



**STREATOR INCUBATOR FEASIBILITY STUDY,
BUSINESS PLAN, AND PROJECT SUMMARY**

**UNIVERSITY OF ILLINOIS URBANA-CHAMPAIGN
Illinois Business Consulting program at the Gies College of Business
Economic Development Association University Center
University of Illinois Extension Community and Economic Development**

Background

The Streator Incubator Feasibility Study was conducted during the 2020 spring semester by students in the Illinois Business Consulting (IBC) program at the University of Illinois Gies College of Business, with support from the Economic Development Association (EDA) University Center and University of Illinois Extension Community and Economic Development.

The analysis and evaluation (with recommendations) of the current incubator and its operations was conducted through key informant interviews of tenants, community members, and similar incubator sites in Illinois and surrounding states. Additional insight was gathered through an online survey distributed through organizations in both Livingston and LaSalle Counties to assess public opinion of the facility and operations. Due to the Illinois Governor's stay-at-home order, the in-person surveys which were planned for community events and businesses did not occur. However, ideas from the online survey were factored into recommendations.

Additional programming insight was garnered through benchmarking current operations against other community incubators. *Best Practices in Rural Business Incubation*, a 2013 publication from the National Business Incubation Association, provided insights across many different domains of practice such as governance, staffing, selecting clients, serving clients, marketing and public relations, incubator finances, graduation, measuring impact, and environmental impacts. Many of the Streator Incubator operations were reviewed through this lens.

The analysis included an assessment of the existing operations and financials as well as a market analysis to examine demands and feasibility for specific startup companies to justify an expansion and renovation of the existing building. The evaluation also included an assessment of the current funding arrangements and an assessment (with recommendations) of the cost and potential economic impact of implementing the project, including staffing and equipment needs.

Project Team

Illinois Business Consulting (IBC) is the largest professionally managed, student-run university consulting organization in the country. Housed in the Gies College of Business at the University of Illinois, IBC provides students with real-world projects while helping clients address challenges and identify opportunities. IBC conducts more than 50 projects every year with Fortune 100, mid-sized and startup companies and nonprofit organizations. Since 1996, Illinois Business Consulting has conducted approximately 1,500 projects for over 800 clients. IBC was guided by the University of Illinois EDA University Center and University of Illinois Extension Community and Economic Development program.

The *University of Illinois EDA University Center* was established in 2012 to promote and foster entrepreneurship in Illinois – focusing south of Interstate 80. The Center's mission is to create a growing pipeline of long-term innovative and vibrant business activity within the region through entrepreneur education, startup and small business assistance, and incubation growth and support. The Center has engaged with several rural Illinois communities to network and provide technical assistance and support for incubator or economic development efforts.

The University of Illinois EDA University Center provided technical assistance and recommendations on incubator development and best practices including operations, management, and financial structure. Expertise is provided by leaders associated with the University of Illinois Department of Urban & Regional Planning, EnterpriseWorks Technology Incubator, Research Park, and Office of Technology Management. The Center also provided creative and graphic design services provided by student interns (to include in project presentations, future funding proposals, etc.).

The *University of Illinois Extension Community and Economic Development team* helps community leaders, residents, and communities build capacity to make timely and effective decisions, to use information wisely, and to engage the entire community in working together better. The mission of the University of Illinois Extension Community and Economic Development (CED) team is to help communities drive creative and informed decision-making that enhances their quality of life. CED Extension Educator Kathie Brown, housed in the unit serving Fulton, Mason, Peoria, and Tazewell counties, offers regional expertise on economic status, economic development, and industries in and around Streator through the University of Illinois Extension unit serving Bureau, LaSalle, Marshall, and Putnam (BLMP) counties and the Extension unit serving Livingston, McLean, and Woodford (LMW) counties. County Directors, Jill Guynn (BSMP) and Bobbie Lewis-Sibley (LMW) provided support to the project.

University of Illinois Extension provided technical assistance and recommendations on community needs assessments, conducting field research, identification of community case studies and support in conducting key informant interviews. Along with the EDA Center, Extension participated in weekly meetings as advisors to the student IBC team and Streator Incubator client.

Findings and Recommendations

The strategic vision of the Streator Incubator is to assist small businesses grow and provide facilities to benefit the local community. The primary purpose of the incubator is to provide low-cost business incubation and acceleration services to start-ups and entrepreneurs and help them be successful in their business market. Streator Incubator provides stable facilities and diverse resources depending on small business needs. The incubator's primary function is helping the small business to grow in the creation of commercially viable products and services.

The Streator Incubator study documented a significant economic impact of \$1,500,000 in 2016 for the regional economy. The economic impact reflects both direct and indirect economic contributions of businesses in the incubator. The return on investment in the incubator has been significant and speaks to the importance of investing in small business growth and development. The research conducted focused on enhancement of services that can create even greater returns on investments.

Using information gathered through interviews and case studies, a series of operational and marketing initiatives were identified to optimize its facilities, improve the tenant experience, and increase awareness of the incubator within the region it serves. Three core problems were identified: **low utilization of space, weak brand identity, and lack of a marketing plan.**

New initiatives were explored to enhance utilization of the space and enhance financial returns, including enhanced kitchen facilities, networking and educational programming, light manufacturing, co-working space, 3-D printing, and other makerspace programming and equipment. These activities were highlighted as opportunities through interviews and surveys to enhance the value proposition for the incubator. National reports and case studies also point to these strategies as ways to increase tenant and incubator profitability.

Community surveys and key informant interviews revealed a general lack of awareness of the Streator Incubator and its contributions to small business development in the region. Tenants, especially, were concerned about the lack of visibility and coordinated marketing plan. While this has been a recognized need, staffing has been a barrier to implementation. The report offers suggestions for providing additional staffing that would accommodate new marketing, programming, and enhanced utilization of the space. Each of these initiatives are designed to create interest and contribute to a thriving entrepreneurial scene for the Streator region.

The product and end goal of a business incubator is to help local entrepreneurs build their business, graduate from the incubator, and successfully integrate into the local economy. The study highlights new ways this incubator can offer benefits to startup business owners in the form of equipment, office and manufacturing space, advertising, and public promotion. The added value is to gather tenants and resources to create a synergy of ideas and a shared cost structure to allow tenants access to these services at a lower price.

Apart from tenants, the Streator Incubator can provide community benefit by offering services to the community, including training, educational services, and community events. This will help create an atmosphere of entrepreneurship, create interest in the Streator Incubator and help attract tenants.

Completion of this planning process created a great opportunity for learning. Members of the Streator Incubator Board and others discovered a great deal of practical ideas for enhancing incubator services that will strengthen new business startups in both Livingston and LaSalle Counties. Most of all this work helps to ensure that the information needed to pursue both federal and state grant funding opportunities is in hand.

Special thanks to the following individuals and organizations who supported this study process:

- **Streator Community Foundation Board of Directors** - Steve Broadus, Scot Wrighton, Bart Solon, Julie Ramza, Matt Seaton, Ellen Vogel
- **City of Streator** – Jeremy Palm, Community Planning & Development and City Engineer; David Plyman, City Manager
- **North Central Illinois Council of Governments** – Duane Calbow, Economic Development
- **Illinois Small Business Development Center at the Starved Rock Country Alliance** – Amy Lambert, Executive Director
- **Greater Livingston County Economic Development Council** – Adam Dontz, Chief Executive Officer
- **Comparable Business Incubator Benchmark Interviews** - Platteville Business Incubator, Janesville Innovation Center, DeKalb Business Incubator, Peoria NEXT Innovation, Elevate Incubator in Mattoon, Quincy Business and Technology Center, and Enterprise Works
- *Copies of the full report can be made available for additional insight and background.*

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