



RESOLUTION

concerning the establishment of  
THE GREATER DANBURY BUSINESS INCUBATOR

at

WESTERN CONNECTICUT STATE UNIVERSITY

September 6, 1991

- WHEREAS, The faculty in the Ansell School of Business at Western Connecticut State University have skills and expertise beneficial to emerging businesses in the State of Connecticut, and
- WHEREAS, The mission of the Ansell School of Business includes an applied approach to business education, and
- WHEREAS, The learning experience for Ansell School students gained by working on projects advising emerging businesses can be invaluable, and
- WHEREAS, Education, research, and service in support of emerging businesses in Connecticut can assist the state's economy and are appropriate activities within the mission of the University, therefore, be it
- RESOLVED, That the Board of Trustees of Connecticut State University authorizes the establishment of the Greater Danbury Business Incubator as an organized research and service unit in the Ansell School of Business at Western Connecticut State University, and be it
- RESOLVED, That the function of the Greater Danbury Business Incubator will be to nurture emerging businesses by making faculty expertise available, by focusing student research projects, and by mobilizing other resources from the community, and be it
- RESOLVED, That the Greater Danbury Business Incubator shall be under the direction of the Dean of the Ansell School of Business or a University staff member designated by the Dean, and the Dean (or designee) shall be advised by an Advisory Board, the membership of which shall be drawn from University faculty and business leaders from the area, and be it
- RESOLVED, That the Greater Danbury Business Incubator may receive payment for its services and may seek and receive grants and other funding from extra-University sources provided that such income shall be deposited in accounts of the Connecticut State University Research




Foundation maintained at Western Connecticut State University and used exclusively for Incubator purposes and appropriate University support functions, and be it

RESOLVED, That the President of Western Connecticut State University shall cause the Greater Danbury Business Incubator to be evaluated by qualified persons and shall no later than September 1, 1994, report the results of this evaluation to the President of Connecticut State University who shall in turn share the evaluation with the Board of Trustees, and be it

RESOLVED, That the Greater Danbury Business Incubator shall go out of existence no later than December 31, 1994, unless action is taken to the contrary by the Board of Trustees of Connecticut State University.

A Certified True Copy:

  
Dallas K. Beal  
President

August 7, 1991

To: Vice President Steinkrauss  
Fr: T.A. Porter  
Re: Summary of Incubator Meeting, Aug 7, '91

Present at the Meeting: Feldman, Steinkrauss, Sullivan, Butler,  
Bascetta, and Porter

The following were points of agreement at the meeting:

1. The campus Research and Development Committee which serves as the academic advisory body to the CSU Research Foundation at Western will review the Incubator proposal to assess its appropriateness as an academic undertaking. In the absence of many committee members on vacation, the proposal will be reviewed by the Chair of the Committee who will comment in writing (in time for the BOT Planning Committee on Sept. 4).
2. The reason why the Western administration sees the Incubator as an appropriate University undertaking is because of its close relationship to the mission of the Ansell School, a mission which includes research and public service and outreach to the business community. Also the Incubator needs to present instruction in workshop and seminar format and the content of that instruction is something that University faculty are as well or better able to develop than anyone else. Finally, the Incubator's chances for receiving grants from non-state government sources are better if it is associated with a university.
3. The Incubator will be administered by the Dean of the Ansell School of Business or by a University staff member designated by the Dean.
4. The "Steering Committee" which is identified in the proposal will be advisory to the Dean, and will not function as a board of directors. (Possible change in the by-laws?)
5. The relationship between Plaza Executive Suites and the University will be spelled out in a letter of understanding which specifies what PES will contribute to the Incubator and what charges it will impose. This letter of understanding can be attached to the lease which will be executed between the University and PES to provide office space for Incubator clients (or the contents of the letter can be incorporated into the provisions of the lease).
6. Monies received by the University from clients of the Incubator and all other income received by the University for Incubator activities will be deposited in accounts of the University Research Foundation and disbursements for Incubator expenses will be made from these Research Foundation accounts.
7. Fees or charges of the Incubator will not be referred to as "tuition."

8. The cost item in the budget for membership in the Danbury Chamber of Commerce will be clarified. If the University is already a member, does the Incubator have to pay for its own membership? Was it contemplated that the memberships in the budget would be for the incubatees?

Summary prepared by

Thomas A. Porter

cc: Dr. Beal  
Ms. Bascetta

Dr. Feldman  
Mr. Sullivan  
Dr. Butler



A unit of The Connecticut State University

# WESTERN CONNECTICUT STATE UNIVERSITY

Danbury, Connecticut 06810

August 8, 1991

TO: Dr. Philip J. Steinkrauss, Vice President  
Academic Affairs

FROM: Ruth M. Corbett, Chair *Ruth M. Corbett*  
Research and Development Committee

RE: Greater Danbury Business Incubator

I have reviewed the materials you sent me concerning the establishment of the "Greater Danbury Business Incubator". I will share this information with the members of the Research and Development Committee shortly after the start of the new academic year.

In my opinion, the Greater Danbury Business Incubator will provide a valuable community service, and at the same time will offer faculty the opportunity to engage in cooperative professional activities with entrepreneurial practitioners. This type of venture is a form of scholarly activity, according to the definition adopted by the University Senate this past year.

I believe also that the Greater Danbury Business Incubator, as presently conceived, will enhance instructional activities, provide students with "hands-on" experiences, and may attract external funding from business organizations, foundations, and public agencies, such as the Small Business Administration.

TO: PHIL  
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Greater Danbury Business Incubator  
 Project Plan

**What is a Business Incubator?**

A business incubator is an entity which helps new businesses through the first difficult years by providing them business space at below market rates, shared business services such as telephone answering and word processing, and business assistance in the form of training and mentoring. The primary goal of a business incubator is to reduce significantly the likelihood of failure by guiding small business entrepreneurs in the first critical years and reducing the economic pressures through inexpensive office space and shared business services.

**What is the purpose of the Greater Danbury Business Incubator (GDBI)?**

The purpose of the Greater Danbury Business Incubator is to provide an office facility, start-up resources, and counseling services for potential business owners of service businesses who have established, viable business plans. The goal of the incubator is to launch and temporarily assist the operations of small businesses so they can become long-term successful enterprises in the Greater Danbury area.

**How many Incubator clients will the GDBI handle?**

Initially, six clients will be accepted into the GDBI program. We have chosen to start small and build on success rather than starting large and face unsatisfactory results.

**Exactly what will the GDBI provide its incubator clients?**

The GDBI will provide

- Desk space
- Telephones
- Telephone answering
- Mail handling
- All utilities, maintenance and parking
- Access to FAX, word processing, and copiers
- Conference room usage
- Seminars and workshops on marketing and cash flow management
- Mentors and advisors in law, marketing, operations, and accounting
- Project assistance: marketing development, advertising

& promotion, accounting and bookkeeping, feasibility studies, surveys, other  
 Reference library and databases  
 Networking opportunities  
 Assisted Chamber of Commerce membership  
 National Association for the Self Employed membership

What will PES, the Ancell School and others be contributing to the GDBI?

PES

Item	Annual Value	Cost to GDBI
Rent including	\$14,400	\$7,200
- Phone answering		
- Mail handling		
- Maintenance		
- Utilities		
- Parking		
- Desk Space		
Access to		
WP		Depends on usage
Fax		Depends on usage
Copier		Depends on usage
NASE Membership	288	Free
Chamber Membership	1,200	1,200
Phone rental	4,680	2,340
Administration	<u>2,500</u>	<u>2,500</u>
Total Annual	\$23,068	\$13,240

Item	1X Cost	Cost to GDBI
Phone Installation	\$1,350	\$1,350
Workstation		
Installation	<u>1,400</u>	<u>1,400</u>
Total 1X	\$2,750	\$2,750

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Ancell School

Item	Annual Value	Cost to GDBI
Library Services		
- Reference Books	\$1,000	Free
- Business		
Databases	7,000	Free
- Periodicals	2,000	Free
- Administration	<u>2,500</u>	<u>2,500</u>
Total fixed	\$12,500	\$2,500

Variable Items	Value	Cost to GDBI
Project assistance	\$30 - 50/hr.	Free
- Market development		
- Advertising and Promotion		
- Accounting and Bookkeeping		
- Feasibility Studies		

- Demographic Studies
- Other
- Seminars \$200 - 300/hr. Negotiable
- Consulting \$100/hr. Negotiable

Office Pavilion

<u>Item</u>	<u>Value</u>	<u>Cost to GDBI</u>
Workstations	\$7,000	Free

Dice, Maloney, Lenz

<u>Item</u>	<u>Value</u>	<u>Cost to GDBI</u>
Legal Services	\$1,620	Free

Who will administer the GDBI?

An incubator Steering Committee (SC) is being formed. Members will include several bankers, representatives from Danbury Mayor's office, a Greater Danbury Chamber of Commerce officer, SCORE officer, Small Business Development representative, representatives from Plaza Executive Suites, a lawyer, and representatives from the Ansell School of Business. The specific responsibilities of the SC are being formulated, but in general the group will act as a board of directors. Some of the SC's initial functions will include:

- Establish admissions criteria of "incubatees,"
- Establish bylaws and regulations,
- Plan promotion and publicity efforts,
- Establish short and long-term financing plan,
- Set "tuition" rates for incubatees,
- Establish how revenues will be allocated to PES, WCSU, and others if necessary,

PES will also provide an administrator for the GDBI. This person will primarily be responsible for billings and collections.

From where will revenues come?

Initially, revenues will come from monthly "tuition" charged to the incubator clients and from PES Service Charges. After the incubator gets off the ground, we intend to pursue support grants from municipal, state, and federal agencies. The steering committee will be responsible for identifying grant sources and submitting requests.

What will be the recurring expenses of the Incubator?

- Monthly rental
- Telephone usage
- Certain secretarial support services and copying
- Periodic seminars or workshops
- Chamber memberships
- Administrative costs of University (if performed by foundation)



**How will cash flow from the incubatees through the incubator to various recipients?**

Cash flows for the GDBI will be as follows: A bill for support services and monthly 'tuition' will be sent to each individual client. Each client will send a check directly to the University who will deposit it in the GDBI account. That process represents the revenues. Each month, the University will receive one bill from PES which will represent the service charges for all clients (variable month-to-month) in the GDBI and the rental fee owed by the GDBI (fixed at 50% of commercial rate). The University will pay that invoice to PES from the GDBI account. All other vendors who deal with the GDBI (consultants, advertisers, etc.) will bill the GDBI. The University will be responsible for paying those bills from the GDBI account.

Since the University is the recipient of all revenues for the GDBI and is responsible for paying the bills of the incubator, all bookkeeping will be the responsibility of the University.

There will be an administrator for the GDBI. This person will be responsible for billing each individual client for support services (a PES invoice) and the monthly tuition charge (a GDBI invoice).

**How will PES, the Ancell School, and Workshop presenters be paid?**

All revenues from the GDBI will flow into the University (or Foundation). Statements for rent and services provided the GDBI will be sent monthly to the University for payment. All workshop presenters, whether they be faculty or others in the community, will bill the GDBI and will be treated as outside consultants. Revenues for their remuneration will come initially from tuition payments, and perhaps in the future from grants.

**Will workshop presenters and consultants to individual incubator clients bill the clients directly?**

All consultants who are associated with the GDBI advisory group (which includes all University personnel, all PES personnel, and several others from the business community) will bill the GDBI rather than individuals. The GDBI administrator will be responsible for billing the individual clients and assuring payment to the University, who in turn, will pay the consultant.

All other services sought by incubator clients will be done outside the auspices of the GDBI.

**Approximately how many transactions will the GDBI entity handle each month?**

The GDBI will have three sources for monthly expenses: PES (for support services and space rental), WCSU (for administrative costs associated with the GDBI), and other outside vendors which have provided services (training, consulting, law work, etc.). Only the first two will be recurring expenses each month. Other vendor bills will be periodic in nature.

**How will the rental agreement with the GDBI work?**

The GDBI will lease space at 100 Mill Plain Road, the home of the incubator. The agreement between the GDBI and the incubator clients will be a service agreement and not a lease agreement. This arrangement avoids difficulties associated with eviction and land lord tenant law.

**Will the University ever be in the position of having more bills than revenue?**

While we cannot guarantee that this will never occur, we are doing things to mitigate the likelihood of that event. Each GDBI client must post a services deposit--an amount of money equivalent to approximately two months of services placed in the GDBI account. If the client pays all bills associated with his/her stay in the GDBI, then this money will be returned to the client when they leave the incubator. If a client does not pay his or her monthly bill, they will be asked to leave the GDBI and the service deposit will be forfeited.

The University will never be required to pay out more than is received by the GDBI. PES and the University will agree to absorb rental and administration charges should expenses ever exceed revenues.

**What state facilities will be used?**

There are no plans to use State facilities on an ongoing basis. There may be occasions where the GDBI may want to sponsor a workshop or seminar and would request use of an auditorium on the Westside Campus. The GDBI realizes it may have to pay rental for such accommodations.

**Will faculty make presentations on University time or their own?**

All services provided to the GDBI by faculty will be done on their own time in accordance with the guidelines established by the Collective Bargaining Agreement. An exception would be class projects--project assignments for the GDBI done by students enrolled in business classes. Such assignments would be a part of the class just as an outside paper and would be

considered a normal part of faculty responsibilities.

**What liability will the University have if an client does not pay his/her bills?**

The University will have no liability for non-payment. Service agreement deposits and strict performance agreements will be used to mitigate the likelihood that expenses will ever exceed revenues. In the worst case, the University may not be able to collect all administrative expenses, but should never face an out-of-pocket loss.

**Suppose a student were injured while helping an incubator client. Is the University liable in any way? Responsible for medical coverage?**

A student who participates in a class project at GDBI or who is serving as an intern or co-op student is no different from students who participate in these activities with other companies. Whatever liability the University has in these cases will be the same at GDBI. Additionally, all incubator clients will be required to endorse an indemnification clause in their agreements which will indemnify PES, GDBI, and the University.

**Is the University at risk to law suits from disgruntled incubatees?**

Someone who wants to sue is going to do so based on their own perceptions of who is liable. There will be a clause in the client agreement which will state that the client waives all recourse against the University and that the University is not responsible for business decisions made by the incubator client. It is conceivable that the University would have to present itself in court to defend against suits by clients, but it is unlikely that they will be liable for any events associated with the GDBI. Furthermore, all clients will indemnify and not hold the University, PES, or the GDBI for any business transactions or decisions.

## STEERING COMMITTEE

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