



Ottawa County Ag Technology Business Incubator

Need for Job Creation

Business Incubation



Business Incubators

Nurture young firms, during the startup period when they are most vulnerable. Through a variety of business assistance efforts, the incubator helps them to survive and grow.

Incubator Services

- Business Planning
- Marketing Assistance
- Financial Planning
- Business Registration
- Business Training
- Mentoring
- Intellectual Property Protection
- Financing
- Networking



- On average, entrepreneurs spend 33 months in a business incubator

Source: 2006 State of the Business Incubation Industry

Incubator Models

Virtual Incubator



Physical Incubator



Ottawa County's Core Competencies

Diversity of Agriculture



Fruit

Apples
Blueberries
Cherries
Strawberries
Raspberries
Pumpkins
Peaches
Pears
Squash
Cranberries
Grapes
Watermelon



Vegetables

Corn
Soy Beans
Sugar
Beets
Beans
Potatoes
Celery
Onions
Tomatoes
Peas
Lettuce
Carrots
Rutabagas
Turnips
Radishes
Rhubarb
Spinach
Zucchini
Broccoli
Cauliflower
Cucumbers
Cabbage
Peppers
Leeks
Parsnips
Brussels
Sprouts



Grains

Wheat
Barley
Rye
Oats
Alfalfa



Livestock

Beef Cattle
Dairy Cattle
Chickens
Turkeys
Hogs and pigs
Sheep
Goats
Horses
Ponies
Mules
Donkeys
Alpacas



Greenhouse/ Nursery

Annuals and
Perennials
Sod
Trees and Shrubs
Christmas Trees
Herbs

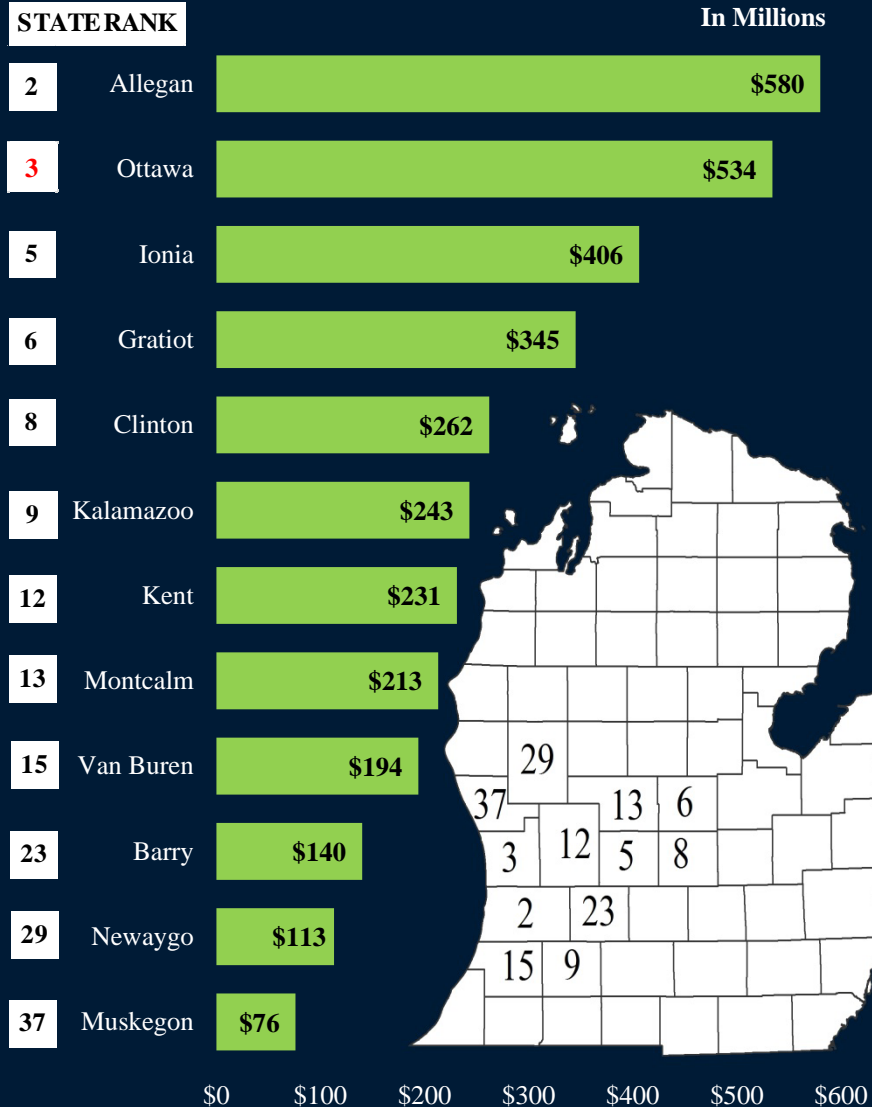


Other Specialty

Hops
Chestnuts

Outstanding Agricultural Production

Total Farm Receipts (2012 Ag Census)



#1 Value of Poultry & Eggs

#1 Value of Nursery, Greenhouse, Floriculture & Sod

#2 Value of Crops

#2 Value of Fruit, Tree Nuts, and Berries

#3 Total Farm Receipts

#4 Average Sales Per Farm

#4 Value of Livestock, Poultry & Their Products

#4 Value of Cattle & Calves

Source: U.S. Department of Agriculture

Source: USDA Census of Agriculture

Expanding Food Processing Industry



Zeeland Farm Services
(grain and soybean)



Request Foods
(pre-prepared entrees)



Leprino Foods
(cheese)



Boar's Head
(cheese and meat)



Heinz
(sauces, vinegar, mustard)



Hudsonville Creamery
(ice cream)



Continental Dairy
(powdered, condensed, specialty milk)

Network of Agricultural Machinery Companies



Poultry Production Equipment



Crop Planting Equipment

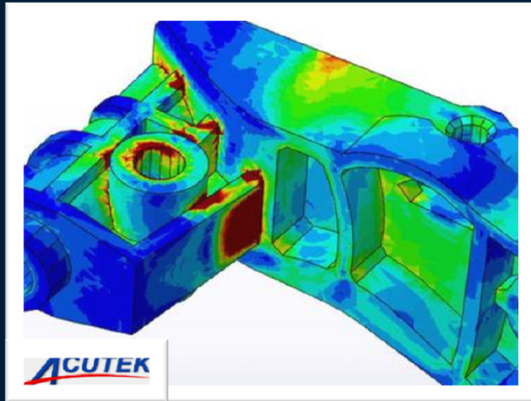


Fruit and Vegetable Processing Machinery



Crop Planting Equipment

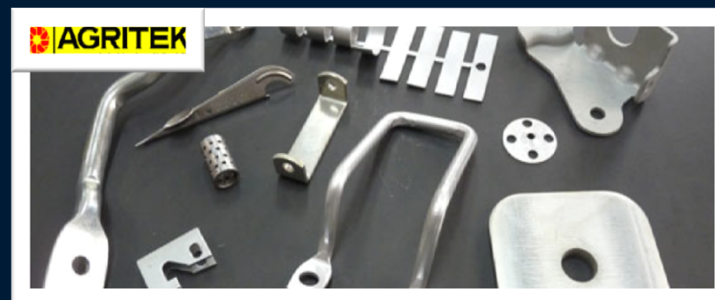
Network of Agricultural Technology Suppliers



Acutek Finite Element and Design
Service (machinery design)



JR Automation
(machinery, robots, electronics)



Agritek Industries
(engineered metal components)

Proven Innovation by Farmers



Hortech – Spring Lake



BEI - South Haven



DBR Conveyor Concepts - Conklin

Technological Advances Inevitable in Agriculture

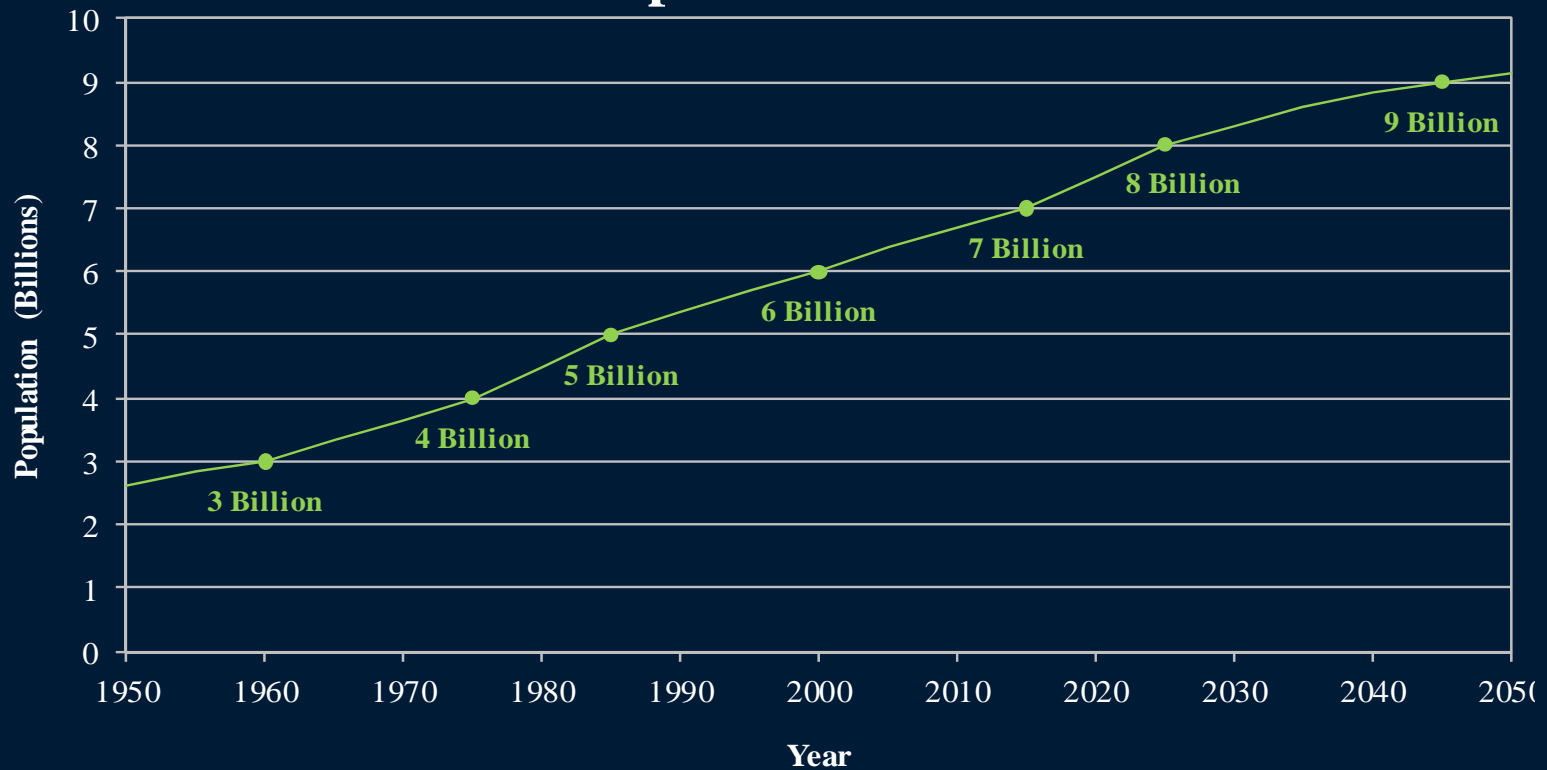
- By 2020 there will be 350 million more middle class households worldwide

Source: Michigan Agri-business Association

- By 2030, food demand will increase 50%

Source: US Infrastructure

World Population: 1950-2050



Focus of Incubators in West Michigan

Mixed-Use Incubators

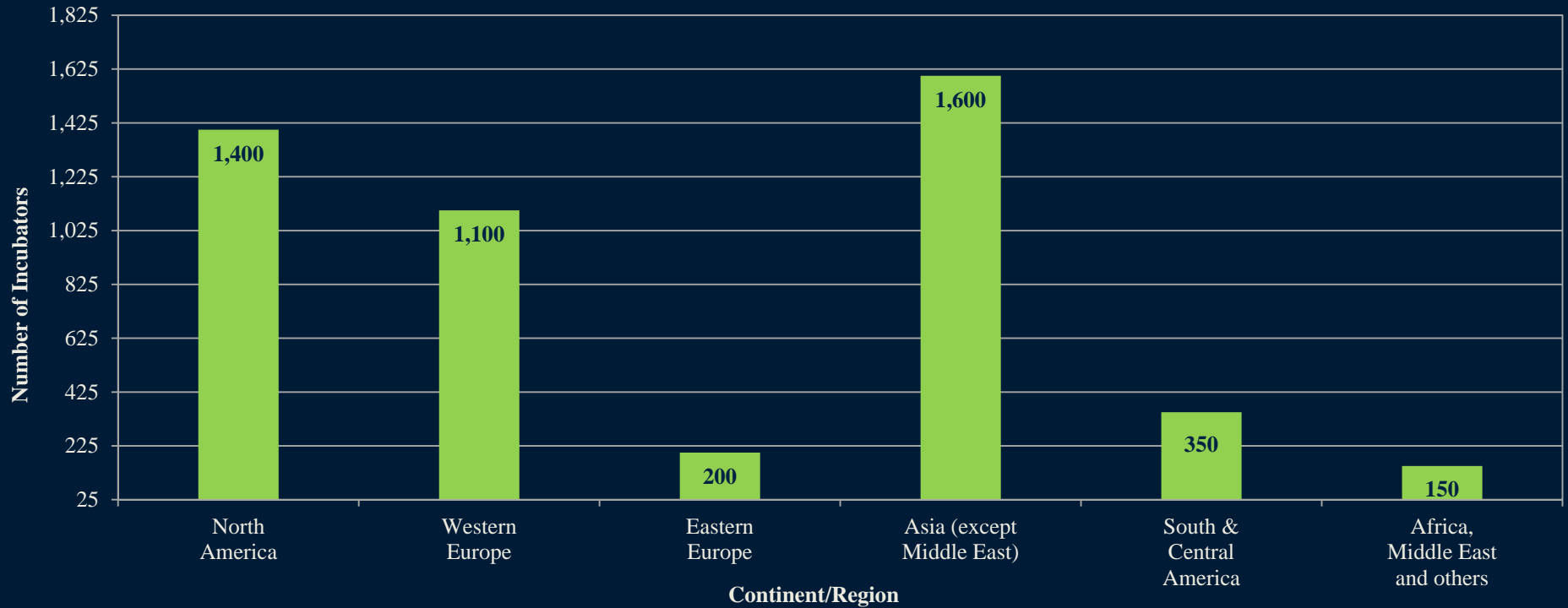


Industry-specific Incubators



Focus of Incubators Worldwide

Total Business Incubators in the World (4,800)



Number of Agri-business incubators in the world: 25 (.5%)

Market & Needs Assessment and Feasibility Study for an Agricultural Technology Business Incubator



Consultant Findings and Recommendations

Key Findings

- A critical mass of ag-related entrepreneurs need business assistance
- Service providers are willing to support entrepreneurs

Key Recommendations

- Pursue a mixed-use incubator with an emphasis on Ag-technology

Concern:

- Would duplicate existing services, which is not supported politically

- Pursue a 15,000 to 20,000 square foot incubator facility in the Allendale area

Concern:

- Capital and operational cost would impede services
- Funding sources for physical incubators are scarce

Ottawa County Takeaways

- Unique service delivery system is needed to incubate ag-tech business ideas



Evolution of a Pilot Project

Freezer Racking System

Fodder Efficiency™

GrassRoots Energy™

GrassRoots Energy - Case Study

- Market Development



- Business Plan (financial proformas, scalability plan)

- Stack Testing



Client Accolade



Mark Krudsen
Ottawa County Economic Development Department
12220 Fillmore Street, Room 260
West Olive, MI 49460

Dear Mark,

I would like to express my gratitude to you and your economic development team for your efforts to date on behalf of GrassRoots Energy, LLC. Over the past couple of years I have attended several conferences geared towards growing small businesses and visited a local small business incubator. Although somewhat useful, they pale in comparison to the assistance you have given us so far. Several things stand out as especially noteworthy.

Your team impressed us from the first day with how quickly the tasks you promised were accomplished. During our first meeting your team outlined probable steps to get our company jump-started, and within 48 hours you had completed the tasks you promised and were requesting that we meet again soon! With other groups we explored it was hard to even get an email or phone response, let alone a prompt one.

We were likewise impressed by your flexibility in setting up meeting times. Everyone is busy. Yet you repeatedly offered to meet with us in the evenings or on Saturday mornings so that the speed at which we grow our business would not be compromised. It gave us the feeling that you truly cared about our success instead of just providing a service as part of your job. Others we worked with seemed to be more about them and less about us. You gave us the impression that we were your number one priority!

Most impressive was the way your team quickly grasped the stage we were at in our growth and development, quickly and accurately identified what needed to be accomplished, and confidently put an action plan in place. You gave us a sense of hope and made us feel that, with your help, we could really make this happen.

Thank you for all the work you and your team have devoted towards our goals thus far. We are excited about moving forward with your help and direction. The services you offer are invaluable and I'm not certain we would succeed without you. I look forward to meeting with you and your team in the coming days.

Sincerely,

Ron Reimink, M.A.

Four Reasons for Client Accolade

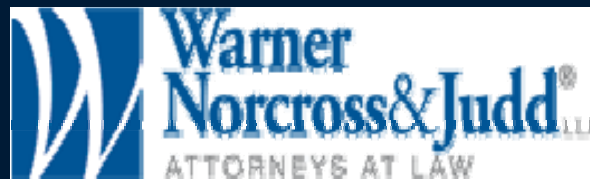
Reason 1: Differentiated Services



- In-depth analysis of clients and their needs
- Customized, one-on-one support
- Precise matching of private-sector mentors/practitioners
- Find solutions to propel start-up companies through their business hurdles

Reason 2: Exceptional Private Sector Partners

- Financial
- Legal
- Design
- Prototyping
- Intellectual property
- Materials
- Manufacturing
- Software
- Logistics



Reason 3: Agricultural Community Involvement

- Idea Verification
- Field Testing



Reason 4: Garage Start-up Attitude



Steve Job's garage - Apple Computers



William & Walter Davidson's Garage - Harley-Davidson



Larry Page & Sergey Brin's Garage - Google.

- Private sector philosophy
- Initial resources solely dedicated to commercializing client technology
- Facility needs brokered (office, loading dock, warehouse, etc.)
- No residual assets
- Low investment
- Low risk
- Continuation and/or expansion based solely on performance and results

Garage Start-up Attitude

Demand and Results Justify Growth

Phase	Type	Triggers for Expansion
Phase 1	<u>Incubator Study</u>	Market & Needs Assessment quantifies need for incubator services
Phase 2	<u>Pilot Project</u> - Staff (in-kind) - No facility for clients	Proven ability to manage and operate incubator, client satisfaction, and funding to cover dedicated staffing
Phase 3	<u>"Garage" Incubator</u> - Staff (in-kind and dedicated) - Work Space for clients is brokered (if needed)	Value of companies created covers operating and capital cost for an incubator facility, and there is demand
Phase 4	<u>Physical Incubator</u> - Staff (in-kind and dedicated) - Stand-alone building (lease or purchase) - if needed - Non-Profit Entity	Value of companies created covers cost of continuing operations - and there is continued demand



Ag~Tech

Business Incubator™

We Help Ag Businesses Grow!™

Goals:

- New ag-technology related businesses
- Permanent high-paying jobs
- Capital investment in the County

Equipment - Machinery - Software - Food Processing Plants

Ensuring Incubator Success



Ag~Tech

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Organizational Structure

Options for Future Organizational Structure

Option 1: County

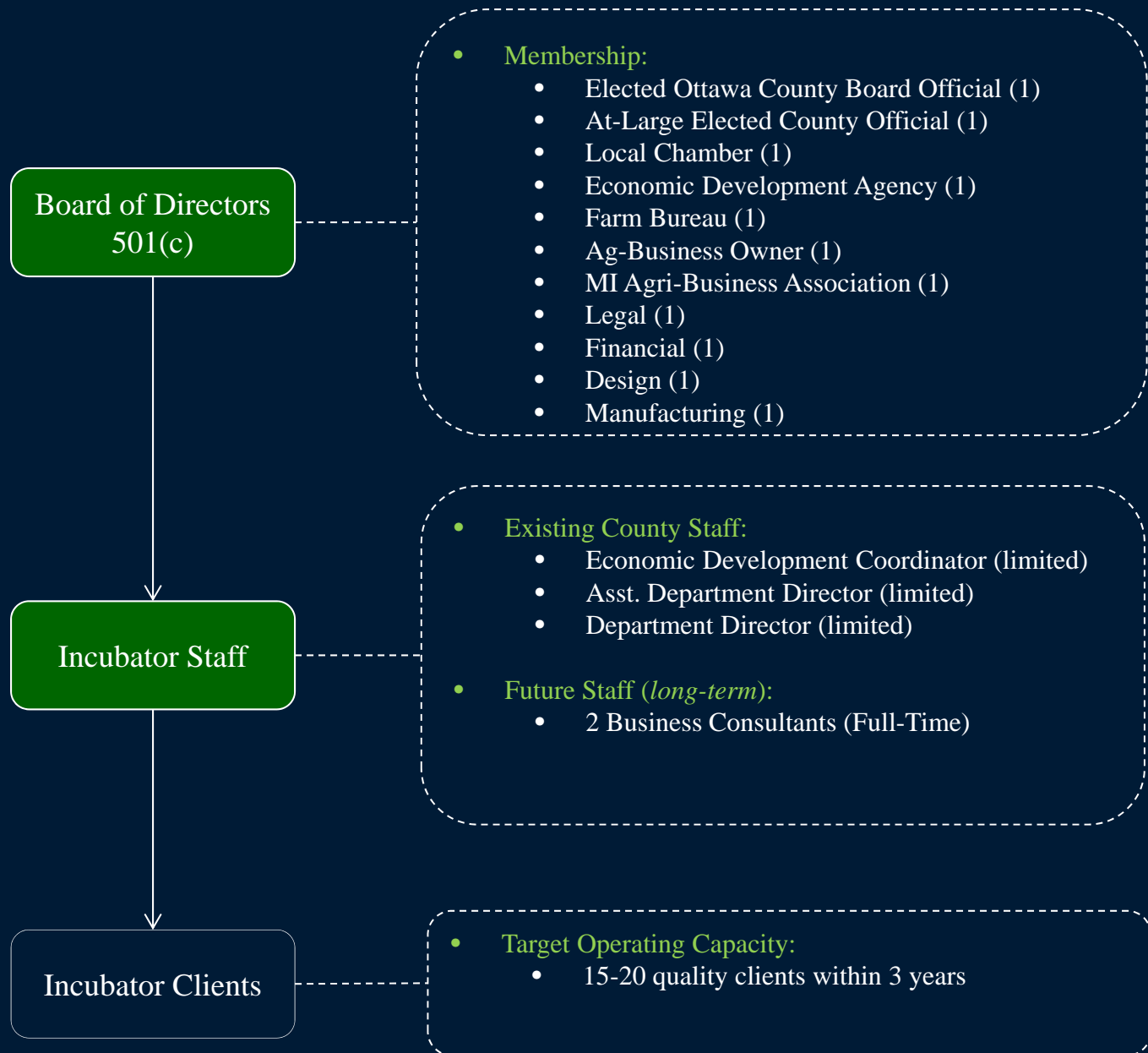
Option 2: Existing Non Profit

Option 3: New 501 (c) Non-Profit

Benefits

- Equity stake possible
- Confidentiality maintained
- Statewide service area
- Ag-tech economic development is sole focus

Recommended Organizational Structure: 501 (c)



Financial Sustainability

Revenue Sources

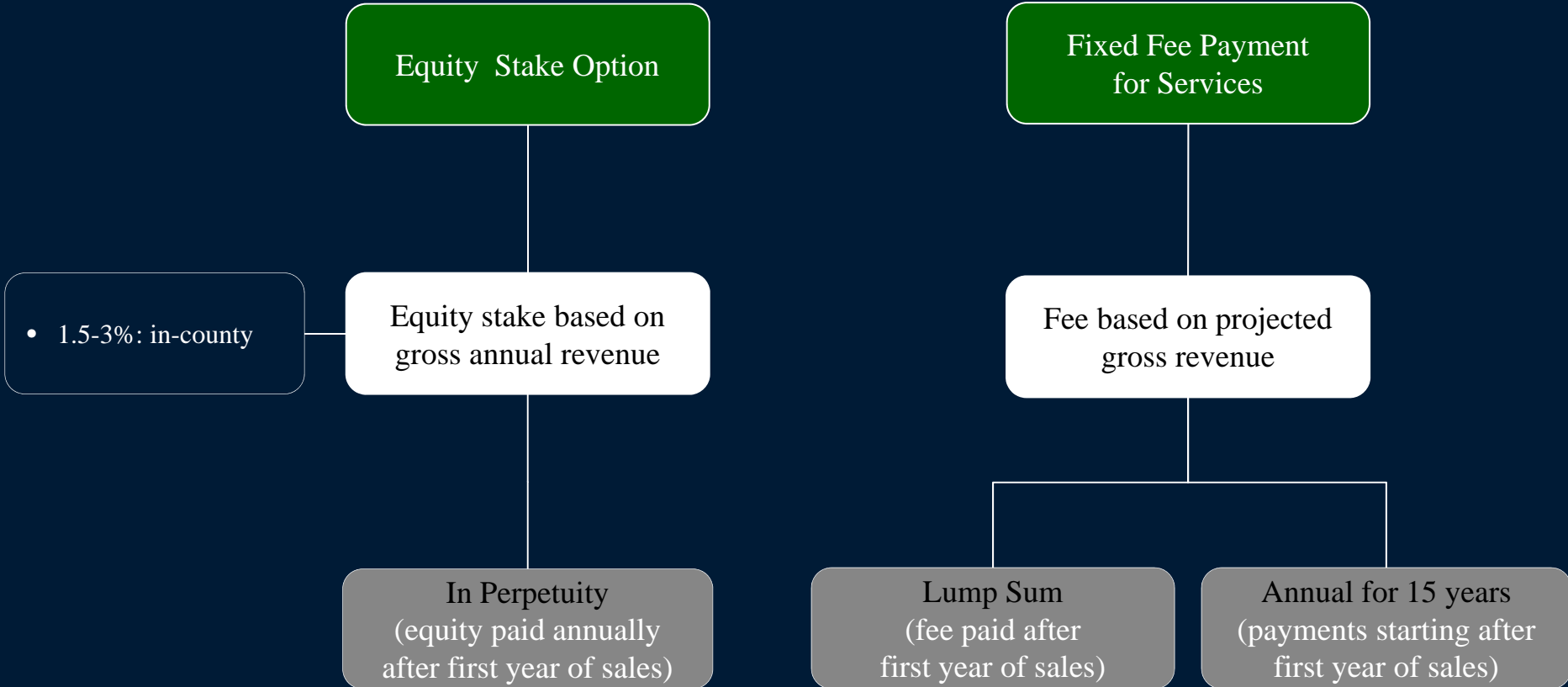
	<u>Year 1</u>	<u>Years 2-4</u>	<u>Years 5+</u>
<i>Direct Services and Staff:</i>	\$86,000	\$281,000	\$281,000
<i>Operational Expenses:</i>	\$4,000	\$15,000	\$15,000
<i>Capital Assets (e.g. buildings):</i>	\$0	\$0	\$0

<i>Total Per Year:</i>	\$90,000	\$296,000	\$296,000

<u>Ottawa County:</u>	\$90,000	\$66,000	\$66,000
<u>Member Counties:</u>	\$0	\$30,000	\$30,000
<u>Grants:</u>	\$0	\$150,000	\$0
<u>Corporate Sponsors:</u>	\$0	\$50,000	\$50,000
<u>Equity Stake:</u>	\$0	\$0	\$150,000+

<i>Total Per Year:</i>	\$90,000	\$296,000	\$296,000+

Equity Stakes and Fees



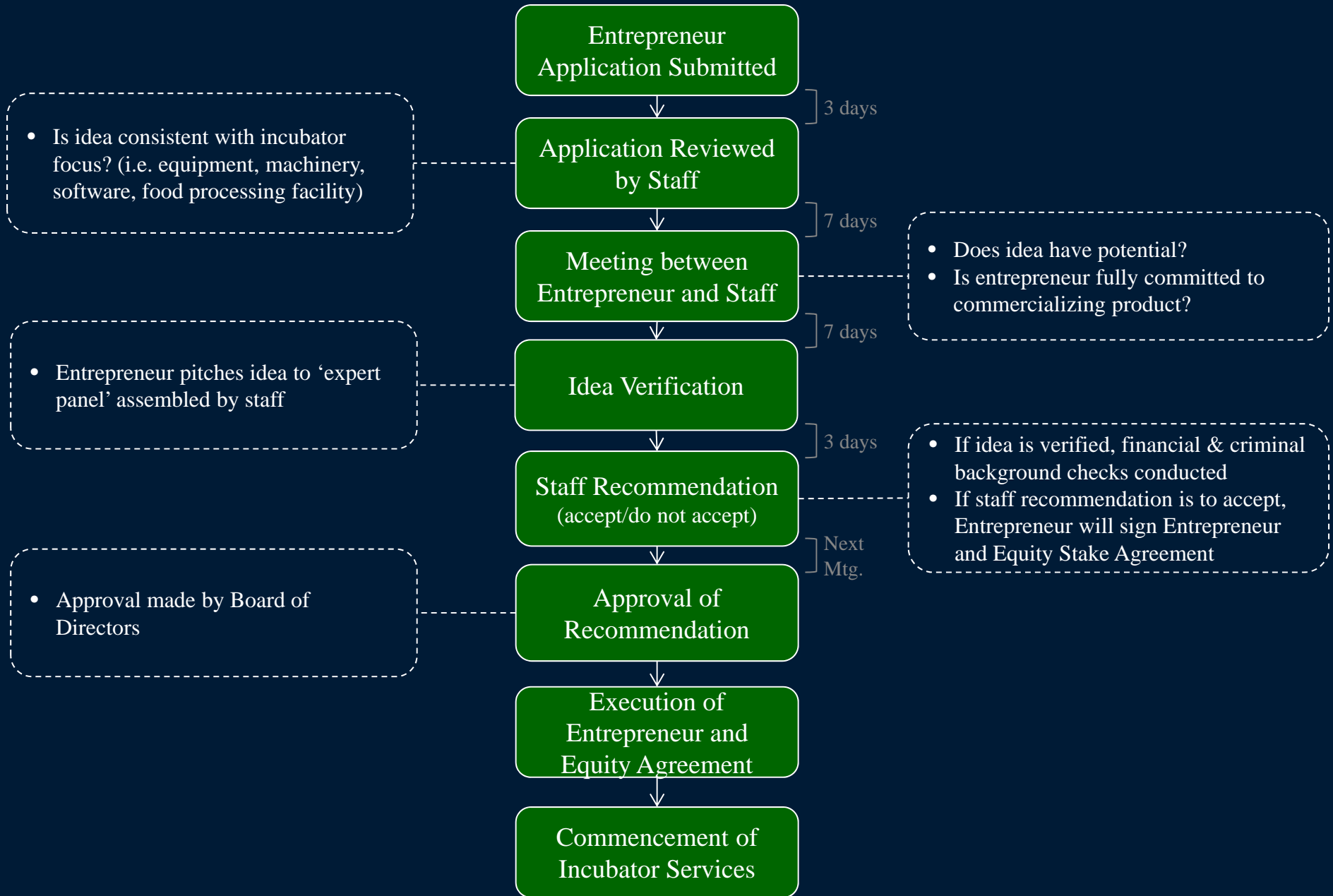
Entrepreneurial Excellence

Generating High Quality Business Ideas

- On Site Farm Visits/Product Scouting (existing technology; problems/needs)
- Crowd Sourcing (focus groups)
- Student Entrepreneur Program
- Social Media 
- Referrals
- Outreach



Selecting High Quality Business Ideas



Community Support

Community Support

Members (other counties)

Affiliate Members (entities promoting incubator)

Sponsors (financial contributors and service providers)

Technology Associates (design, engineering, manufacturing firms)



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Mark Knudsen, Director
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