

Greater Detroit Creative Business Accelerator Strategy

Best Practices

Prepared for:

DETROIT RENAISSANCE

Report
January 2008

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Introduction

Context for the Creative Business Acceleration Strategy

Over the past several years Detroit Renaissance has led a regional initiative focused on the transformation of the Southeast Michigan economy, called the *Road to Renaissance*. New Economy Strategies is proud to have been a partner throughout the process.

As part of the Road to Renaissance strategy, “Growing Greater Detroit’s Creative Economy” was identified as one of the six central focus areas. The Greater Detroit region boasts a significant number of assets relevant to the creative economy that range across multiple industries, including but not limited to: music, music production, film, arts, design, fashion, architecture, entertainment, marketing, advertising and media. The creative economy and its related talent pool that comprise this sector are a robust engine for both organic business growth and the attraction of new businesses to the region.

The development of Detroit’s creative economy can also serve as part of a newly empowered and unified brand for the Greater Detroit region and its embedded strength in areas such as engineering, design and music. Additionally, the further development of the Detroit Creative Economy brand is an important driver of other project goals such as talent retention and attraction and developing creative density in Downtown Detroit.

Detroit Renaissance has selected five goals for immediate implementation, and assigned the following vendors for overseeing their completion:

1. Creative Business Accelerator Strategy – New Economy Strategies
2. Asset Inventory, Map and Web Portal Development – Crain’s Detroit
3. Business Attraction Strategy – AngelouEconomics
4. Creative Corridor Development Master Plan – Gensler
5. Creative Corridor Branding Campaign – Clear!Blue

The New Role of Business Accelerators

The role of incubators has changed dramatically in recent years. The traditional incubators (mostly technology-related) that began in the 1980s gave way to new entrepreneur centers that emphasized more diversified services for a variety of industries and companies. Large demand for services and growing public support for entrepreneurial development led to the creation of new “virtual incubators” that often combined a real estate “play” with the networking of expertise and knowledge from partner firms or agencies. Funding concerns have driven some of this trend, as the largely university- or government-sponsored incubators formed in the 1980s (which were heavily subsidized) gave way to more streamlined, low-overhead business centers that emphasized knowledge sharing over the critical mass.

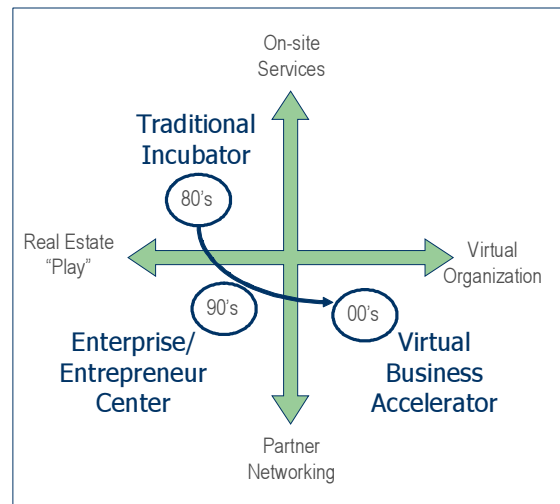
As the technology industry grew ever more specialized in the kinds of equipment and skills start-ups require, some incubators began to specialize in specific types of companies, often using equipment that was donated by corporations or purchased by the sponsoring agency. The shrinking willingness of governments to subsidize incubators (including universities, state government, and federal agencies such as the Economic Development Administration) necessitated a more cost-effective organizational model. As a result, “business accelerators” or “virtual incubators” have emphasized social networking, technical consulting, and partner reliance over attempting to replicate all possible required services on-site in a single office.

The Detroit Renaissance Foundation will be faced with the same questions that every incubator or accelerator has had to answer over their history:

- Do we want to emphasize on-site services or be a broker of knowledge and partners?
- How do we want to limit the number and kinds of companies that we help?
- Do we want to charge for services or earn revenue from lease payments?
- What sustainable funding will be available to support our business accelerator?
- What partners are critical to our success?
- How do we plan to grow our service level?

Many other questions remain, but core questions of size, services, and partners will drive the success or failure of any proposed accelerator.

The Evolution of Incubators and Accelerators in the U.S.



Source: New Economy Strategies LLC

Introduction to Report 1: Creative Business Accelerator Best Practices

New Economy Strategies was tasked with developing the “Creative Business Accelerator Strategy and Design” component of the overall plan. This involves examining the unique demand requirements of Detroit’s creative industries and evaluating global case studies in accelerator/incubator management to determine which best practices could be applied to Detroit.

This first report, “Creative Business Accelerator Best Practices” provides an in-depth look at the creative accelerators and incubators. Case studies were selected based on their success in implementing and funding a start-up assistance program. While our focus has been on identifying design-oriented or “creative” incubators, there are relatively few in operation in the world. Several arts incubators were identified but removed from consideration due to their focus on supporting small individual artists and not high-growth startup businesses. We have selected several technology incubators/accelerators as case studies due to their long-standing experience (20+ years) helping startups in some creative industries such as software, graphics, gaming, and design. Our intent has been to identify best practices from similar accelerator models that could be handpicked and adapted to a new model for Detroit.

In this report, we review accelerator case studies from the following communities:

- London, United Kingdom
- Orlando, Florida
- Providence, Rhode Island
- Winston-Salem, North Carolina
- Charleston, South Carolina
- Wellington, New Zealand
- Sydney, Australia

Incubators and accelerators in each of these locations represent many different approaches in terms of business models and governance structures. While none of these should be replicated wholesale in Detroit, there is much to be learned from each model. Areas of focus include start-up conditions, operations, governance and sustainability. Our research involved both primary and secondary analysis, including interviews with a number of managers at each of the facilities and programs in each community. Where applicable and time-permitting, we asked the following interview questions:

Creative Business Accelerator Interview Questions

Governance

- What is the governance structure?
- Does the organization have a Board of Directors?
- How many meeting per year does the board hold? Does it also play an operational role?
- What is the composition of board? (How many representatives from industry, government, academia?)
- Does the organization have a Board of Advisors? What is its role?
- Is there a specific relationship with a university?

Operation/Management of Accelerator

- What is the organizational structure of the accelerator?
- Number of full-time staff?
- What are the focus areas of the staff?

- Are there any community outreach efforts?
 - Links with HS
 - Charter schools
 - After school programs
 - Mentoring
- Are there any operational roles played by funding organizations or partnership organizations?
- Is there a membership structure for individuals, organizations or companies to be involved?
- What services are most valuable (according to clients)?
- What role does the accelerator play in helping companies find financing?
- How does the accelerator market its services – both to the local community and to the larger area? What communications activities are done?
- Is this accelerator part of a larger creative corridor initiative? Is there any operational relationship?
- What services does the accelerator provide from the following:
 - Use of on-site equipment (if so, what kind?)
 - On-site services or counseling
 - Discounted services by vendor partners (lawyers, accountants, etc)
 - Educational institution participation
 - Tenant space (at below-market rent)
 - Training classes (marketing, accounting, legal)
 - Networking events
 - Mentorship programs
 - Incubator space
 - Offices for entrepreneurs

Funding

- How was the accelerator initially established and funded?
- Who currently provides funding and what portion of total funding?
 - corporations
 - universities
 - foundations
- Any government support?
 - local
 - state
 - federal
- Is operational funding for the accelerator part of a larger regional initiative?
- Do you benefit from any tax incentives? (e.g. innovation zones, opportunity zones)
- Is any funding brought in through memberships?
- What is the total size of your budget (approx.) and into what general areas is it allocated?
- Do you have a related investment fund?
- Do you provide management services or contract research as a source of funding?

At the end of each case study, we summarize our own interpretation of the program's strengths and weaknesses and potential lessons for Detroit's model for a creative business accelerator.

Summary Table of Case Studies

Incubator/ Accelerator Name (Location)	Target Industries	Incubator Model	Key Initiatives
Creative HQ (Wellington, New Zealand)	Advertising, Publishing, TV & Radio, Film & Video, Architecture, Design, Visual Arts, Interactive Software, Computer Services, Music	<ul style="list-style-type: none"> • Traditional incubator with physical space for lease • Established by city economic development agency with some national support 	Creative HQ primarily provides office space and shared facilities to its selected tenants along with a formal business mentoring process that aims to graduate companies within 2 years.
Center for Design Innovation (Piedmont Triad, NC)	Design as an intersection point for a variety of industries including film, media arts, biotech and advanced manufacturing	<ul style="list-style-type: none"> • Physical incubator, operated by UNC system • Shared lab space among partners – North Carolina School of the Arts and Winston-Salem State University, and Forsyth Technical Community College • Large startup funding made available by the State 	<p>The Center is not yet operational, but aims to build a \$10 million facility expected to be 30,000 sq. ft. with recently appropriated state funds.</p> <p>Joint research, projects, and learning spaces will bring together faculty, entrepreneurs, and businesses to create new design-driven products.</p>
Center for Design and Business (Providence, RI)	Design-driven markets such as consumer products, interior design, industrial design, and digital media	<ul style="list-style-type: none"> • Physical, now includes virtual services • Run by design school RISD • Focus is linking RISD design projects with local and national companies like Nike, Timberland, and Intel. • Bryant University is its business education partner 	Focuses its activities on facilitating new partnerships, research projects, and activities across a diverse set of partners, both within Providence and across the U.S. The CDB also houses RISD research projects.
University of Central Florida Technology Incubator (Orlando, FL)	Primarily high-tech industries including Biomedical, Digital Media, Education/ Training Technology, IT Products & Services, Optics, and Simulation/Modeling	<ul style="list-style-type: none"> • Traditional incubator, run by the University of Central Florida • Gets additional funding from local economic development organizations 	This is one of the more successful traditional technology incubator programs in the country and has won several awards and mentions.

Incubator/ Accelerator Name (Location)	Target Industries	Incubator Model	Key Initiatives
Creative Business Accelerator (London)	A variety of creative industries from industrial design to fashion	<ul style="list-style-type: none"> • Virtual incubator • City funded • Run by ED organization (Greater London Enterprise) • Emphasis is on helping very early stage companies to launch and grow 	Each year, the Creative Business Accelerator hosts a 1-day workshop for 70 creative economy companies in that are looking to launch. The top 15 are selected for intensive business assistance program throughout the year, which provides training and advising services and the opportunity to meet potential investors.
Charleston Digital Corridor (Charleston, SC)	IT, software/digital media, life sciences, telecommunications, medical device design and engineering	<ul style="list-style-type: none"> • Virtual incubator with meeting space available • Membership-driven organization with strong business participation • Costs primarily covered by the City 	Focuses on business counseling, talent matching (Online Talent Portal), networking events, and investor matching.
Switch Multimedia and Digital Arts Access Centre (Sydney, Australia)	Innovation and entrepreneurship in the media arts, including sounding and music, video and graphic design	<ul style="list-style-type: none"> • A virtual incubator • Arts-focused • Led by the local community & arts organization 	Switch is more focused on facilitating joint projects and education than mentoring specific companies. Switch also emphasizes programs that reach out to youth and disadvantaged minority groups.

Case Study #1: New Zealand

**Creative HQ
Wellington, New Zealand**

<http://www.creativehq.co.nz/mainsite>

Overview

Creative HQ and its satellite incubator, Fashion HQ, helps Wellington's creative start-up ventures succeed in the global economy by providing quality infrastructure and best practice business support. Creative HQ was created by a local economic development agency, Positively Wellington Business, and it is focused on the following industries: Advertising, Publishing, Television & Radio, Film & Video, Architecture, Design, Designer Fashion and apparel (Fashion HQ), Visual Arts, Interactive Software, Computer Services, and Music.

Foundation of the Accelerator

In 2003 Creative HQ was founded as the central hub for an incubator project, focusing on IT/ICT (While "IT" is the term for "information technology" in the US, "ICT" is the preferred tech term used in Europe, Australia, and India which stands for "Information, Communications, & Technology"). Satellite incubators are planned for later (Fashion HQ is currently the only satellite incubator). It was founded by the regional economic development agency Positively Wellington Business and is part of a non-profit organization and is funded by both national and local government as well as private sector partners.

Operational Model & Program Description

Creative HQ is based on the traditional incubator model in which companies apply for residency and work with the management team to develop a business plan. Often a third party consultant is brought in to review the business concept. Final entry decisions are based on the recommendations of the incubator manager to a management board. Once accepted, companies enter Creative HQ on a three to six month probationary period, during which they have full access to services and support. At the end of the probationary period they must present a business plan to the advisory board that shows how the company will meet the high growth target.

Companies typically remain in the incubator for about two years. In order to graduate, a company must meet the high growth requirements set by New Zealand (measures such as \$500,000 in revenue or a certain number of employees). To date, Creative HQ has helped 11 companies to reach high-growth status (out of 44 total companies).

Management:

Creative HQ is operated by 6 full-time staff (General Manager, Incubator Manager, 2 Business Advisors, Operations Manager, and Administrative Assistant).

Funding:

The incubator is funded by central and local government as well as private sector partners. Half of the annual funding comes from New Zealand Trade and Export (NZTE) through its incubation support program (Creative HQ is one of eight incubators supported by NZTE and it must reapply

for this funding every year). 25% comes from a local economic development agency (Positive Wellington Business), 12.5% is from private sponsors, and 12.5% retail income is from tenants.

NZTE is seeking that all of the incubators it supports be self-sufficient by 2011. To this end, Creative HQ has worked out a sustainability plan based on a deferred debt program in which companies incur debt for every year in program – approx. \$95k– and they must repay that debt upon exit if they reach total revenue of \$2.5 million within five years of leaving. Management has put a lot of thought into various business models to make the incubator self-sustaining (deferred debt, VC, grants with job targets), but admits a subsidy is still required to operate.

Partners:

The incubator is supported by the local economic development agency (Positively Wellington Business), and the New Zealand Trade & Enterprise. Creative HQ also partners with local industry, many of which provide professional services at discounted rates to resident companies.

Programs/Services:

- Two hours of mentoring and/or professional advice from Creative HQ Mentors and Professional Service providers per month (plus up to 10 hours at reduced rates)
- Personal office space (desk, phone, filing cabinet, etc) and shared facilities (printer, fax and copier, conferencing facilities, and meeting rooms)
- Access to training courses and seminars for early startups (“Activate HQ”)
- Discounted services by vendor partners (lawyers, accountants, etc)
- Networking events

Creative HQ has a strong mentor program with mentors drawn from a wide variety of professions, organizations and backgrounds. Mentors are matched to residents so that their areas of experience complement and advance the development of the new ventures. This also provides an opportunity for residents to establish connections with the larger Wellington community, which becomes pivotal to success of companies after they leave the incubator. Mentors’ bios are even posted on the Creative HQ website.

Marketing:

Creative HQ maintains a website and it also receives recognition through its ties to Positively Wellington Business.

Governance:

Governance ultimately lies with the governing board of the regional economic development agency (Positively Wellington Business), but there is very little day-to-day interaction. Creative HQ has its own Advisory Board, which plays a purely advisory role. The Board consists of five representatives from local businesses (including senior business leadership) and three regional leaders (Positively Wellington Business; Mayor; Former Creative HQ director)

Key Take-Aways

Creative HQ appears to be a successful incubator model for creative companies, though it draws heavily on traditional incubator concepts (leasable space, mentors, formal business counseling, and on-call accountants and lawyers). Efforts to make the incubator self-sustaining, either through more pay services or debt financing for tenants should be monitored.

Profiles of Companies Located in Creative HQ

Source: <http://www.creativehq.co.nz/mainsite/Residents.html>

Browser CRM

BrowserCRM Ltd was formed in 2003 by Grant Wattie and Matthew Ross to solve the business problem of being unable to access company data from outside the office. The company has a multi-functional team of 4 with extensive experience in business start-up and management, software development, sales and marketing.

Centruflow

Abstract Engineering the company behind Centruflow was formed in 2004 by Steve Dickinson

Chaos Dimention

We provide an interactive 3D visualization platform that enables people to see things they can't see and do things they can't do with their data. We translate existing data into meta-visualization information and output rich interactive multi-dimensional content. The content is generated by our platform using a unique technology and provides significant improvements in communication, collaboration and decision making which saves a lot of time and a lot of money.

Gecko Press

Gecko Press is a Wellington-based business that translates and publishes edgy yet proven books for the local and global markets.

Haley Smith New Zealand

Haley has been designing and making clothes since she was 12 years old. In March 2004 she left corporate banking and put her lifelong plan into action. She joined Fashion HQ and created the first collection under the Haley Smith New Zealand label.

Hire Things

HireThings is where you hire things. It is a marketplace for goods, places, and services for hire, rent, and loan. Members can list things they have available for hire, so people can find the things they need to use... and can make booking requests and enquiries online. It is free for members to list things, and the business model is based around taking a success fee for any business acquired through the site. Whilst the core of the business is listing goods, places, and services available to the public for hire, the website also supports listing of items to be available only within a member's trusted network. As a community service, the website supports listing of items for lending and borrowing, simply being goods for hire for no charge.

Sisu

Sisu Ltd was formed in January 2007 to continue the development of the markets first SAP Integration migration product BC2XI™.

Webstruxure

Webstruxure specialises in bringing ease and life to your online publishing - especially when it's seemingly unmanageable content or information.

Office Layout - Find a Resident

There's a lot of companies in what is a relatively small space up here, and as we are currently operating an 'unmanned reception' we thought it may be helpful to post an Office Layout Map on the site to help any visitors find their way around and get to the right destination!

Case Study #2: Winston-Salem

Center for Design Innovation Winston- Salem, NC

<http://www.ncarts.edu/cdi/>

Overview

The Center for Design Innovation (CDI) focuses on design as an intersection point for a variety of industries including film, media arts, biotechnology, and advanced manufacturing. It was created by the North Carolina State Legislature to support the Piedmont Triad's economic development goal of promoting design as an engine of growth and integrating the North Carolina School of the Arts into the regional economy. According to the CDI website, objects of the Center include:

- To accelerate the growth of the emerging design cluster in the Piedmont Triad.
- To discover, develop and commercialize innovative technologies.
- To create new high-paying "knowledge economy" jobs.
- To provide a skilled workforce to support the growth of the design cluster.
- To make the Piedmont Triad nationally known for its preeminence in design.

Foundation of the Accelerator

The Center for Design Innovation was established in response to the recommendation in the region's Comprehensive Economic Development Strategy. It is an inter-institutional collaboration between the North Carolina School of the Arts and Winston-Salem State University, partnering with Forsyth Technical Community College. The temporary lease space was provided by a grant from the Golden Leaf Foundation.

Operational Model & Program Description

Location:

CDI is temporarily located in leased space in Winston Tower in downtown Winston-Salem. The State has provided funding to the center for a \$10 million facility slated for the Piedmont Triad Research Park in Winston-Salem.

Management:

The first director was hired in 2006, Dr. Carol Strohecker, who led MIT's Media Lab in Dublin, and there are plans to hire an additional administrative assistant and possibly a facilities manager/IT coordinator. Dr. Strohecker currently reports to the VP of Research at Chapel Hill and works closely with Provosts at the two participating universities.

As one of the 20 inter-institutional entities under the UNC system, CDI is inheriting the organizational structure and operations from these other institutions as well as the UNC system administration (in addition to funding).

Funding:

Funding has been provided by the Golden Leaf Foundation, the University of North Carolina System and the State of North Carolina, upon approval from the state legislature. Funding will be administered through the UNC System (16 campuses statewide), where CDI will be one of 20 institutions in a sub-system of inter-institutional facilities/centers.

\$10 million in funding has been earmarked for the building of a new institution/center (30,000 sq. ft. – much larger than the interim space 2500 sq. ft). \$500,000 a year in recurring state funds will be used for operational activities (marketing CDI, hiring two additional staff). Additional funding will be sought through new sponsors (foundations, corporations).

Partners:

CDI is a University of North Carolina inter-institutional collaboration between North Carolina School of the Arts and Winston-Salem State University, in partnership with Forsyth Technical Community College. The region's top university, Wake Forest, has also become a late but key player in the center.

Programs/Services:

CDI will be modeled after the MIT Media Center (the new Director led MIT's Media Lab in Dublin). It will offer open studio space (based on priorities such as flexibility and openness), mobile technology, wireless technology, one "learning lab" (more of a project work room than a lecture hall). An auditorium will also be in the new facility, as well as a motion capture facility.

In addition, CDI will be offering courses in conjunction with the three partner educational institutions (North Carolina School of the Arts and Winston-Salem State University, partnering with Forsyth Technical Community College). There is also the possibility of the creation of a graduate degree program that provides an inflow of Master's and Doctoral students (model based on MIT program).

The precise layout of the building is still undetermined and the exact space availability for private companies is not known. The center's university-driven focus and shared programming among the partners will likely yield a center that is focused on education, equipment sharing, and joint projects, which will include industry partners. The precise professor presence at CDI is also still to be determined. According to the new director, Dr. Strohecker, there has been a large degree of self-selection for professors involved at CDI (drawn to top-rate equipment and intrigued by idea of CDI).

Marketing:

Dr. Strohecker is currently trying to keep community involved by building the network of people interested; CDI looking for a broad partnership beyond just the universities.

Governance:

A 15- member Board of Advisors will be formed in the next year. They are not fiscal managers, (the UNC system is responsible for overseeing matters related to funding), but rather they will serve as advisors on both creative and business endeavors. The advisory board will include representatives from schools, business leaders and creative leaders, and it will also include members from out of state, particularly people with experience with an organization like this.

Key Take-Aways

Corporate and community buy-in is very important to the success of accelerators. In the Piedmont region, incubators have only recently been recognized for their value by the local community, and the creative economy is likewise a new “player” in the eyes of elected leadership. The completion of a strategic plan in 2002 was critical in anointing “design” as a core path forward for the region and the School of the Arts as the lead agent. Strong buy-in for a new type of incubator will assist any new creative initiative, but experience in Winston-Salem shows that funding, particularly government funding, may be slow to follow.

Case Study #3: Providence

Center for Design and Business Providence, Rhode Island

www.centerdesignbusiness.org

Overview

The Center for Design and Business (CDB) is led by the Rhode Island School of Design (RISD) and was formed as a joint venture between RISD and Bryant University. CDB provides incubator space and guidance to designers in the areas of business skill training and new product development. It also facilitates joint research projects between RISD, local businesses, and other research institutions. A central component of these projects is the examination of the role of design-thinking in creating opportunities and addressing complex challenges. In addition to RISD and Bryant University, CDB has conducted joint research projects with Brown, MIT, and NASA, and also works with the Rhode Island Business Innovation Factory (a program of the Rhode Island Economic Development Corporation).

Foundation of the Accelerator

CDB was founded in 1996 after several studies and initiatives identified “design” as a key strength and opportunity for the city of Providence. The business community initially contributed \$500,000 as a starting point for the Center (primarily used in the search for a Director). CDB then received an allocation of \$4M (\$1M over four years) from the state of Rhode Island for program development and the hiring of additional staff. In 2000, the state increased its commitment to the center with a new allocation of \$5M to renovate a 6-story building with one of the floors designated to house the CDB. While RISD and Bryant University were founding partners in the effort, neither institution committed any funds to the center.

Operation Model & Program Description

Location:

The Center for Design & Business is located in a renovated building in RISD’s west campus located in the Central Business District of Providence.

Management:

The CDB is managed and run by the Executive Director, which was recently replaced after the previous long-time director relocated out of Providence. In addition to the Executive Director, there will be three staff joining the CDB (Administration Coordinator; Associate Director; Faculty Coordinator).

Partners:

CDB acts as a facilitator among research partners, with Bryant University acting as the business research partner and RISD as the design partner. Increasingly, Brown University is serving as a partner on larger research grants, such as a Dept of Energy-funded competition among 20 top universities to build a self-sufficient solar house. In addition, local industry participates in various joint research initiatives with CDB residents and researchers.

Funding:

The CDB currently manages a small budget due to the fact that its space is free (paid by previous multi-million dollar grants for space). Operating revenue comes from market-rate rents from tenants, and in the event of a shortfall, CDB can receive assistance from RISD or the state.

Programs/Services:

The Center primarily focuses its activities on facilitating new partnerships, research projects, and activities across a diverse set of partners, both within Providence and across the U.S, and it also houses RISD research projects.

The Center supports several tenants that have strong ties to RISD, or have a public purpose relating to design (such as state trade association for graphic design, and “Campus Compact,” a consortium of local colleges engaged in social entrepreneurship). Tenants are usually accepted based on their need to be close to RISD (particularly relevant with the non-profits).

An annual “Success by Design” conference is held in Providence by RISD and Bryant University, with high regard. Each year, about 300 designers come to Providence to network and share ideas in a presentation-heavy format. Top designers such as Martha Stewart, James Dyson, and Helen Stringer (Procter & Gamble) are profiled as past participants on the CDB website.

The primary services provided by the Director are to connect tenants with new partners, package joint research projects, and support the Annual Design Conference. In previous years, training classes, formal education programs, and mentoring partnerships were actively pursued as a key value-add to tenants. However, a lack of strong results from assisted companies has made education-related programming a secondary focus.

Marketing:

The Center has relied heavily on a high-quality website to promote its image and programs. Its close relationship with RISD naturally means that it depends heavily on the external promotion efforts of RISD faculty to bring in new companies and partnership opportunities to the center.

Governance:

The Center has an advisory board made up of business and creative leaders.

Key Take-Aways

The Center for Design and Business appears, on paper, to be an excellent case study for creative business acceleration, given the central role played by a design school and other local education providers. However, the perceived lack of results over ten years has made RISD and CDB cautious as they transition to a new period under a new director.

A Closer Look at Role of CDB in RISD's External Programs

Excerpts from their website: <http://www.centerdesignbusiness.org/programs.html>

RISD positions the CDB as the lead agent for its external corporate relations, though it is clear that RISD maintains control over its external programs and brings the CDB in as needed for select projects.

The CDB broadcasts its position as a facilitator of “design thinking” through joint RISD-CDB work in six different areas:

- **Classroom Studies (“Sponsored Studios”)**

For nearly 40 years, RISD has partnered with major corporations for in-classroom work, otherwise known as “sponsored studios”. Sponsored studios consist of approximately 15 students and a faculty member, along with the participation of sponsoring executives. A sponsoring firm and the RISD faculty members scope the range of the challenge to explore and outline the project expectations and deliverables. The emphasis for all participants is on discovery and learning. Sponsored Studios are usually a single semester in length, although a number of them have spanned several semesters and even years.

- **Commercial Partnerships (“Connecting New Collaborators”)**

The RISD community, in its work inside and outside the classroom, generates strategic insight, product opportunities, and solutions to complex challenges. The CDB seeks to assist this community in locating knowledge, financial, and strategy partners that are key to bringing ideas to market. The CDB is a resource for the idea generators—RISD students, faculty and alumni—and external partners in search of new idea and insight.

- **Custom Projects**

For many of external partners, the timing and duration of classroom projects is not optimal. For these partners, the CDB facilitates custom projects, teaming together RISD resources such as faculty members or alumni or students or some combination thereof.

- **Long Term Research**

Collaborative, long-term research is critical for developing and testing new ideas and solutions. The CDB facilitates such research in the corporate, academic and government fields. These research projects can be corporate, as in the five-year Universal Kitchen project that explored how changing demographics and tastes will fundamentally alter the role of the kitchen. These can also be academic in nature as in RISD's interdisciplinary partnership with Brown University to explore scientific visualization tools and processes. Lastly, they can be government sponsored research as RISD has done over 15 years with NASA and as it does with municipalities in its “city-state” program.

- **Thought Leadership (Primarily Annual Design Conference)**

As an extension of RISD, the CDB has learning and teaching at its core. The CDB seeks to share its learning and experience with as broad an audience as possible through its conferences, seminars and publications. The CDB holds an annual Success by Design conference highlighting and exploring design's critical importance in addressing global business challenges. In addition, the CDB holds numerous seminars throughout the year on specific topics and research ideas. The CDB offers a growing, searchable database of case summaries in design thinking which are available on the CDB website. Lastly, the CDB distributes a monthly newsletter highly its findings, case studies and industry trends.

- **Resident and member programs (Incubator Program)**

Residents of the Center for Design and Business are independent, commercial enterprises actively engaged in using “design thinking” principles to enhance their customers' experiences, create market value and re-define their industry. As the name implies, these firms reside in the offices of the CDB.

Residents are typically firms in the early low-revenue stage that can attract capital for their own growth. In the firm's early work, or in the key principals' careers, residents will have demonstrable examples of “design thinking” in leading a company to key strategic insights in re-defining their industries. Most importantly, a relationship with RISD will provide a significant asset to the resident and the resident will provide significant opportunities for learning and teaching for the RISD community—its students and faculty. Other firms, not physically located with the CDB, can share in the benefits of residency as members of the CDB.

Case Study #4: Orlando

University of Central Florida—Technology Incubator Orlando, Florida

<http://www.incubator.ucf.edu/>

Overview

The University of Central Florida Technology Incubator (UCFTI) is focused on emerging technology companies in several industries including Biomedical, Digital Media, Education/Training Technology, IT Products & Services, Optics, and Simulation/Modeling.

Currently, the incubator is under the umbrella of the Office of Research at UCF, which is advantageous in giving entrepreneurs access to university researchers and the technology transfer program. The incubator is supported by the University (as a recurring line item in the university budget and also through its participation in various initiatives like the nanotech initiative), and it also receives funding from local government organizations in Orange County, the City of Orlando, Seminole County, and the Florida High Tech Corridor.

Foundation of the Incubator

The incubator was founded in 1992, with most of the funding coming from UCF (College of Business, College of Engineering, and Office of Research). The Florida High Tech Corridor and NASA also provided money for its establishment.

Operational Model & Program Description

Location:

The main portion of the UCF Technology Incubator is located on the UCF campus at the University Tech Center, and the Bennett Complex is located at the Innovation and Commercialization Center. Additional incubator locations have now been opened in the downtown of Orlando and in Sanford (the Seminole Technology Business Incubation Center).

Management:

The incubator is managed and run by a 7 person staff (Director, 2 Site Managers, Client Manager, Program Coordinator, Facilities Manager, Administrative Assistant)

Funding:

Nearly half of the funding derives from rent from resident companies. UCF provides a significant amount of funding from the university's annual budget as well as through support from some of the large research initiatives such as nanotechnology. Orange County, the City of Orlando, and Seminole County all provide funding to support specific activities as do the Metro Orlando Economic Development Commission (EDC) and Florida High Tech Corridor.

Partners:

The University of Central Florida Technology Incubator has multiple partners, including the aforementioned funding providers (UCF, Orange County, the City of Orlando, Seminole County, the Florida High Tech Corridor and the Metro Orlando EDC). Other partners include service

vendors in business counseling and marketing and financial services, local leadership in business and trade organizations, and potential funding sources.

Programs/Services:

The incubator offers a comprehensive range of services to its tenants and clients. While companies may rent space in the incubator, the services offered by the incubator are also available to those firms that do not rent space. Clients fall into one of several categories -- **resident, offsite and virtual**, which applies to entrepreneurs still working out of their homes. Tenants pay rental fees that are just below market value while offsite and virtual clients are currently charged \$250 per month and are entitled to all of the services offered by the incubator.

Incubator offerings include:

- Mentoring (also access to experienced entrepreneurs through Entrepreneurs in Residence program)
- Operational and Strategic Advice, including business development, strategic planning, legal counsel, accounting/tax, human resources, government contracting, strategic partnerships, marketing and PR, financing, grant preparation, insurance and risk management
- Networking events
- Marketing assistance
- Educational programs
- Shared space, including meeting rooms, support services and office space
- Access to University faculty and labs
- Links to partner membership organizations

According to clients, the three most valuable services are the UCF-facilitated connections with experts in respective industries and local business service providers; flexibility of facilities (companies can expand or contract space as needed), and the integration into the community (specially strengthened by the incubator's ties to the UCF brand). However, while the UCF connection was an important offering to early incubator clients, the expansion of the incubator's industry focus and the inclusion of virtual clients means that today only 20% of incubator clients have ties to UCF.

One of the more interesting activities at UCFTI is the Entrepreneur-in-Residence program, which has been useful in connecting the incubator with the greater Orlando community. The Entrepreneurs in Residence program is a mentoring program that brings in successful entrepreneurs from the community (from a variety of industries) that have either had several start-ups or spin-offs or been successful in raising funds for various ventures. These Entrepreneurs in Residence donate their time to work one-on-one with residents in the incubator (and this has sometimes led to separate consulting contracts later). Through this program, resident companies gain access to networks in their respective industries.

Marketing:

The UCF Technology Incubator (UCFTI) has transitioned its marketing strategy over time. Initially, the incubator managing team embarked on a campaign to attract companies and educate the public about the value of the incubator for the community. Over time, the incubator has established its reputation as firms have successfully graduated and UCFTI's important role in this process has been publicized by the media. The incubator's reputation was also boosted by an award as Incubator of the Year in 2004. Finally, the incubator has enjoyed success in leveraging its connection to the university to gain credibility and visibility through its work with the university.

As a result of its university connections and reputation, UCFTI currently does very little marketing for itself other than maintaining its comprehensive website. It uses the website to post information about the upcoming community events that it is hosting as well as events for partner organizations (UCF, community development organizations, etc).

Governance:

The incubator is part of the Office of Research & Commercialization led by Dr. M. J. Soileau, Vice President for Research. The incubator works closely with the Office of Sponsored Research and the Technology Transfer program.

The Incubator has established a strong Advisory Board to coordinate the efforts of both the University and the community in providing tools and resources that enhance the prospects for the commercial success of developing companies. The Board serves as a liaison between the Incubator, the University, and the Central Florida community. It is comprised of 21 members: 14 from Industry; six from local leadership, primarily government (City of Orlando; Florida High Tech Corridor Council; Metro Orlando E.D. Commission; Orange County Gov.; Seminole Technology Business Development Center; Technological R & D Center); and one from the University.

Spotlight on UCF's Tenant Entrance Requirements

Eligibility

To be eligible to participate in the UCF Technology Incubator Program, applicants should meet the following criteria:

- Company is technology oriented with proprietary technology and plans for product development
- Company demonstrates strong market for products or services
- Company offers potential for significant job creation in Central Florida area
- Company plans to remain headquartered in Central Florida
- The office of the President/CEO will be located in the Incubator (unless off-site or virtual applicant)

Process

- Complete and submit an application
- Complete Excellence in Entrepreneurship Certificate Course
- Upon completion of Certificate Course, assessment of the Client Application will be finalized and a decision made regarding acceptance into the Incubator program.

The Client Application and initial assessment are presented to a customized selection committee that includes members of the Incubator Advisory Board. Applicants will be assessed according to participation in the business development course and the details of their application and business plan.

Graduation

While there is no formal exit plan for companies, "graduation" occurs when the company no longer needs Incubator assistance regularly (and it is ready to begin to work out of its own facilities) or the company has been acquired by another company. When graduation occurs, the incubator assists the company in finding sublease opportunities.

Key Take-Aways

This is one of the more successful incubator programs in the country and has won several awards and press mentions for their work. It is important to note that the role of the University of Central Florida and its original campus incubator has diminished as the creative/technology agenda for the entire region has grown.

Much of the economic development efforts of the last 10 years by the Metro Orlando Economic Development Corporation have moved toward technology and creative industries, and have de-emphasized the role of tourism and Disney in the local economy (with Disney's full support) This new focus led to a complete re-branding of the region in the late 1990's with the tagline "Putting Imagination to Work", which drew on the city's history with Disney but emphasized the creative human capital that was now present in the region. The UCF incubator was a leading asset in this transformation of the region toward technology and digital media, but not the only one.

Recent initiatives include the creation of a creative magazine for the Orlando ("Texture"), which is published bi-annually and is sustained by advertising revenue. Texture is also used as a marketing tool and has been included as inserts to technology magazines such as WIRED in select key markets like Boston. Another successful initiative was UCF's establishment in 2004 of the Florida Interactive Entertainment Academy, a 16-month program dealing with artistic or programming aspects of creating entertainment and video games. The Academy was created at the urging of video game designer Electronic Arts, who sought to rapidly grow its Orlando operations but had trouble finding enough qualified gaming workers. The Academy was established in a renovated Expo Center, which was refurbished with a \$25 million one-time state appropriation and \$1 million in ongoing sustaining funds. Electronics Arts subsequently grew its local offices by 500 employees in four years. In addition, a "Creative Village" concept was built off of the expansion of the Academy and aims to aggregate learning, research, recreation, and industry into one downtown corridor.

In addition to its success in growing companies, the UCF incubator showed remarkable success in its willingness to expand throughout the region as needs arose, which has helped it maintain its leadership position and relevance to the ever-changing Orlando economy. UCF has a downtown location, its suburban campus location, a northern location, and a separate office to serve Hispanic-owned businesses. This flexibility has served the incubator well over the years, both in terms of funding support but also community support.

Case Study #5: London

Creative Business Accelerator London, United Kingdom

<http://cbaccelerator.co.uk/>

Overview

London's Creative Business Accelerator (CBA) program supports creative and innovative early stage businesses looking to develop their business plans, raise capital and grow. It is run by GLE Group (Greater London Enterprise), a "development company" that is jointly owned by London's 33 boroughs. GLE acts in a private sector role on behalf of the London Government regarding economic development initiatives. The Creative Business Accelerator (CBA) is funded by the London Development Agency and City of London.

The CBA is a virtual accelerator for start-up firms in London's creative economy, and as such, it does not house or incubate any resident companies. Rather, it is designed as a program to provide short-term advice to promising companies, and connect them with experienced managers and sources of risk capital.

Foundation of the Accelerator

The program was launched by the City of London and the London Development Agency with the first round of funding three years ago (the fourth round of funding is occurring in 2007). Thus far, over 180 entrepreneurs had been supported in the main workshops programs and 40 companies had been selected for the intensive program.

Operational Model & Program Description

Management:

The Accelerator is operated and managed by GLE, a private company, and it receives funding from local government agencies. 2 GLE staff members are responsible for the management of the business accelerator program, among other responsibilities.

Funding:

The primary funding organizations are the City of London and the London Development Agency, which has a business-led board which is appointed by the Mayor.

Partners:

In addition to the London Development Agency and the City of London, GLE works with several private sector partners who provide both financial sponsorship and guidance to companies in the program. Private sector partners include Oracle, Google, UKTI, RBS, the Design Council, Harbottle & Lewis, and Kingston Smith. The accelerator does not currently have partnerships with any educational institutions.

Programs/Services:

The Creative Business Accelerator revolves around its annual **Accelerator Programme**, which starts in November. In the first part of the program, 70 companies are selected from applicants to attend a one-day workshop¹. At the workshop, they are provided with advice on business planning, legal and intellectual property, pitching to investors, and more. They also have the chance to meet and network with successful entrepreneurs, venture capitalists, angels, and bankers along with other corporations and start-ups.

After this one-day event, the top 15 companies are selected to participate in a three-month intensive program, which includes a individual business assessment by a panel of experts, a program of interactive mini-workshops, and one-to-one mentoring from an investment expert. Upon completion of the program, companies are on their own to make a pitch to potential investors.

Marketing:

The accelerator is marketed through its website (and that of GLE) and by word-of-mouth. Each September and October a series of “awareness events” are held to promote the one-day workshop and opportunity for the intensive three month program.

Governance:

Governance indirectly resides with the board of directors for the City of London and the London Development Agency, the primary funding organizations. As a private company, the managing entity GLE is not required to answer to the Board of Directors in the local government, although it relies on them for financial support. Therefore, there is no formal governance structure – just informal arrangement with partners and financial support from the economic development authorities.

Key Take-Aways

The Accelerator program has successfully been operating for several years and represents a low-cost, low-risk option for helping startups grow. Having companies compete for the larger three month program brings added credibility to the chosen startups, who ultimately are seeking funding. The event also acts as an annual celebration of the creative community and helps create a “buzz” for progress in the economy. The workshop also gives service providers (lawyers, accountants) an easy way to access a high number of creative companies, and vice versa. Finally, the program appears to integrate well with the larger regional initiative to develop the creative economy in Greater London.

¹ The application form is found at the following url:
http://www.gle.co.uk/commercial_finance/creative/applicationform.htm

Case Study #6: Charleston

Charleston Digital Corridor Charleston, South Carolina

<http://charlestdigitalcorridor.com>

Overview

The Charleston Digital Corridor (CDC) is a creative effort to attract, nurture and grow Charleston's knowledge economy. This is accomplished through a combination of technology-enabling and business incentives, private industry support and member-driven programming. With the goal of offering tangible resources to the business community, the Digital Corridor serves as a portal to representatives from government, real estate, education, venture capital, and professional organizations and training providers.

The CDC's commitment is to facilitate a business, cultural and social environment that enables technology companies to thrive. It consists of four geographic areas (districts), which offer a diverse range of options to meet the infrastructure and pricing needs of technology- and knowledge-based companies. The CDC considers knowledge-based companies in a variety of fields including information technology, life sciences, telecommunications, medical device design and engineering, scientific discovery and proprietary electronic equipment and applications. It is essentially a multi-disciplinary initiative founded on the belief that there is high value found in inter-industry collaboration.

Foundation of the Charleston Digital Corridor

The Charleston Digital Corridor was conceived and launched in 2001 with 18 qualified "Corridor Companies." The cost of living in the area was beginning to rise and the City of Charleston wanted to ensure continued growth by starting a market driven strategy for growth. The CDC was paid for by the City of Charleston and managed by the Executive Director, Ernest Andrade. Originally intended as a grassroots organization, CDC is driven by business, and it is primarily focused on catering to the needs of member businesses.

Operational Model & Program Description

Location:

It consists of four geographic areas (districts) in which the companies are located: Cainhoy (the CDC's newest district located on the newly annexed Daniel Island); Gateway (one of the most well-connected areas, particularly with interstate access); University (the research center where Charleston College, the Medical University of South Carolina, and the Citadel are located); Wharf (the waterfront district located in close proximity to many of the city's cultural and entertainment entities).

Management:

The CDC is managed by 2 full-time Corridor staff (Executive Director and Program Manager), which report to the City of Charleston, specifically the mayor. Day-to-day interactions with the City of Charleston are minimal, and according to the Executive Director, Ernest Andrade, the CDC has been given a large degree of freedom in implementing this program.

Funding:

The Corridor is funded primarily by the City of Charleston, which covers the operating budget, including the salaries of current employees. Special events or workshops are covered by fundraising events or sponsors, although little fundraising is generally needed. Some funding is also provided through membership dues, which are based on the relative size of the company (ranging from \$250 for 1-2 employees to \$1,500 for companies with more than 50 employees). CDC currently has about 70 corporate members. Additional funding is provided by corporate and individual sponsors.

Partners:

CDC partners with local, regional, and state public and private organizations. Partners include local governments and chambers of commerce, trade organizations and industry alliances, research alliances, educational providers and other accelerator programs (such as the South Carolina Biotechnology Incubation Facility).

Programs/Services:

The accelerator is more of chamber-style association of members located within the corridor – it does not rent space to companies, but has two temporary offices to companies as needed. It directs companies to an online database of properties for lease in the corridor.

Membership is available to knowledge-based companies that are located in one of the four Corridor districts. Benefits include:

- Downtown meeting facility
- Business advisory services (they will assemble a “roundtable” of advisors for entrepreneurs)
- Networking events (Fridays @ The Corridor)
- Digital Corridor portal, which provides an online listing of high-tech companies as well as job seekers in the region
- Access to Digital Corridor Fund (short-term funding opportunities)

Two interesting activities in the CDC deserve highlighting. First, the Talent Portal is an online job listing and skills bank repository for both Digital Corridor member companies who are searching for talent (actively and passively) and individuals who desire tech-related work opportunities in the Charleston region. The portal serves as an important starting point for connecting the knowledge community in Charleston. Second, the Charleston Digital “Corridor Fund,” is a small fund to assist start-up and young companies by providing them with collateral for attaining larger business loans. While this fund does not provide direct financial support to these companies, it does play an important role in helping companies achieve the necessary loans go grow and develop as part of the CDC.

The CDC also assists with recruiting companies into the region, serving as an initial point of reference for companies considering locating in the area. The CDC occasionally hosts visitors considering establishing a presence within the Corridor, and it can assist clients with site visits, researching and presenting applicable economic incentives, exploring the infrastructure options available, introductions to local business and government leaders, and other unique needs as requested by a client.

Marketing:

The CDC has a comprehensive website, with a lot of information about its services and activities. It markets its member companies as much as it markets itself, with ongoing press releases on its website and many news articles (with CDC director quotes) about local companies.

Governance:

The CDC is governed by the non-profit corporation Charleston Digital Corridor Foundation and its Board of Directors. The seven person Board includes five representatives from business (including four CEO's), one non-profit, and one representative from government (the Mayor of Charleston).

Key Take-Aways

The Charleston Digital Corridor represents a unique effort to brand a district within a city as “digital” as well as provide critical mass and support infrastructure for knowledge workers and startups. The office of the Digital Corridor does not house companies, but rather serves as a waypoint for activities, such as networking, investor meetings, and counseling. This “virtual-hybrid” format allows the CDC to operate with a low budget, but have a large footprint (four separate corridors in the city, 70 members, and numerous events). The economic development components of the CDC ensure that job-creation is kept as its primary goal.

Case Study #7: Australia

Switch Multimedia and Digital Arts Access Centre Sydney, Australia

<http://ice.org.au/switch/about-switch>

Overview

The Switch Multimedia and Digital Arts Access Centre focuses on promoting innovation and entrepreneurship in media arts, specifically in the areas of music and sound, video and screen-based art and web and graphic design. Switch also seeks to provide access for those who typically lack access to digital arts and new media technologies. It is managed by the Information and Cultural Exchange (ICE), a cultural, information technology and arts organization that works in the Greater Western Sydney region. The center was designed to aid ICE on its mission to build capacity, promote new enterprise, and facilitate intercultural dialogue.

The center does not house companies; rather, it provides a central place for learning, equipment sharing and awareness of arts, creativity, and culture.

Foundation of the Accelerator

The center was founded in 2005 under the guidance of ICE. It received generous financial support from AMWU and Arts NSW. Switch has also been making plans to introduce the Switch Academy, a training school for digital and new media arts.

Operational Model & Program Description

Management:

Switch is managed by ICE in partnership with Parramatta City Council. There are fifteen people on the ICE and Switch team, with at least two full-time staff devoted to Switch (a Training & Facilities Coordinator, and a Consultant) and two additional program coordinators that organize the ICE training sessions and programs hosted at Switch.

Funding:

Switch receives most of its funding support from Arts NSW (Department of Arts in New South Wales) and the AMWU (Australian Manufacturing Workers Union).

Partners:

Switch works in partnership with Parramatta City Council and receives core support from Arts NSW (Department of Arts in New South Wales) and the AMWU (Australian Manufacturing Workers Union).

Programs/Services:

- Use of on-site media-related equipment
- Training classes (primarily on specific topics such as website creation and communication management)
- Mentorship programs with local and/or well-known artists

Switch is especially focused on reaching out to youth and disadvantaged members of the community in its programs, which may be of interest to Detroit. A variety of programs are offered that reach out to members of the community that might not have otherwise participated in the creative economy. For example, the Originate Australian Indigenous and Pacific Communities program is an intensive, integrated professional development program that reaches out to the local indigenous population. Participants attend a series of skills, training and professional development workshops, followed by a structured mentorship arrangement that supports them to in future entrepreneurial endeavors. Another program, Island Beatz, is an eight week outreach program for aspiring young hip-hop artists with a Pacific Islander background.

Marketing:

Switch is primarily marketed through ICE outreach programs, which bring members of the community to Switch for different training and mentoring programs. ICE also produces the frequent newsletters and online directories such as Artfiles, the Arts Directory for Western Sydney, which promotes Switch and gives an overview of various ICE programs that take place at Switch.

Governance:

ICE has a ten person Managing committee, which includes representatives from local government, universities (in cultural or indigenous programming), and councils/business organizations.

Key Take-Aways

The Switch Multimedia and Digital Arts Access Centre should be thought of as a “tech transfer” office of a university – in this case, Switch has a strong outreach purpose to bring new demographics and companies into the fold of the larger national initiative to boost the information and cultural economy. Designating certain projects as “Switch” projects gives added clarity as their purpose, formation, and potential in the marketplace. Switch acts as a virtual center to connect the research and funding initiatives of the Information and Cultural Exchange – essentially rebranding the existing government department in a way that makes it more attractive to a new demographic.

Key Differentiators of Case Studies

	Wellington	Winston-Salem	Providence	Orlando	London	Charleston	Sydney
Physical vs. Virtual	Physical	Physical & Virtual	Physical, adding Virtual	Physical and Virtual	Virtual	Virtual	Virtual
Staff	6 FT	1 FT -> 3 FT soon	1-2 FT	7 FT	2 PT	2 FT	2 FT, 2 PT
Top Programs	Counseling	Education, shared equipment/s tudios	Counseling, matchmaking, RISD access	Counseling, networking, access to university resources	Workshops, Mentoring, Education	Networking, counseling	Joint projects
Top Initial Funder	City ED Agency	UNC	State	University	City government, ED Agency	City	National Cultural Dept
Operations Funding	City ED Agency, National ED Agency	UNC	RISD	Clients (Rent~50%), University, local government	City of London	City, members, sponsors	Federal government
Direct Link to Education?	No	Strong	Strong	Strong	No	No	No
Annual Subsidies	High	Low	Low	Moderate	Minimal	Low	Low
Reason for its creation	ED group	Strategic Plan	Business community	University	ED group	Director-led	Outreach