

Mansfield Richland Incubator, Inc. Selections Criteria

Critical to the success of the Incubator Program is the establishment of definite business selection criteria and a rigorous selection process. The process must be comprehensive and rigorous to assure not only the selection of potentially successful business ideas, but also select entrepreneurs willing to invest the time and work into the development of their ideas and ultimately, their businesses. The selection process is to take place in four stages: 1) Initial Inquiry and Preliminary Application Process, 2) Business Plan Submittal, 3) Interview and Presentation of Business Plan before Controlling Board, 4) Follow-Up, Refinement and Final Selection.

Initial Inquiry and Preliminary Application Process

The preliminary screening process is the responsibility of the Incubator Director. The purpose is to determine whether the prospective business meets the targeted industry requirements, appears to have growth and employment potential, and its physical needs can be met by the Incubator building (i.e. heat, electric, space, loading facilities, etc.). The initial inquiry form and a preliminary application form are included in the Appendix to address these issues. These forms are to be given to the prospective applicant to fill out and return to the Incubator Director. The Director will review the completed documents. If the business appears to have merit, and the facility can meet its needs, a tour of the facility is scheduled to show the appropriate available space. If the prospective tenant continues to show interest, then proceed to the second phase; the Business Plan.

Business Plan Submittal

The development and submittal of a business plan on the part of the entrepreneur is a most critical step. It is also perhaps the most difficult task an entrepreneur must perform. The majority of new business starts will come to the Incubator Program without a business plan. The purpose of this phase is twofold: 1) To provide a basis of evaluation for the controlling board and 2) To provide the entrepreneur with a blueprint by which to build and evaluate his business.

The business plan must address, with some degree of detail, the following topics as a minimum:

- A. Cover sheet.
- B. Statement of Purpose.
- C. Table of Contents.
- D. Description of Business.
- E. Description of Market and Market Potential.
- F. Description of Competition.
- G. Location.
- H. Management.
- I. Personnel and 5 year Employment Potential.
- J. Financial Projections (3 years minimum).
- K. Funding Requirements, including sources.
- L. Historical Financial Statements - existing business or personal financial statements from owners/principles.
- M. Physical Layout of Business Space.

It is likely that the entrepreneur will need assistance during this stage. It is suggested that they be referred to the business plan format. At this stage, linkages should be made with the Mid Ohio SBDC or Service Corporation of Retired Executives.

Upon satisfactory completion of the plan, it is submitted to the Incubator Director. This office will then duplicate the plan to circulate it to a Review Board for review prior to a live presentation of the plan to the Controlling Board. It is important to assure the entrepreneur the plan has limited distribution and its contents will be held in complete confidence (see Application for Admission). If so requested, all copies will later be returned to the entrepreneur. If selected for the program, the Incubator will be the only entity to retain copies.

Interview and Business Plan Presentation

The presentation process gives the Controlling Board an opportunity to clarify questionable parts of the business plan or address topics that were omitted. But more important, it provides a forum which allows the entrepreneur to demonstrate their knowledge of the product and its markets and it allows the board to gain insight into their ability to be an effective manager. Also critical in the presentation process is to assure that funding requirements have been properly identified and necessary funding is in place. If not, assistance should be offered to identify and make linkages to funding sources. No promises of acquiring

necessary funding should be made by the Board. The interview also offers the opportunity to refer the candidate to local area programs as a source of manpower resources.

Out of the presentation will come a statement of direction addressing certain tasks to be completed by the candidate prior to lease negotiations. Upon satisfactory completion of these tasks the Controlling Board determines final suitability for selection to the program.

Follow-Up, Refinement, and Final Selection

Follow-up to the summary direction is the responsibility of the Director of the Incubator. This activity includes suggested refinements to the plan and coordination of activities with the City's Codes and Permits Department, and Fire Department. Drawings and plans must be submitted to these departments as it relates to the use of space in the facility and leasehold improvements. This assures that building codes are met and the necessary permits are obtained. It may be necessary to involve the City's Health Department to assure no hazardous materials are improperly used in the course of the business.

Finally, the signing of the lease document is handled by the Director of the Incubator. This involves verification of the square footage, rental rate, occupancy date, and evidence of proper insurance (binder).

If a business applying for admission to the program is found to *not* meet the requirements of the program, it is the responsibility of the Controlling Board to communicate this information to the Business. Included in this communication should be the reason(s) for rejection. If rejected because the facility was not right for the business, the Director of the Incubator will provide assistance in locating alternative space so as to keep the business in the Mansfield/Richland Area.

Services

The Mansfield/Richland Incubator, Inc. will provide basic services to the building that are of benefit to the entire tenant population. Among the most important of these services is basic building maintenance. The Incubator will clean and maintain common areas of the building. This includes sweeping, mopping and periodic waxing of common hallways, conference room, restrooms and building entries. In addition, supplies will be provided for the restrooms and will be checked and stocked daily. Snow removal will be provided by the Incubator for tenant and customer parking areas surrounding the building.

Access to conference room facilities will be provided to the tenants on a scheduled basis. The room is to be used for staff meetings, or meetings with suppliers or customers, and periodic tenant meetings conducted by the facility's Director.

Apart from the central administrative services listed above, the Mansfield/Richland Incubator, Inc. will assist businesses with financial packaging for public and private loan programs, where possible.

Finally, the Mansfield/Richland Incubator, Inc. will provide professional on-site management to the facility to oversee basic services and to provide readily available consulting services and assistance to the tenant businesses. This individual will be located in the facility and be available on a daily basis during normal working hours.

Operations

I. Rental Rates

Rental rates for the Mansfield/Richland Incubator, Inc. are set so as to be competitive with normal market rates for manufacturing and office space in the community. Rental rates are quoted on a square footage basis and exclude all utility costs, unless otherwise noted. The rental rates are firm for the period of the lease, one year. Rates thereafter are escalatable at the rate of 5% per year for the next two years.

Rents are due and payable to the Mansfield/Richland Incubator Inc. on the first of each month with a grace period to the tenth of the month. If rents are not received by the tenth of the month, the Incubator, at its option, may invoke a ten percent (10%) penalty charge for late payment. Rent payment dates must be strictly adhered to since monies received from rents are used to provided basic services and cover operating expenses associated with the facility. Non-payment of rent may result in eviction of the tenant from the facility and the program.

II. Period of Tenancy

Leases are offered to the tenant on a one year basis with two one year options. Maximum period of tenancy is therefore three years. At the end of the three year period, or before, the business is expected to relocated to regular commercial or

industrial space within the community. Transition assistance and planning should commence with the initiation of the third year of the lease. This will serve to minimize the difficulty the business may experience in its move to new quarters. The office of the Richland Economic Development Corporation will be able to provide assistance to the business with regard to information on available space within the area.

III. Leasehold Improvements

It is the responsibility of the Mansfield/Richland Incubator, Inc. to provide basic space to the business. The Incubator, therefore, is responsible for the erection of tenant demising walls and basic lighting in the tenant space. Any other renovation to tenant spaces becomes the responsibility of the occupying tenant. Improvements the tenant is responsible for include special or additional lighting, leasehold plumbing, erection of internal walls for offices, partitions, electrical outlets, carpeting or tile flooring if not existing, special electrical requirements including transformers, window coverings, ceiling fans, etc. It is suggested that each tenant install an electrical breaker box inside their suite for safety and control purposes. The tenant should not expect reimbursement for leasehold improvements upon leaving the Incubator. These are costs the tenant is to expense or amortize over the life of their business.

Any leasehold improvements contemplated by the tenant are to be submitted to the City Codes and Permits Department and the Incubator Director and approved in the normal required manner. Before any construction commences, the appropriate permits are to be obtained by the tenant. Prior to occupancy of the space, the necessary inspections and approvals must be obtained from the City Codes and Permits Department including occupancy permits, if required.

No tenant has the right to incur obligation on the part of the Incubator without prior written authority from the Incubator.