

Daring to Endeavor!

The Ohio State University Endeavor Center

Manager,
The Ohio State
University
Endeavor
Center

By Jerry Driggs

The Ohio State University Endeavor Center is a training center and business incubator that is spurring economic growth and diversification in southern Ohio. The center provides a set of services unique in its rural, four-county area – office and light industrial space for lease, in-depth counseling, access to advanced technology, and networking opportunities – all for new and emerging businesses.

The Endeavor Center opened for business in Piketon in July 2005, but the process of its development actually began in the early 1990s. The Ohio State University (OSU) South Centers – research and extension programs of OSU's College of Food, Agriculture, and Environmental Science, and the Ohio Agriculture Research and Development Center – opened during this period to help local farmers and entrepreneurs use applied research to make informed business decisions. As the extension/research center grew, a business development center was created to meet the demand for technical assistance to business owners. After several years of sustained growth, it became clear that a feasibility study was needed to determine the potential for a business incubator to succeed.

The feasibility study considered the characteristics of the potential incubator's location, the western Appalachian region of southern Ohio. It has historically suffered high

rates of unemployment, low educational attainment and low median household income. The region's median income of \$28,500 is nearly \$16,000 below both state and national levels. Only 73 percent of the region's population has obtained a high school diploma, and just 6 percent possesses an advanced degree.

While noting these factors, the study also recognized many assets: the can-do spirit and independence inherent in the region's residents; several industry clusters of significant strength; and the support of local and state officials for the creation of a center to foster economic development.

The study concluded that an incubator was feasible, and the U.S. Economic Development Administration, the U.S. Department of Agriculture and the Ohio Department of Development each provided funding for construction. With those funding partners lined up, The Ohio State University agreed to fund the remaining portion of the project and to locate the center on the OSU South Centers campus in Piketon. The Endeavor Center cost \$4 million to construct and contains approximately 20,000 square feet of office space and 7,000 square feet of training classrooms.

A model for business

The Endeavor Center's mission is two-fold: first, to provide services that help new and emerging businesses grow and create high-tech, high-skill, high-wage jobs; and second, to demonstrate to the business partners housed in the center how a successful, growing business operates.

While the Endeavor Center is home to more than 20 small businesses, it is also a small business itself. Its yearly incubator revenue of \$500,000 is derived from three primary sources: office rental to businesses housed in the facility, classroom rental to community groups, and "virtual" incubator clients. (Because demand for space has exceeded avail-



The OSU Endeavor Center provides services and space to help new and emerging businesses grow, in a region with historically high rates of unemployment and low incomes.

ability, the center developed a virtual incubator program in which businesses can use the center for phone, address and mail service, to meet with clients, and also receive technical assistance. These businesses also get first right of refusal when space becomes available at the center.)

Since December 2005, the center has operated at greater than 90 percent occupancy, but it also has experienced many of the same issues that any growing business encounters. Its successful operation has hinged on two key strategies contained in its plan for achieving financial sustainability.

First, a partnership was formed with the Southern Ohio Diversification Initiative (SODI). SODI was formed to lead community efforts in exploring reuse options for the Department of Energy's uranium enrichment facility in Piketon, and to retrain laid-off plant employees for other occupations. SODI saw the Endeavor Center as a way to address both issues, and agreed to supply operating funds for the center's first five years, until a sustainable financial position could be reached.

The second strategy was to service a local industry cluster that is based on two projects under way at the DOE plant – a cleanup project for eventual return of the site to community use, and the development of a new uranium enrichment facility based on centrifuge technology. While many of the contractors for these projects do not necessarily meet the mission of the incubator, it was determined that they would provide important contacts and networking opportunities for small businesses housed in the center, and also be able to support higher rental rates. Thus, a two-tiered rental rate system was implemented, based upon how closely a prospective partner meets the mission of the center.

A wonderful synergy between DOE contractors and local businesses has since developed. All the small businesses housed in the center have benefited from regular contact with the firms participating in projects at the plant site. Many now have contracts with one or more of the projects' contractors, and several have significantly revamped their product offerings and staffing to support major new opportunities presented by this partnership.

A common complaint in the community about projects conducted at the plant site had been the lack of economic impact on local small businesses. However, the synergy generated between the small businesses housed at the Endeavor Center and the DOE contractors who use the facility as a base of operations has significantly changed that. Not only have contracts been granted to small business partners at the center, but the center has become a point of contact for other small businesses in the area that want to make connections and participate in projects at the plant site.

The training/classroom space at the Endeavor Center also has played a key role in encouraging this synergy. The facilities include a sixteen-station computer lab, a large conference room, two smaller classrooms and a small conference room, and are available for other businesses in the community to use.



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Structured for success

Endeavor Center clients have access to a wide variety of OSU South Centers personnel with expertise in direct marketing, small business development, manufacturing and technology, and much more. In addition, the Small Business Development Center at OSU South Centers provides access to counselors, and Endeavor Center management and staff also are known for providing expert, unbiased business advice to all potential entrepreneurs.

The Endeavor Center has experienced rapid growth in occupancy and revenues and still managed to anticipate and surpass the needs of its business partners and the community. One reason the center has been able to do this is the leadership of the Operational Council. Formed several years before construction of the center began, this advisory board comprises community leaders from various fields, including academia, local government, economic development professionals and successful local business owners. The council created policies and procedures for nearly every phase of incubator operations, such as partner occupancy, graduation and counseling. It also helps determine the appropriate mix of business types and sets the center's strategic goals.

Results

In two years of service, the Endeavor Center has helped its business partners create more than 80 high-paying jobs for the community. The center has created synergy between local small businesses and DOE contractors, resulting in the award of several million dollars in contracts to businesses both housed in the center and in the broader community.

The Endeavor Center looks to the future, endeavoring to be a shining example of product and service innovation as it assists local businesses in creating good jobs for the economic benefit of the region. ★★ ★

For more information, visit <http://endeavor.osu.edu/>.