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# Gananoque Incubator Feasibility Study

February 7, 2017

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# Today's agenda

Today's review highlights the executive summary of the feasibility study

- 1 What is a business incubator?
- 2 Incubators statshot
- 3 Vision for a Gananoque Incubator
- 4 Key options & financial requirements
- 5 Top 3 risks
- 6 Top 4 key success factors
- 7 Overall assessment of feasibility
- 8 Roadmap



# What is a business incubator?

Support for start-up & early stage companies to see them through until they are strong enough to fly on their own

Business incubators **nurture the development of entrepreneurial companies, helping them survive and grow during the start-up period, when they are most vulnerable.** These programs provide their client companies with business support services and resources tailored to young firms. The most common goals of incubation programs are **creating jobs** in a community, enhancing a community's **entrepreneurial climate**, **retaining businesses** in a community, building or **accelerating growth** in a local industry, and **diversifying local economies.**

# What is a business incubator?

Incubators support their members with more than just space

Services  
commonly  
offered



Co-working space



Access to advisors and mentors



Shared IT services



Shared administration



Networks, contacts, events



Education (e.g. accounting, how to pitch)

# Incubator snapshot

Incubators are well established globally and driving significant economic contribution to their communities. Sources: NBIA 2012, Business Incubation Works

**30:1** Tax revenue to government subsidies leverage

**1250** Incubators in the United States

**7000** Incubators worldwide

**200k** Workers in N.A. incubators (2011)

**\$15B** Rev associated with N.A. incubators (2011)

**84%** Survival rate (still in business)

It is important to acknowledge that this data is US based. Canadian data to date is largely inconclusive regarding long-term viability, job growth and overall economic impact. This is largely due to a lack of standardized measurements of such impacts, and definitions around job creation, survival rates and other outcome metrics. Source: DEEP Centre 2015

# Vision: goals for a Gananoque STEAM Incubator

- 1 Drive development of year-round full time skilled jobs
- 2 Provide opportunities for young people so that they will stay (or return)
- 3 Support development of community initiatives, programs, and events



# Vision for a Gananoque STEAM incubator

STEAM incubator that is integrated with the Gananoque community



## 3000+ square feet of space

Includes meeting rooms and a kitchen area



## 24+ coworking spaces + anchors

Open concept desks with free WiFi; approximately 5 – 10 member companies + additional anchor tenant space



## ICT focus; SEAM secondary

“Inclusive”, members in Information and Communications Technology; Science, Engineering, Arts, Mathematics



## Programs for members

Education programs and mentorship customized to evolving needs of members



## Staffing

Board of Directors & full-time Executive Director to start, later adding half time admin support



## Programs for non-members

Events for the community-at-large such as seminars



## Links to the community

Events (e.g. receptions, education on entrepreneurship for adults and high-schoolers) and volunteers



## Partnerships

Links to the Town, funding agencies, other incubators, and program providers such as RICs



## Communications

Web site, social channels, traditional public relations



## Revenue streams

1) Public subsidies, 2) member fees (mainly rent/desk), 3) anchor tenant rent, 4) sponsorships & donations, 5) non-member fees and event revenue

## Conceptual makeup of 3570\* square ft space



\* Final total size and allocations of footage are dependent on the space chosen and negotiations with the potential landlord and anchor tenants; meeting room and quiet room could be dropped



# Conceptual view of a first-floor space

PEI Ignition Startup Zone provides a picture of functional cost-effective co-working



PEI Ignition Startup Zone has 3600 square feet total space, most of which is can be used for desks or event space

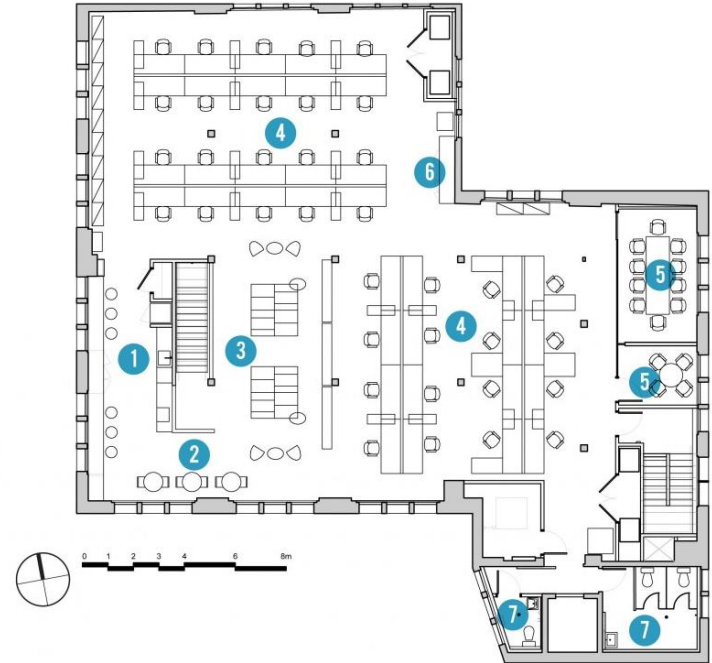


# Conceptual view of a second floor office space

Hamilton Seedworks has basic space that works well with existing architecture (though it lacks valuable main floor access to general foot traffic and is likely larger than Gananoque's)



1. KITCHENETTE
2. CAFE
3. LOUNGE
4. WORKSTATIONS
5. MEETING ROOMS
6. PRINTING STATION
7. WASHROOMS



# Job creation

1 estimated full-time job per occupied seat per year, some of which will stay in the community

Based on available research and estimates for the pace of companies “flowing” through the space (graduating), about 1.0 jobs can be created per occupied seat per year

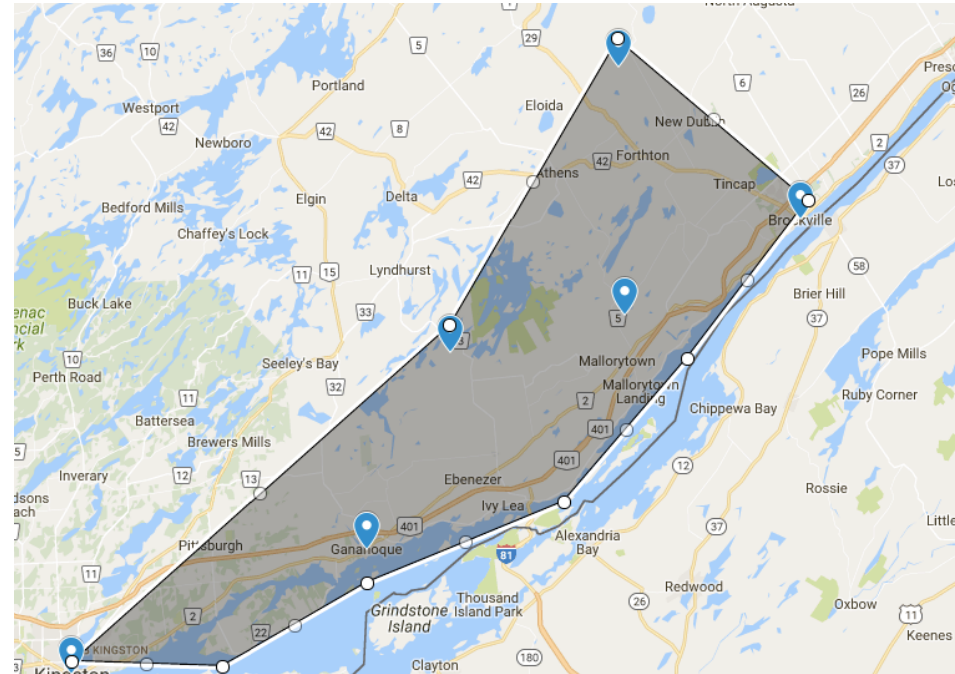
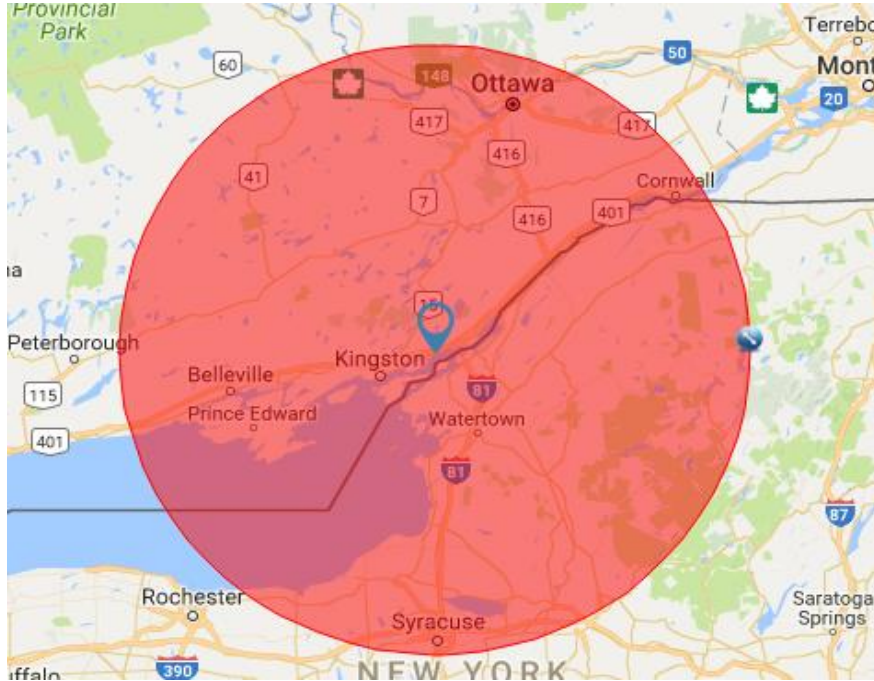
(See appendix for logic and sources)



# Market area and commuter shed

Defining the regions of focus for analysis on areas within daily commute and day-trip range

\*Source: OMAFRA Analyst Database



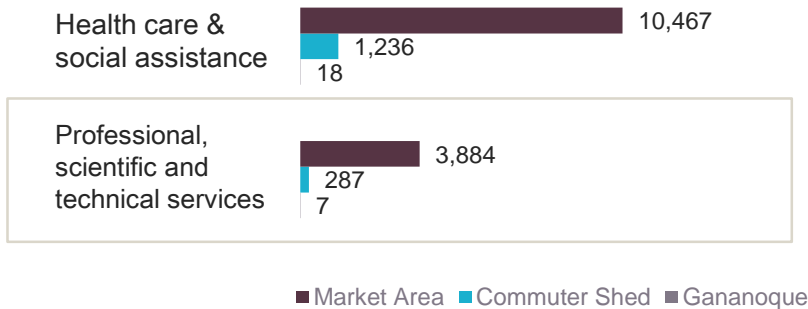
- 97 communities are defined for the Market Area\*
- The image above identifies a 150km radius, with Gananoque as the centre point

The Commuter Shed\* is identified as the following communities: Elizabethtown-Kitley Brockville Front of Yonge Leeds and the Thousand Islands Gananoque Kingston

# Market analysis: summary

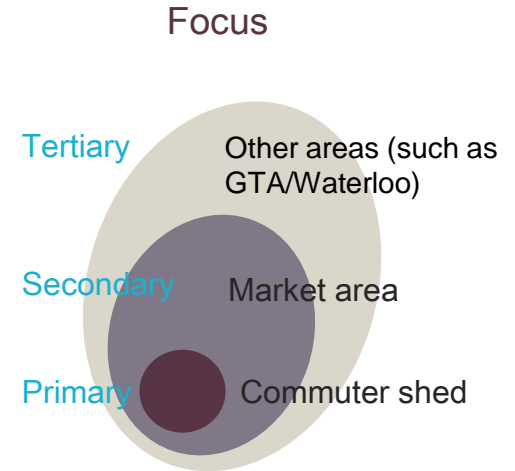
Historical workforce data suggests limited expected ICT growth; the incubator represents an opportunity to shift growth by focusing on the commuter shed and market area

Forecast employment growth  
in key growth sectors



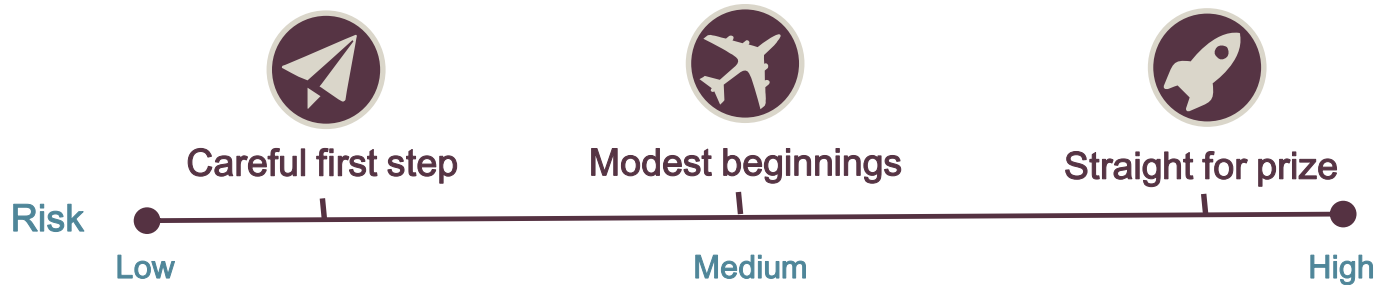
Health care & social assistance depicted to show that relative importance of other sectors is expected to grow faster than ICT

- ICT-related sectors (Professional, scientific and technical services) are showing some growth in the market area
- The commuter shed is also showing some growth
- Forecast growth is insignificant in the Town itself



# Key options for how to begin

Major options reflect differences in financial risk taken on in the early months (approx. figures to be refined during business planning)



Initial seats (sq ft*)	13 seats (<1000ft)	24 seats (2300ft)	42 seats (3600ft)
Starting capital (\$)**	124,000	345,000	620,000
Annual operating (\$)	120,000	184,000	223,000
Staffing (\$)	1 FTE	1.5 FTE	1.5FTE+
Annual funding required (\$)***	66,000	88,000	70,000

\* Includes anchor tenant seats; smaller options may not include a boardroom initially and no anchor tenant

\*\* Some capital could be covered by a landlord (pending detailed plans and negotiations) and sponsors; some aspects such as fibre line to be estimated in business planning;

\*\*\* Public funding can come from a range of sources – not necessarily the Town

# Top 3 risks for a Gananoque ICT incubator

The most important risks relate to generating revenue and a flow of appropriate clients

Risk	Description
Seed funding	The amount of funds needed for pre-build and for initial operating cash flow is significant and most potential funding sources are matching grants.
Occupancy	Too many empty chairs (affecting financial performance, employment objectives, and ability to achieve scale that drives interest from partners)
Break-even	Since the Incubator has significant fixed costs, attracting sufficient revenue to cover costs is critical.

# Top 4 key success factors for a Gananoque incubator

Application of best practices and flexibility to meet the market are key

## Fill it

Push toward filling the space to drive revenue and create a community even if it initially means compromising on eligibility criteria

## Involve the Community

Ensure that the community is closely involved in the development of the incubator program, including supportive influential “champions” (supports funding, identifying potential members, volunteers, etc.)

## Hire a Strong Executive Director

As the basic concept for the incubator is not well-differentiated, a strong Executive Director will be required to establish a strong pipeline of potential members and partnerships to deliver programs and events

## Partner

Partnerships with other communities, educational institutions, and other incubators will allow Gananoque’s incubator to “punch above its weight”



# Overall assessment of feasibility

With strong management and governance, an incubator has a good (not guaranteed) chance of driving STEAM employment growth in the Gananoque commuter shed

## Community & market

Gananoque has a minimal existing ecosystem of existing tech companies and investors to form the basis for a tech community in and around the incubator, however, the commuter shed expands possibilities.

There are existing ICT incubators in the commuter shed and market area, which will require aggressive effort and possibly lower member pricing to attract firms to Gananoque.

The participation observed from the community leadership suggests that there is strong interest – community focus and support is the most important element that provides long-term potential for success.

## Focus

The steering committee felt strongly that the greatest likelihood of achieving the community's goals would result from a focus on STEAM companies with a particular focus ICT.

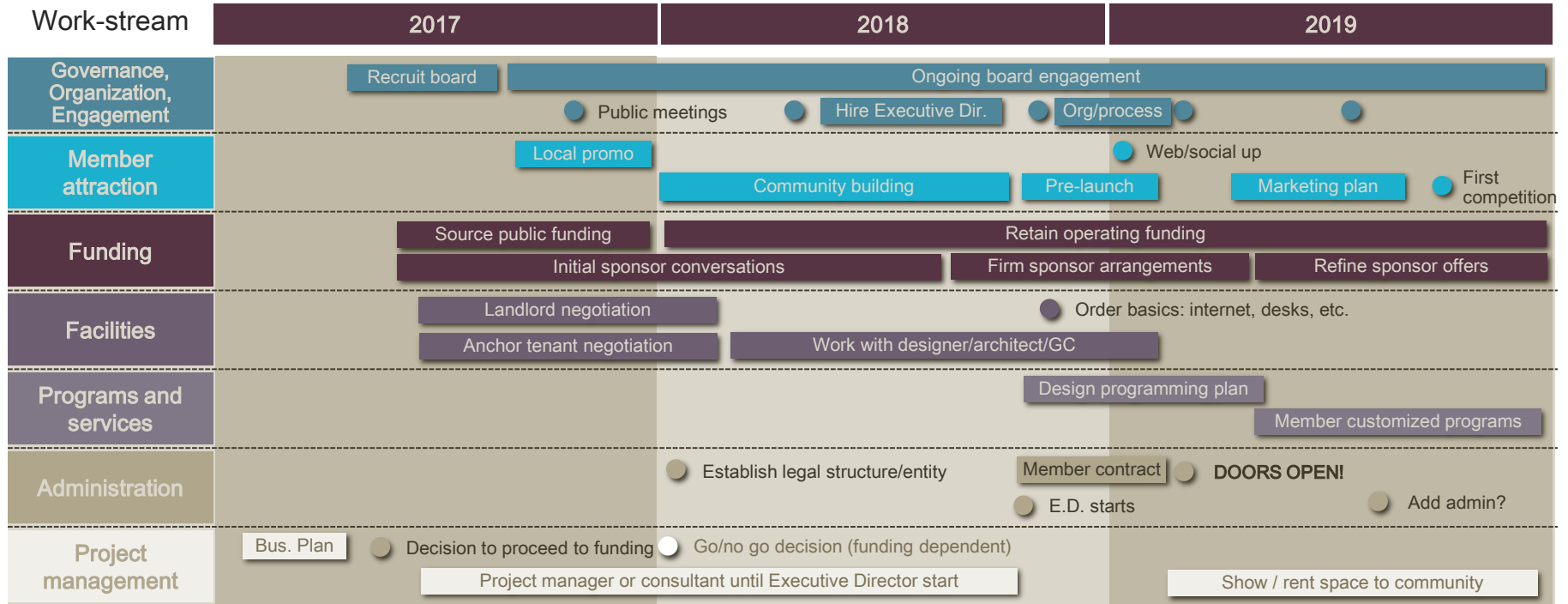
A long term vision of a community hub will drive integration and value for the community as well as incubator members.

## Path to success

- A funding gap exists: both capital and operating funding sources must be identified
- Maintain strong community support, particularly from leadership and ensure that they continue to support with resources (such as time or sponsorship)
- Partner for resources and networks
- Focus on filling the space
- Establish stable sources of funding (sponsors, public sources)
- Start small
- Hire a strong Executive Director

# Implementation roadmap

Pending funding commitments, a launch in early 2019 is feasible; timelines can be shorter for “Careful First Step” option



## Next steps

Next step is to develop a business plan based around a preferred option that fills in more detail on how the incubator would be financed, built, and operated

# Thank you to our informal stakeholder working group

They gave a great deal of their time to ensure that the concept was customized to the needs of the local community

- Amanda Trafford, Gananoque Economic Development
- Brian Brooks, Town Councillor
- Erika Demchuk, Mayor
- John Free, Big River Technologies
- Linda Ross, Stantive Technologies Group
- Michael Harris, KEYS Employment Center
- Shelley Hirstwood, Gananoque Economic Development
- Trish McNamara, KEYS Employment Center
- Zach Treanor, Axleworks



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