, the current Executive Director of William Factory SBI, aims to continue the legacy of its founder by “organizing collective action that [leads to] dramatic results.” In 29 years of incubating small businesses, over 200 companies have graduated from William Factory SBI. At present, there are more than 40 enterprises learning, networking, and expanding in the Tacoma space, where clients have access to 40 offices and more than 250 workstations.

KEY TAKEAWAYS

> William Factory SBI urged the Port to support the reformation of the Washington State Association of Small Business Incubators

> New sectors for the incubator include transportation logistics, energy efficiency and technology products subsectors

> The Port could help minority entrepreneurs enter the technology market in the Puget Sound region

BUSINESS MODEL

William Factory SBI caters to small disadvantaged businesses in the Specialty Trade Construction, Business Services and Information Technology sectors. Tenants are charged $250 per month for shared office space, or between $500 and $2,000 per month for private offices. Client businesses have 24/7 access to the Tacoma facility without the burden of a long-term, binding lease. In addition to programs and amenities provided to in-house members, William Factory SBI also provides several free small business training sessions throughout the year.

Courses and Services. William Factory SBI offers its client businesses 1-2 active training events and workshops per week in areas such as accounting procedures, legal considerations, and how and when to approach hiring processes. Participants benefit from small educational cohort sizes of 10-15 individuals or businesses.
Incubator-organized networking events are another key component to launching businesses. William Factory SBI has relationships with numerous mentors and interns that play an active role in client business development. Firms in the Tacoma facility also have access to top-tier technological amenities, including a dedicated 100Mb Fiber Optic Link, subscriptions to PlanCenter.com and the Daily Journal of Commerce, virtual server capacity, and access to an on-site IT engineer.

**Physical Space.** William Factory client companies have access to 40 private offices and more than 250 individual workstations in a $10 million building right off of I-5.

**Results.** More than 200 companies have graduated from William Factory SBI. Of these firms, 75% are woman- or minority-owned, and historical data show an 80% success rate for all incubator graduates. At entrance, the majority of clients have one- to two-person operations with gross commercial revenues up to $50,000. Typical companies employ anywhere from 5 to 40 workers, and gross $250,000-$2 million upon graduation.

**TOP ISSUES FOR SMALL BUSINESSES**

In addition to the essential internal practices entrepreneurs must implement in order to thrive, there are numerous outside forces that can nurture small businesses and ensure a healthy business climate. Tim Strege listed three components that are crucial to the success of small businesses.

1. **Networking.** For entrepreneurial enterprises, networking, and commercial matchmaking with larger firms, is vital to sustained growth. Established companies can provide market insight and examples of strategic business decisions, for instance.

2. **Outreach Assistance.** Small, disadvantaged businesses require an intermediary to promote their capabilities and expertise. This concept goes hand-in-hand with networking, but goes beyond connection into the realm of endorsement, requiring a larger, established business to actively participate in the mission of the fledgling firm.

3. **Advocacy.** On the macro level, startup success is facilitated by developing policies that utilize smaller firms.

**HOW THE PORT CAN HELP**

**Leadership.** William Factory SBI urged the Port to support the reformation of the Washington State Association of Small Business Incubators (WSABI). With William Factory SBI positioned as the sole provider of leadership, the WSABI “folded,” placing Washington at a disadvantage when compared with other states that have formed strong associations between government entities and small business incubators. The Port’s role should include supporting an incubator network, in which incubators located throughout the region share resources, expertise, networking events, and other valuable growth-oriented programs.

**Collaboration.** The Port can expand on the existing efforts of William Factory SBI in the specialty trades and manufacturing sectors, allowing for more participants, programming, and resources to assist otherwise disadvantaged small contractors. Additionally, minority communities are under-represented in the technology sectors, and would benefit greatly from an incubator that could assist them in entering the robust technology market in the Puget Sound region.

**Partnerships.** William Factory has a strong interest in partnering with the Port of Seattle. It currently does not have formal partnerships, but the organization is open to the idea in the future.

**LOOKING AHEAD**

**Program Expansion.** William Factory SBI aims to build a robust innovation and employment campus to add business support expertise in the transportation logistics, energy efficiency, and technology products subsectors.