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Prospective Tenants for Business Incubators

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Profile:

Prospective Tenants For Business Incubators

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

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

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

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

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

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

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

continued on page 5

Profiles

continued from page 4

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

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

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

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

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

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