



Initiatives & Incubators: Innovative Ideas for Supporting Small Businesses in Alton

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SSCC offers communities innovative strategies to move high-priority sustainability goals forward. Communities often face limited resources to explore sustainability and quality of life questions. SSCC seeks to reduce those obstacles by linking existing graduate and undergraduate courses at SIUE to explore innovative solutions to community-identified projects. SSCC staff work closely with faculty to incorporate community projects into their courses and connect students with community partners. Staff and stakeholders from the community work closely with SIUE faculty and students to provide local knowledge and deeper understanding into the issues, guaranteeing projects are not only innovative, but also suitable to the community.

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This report represents original student work and recommendations prepared by students in the School of Business, in collaboration with SSCC. Text and images contained in this report may not be used without permission from the City of Alton or SSCC.

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Executive Summary

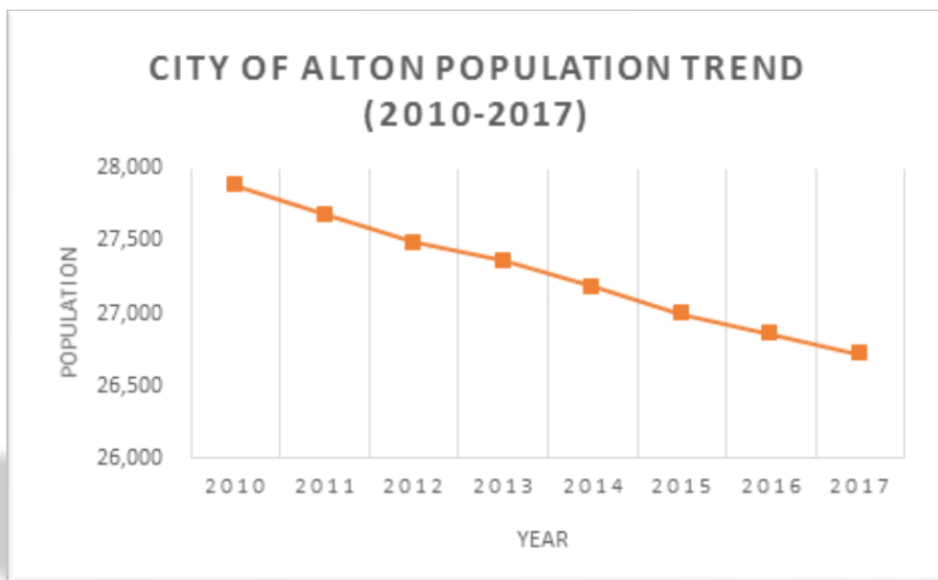
Alton, Illinois is seated in the heart of the United States on the Mississippi River. This modest city is rich with history, beautiful sights, as well as unique potential. Even though the population is on a slight decline, there are still plenty of opportunities for economic growth. Small business entrepreneurs can utilize mentoring, training, and professional development resources that are available locally. Another way to stimulate economic development is through the use of incubators. Business incubators assist small business start-ups by providing crucial administrative support. They can also provide advice and guidance. By utilizing incubators, small business owners can get their organization off to a cost-efficient start. A few types of incubators that would benefit Alton are business, technology, kitchen, farm, and healthcare. Funding for these kinds of spaces are also available on several different levels. If the City of Alton, entrepreneurs, and locals are mindful of the demographics and the needs of the residents then small business start-ups and incubator spaces could help the city flourish.

About the City of Alton

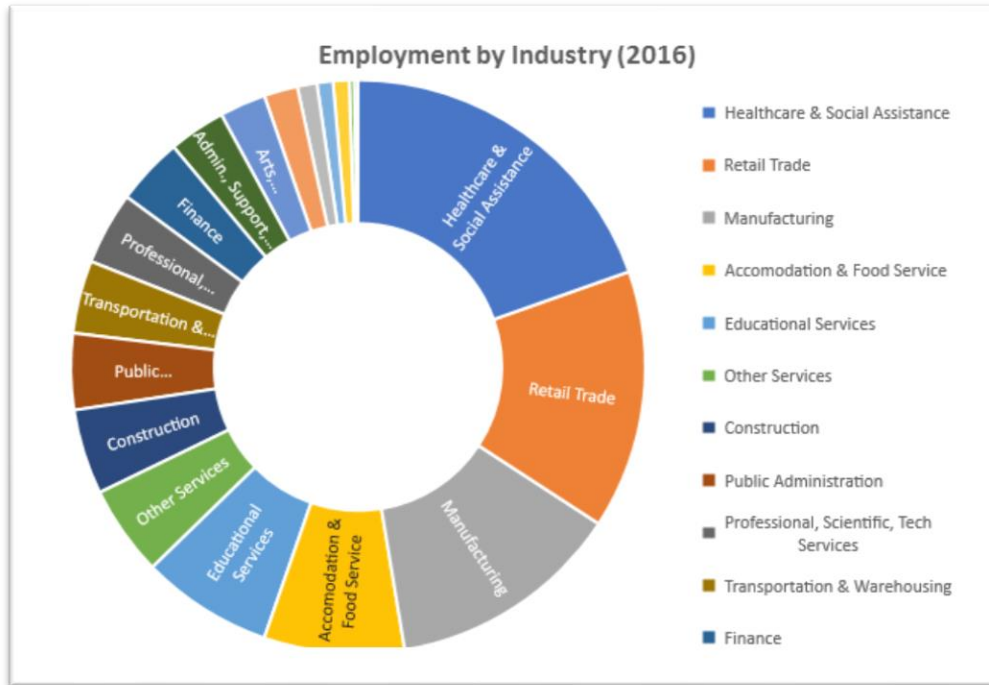
[Alton, Illinois](#) is a historic city located along the Mississippi River in the St. Louis metropolitan statistical area (MSA). Alton is famous for its limestone bluffs along the river and for its role in the American Civil War. One of the town's greatest claims to fame includes being the site of the last Abraham Lincoln and Stephen Douglas debate in



October of 1858. Alton has a strong connection to the arts through its history with jazz as the home town of jazz musician Miles Davis. At one point in history, Alton was growing at a nearly equivalent rate as St. Louis, Missouri. Within the last century, however, Alton has struggled with the population rate and income level of its residents. The following chart depicts the population trend for the City of Alton between the years of 2010 and 2017. According to the data, Alton's population has been declining for the last 7 years. Further data shows that the population has been declining since the 1960's. The growth rate year-on-year has been approximately -0.50% for the last seven years, which means the population trend is generally flat but on the negative side.



Due to the city's proximity to the Mississippi River, Alton has a unique opportunity to position itself as a distribution center and consequently to appeal to the manufacturing industry. The following chart shows the distribution of employment by industry for the City of Alton in 2016. The chart shows that a majority of the population works in the healthcare & social assistance industry, followed by the retail trade industry, and then the manufacturing industry.



The following are the current top employers for the City of Alton.

1. Alton Community Unit School District #11
2. Alton Memorial Hospital
3. Alton Steel Inc.
4. American Water CSC & American Water Resources
5. Argosy Casino
6. Challenge Unlimited
7. City of Alton
8. Cope Plastics Inc.
9. Olin Brass – Division of Global Brass and Copper, Inc.
10. Olin Corporation

The remainder of this report will outline how the City of Alton can exploit the opportunities presented by the demographics that make up Alton. This report will consider the current situation of the city as well as the expected future trends to determine how the city can use its resources to attract start-up businesses and incubators.

Start-Up Opportunities

Training, Mentoring, and Professional Development

In order to increase business development and growth within the region, use of local resources is critical. Alton is located approximately 30 minutes from downtown St. Louis, one of the major players in terms of startup, incubator, and overall business resources. A great option for Alton would be to utilize their proximity to this large city and encourage business owners to attend training, mentoring, and other events in St. Louis. This will also benefit Alton by exposing their business owners to new ideas that they can bring back and implement in similar programs within Alton. A few of these resources include:

Mentoring Opportunities:

1. [BioSTL Fundamentals](#): BioSTL Fundamentals is an entrepreneur development program administered by the BioSTL Entrepreneur Support Team. This program is designed to support early-stage entrepreneurs interested in the Life Sciences in St. Louis. BioSTL provides free, one-on-one customized training and mentorship to founders of businesses.
2. [Gateway Venture Mentoring Services \(GVMS\)](#): GVMS provides local entrepreneurs with a variety of mentors with the experience and connections to help new entrepreneurs be successful. GVMS mentors possess a plethora of expertise that span multiple industries. They offer specialty services in accounting, legal, banking, and marketing which has aided approximately 800 mentees since operations began in 2007.
3. [STL FlipZone](#): FlipZone is hosted by Gateway Venture Mentoring Service (GVMS) in collaboration with University of Missouri Saint Louis's Innovative Technology Enterprises (ITE). This program has been developed to provide training programs that help entrepreneurial business in the growth stage. This program combines, mentoring, video instruction, and classroom facilitation and will successfully help each participant complete a custom 1 to 3-year roadmap for growing their business.
4. [Illinois Metro East Small Business Development Center at SIUE](#): The SIUE Small Business Development Center is a community-wide service funded by the U.S. Small Business Administration, Illinois Department of Commerce and Economic Opportunity, and SIUE School of Business. The Small Business Development Center assists companies and entrepreneurs in identifying their path to success through counseling, consulting, and providing resources to aid business owners in their goals.
5. [International Institute of St. Louis](#): The International Institute of St. Louis offers services for refugees and immigrants in the community. The Institute provides workshops for entrepreneurs and businesses that need coaching or are looking for ways to grow.
6. [Missouri Venture Forum \(MVF\)](#): MVF offers peer networking, education, and access to capital resources as a part of the membership. The organization designed to help individuals growing

of early stage businesses. MVF welcomes members and resources with the mission to support entrepreneurs and grow new businesses. With monthly events additional programs offered, entrepreneurs, investors, and other professionals are encouraged to network and share knowledge and resources.

7. [Prosper Mastermind](#): Prosper Mastermind is a program organized by Prosper Women Entrepreneurs (PWE). The program focuses on connecting women entrepreneurs with mentors who can provide advice geared towards specific challenges and goals they face. In addition to monthly group meetings, participants also receive an assigned mentor, access presentations, and access to the vast network connected through social media.
8. [Square One \(SQ1\)](#): Square One is the Center for Emerging Technologies' (CET's) flagship program for entrepreneurs. This hands-on training program is designed to provide first-time business owners in the St. Louis region with support in the early stages of developing their businesses. This program focuses on Biotech, IT, or advanced manufacturing and consumer product enterprise. SQ1 Ignite is the first program offered. This is a four-week program that provides help to those trying to quick-start their business model validation process. The second program, SQ1 Bootcamp, is a 10-week program that provides an in-depth instruction with hands-on learning, networking, and mentoring.
9. [The Balsa Foundation](#): The Balsa Foundation provides cash grants, online guides to starting a business, and free feedback from experts to first-time entrepreneurs. Their mission is to promote social equity through the empowerment of individuals in starting and growing businesses in the St. Louis region.

Training and Professional Development:

1. [Venture Café](#): One of the resources accessible to the region and Alton is Venture Café located in St. Louis. Venture Café is a nonprofit organization which aims to enhance innovation and connect innovators by positively enforcing business ecosystems. The industries targeted by their efforts include: bioscience, advanced manufacturing, government, renewable energy, etc. This displays the high potential for Venture Café to become a viable resource for the city of Alton, in consideration of the proposed new offerings for the city.
2. [Small Business Development Center](#): The Missouri Small Business Development Center is in St. Louis and offers counseling, training and technical assistance in all aspects of small business management. They assist small businesses with financial, marketing, production, organization, engineering and technical issues, and feasibility studies. Specific program options include: venture capital formation, rural development, and assistance in applying for Small Business Innovation and Research (SBIR) grants from federal agencies.
3. [Riverbend Growth Association](#): A closer support opportunity is The Riverbend Growth Association, which is enforced by the Chamber of Commerce and the Economic Development Organization for the communities of the Riverbend. Their mission to help provide leadership

required to attract, promote, and support new and existing enterprise growth in Southwestern Illinois, specifically Alton.

4. [New Horizons](#): New Horizons is a learning center located in St. Louis and offers an integrated learning strategy. Their education strategy has five components: assess, learn, reinforce, support, and validate. They work to identify a need for training and then incorporate a variety of learning methods centered around business culture. New Horizons offers extended resources such as Learning Management System (LMS) and Account Executive Consultations.
5. [Grace Hill Women's Business Center \(WBC\)](#): WBC is in partnership with the U.S. Small Business Administration to provide micro-business development for early entrepreneurs. The program focuses on aiding minority women and works with other local organizations to provide opportunities focused in the North and South St. Louis area. WBC offers online training modules on their website at no cost to the entrepreneur.

Incentives and Grant Opportunities:

One option that the City of Alton should be highlighting to potential business owners is the different incentives that could offset the cost of starting a small business. Some of these incentives include the following:

City of Alton:

1. [Enterprise Zone Program](#): The Enterprise Zones exist to aid businesses located within a targeted area. For the Riverbend Area, this includes the Industrial Corridor and the Alton Central Business District. Businesses are offered incentives such as job tax credits, investment tax credits, utility tax exemption, sales tax exemption as it pertains to qualified building materials, and potential real estate property tax abatement.¹
2. [Commercial Façade Program](#): The City of Alton offers the Commercial Façade Program. This program is available to commercially zoned businesses located to the south of Homer Adams Parkway. The Program provides recipients with a 25% reimbursement grant to improve the exterior facades of buildings. The maximum reimbursement is \$7,500 for a single façade and \$10,000 for multiple facades.

Madison County:

1. [Madison County Community Development Block Grant \(CDBG\) Economic Development Loan Program](#): This program was created by the Housing and Urban Development (HUD) to provide grant entitlement to certain counties with the resources to address multiple development needs within their communities. This program provides financing to small firms whose projects create permanent jobs for low-to-moderate income individuals in Madison County.

¹ See Appendix A, Figure 1, for a map of the City of Alton Enterprise Zone boundaries

Illinois:

1. [Advancing the Development of Minority Entrepreneurship \(ADME\)](#): Advancing the Development of Minority Entrepreneurship is an investment program created to aid in the development of start-up companies and small businesses. The program works to identify minority entrepreneurs with high-potential and provide them with support in growing their businesses. The program provides mentors, business education, and access to funding.
2. [Advantage Illinois](#): This program is funded by the federal State Small Business Credit Initiative (SSBCI) and provides Illinois businesses and entrepreneurs with access to capital needed to start a new company or grow an existing company.
3. [Illinois Finance Authority \(IFA\)](#): The Illinois Finance Authority provides lower-interest rate financing with the goal of helping Illinois businesses and to support economic development across the state.
4. [Illinois State Treasurers Office](#): The Illinois State Treasurers Office offers various programs designed to help businesses prosper by providing easier access to capital and financing with attractive rates to enhance economic development throughout the state.

United States:

1. [HUBZone Program](#): The U.S. Small Business Administration offers a HUBZone program which limits the competition for certain contracts to businesses in historically underutilized business zones. It also gives preferential consideration to those businesses in full and open competition for contracts. HUBZ one-certified businesses also get a 10 percent price evaluation preference in full and open contract competitions.²
2. [Tax Increment Financing \(TIF\) Districts](#): TIF Districts were established in the City of Alton to aid in funding development projects. Funding can be used on projects such as building improvements, land acquisitions, site preparation or demolition, property rehabilitation, and professional services. Projects are considered individually from other applications and funding is granted to projects chosen after evaluation by the City Mayor and Council.³
3. [State Trade Expansion Program \(STEP\)](#): The STEP program works to provides monetary awards to both state and territory governments in an effort to assist small businesses with export development. The primary goal of this program is to increase the number of small businesses in the US that export goods outside of the US and increase their export sales.
4. [Small Business Innovative Research \(SBIR\)](#): The Small Business Innovative Research is a program designed to encourage US small businesses to participate in Federal Research/Research and Development (R/R&D) with the goal of future commercialization. SBIR allows small businesses to explore their technological potential and to profit from its commercialization.

² See Appendix A, Figure 2, for a map of the City of Alton HUBZone boundaries.

³ See Appendix A, Figure 1, for a map of the City of Alton TIF District boundaries.

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5. [Small Business Technology Transfer \(STTR\)](#): The Small Business Technology Transfer is a program that provides funding opportunities for federal innovation research and development (R&D). The program offers public/private sector partnership on joint venture opportunities between small businesses and nonprofit research institutions.
 6. [Federal and State Technology Partnership \(FAST\)](#): The Federal and State Technology Partnership Program is a grant program designed enhance the competitive spirit among small businesses working in the technology field. The goal is to increase the participation of small tech companies working towards innovation and commercialization of new technology.

Available Resources in Riverbend/Alton

When starting a new business, there are many things to be considered. Countless decisions will need to be made to ensure the success of the business. For a town to be attractive to entrepreneurs looking for a home for their new start-up, it is beneficial for the city to provide resources to the prospective business owner. The following are some of the resources provided by the City of Alton:

1. The most prominent resource is the "[10 Step City of Alton Guide to Starting a Business](#)." This resource, provided by The City of Alton, is readily available on the city's website to all prospective entrepreneurs and small business owners. This 10-step program guides the entrepreneur through recommended steps to establishing a successful business. Each step includes information pertaining to the recommended step, as well as links to external organization websites deemed helpful to the development of the entrepreneur's endeavor.
2. [RISING](#): Alton RISING and County Treasurer Chris Miller offer workshops to aid in the development of "social" entrepreneurs and innovative business approaches. Alton offers professionals such as Alice Layton and Chris Miller who both serve as professors of entrepreneurship at the University of Missouri – St. Louis. The city hosts elevator pitch competitions and networking events featuring entrepreneurs and small business owners.

Incubators

Incorporating incubators into communities is a prime way to catalyze economic development in cities looking for growth opportunities. This report has previously identified several ways for the City of Alton to support start-up businesses. The remainder of this report will evaluate how the use of incubators can further aid Alton in cultivating those start-up businesses and supporting Altonians in their entrepreneurship ambitions.

Historically, incubators have been used to provide start-up businesses with cost efficient office space and resources needed to start a business. Incubators have the ability to aid in economic development, not only at a city level, but also on a regional and even national level. Alton, as a major manufacturing and healthcare hub is a prime location for a regional incubator.

Incubator Types:

Business

Business incubators are programs designed to provide entrepreneurial firms with business support services such as management training or office space. Business incubator programs typically provide clients access to basic services, equipment, and business management mentorship. The primary goal of incubation is to create successful firm outcomes. Business incubators differ from research and technology parks in their dedication to startup and early-stage companies. Incubators can be separated into the following types: technology, services, multi-purpose, manufacturing, community revitalization, and other.

Technology

Technology incubators are organizations that have been designed to accelerate the growth and success of technology-based start-ups and small businesses. These centers are run by business professionals who offer their support by providing business resources and services including coaching, curriculum, workspace, and a range of community connections. This variant of traditional business incubation schemes helps startup firms at various stages and launches them to success by providing resources to both capital commitments and customers. These can be supported by private companies or educational institutions. They make up about two-thirds of all incubators.

The services they provide include training workshops for planning, marketing, and finance. They also offer mentoring, provision of loans or grants, evaluation of business plans and raising investment finance. Their specific benefits include creating an environment conducive to technology entrepreneurship which leads to economic competitiveness. Technology incubators also help to foster the development of cross-fertilizing technologies; these include biotechnologies and nanotechnologies which have a strong impact on growth and productivity. They support high-potential start-ups to achieve significant progress in a short period of time.

There are a few characteristics that will make a technology incubator the most likely to succeed. First, the incubator should be located in an area where a selection of advanced business support services is available. The incubator should be located in an area that offers the opportunity for the facility to be actively involved with local universities in order to gain access to research. In addition to this, technology incubators should have a narrow focus on firms that are ready to make significant innovations.

Kitchen & Farm

Kitchen and farm incubators are two types of programs for food-based entrepreneurs that support individuals in their efforts to grow their business in the food industry. This can include restaurants, grocery stores, physical or online markets, and more. Kitchen incubators help entrepreneurs open restaurants, food trucks, catering companies, and other food retail businesses. Within the last six years, over 130 kitchen incubators have been established in the United States. This type of incubator provides access to shared commercial kitchen equipment, space, education, and business assistance.

Farm incubator programs are designed to support farmers in creating sustainable food systems. These incubators are the agricultural equivalent to kitchen incubators. Their services include access to land, farming equipment, and mentoring for building a stable farm business. There are currently 65 operational farm incubators and 13 incubator programs at universities throughout the United States and Canada.



Manufacturing

Manufacturing incubators are a great variation to the standard business startup incubator. They provide an area for entrepreneurs to build their product and foster connections with other businesses. Manufacturing incubators provide many services from technical advice about products to business ideas regarding how to maximize sales. The Fulton-Carroll Center in Chicago, Illinois is a prime example of a manufacturing incubator. This

manufacturing incubator houses around 140 businesses and employs over 500 people. The center occupies about one and a half city blocks and could be used as a case study for smaller cities looking to incorporate a similar facility in their community. The Fulton-Carroll Center originally used a 10 to 15-year plan for businesses to graduate from the center but now they use a more aggressive 3 to 5-year approach. This maximizes the number of businesses they can help while still maintaining a high success rate. The incubator “graduates” anywhere from 5 to 15 startups in a year. This has led to an increase in manufacturing jobs created in Chicago in the last 7 years. Manufacturing incubators are an effective

way to get entrepreneurs out of their kitchens or garages and into a more professional space. This helps them grow their business more rapidly and helps the city they live in. A manufacturing incubator would be relatively easy to set up and relatively cost effective. Most of the money could be made up by the reduced rate rent that it would charge, and the rest could be made up with a federal or state grant.

Healthcare

Healthcare incubators are another type of business incubator. These specialize in bringing entrepreneurs together who have ideas about how to improve the healthcare system or who have ideas on ways to advance medicine. These are more expensive than other incubators because they require more lab equipment and other technologies. They also usually employ one or more healthcare professionals to help organize the entrepreneurs and provide additional advice on feasibility of ideas, etc. Healthcare incubators can be very beneficial to a community. They can offer ideas about what a city can do to make healthcare more accessible to all residents or it can bring new ideas about ways to treat diseases while providing the community with good publicity. This type of incubator is usually set up in a major city: Chicago has two and New York has four, but it could be adapted to fit a smaller city. These can provide a public service as well as generate money for the city and gain notoriety. Some of the businesses that could come out of healthcare incubators are private practice offices for doctors, a healthcare advising firm, or an advice helpline for individuals with questions about the healthcare system. All of these could help the city they are based in.

Funding

A few funding options that the city of Alton can consider when starting up the incubators would be through the National Business Incubation Association. The National Business Incubation Association or NBIA helps new business ventures in different communities and promote growth for their business. The NBIA helps business incubator through different funding outlets such as bootstrapping, venture capital, borrowing, and crowdfunding. Each funding method provide different benefits for the startup incubators. For instance, bootstrapping uses funding from different business operations to capital growth. Venture capital is the capital's investment on a project that has a substantial element of risk. Crowdfunding is the practice of funding a project or venture by raising small amounts of money through large number of people, typically through the internet. A last funding method could be to simply take out a loan from a local bank. Taking out a loan implies borrowing a lump sum on money with the intention of paying it back with interest.



Since the city of Alton is a community experiencing revitalization, the best funding for starting these incubator ideas would be either crowdfunding or taking out a loan. Both of these funding methods would benefit these incubator ideas tremendously. The benefits of crowdfunding would be that many people live in the city of Alton could donate the money to help new incubators. Crowdfunding would take some time to raise the money to start these businesses, but the money that is being raised would not have to be paid back. These donations could be funded through websites such as Go Fund Me, which would be the quickest and easiest way for people to make a generous contribution. On the other hand, if using crowdfunding to help start the incubators may take too long, taking out a loan may be a faster and easy way to start up the incubators. With taking out a loan, the amount needed to fund the business would be given upfront. The downside to taking out a loan would be that in order to pay the bank back, it may take several years to pay the loan off completely, plus there would be interest added into the amount that was borrowed.

Locations

With the influx of available office space in Alton, there are many options for possible incubator locations. To ensure the facility has the greatest chance of success, the following location characteristics should be considered:

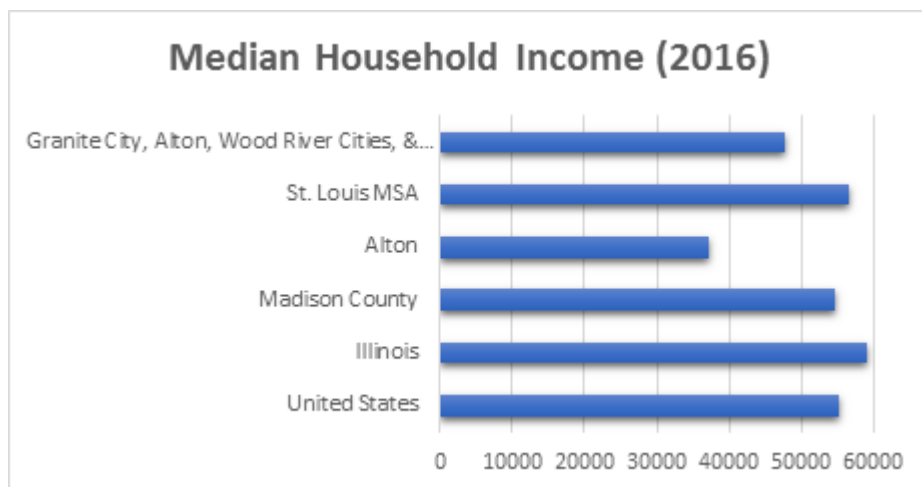
- Population Density
- Traffic Counts
- Visibility
- Crime Statistics
- Expansion Possibilities
- Location Resources
- Tax Benefit Opportunities

Next Steps

Through researching the demographics of the City of Alton, a couple of key trends have been identified, which help to define the City of Alton. Ideally, Alton should be able to take these defining characteristics and figure out how to capitalize on them. The main trends we found include a strong presence in the manufacturing industry and a low median household income in comparison to the rest of the St. Louis metropolitan statistical area. These characteristics are unique to the Alton area and should be used to improve the quality of living and economic stability of the city.

In our research, we found that as of 2016, the top three industries that employ the citizens of Alton include healthcare and social assistance, retail trade, and manufacturing. Further research of the top employers for The City of Alton residents showed that Alton Steel, Cope Plastics Inc., and Olin Brass rank in the top ten. Our recommendation is to use the large concentration of skilled workers and the manufacturing industry to attract start-up businesses that focus on new technology and the advancement of existing technology in the manufacturing industry. This idea can be made successful through promoting the City of Alton HUBZone status, which, as mentioned previously, provides businesses with preferential consideration for government related contracts. Lastly, a large amount of this work would fall under STEM fields, which would qualify the work for several grants including Small Business Innovative Research (SBIR), Small Business Technology Transfer (STTR), and Federal and State Technology Partnership (FAST).

Another way the City of Alton can attract start-up businesses is by highlighting the opportunity to do business in a low-cost area. The median household income in Alton, as of 2016, is around \$35,000 compared to the rest of the St. Louis MSA, which is around \$55,000. This means that Alton is going to provide a lower cost of living while still offering proximity to an international airport, top ranked universities, top ranked hospitals, and endless resources for professional development, training, and expansion.



One way for the City of Alton to empower entrepreneurs and capitalize on the manufacturing workforce, would be to establish a Fab Lab to provide space for prototyping and invention in Alton. Fab Labs are an outreach platform created by MIT's Center for Bits and Atoms and are supported by the Fab Foundation. These facilities are meant to provide communities access to a range of equipment to enable wood and metalworking, circuit board design, 3D printing, and computer-aided design software. A Fab Lab could be tied into a business incubator by providing office space for lease and access to the professional services necessary to start a business. Establishing a Fab Lab would also provide local entrepreneurs with access to the fab lab network. This network enables collaboration and the sharing of knowledge with the approximately 1,000 Labs around the world. Depending on the brands of equipment purchased, the cost to establish a Lab is between \$100,000 - \$150,000 plus the cost of leasing or purchasing the space required to house equipment. Labs can also be supported by membership fees that provide priority for reserving machine time.



Lastly, there are a few characteristics that Alton should focus on improving to attract new residents. These characteristics include education, crime, and cleanliness. If Alton is trying to attract younger residents, educational opportunity is necessary. Potential residents want to live somewhere that they can envision raising a family. They want to know that they will be enrolling their children into a strong school system that will train its students to be

the most likely to succeed after high school. In addition to education, potential residents want to live somewhere that they know their family and themselves will be safe. High crime rates can be a stronger deterrent than a poor or average education system. Lastly, potential residents want to live in a clean city that has been taken care of. Planting trees, a fresh coat of paint on buildings, and repaving sidewalks can go a long way in making a city feel more like a home. These efforts can also be combined with the effort to convert Downtown Alton into an artistic and trendy scene to further draw on younger generations. Downtown Alton already has a great presence with restaurants and bars that create a scene that can be used in combination with added rentable living spaces to attract the younger population.

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Appendices

Figure 1: Tax Increment Financing District and Enterprise Zone Map

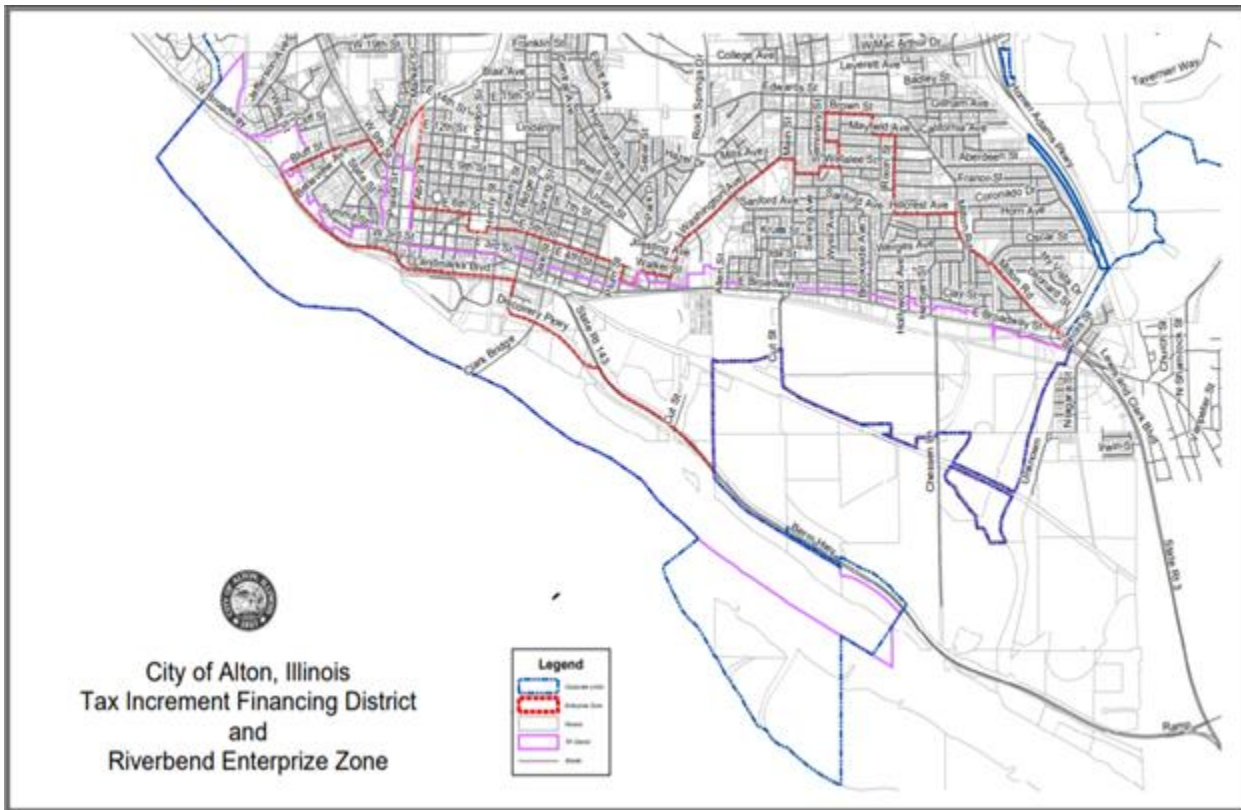


Figure 2: Alton, Illinois HUBZone Map

