



# **Strategic Plan for Small Business Development at the 11<sup>th</sup> Street Bridge Park**

Prepared for  
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11<sup>th</sup> Street Bridge Park Project

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## INTRODUCTION

The 11<sup>th</sup> Street Bridge Park’s Equitable Development Plan (EDP) is an unprecedented step to foster community-driven economic development east of the Anacostia River in Washington, DC in conjunction with the creation of this new public amenity. This report is specifically designed as an initial strategic implementation plan for the kiosk-based businesses that will operate on the Bridge Park, responding to Recommendation 1 of the EDP:<sup>1</sup>

*Recommendation #1:* Establish a kiosk-based food service on the Bridge Park featuring existing and new small businesses from the surrounding Bridge Park Impact Area. A kiosk-based food service model will allow multiple small businesses that are locally owned to operate on the Bridge Park and access a wider customer base than they would in their respective neighborhoods. This should include stalls near the café, as well as food carts and perhaps a food trucks. (Note: this will be addition to a stand-alone café on the park.)

This reports calls for the creation of a new entity, known herein as the Bridge Park Incubator that will be created to staff, train, coordinate, and connect local entrepreneurs to the opportunities and technical assistance needed to create successful self-sustaining businesses that are engines for economic growth and job creation in the Southeast community. Synthesizing the many conceptualizations provided in the literature, we define a food incubator as an organization that provides:

- 1) Small business technical assistance;
- 2) Subsidized rates for commercial kitchen usage; and
- 3) Access to retail opportunities and capital.

As there are many partnership decisions that must be made in the next calendar year, this report is intended to serve as a guide and critical thinking piece for Bridge Park leadership.

### *Rationale for a Food Incubator as a Vehicle for Economic Development*

Local community input in the Equitable Development planning process prioritized a culinary incubator. However, beyond local interest, culinary incubators have become a nationwide strategy to increase wealth and community ownership in historically low-income communities. The food incubator model provides the social, technical, and economic capital that historically eluded many African-American communities due to local and federal governments’ intentional divestment throughout the 20<sup>th</sup> century.

The proposed incubator model combines a structured curriculum of small business technical assistance with personalized mentoring and coaching to address the specific needs of each entrepreneur. While, on average, only 28% of culinary incubator participants across the country are low-income,<sup>2</sup> we believe this model can be adapted to support this community. The research team has examined a variety of food incubators that work in communities similar to Anacostia.

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<sup>1</sup> “11<sup>th</sup> Street Bridge Park – Equitable Development Plan.” 11th Street Bridge Park, 10 Nov. 2015. <<http://bridgepark.org/sites/default/files/EDP%20Final%20-%20UPDATED.pdf>>.

<sup>2</sup> “U.S. Kitchen Incubators: An Industry Snapshot” Econsult Solutions, Inc., 5 Aug. 2013. <[http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport\\_2013.pdf](http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport_2013.pdf)>.

They include the following: Commonwealth Kitchen (Boston, MA); Pacific Gateway Center (Honolulu, HI); Hot Bread Kitchen (New York, NY); The Cleveland Model (Cleveland, OH); La Cocina (San Francisco, CA); and Detroit Kitchen Connect (Detroit, MI). Analysis of their experiences, coupled with findings from the literature, uncovered several truths:

*The US food industry is growing*

- The U.S. Department of Labor Bureau of Labor Statistics forecasts food preparation to be one of the fastest growing occupational categories between 2014 and 2021.<sup>3</sup>

*The food industry is accessible to low-income workers*

- The food industry is low-barrier in nature, and does not require significant formal education beyond a high school credential to build a successful business.
- Due to the prevalence of restaurants in the Washington, DC area, many low-income individuals have significant culinary employment experience.

*Low-income entrepreneurs face funding challenges*

- Low-income entrepreneurs independently seeking loans face greater challenges than their higher socioeconomic peers in successfully receiving funding from traditional lenders.<sup>4</sup>
- If funded, low-income entrepreneurs often receive higher interest loans due to lower credit scores and limited ability to use business assets as collateral. They also have weaker support networks.<sup>5</sup>

The food incubator model addresses many of these challenges by creating a community of shared resources of technical advisors, commercial grade kitchen facilities, case managers, and access to retail opportunities and capital funding.

*Competitive Strategy*

As of January 2016, the 68.4 square miles of Washington, DC contain 2,144 eating and drinking establishments with a projected sales of \$3.6 billion in 2016 alone.<sup>6</sup> Still, DC residents demonstrate a growing desire for authentically and locally made products that use fresh and healthy ingredients. Much of the restaurant and bar growth has been concentrated in the Northwest and Northeast quadrants of the city, with only a few new establishments opening in Southeast. This demand has the ability to redirect foot traffic to traditionally low-income areas: Union Kitchen, a large culinary incubator located in the NoMA neighborhood, has been able to bring customers from all quadrants of the city. Competition may increase on the Bridge Park, as the café and farmer's market draw potential customers away from the entrepreneurs' kiosks. Still, the research team believes that the Bridge Park Incubator is arriving at an integral time in

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<sup>3</sup> "Employment Projections: Occupations with the Most Job Growth." United States Department of Labor, Bureau of Labor Statistics. 18 April 2016. <[http://www.bls.gov/emp/ep\\_table\\_104.htm](http://www.bls.gov/emp/ep_table_104.htm)>.

<sup>4</sup> Johnston, Katie. "Low-income Entrepreneurs Welcome Added Assistance." *The Boston Globe*. Boston Globe Media Partners, LLC., 12 Oct. 2015. <<https://www.bostonglobe.com/business/2015/10/11/resources-expand-for-low-income-entrepreneurs/HP3g9wMbTZUMVWXToKahO/story.html>>.

<sup>5</sup> Ibid.

<sup>6</sup> "District of Columbia: Restaurant Industry at a Glance." National Restaurant Association. 2016. <[http://www.restaurant.org/Downloads/PDFs/State-Statistics/2016/DC\\_Restaurants2016](http://www.restaurant.org/Downloads/PDFs/State-Statistics/2016/DC_Restaurants2016)>.

the economic development of the East of the River community to provide a new pipeline of grassroots, primarily low-income entrepreneurs whose products will appeal to the city as a whole.

### ***Methodology***

The research team has identified best practices through an environmental scan reviewing existing literature and a series of semi-structured interviews with existing small business incubators.

### ***Guiding Questions***

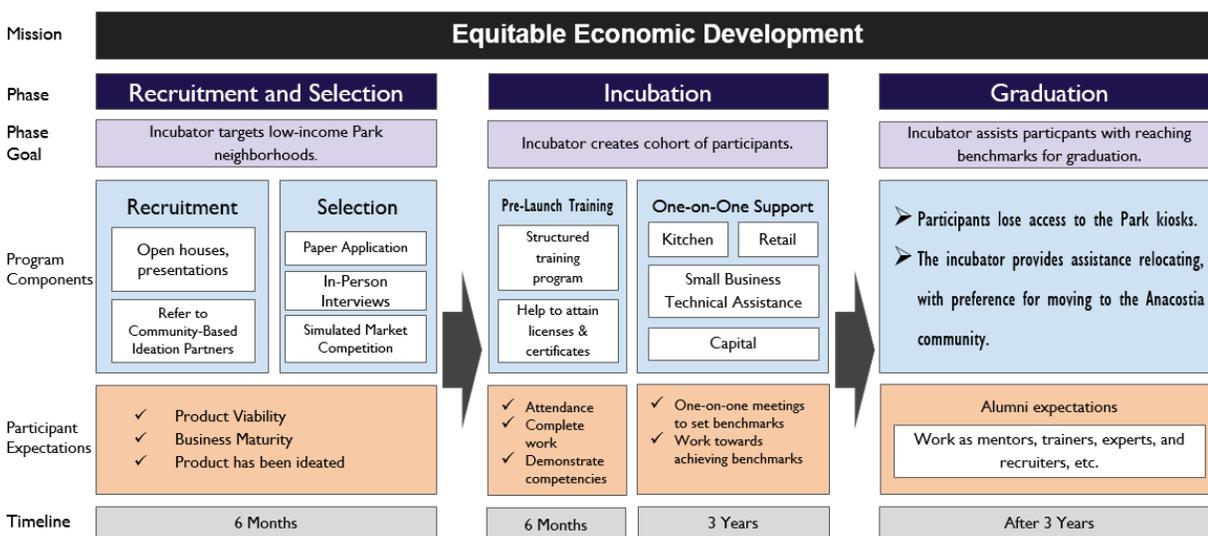
This research centered on four key categories of implementation: 1) spatial needs of the kiosk program; 2) program parameters (e.g., the application and onboarding process of kiosk participants and the manifestation of the social enterprise model); 3) organizational structure (e.g., staffing and budgetary needs and/or potential partnership models); and 4) governance structure (e.g., ensuring equitable representation and leadership of the kiosk program).

### ***Resources***

The literature ranges from academic journal analysis to newspaper articles to national industry reports to student-produced theses and dissertations. The research team also contacted multiple peer culinary incubators across the country and ultimately interviewed two national leaders: La Cocina (San Francisco, CA) and Detroit Kitchen Connect (Detroit, MI). Edited interview transcripts may be found in the Appendix. For additional context, the research team interviewed Urban Institute scholar Brett Theodos, Senior Research Associate at the Metropolitan Housing and Communities Policy Center at the Urban Institute.

## PROPOSED BRIDGE PARK INCUBATOR MODEL

The Bridge Park Incubator is, at its most distilled essence, an opportunity for food entrepreneurs to access business development resources and personalized coaching that will allow them to successfully scale their business and achieve greater economic stability.



Three phases of entrepreneurial activity characterize the Bridge Park Incubator: 1) recruitment and selection; 2) incubation; and 3) graduation.

A competitive selection process first tests applicants for the primary qualities and experiences needed to succeed in this intensive growth process. The incubation period itself, lasting between one to three years, provides the entrepreneurs with access to small business technical assistance, commercial kitchen rentals at subsidized rates, retail opportunities, and small business loans at competitive rates. Self-defined benchmarks and individualized goal setting characterize the graduation process. Woven throughout this report are a variety of recommendations for potential partnerships, spatial and facility needs, and programmatic standards that the Bridge Park Incubator may adopt in order to achieve their ultimate goals of supporting local entrepreneurial growth.

This culinary incubator seeks to cultivate community-led economic development in the one-mile walkshed east and west of the 11<sup>th</sup> Street Bridge Park, empowering both incubator participants and friends—those individuals who unsuccessfully applied to the incubator or those who exited the incubator after participating for some amount of time—to lead local ownership of growth. The main form of incubator investment and activity is access. To participants, the incubator will provide access to kitchen and retail spaces, as well as intensive training and one-on-one support. To friends, the incubator will provide access to its wide organizational network, connecting those who cannot continue with the incubator to alternate resources. Both incubator participants and friends will utilize these resources to realize self-defined personal and entrepreneurial goals. This process will transform both the individual and the surrounding community. Strengthened by a network of support, the individual will serve their community as a hub of job creation. Together,

these individuals will ensure local ownership of growth in the community surrounding the Bridge Park.

Table. Theory of Change

	Participants	Friends
Input	Access to retail and kitchen; Small business technical assistance	Referrals to organizational network
Output	Progress to self-defined personal and entrepreneurial goals	
Outcome	Individual	Strengthening of individuals as job creator
	Community	Local ownership of growth; community-led economic development

### **1. Selection Process**

A dynamic and targeted recruitment and application process will ensure that the Bridge Park Incubator achieves its goals of successfully uplifting local entrepreneurs into profitable business owners and spreading wider wealth creation and employment opportunities to the Southeast community.

#### ***Target Market***

As stated in the Equitable Development Plan, the intention of this food incubator is to support and nurture entrepreneurs who live in the one-mile walkshed of the Bridge Park. However, the literature recommends against creating strict hyper-local application requirements, as there may not be consistent demand or supply of entrepreneurs who are prepared to engage in the intensive incubation process. Rather, incubators such as the Cleveland Model, a place-based public-private partnership in the heart of downtown Cleveland, recommend the use of a graduated ranking system to determine applicant eligibility. If this model were to be adopted, top priority would be given to applicants living in the target Bridge Park area, then low-income applicants from across the District, and finally applicants across the District regardless of income.<sup>7</sup>

Beyond demographics, our interviews with food incubators such as La Cocina in San Francisco and Detroit Kitchen Connect, emphasized the importance of selecting small business owners who embodied the entrepreneurial spirit. While difficult to measure, the literature and interviews emphasized individual qualities such as charisma, dedication, and grit as important indicators of business owners' ability to succeed.<sup>8</sup>

#### ***Product Viability***

Another key requirement for entry into the Bridge Park Incubator is the quality and viability of the product that the entrepreneur plans to bring to a wider market. Every incubator the team studied required that applicants had already created a business plan; in many cases, the incubator expected entrepreneurs to sell beyond their friends and family.<sup>9</sup> Those incubators with selling requirements expected applicants to hold a business license and any other required licenses. However, as a business license may serve as a barrier to some of the lower-income applicant, the

<sup>7</sup> "Case Statement for Food Innovation District in Rainier Beach." American Community Trust, Inc., Mar. 2016. <[http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web\\_informational/p2429846.pdf](http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web_informational/p2429846.pdf)>.

<sup>8</sup> Gaskill, LuAnn Ricketts, Howard E Van Auken, and Ronald A Manning. "A Factor Analytic Study of the Perceived Causes of Small Business Failure." *Journal of Small Business Management*, 31. 4. (1993): 18-31.

<<http://search.proquest.com/docview/220986551/fulltextPDF/5A9D96C9799D4701PQ/1?accountid=14214>>.

<sup>9</sup> Grose, Anika. Detroit Kitchen Connect. Personal Interview. 3 June 2016.

team suggests that the Bridge Park Incubator refrain from requiring this step. The incubator should still give priority to those who have accomplished this and meet the other primary targeted requirements of the Equitable Development Plan.

Another consideration is the scalability of the food product, both in terms of the cost of ingredients and feasibility of producing a much higher quantity. The participation of small business experts familiar with comparable products in the selection process may help identify potential product red flags from the beginning.

The team recommends that the incubator only consider food-based enterprises able to sell products on the Bridge Park in this preliminary stage. Expanding the scope of eligible enterprises to include non-food enterprises, like jewelry and art, may be a possibility as the incubator scales.

### ***Business Maturity***

One of the largest challenges for any small business incubator, especially one focused on low-income entrepreneurs, is the level of risk they are taking on by investing in unknown businesses. While this is indeed the rationale for the Bridge Park Incubator in the first place, it does not negate this concern. In fact, throughout the production of this plan, local experts and peer organizations pushed back at the assumption that the incubator's entrepreneurs would truly be low-income, and the literature supported this concern. An industry study found that, nationally, only 28% of food incubator participants are low-income.<sup>10</sup>

One potential remedy for this challenge is to select a mix of established and start-up enterprises. Doing so will widen the socioeconomic reach of the incubator, encourage valuable knowledge-sharing among selected entrepreneurs, and reduce the incubator's own liability in these investments.<sup>11</sup> As the team recommends a cohort model of applicants, there is rich possibility for the more established business to assist the start-ups as they move through the product and business development process. The incubator may also consider what level of support staff will be able to provide in terms of product development and marketing, depending on the maturity of the business.

### ***Creation of Community-Based Ideation Partnerships***

A strategy employed by both La Cocina and Detroit Kitchen Connect is to partner with community-based organizations that offer basic business planning and financial coaching services. This is to target local residents who are interested in becoming entrepreneurs and potentially have a nascent idea, but need additional support in developing their business plan. Interviewees made clear that this level of support needed to be outside the scope of the incubator, so staff could focus on technical assistance and product development, rather than the initial ideation phase. Given that a probable high percentage of Southeast resident fall into this category, the team recommends that Bridge Park Incubator staff prioritize building partnerships with existing organizations who already offer these service to create a pipeline of local entrepreneurs. The team also believes that these organizations could serve as excellent referral

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<sup>10</sup> "U.S. Kitchen Incubators: An Industry Snapshot" Econsult Solutions, Inc., 5 Aug. 2013.

<[http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport\\_2013.pdf](http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport_2013.pdf)>.

<sup>11</sup> "Case Statement for Food Innovation District in Rainier Beach." American Community Trust, Inc., Mar. 2016.  
<[http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web\\_informational/p2429846.pdf](http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web_informational/p2429846.pdf)>.

partners if individuals apply to the incubator, but are not fully prepared to begin this intensive process. However, previous involvement with such an ideation partner would not be a requirement for applicant eligibility. Potential partners include the Anacostia Economic Development Corporation (AEDC) Business Center and The Hive 2.0, which offers a 7-week entrepreneurship course. For additional possible partners please refer to the Small Business Resources in the Appendix located at the end of this report.

### ***Application Process Proposal***

Based on the above considerations, the team has designed a proposal for the Bridge Park Incubator application process. The team believes a three-part application will holistically examine the needed qualities and experience required to build a successful small business in the District. The team envisions this process to occur annually at the start of the incubator, with the possibility of more applications as it scales over time. If the incubator chooses to pursue a rolling application that caters to individuals, rather than a formal cohort, the incubator should consider a more simplified process.

- 1) *Paper Application:* Entrepreneurs will first qualify for consideration by completing a paper application describing their business plans and goals. Incubator applications generally request that entrepreneurs provide proof of income and residency along with their business plans.<sup>12</sup> This application will also require such information, given its focus on empowering low-income residents within the one-mile walkshed of the Bridge Park. This application will also request that applicants discuss timing availability to allow for future ease of scheduling. Nationally, almost six-in-ten incubators require that entrepreneurs complete an application, but only one-third require interviewing entrepreneurs individually.<sup>13</sup>
- 2) *In-Person Interviews:* Next, the incubator will invite second-round applicants for one-on-one, in-person interviews. While the previous round focused on entrepreneurial skill, this round emphasizes the personal skills like tenacity and resourcefulness that can make or break the entrepreneurial venture. The literature roundly agrees that these intangible characteristics are vital to entrepreneurial success.<sup>14</sup> Discussing community service and volunteerism can also highlight those applicants most likely to generously share knowledge and space with peers and future incubator participants. Staff will calculate and summarize results of the first and second rounds in each applicant file as this process progresses. At any stage, the incubator will refer those who do not progress on to the next round to local partners that can further develop applicants' entrepreneurial success.
- 3) *Stimulated Market Competition:* Creating a monitored market in which applicants sell products to interested community members, small business experts, and Bridge Park

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<sup>12</sup> Allen, Annabelle, Junpei Guo, Jessica Tupper, and Zengyizhou (Josie) Xu. "Rainier Beach Food Innovation Center: Kitchen Incubator Business Model for City of Seattle Community Development Planning." Evans School of Public Policy, n.d. 2014. <[http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web\\_informational/p2165050.pdf](http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web_informational/p2165050.pdf)>.

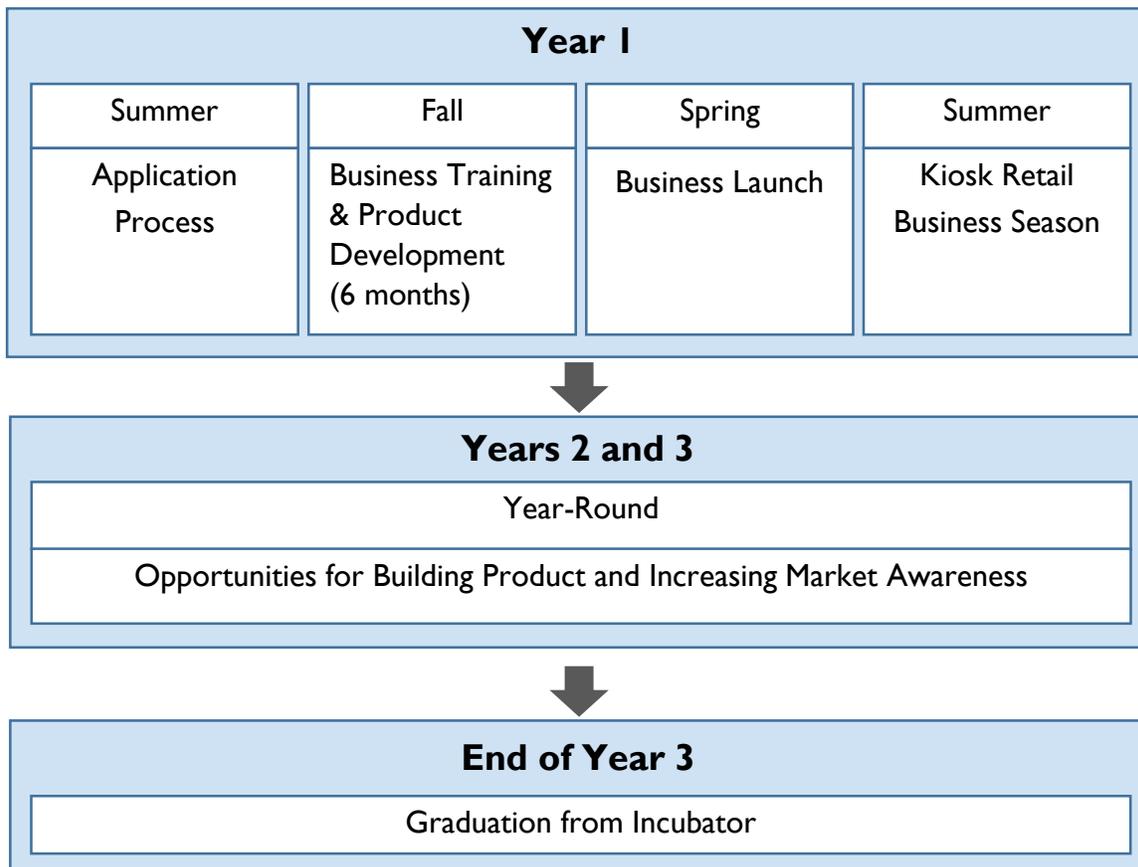
<sup>13</sup> "U.S. Kitchen Incubators: An Industry Snapshot" Econsult Solutions, Inc., 5 Aug. 2013. <[http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport\\_2013.pdf](http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport_2013.pdf)>.

<sup>14</sup> Gaskill, LuAnn Ricketts, Howard E Van Auken, and Ronald A Manning. "A Factor Analytic Study of the Perceived Causes of Small Business Failure." *Journal of Small Business Management*, 31. 4. (1993): 18-31. <<http://search.proquest.com/docview/220986551/fulltextPDF/5A9D96C9799D4701PQ/1?accountid=14214>>.

Incubator staff will allow the panel to test the products and judge entrepreneurs' salesmanship and charisma. This set-up allows all applicants at this stage to receive feedback from local experts and to increase buzz around their product. The incubator should continue communication with visiting experts and even invite them to serve as guest speakers or incubator mentors. Such network cultivate strengthens participants' ties to existing businesses and increases valuable social capital. After all third-round applicants have pitched their businesses, the experts will select and announce live which entrepreneurs will join the incubator, as the experts will have access to the ranked application files from the second round.

## **2. Incubation**

The incubator will offer entrepreneurs intensive support and access to production and retail facilities. A strong cohort model satisfies the incubator's need to conserve time and resources, while a combination of intensive, short-term training and extended one-on-one support will provide the skills and guidance incubator participants need to further develop their enterprises. A model for the entrepreneur's experience in the incubator is as follows:



### **Program Structure**

This section refers to organizational needs of the class, including creation of a cohort model and the necessary regulations and fees to support their progress.

### ***Cohort Model***

Limited incubator space and resources serve as the main constraints on the number of entrepreneurs each cohort may contain. Case study interviews emphasized a greater-than-anticipated need for space in culinary production facilities. Those incubators working with inflexible spaces, such as historic facilities, also cited space as a key constraint in retail activities. As inexperienced entrepreneurs will also require considerable investment of staff time and personal attention, the number of incubator staff serve as an additional constraint. Incubator staff resources will be very limited, especially at the start of operations. Limiting the number of entrepreneurs will allow staff to concentrate resources for maximum impact. Similarly, a small and focused group of entrepreneurs cultivates more intimate co-learning opportunities among incubator participants.

Conversely, a need to protect against attrition and a desire to maximize diverse entrepreneur experiences may both encourage a larger cohort. Each peer incubator studied reported at least some level of attrition as the program progressed. La Cocina stated that they expect an attrition rate of 70% at two transitions in the process—moving from selection to incubation and moving again from graduation to owning a successful business. Building into the program design an assumption that not every entrepreneur will progress to the final graduation stage, and allowing slightly more than necessary to enter, ensures a sufficiently large cohort class exiting the incubator. The business maturity of the selected enterprises will also inform the incubator's rate of attrition. Maximizing such a range of businesses opens a wider door for collaborative learning between entrepreneurs. Still, even a small cohort may still exhibit a diversity of business maturity levels.

We recommend limiting the first cohort to six to eight businesses in order to balance these constraints and factors. However, given that the incubator may weather a higher rate of attrition as the program formalizes its procedures, an initial cohort of up to ten may be selected—dependent on incubator staff capacity. Ultimately, the level and quality of applications received in the first year will determine the exact number of participants in that first cohort. La Cocina faced this challenge, initially finding it quite challenging to find any participants. La Cocina responded by attracting participants through a rolling application process, transitioning to a cohort once the program had gained enough traction.<sup>15</sup> Regardless of the path the incubator chooses to follow, staff must on-board enough entrepreneurs to ensure that at least four to six businesses are prepared to launch on the Bridge Park in its initial season.

Research and interview case studies establish that, on average, mature incubators support roughly 30 entrepreneurs at any given time.<sup>16</sup> Nationally, two-thirds of peer organizations host less than 25 entrepreneurs, while slightly more than a quarter host 25 to 50.<sup>17</sup> Therefore it is our

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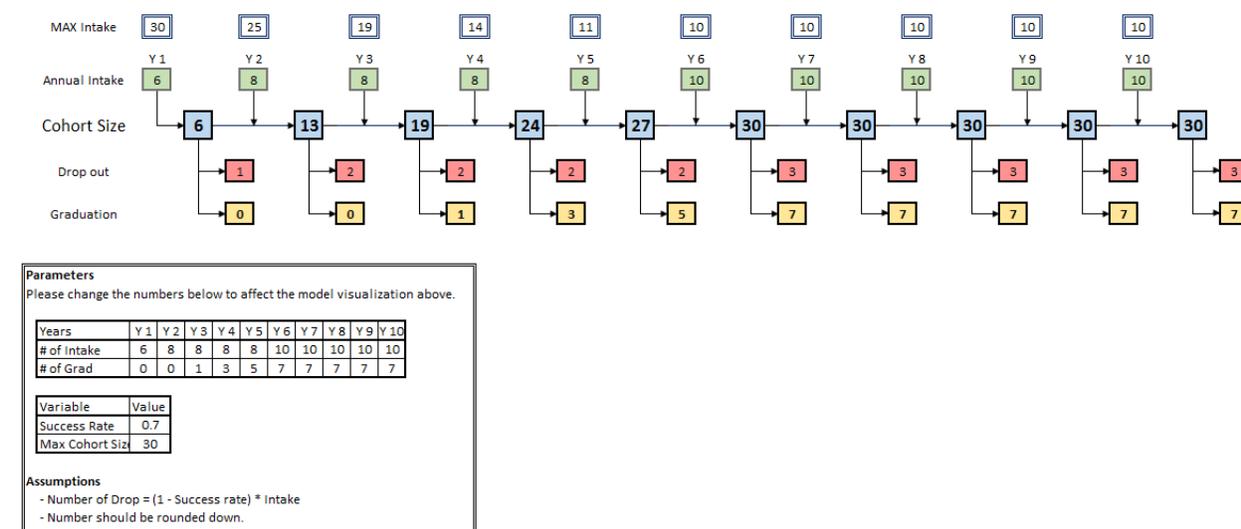
<sup>15</sup> Landa, Leticia and Caleb Zigas. La Cocina. Personal Interview. 6 June 2016.

<sup>16</sup> "A Review of Selected Incubator Kitchens & Training Restaurants." Pratt Center for Community Development, Fall 2011. <[http://prattcenter.net/sites/default/files/serving\\_up\\_innovation.pdf](http://prattcenter.net/sites/default/files/serving_up_innovation.pdf)>; Hall, Emma. "Measuring the Economic Impact of a Nonprofit Small Business Kitchen Incubator: A Case Study of Nuestra Culinary Ventures." University of Pennsylvania, 19 Dec. 2007. <[http://repository.upenn.edu/cgi/viewcontent.cgi?article=1009&context=senior\\_seminar](http://repository.upenn.edu/cgi/viewcontent.cgi?article=1009&context=senior_seminar)>.

<sup>17</sup> "U.S. Kitchen Incubators: An Industry Snapshot" Econsult Solutions, Inc., 5 Aug. 2013. <[http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport\\_2013.pdf](http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport_2013.pdf)>.

expectation that, as subsequent cohorts join the program, the incubator will host about 30 enterprises at full maturity.

Incubator Scaling Model



### ***Program Regulations and Fees***

Detroit Kitchen Connect requires its entrepreneurs to utilize the incubator's shared kitchen at least 10 hours per month, a baseline that will include even "heavy hobbyists" who don't depend on the enterprise for steady income.<sup>18</sup> As access to an industrial kitchen is the most basic form of support a culinary incubator may provide, requiring that participants utilize this resource will ensure that those remaining in the program are seriously pursuing entrepreneurial success.

Literature and interviews establish that use rates paid by entrepreneurs utilizing incubator space are a significant source of revenue, helping to offset costs of operation.<sup>19</sup> In 2013, the national average hourly use fee for kitchen space was \$20.82.<sup>20</sup> About half (52%) of incubators charged hourly fees of \$10-19,<sup>21</sup> like Detroit Kitchen Connect, which currently charges fees ranging from \$10-18 per hour.<sup>22</sup> About one-third (36%) of incubators charged hourly rates of \$20-29, while 12% charged \$30-39.<sup>23</sup> About two-thirds of peer incubators nationally charge such fees monthly.<sup>24</sup>

Requiring that entrepreneurs spend a certain amount of time in incubator facilities, and charging for such use by the hour, ensures a base amount of cash flowing each month to the incubator. The larger the cohort, the greater this revenue stream may become. As the incubator exists to aid low-income entrepreneurs, however, balancing this need to maximize revenue with the financial

<sup>18</sup> Grose, Anika. Detroit Kitchen Connect. Personal Interview. 3 June 2016.

<sup>19</sup> "A Review of Selected Incubator Kitchens & Training Restaurants." Pratt Center for Community Development, Fall 2011. <[http://prattcenter.net/sites/default/files/serving\\_up\\_innovation.pdf](http://prattcenter.net/sites/default/files/serving_up_innovation.pdf)>.

<sup>20</sup> "U.S. Kitchen Incubators: An Industry Snapshot" Econsult Solutions, Inc., 5 Aug. 2013.

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<sup>21</sup> Ibid.

<sup>22</sup> Grose, Anika. Detroit Kitchen Connect. Personal Interview. 3 June 2016.

<sup>23</sup> "U.S. Kitchen Incubators: An Industry Snapshot" Econsult Solutions, Inc., 5 Aug. 2013.

<[http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport\\_2013.pdf](http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport_2013.pdf)>.

<sup>24</sup> Ibid.

limitations of the entrepreneurs becomes a vital consideration. The literature and interviews confirmed that, at most, incubators may hope to conserve net deficits. Diversifying the fee structure may strengthen cash flow without unnecessarily burdening incubator participants.

- Six-in-ten incubators varied these rates by hours of use.<sup>25</sup> As each entrepreneur will be expected to utilize the kitchen for at least 10 hours, the incubator may also charge a higher hourly use fee for the kitchen covering usage above and beyond this 10-hour mark. Kitchen fees may also vary depending on the storage or equipment needed. For example, the nearby Union Kitchen (Washington, DC) offers five membership options charged monthly.<sup>26</sup> The lowest monthly rate is \$95, offering entrepreneurs access to “business services” and access to “all revenue-driving services” but not access to any kitchen space. Charging participants \$1,000 more per month at the second-lowest monthly rate (\$1,095) grants entrepreneurs access to the kitchen on nights and weekends, as well as two storage shelves, in addition to the baseline services offered. The most expensive monthly rate (\$4,000) offers entrepreneurs their own space within the kitchen, available 24/7, as well as maximum storage, in addition to baseline business and revenue services.
- Advertising incubator space to non-participants and the wider community can bring in much-needed additional revenue. Creating a distinct pricing structure differentiating between these two types of users—entrepreneurs and general community members—allows the incubator to gain additional revenue from those most able to pay. The more accessibly located the commissary kitchen, the more viable marketing its use to the general public will be. If the incubator partners with an organization to operate a commissary kitchen, the definition and separation of ownership rights will inform to what extent revenue-sharing may occur.
- Punitive fees also allow the incubator to discourage undesired behavior. Clean-up fees may rise in cost each time they are incurred; being charged a clean-up fee for the fourth-time may result in immediate disqualification from the incubator program or provided kitchen space. The same punitive fee structure may be applied to non-participant users.

The fee structure is explored in detail below. For additional information, please refer to Appendix – Detailed Budget Analysis.

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<sup>25</sup> "U.S. Kitchen Incubators: An Industry Snapshot" Econsult Solutions, Inc., 5 Aug. 2013.

<[http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport\\_2013.pdf](http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport_2013.pdf)>.

<sup>26</sup> “Union Kitchen Membership Options.” Union Kitchen DC, 2016. <<http://unionkitchendc.com/wp-content/uploads/Union-Kitchen-Membership-Options.pdf>>.

Table. Proposed Incubator Use Fees

Initial fees	
Application fee	\$20
Deposit	\$200
Use fees	
Kitchen use fee (hourly) (first 10 hours/month)	\$20
Kitchen use fee (hourly) (11+ hours/month)	\$22
Kitchen use fee (hourly) (non-participants)	\$30
Bridge Park retail use fee (hourly)	\$10
Punitive fees	
First-time clean-up fee	\$50
Second-time clean-up fee	\$75
Third-time clean-up fee	\$100

Upon selection, each entrepreneur should sign a membership contract enumerating all rules, fees, and opportunities established by the incubator. The contract should also identify what would happen should the entrepreneur not conform to the behavior described on the contract—their dismissal from the program. Their signature will represent their agreement to abide by these terms and conditions, helping the incubator limit its own liability in case of any conflict.

### Support

The literature establishes that incubators serve to “buffer” entrepreneurs from external threats and “bridge” entrepreneurs to social and financial capital.<sup>27</sup> Incubator programming offering skill development in managerial and financial activities trains entrepreneurs to act as their own buffering and bridging agent following their eventual graduation from the program.<sup>28</sup>

### *Pre-Launch Training*

The majority of incubators across the country (71%) offer compulsory training before allowing participants to use the incubator space independently.<sup>29</sup> As this incubator exists to accelerate the entrepreneurial goals of low-income individuals who may not have formal education in business creation and development, the incubator should require that participants complete at least some training before moving into independent use of the incubator. For each cohort, La Cocina offers weekly 2-3 hour trainings for a period of six months. The research team recommends adopting this model, as it satisfies key constraints and drivers shaping the design of a structured training program.

- Internal staff resources and entrepreneurs’ existing responsibilities constrain the amount of pre-launch training the incubator may offer. Limiting the training to a six-month

<sup>27</sup> Amezcua, Alejandro S., Matthew G. Grimes, Steven W. Bradley, and Johan Wiklund. “Organizational Sponsorship and Founding Environments: A Contingency View on the Survival of Business-Incubated Firms, 1994–2007.” *Academy of Management Journal*, 56. 6. (2013): 1628-1654.

<sup>28</sup> Gaskill, LuAnn Ricketts, Howard E Van Auken, and Ronald A Manning. "A Factor Analytic Study of the Perceived Causes of Small Business Failure." *Journal of Small Business Management*, 31. 4. (1993): 18-31.

<<http://search.proquest.com/docview/220986551/fulltextPDF/5A9D96C9799D4701PQ/1?accountid=14214>>.

<sup>29</sup> "U.S. Kitchen Incubators: An Industry Snapshot" Econsult Solutions, Inc., 5 Aug. 2013.

<[http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport\\_2013.pdf](http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport_2013.pdf)>.

window offered once per cohort, as does La Cocina, would allow incubator staff to most effectively focus resources.<sup>30</sup>

- The cohort's entrepreneurs will likely have personal time commitments, including other jobs that prevent working full-time with the incubator at the start of their involvement. Limiting instructional time to 2-3 hours per week and assigning a large amount of homework for entrepreneurs to complete before attending the next session allows entrepreneurs to work at their own pace. Requiring few in-person hours will allow individuals with existing responsibilities to customize their involvement around their own schedule.
- The level of skill development needed may vary by entrepreneur and cohort, but the incubator can assume that all entrepreneurs require managerial and financial training. Core competencies may include marketing, sales and customer service, pitching and investor relations, accounting, inventory control, and fraud prevention.<sup>31</sup> Incubator staff won't hold the expertise necessary to design and implement all aspects of these trainings. Instead, industry experts should develop this curriculum, tailoring the content and depth to the unique business needs of the cohort.
- Closely related to skill development, the products entrepreneurs produce must also be a key focus of incubator training. Just as inexperienced entrepreneurs will require more resources, maturity of the enterprises will also determine the level of intensity of the training. This training should allow entrepreneurs to finalize recipes and develop systems that will allow them to scale production, like creating a training manual for future staff or adding preservatives to increase products' shelf life.

While industry experts may organize these lessons as best fit the curriculum, the first point of instruction must allow entrepreneurs to attain the necessary licenses and certificates to safely handle food.

- Establishing liability at the start of an entrepreneur's involvement with the incubator is paramount. If any legal action is taken against the entrepreneur or enterprise during an individual's incubator participation, the incubator must ensure that the entrepreneur—not the incubator—is liable. Detroit Kitchen Connect requires that participants individually purchase a \$1 million general liability policy to cover their use of co-insured culinary facilities, which can range from \$300 to \$500 per person.<sup>32</sup> The vast majority of incubators (92%) across the country require participants to be covered by such insurance.<sup>33</sup> The research team recommends a similar practice.
- Certifying safe food-handling practices is also important to address before allowing participants to freely access kitchen space, though some more general licenses may be

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<sup>30</sup> Landa, Leticia and Caleb Zigas. La Cocina. Personal interview. 6 June 2016.

<sup>31</sup> Literature analysis confirms these are the major themes needed.

<sup>32</sup> Grose, Anika. Detroit Kitchen Connect. Personal Interview. 3 June 2016.

<sup>33</sup> "U.S. Kitchen Incubators: An Industry Snapshot" Econsult Solutions, Inc., 5 Aug. 2013.

<[http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport\\_2013.pdf](http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport_2013.pdf)>.

worked toward during participants' time in the incubator. Almost all (90%) incubators across the country require participants to pass state or local food-handling certifications.<sup>34</sup> The most common certification is the National Restaurant Association's ServSafe certification, required by 49% of national incubators.<sup>35</sup> This certificate requires a fee of \$195 per person and a one-day training course,<sup>36</sup> which could easily be given to the cohort as a whole. A general business license, if not already held, should also be worked toward during the pre-launch training.

Hosting a public event marking the entrepreneurs' completion of this preliminary training and entrance into the incubator's production and retail spaces would increase public awareness of the incubator and strengthen participant enthusiasm. Such an event should showcase the enterprises, promoting their products to a wider audience. In order to promote the incubator's reputation, the event should be scheduled when all showcased businesses are able to offer a polished and well-tested product. The incubator's marketing budget will support this event, as it will generate enthusiasm both for the new businesses and the incubator program itself. In the first year of the incubator, this launch will most likely coincide with the Bridge Park launch, but may change depending on timing variabilities. After launching, the incubator will expect entrepreneurs to work full-time on their ventures.

### ***One-on-One Support***

Representing a variety of business maturity levels, products, and personal experiences, each entrepreneur will have unique needs and goals. These self-defined benchmarks determine what entrepreneurs will work toward within the incubator. Interviewed peer incubators emphasized that the level to which staff can customize support to individual entrepreneurs' needs is a predictor of incubator success. One successful model of individual support is for incubator staff to meet one-on-one monthly with entrepreneurs in the early stage of incubation, and then meeting only quarterly once those businesses are more established. This meeting structure allows staff to meet participants at their skill level and hold each entrepreneur personally accountable for their progress.

If incubator staff resources prevent such frequent meetings, the incubator may explore meeting at a similar frequency in a small group setting, potentially linking businesses up as accountability partners as they journey thorough the steps to become a successful self-sustaining business. Regardless of the format, at each meeting, incubator staff should assess how well entrepreneurs have progressed along self-defined benchmarks of success. Care should be taken at an organizational level to ensure that incubator staff provide similar levels of support to all incubator participants, and not simply helping those entrepreneurs who most quickly advance or demand a higher-than-average level of in-person staff support.

### ***Access to Small Business Technical Assistance***

In addition to the pre-launch training facilitated by the Bridge Park Incubator staff, we recommend that there is a priority in providing access to professional advisors in a variety of small business areas. The literature discusses the importance of leveraging the resources of

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<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> Grose, Anika. Detroit Kitchen Connect. Personal Interview. 3 June 2016.

services that include, but are not limited to bookkeepers, pro bono attorneys, and graphic designers who will assist the entrepreneurs in refining their product and business practices. In the case of La Cocina, these services were offered for free or at a reduced rate to the incubator participants, and graduates often came back to use the full rate services of these same advisors.

### ***Access to Capital***

Another key element to support the scaling and development of the small business is to ensure that they have access to capital: loans, grants, and other forms of seed funding so they can make strategic investments to increase the efficiency, quality, and reach of their products.<sup>37</sup> While this step is important for all small business, it is of particular interest to low-income entrepreneurs of color, who often face discrimination in the traditional lending process. Therefore, the Bridge Park Incubator staff must prioritize early on the development of partnerships with financial lenders who would be open to providing small business loans to the participants of the incubator. Potential partners for this include the Washington Area Community Investment Fund (WACIF), Latino Economic Development Center (LEDC), and City First Bank. For additional potential partners and information on the services they offer, please refer to the Small Business Resource Appendix provided at the end of this report.

### **Space**

One of the hallmark components of any incubator be it food, general small business, or technology, is the access to *makerspaces* that would be unavailable to any entrepreneur working individually. These makerspaces vary across industry and size and scale of each distinct incubator. In the food incubator context, there is at minimum access to training facilities, commercial-grade kitchen facility, and connections to retail opportunities.

As we envision both the kiosks and the kitchen spaces to be shared by a variety of businesses, a key recommendation is for the adoption of an online reservation system that can be used to manage access to the kitchen, retail facilities, and any other shared spaces (such as conference rooms), that will be offered by the incubator. This type of system is used throughout the country at both La Cocina in San Francisco and Hot Bread Kitchen in New York City. Additional research is needed to identify that exact system that will meet the needs of this incubator, as both of their systems are custom made.

### ***Kitchen Access***

At the heart of the food incubator model is the shared kitchen space that is open for hourly rentals at a subsidized rate by incubator participants and at a higher rate by private business who provide an influx of capital to ensure operational sustainability. If the Bridge Park Incubator kitchen is operated by a third party, it will be of utmost importance to identify other forms of revenue generation to cover costs associated with kitchen operations.

Factors to consider include:

- 1) *Scheduling considerations*: Every kitchen incubator has to contend on how to maximize limited kitchen space among a variety of businesses. The most common system used by

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<sup>37</sup> "U.S. Kitchen Incubators: An Industry Snapshot" Econsult Solutions, Inc., 5 Aug. 2013. <[http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport\\_2013.pdf](http://www.econsultsolutions.com/wp-content/uploads/2013/08/ESI-SharedKitchenReport_2013.pdf)>.

incubators such as La Cocina and Hot Bread Kitchen in New York City, is an online reservation system that can be used to book kitchen space (as well as retail space) among incubator participants. This takes away the need for incubator staff to create and maintain schedules, and enhances entrepreneur's flexibility. Additionally these two programs provide 24/7 key card access to their kitchen which allows the space to expand in its operational hours and allow different kinds of businesses to use the kitchen at distinct times. As an example at La Cocina, bakers populate the early morning hours of 3:00-6:00am, food trucks were active between 8:00-11:00am, and one-off companies that needed more space like artisanal chocolate producers came in during the afternoons.<sup>38</sup>

- 2) *Usage Expectations:* As noted above, a minimum of 10 hours of monthly kitchen time per incubator participant is expected, however it is also important to note how many heavy users you will have in each co-hort. This can also be a driver for how many businesses are let in at any one time, but a more mature reservation system may be able to work around that need by identifying lower-use times for more flexible businesses.
- 3) *Commissary vs. Incubator Participants:* Full-rate kitchen users are an almost non-negotiable component of every kitchen incubator because they provided a much needed influx of unrestricted funds to maintain the subsidized incubator operations (such as utility bills) that may not be covered by grant funding. While demand for the facility will determine the level of flexibility incubator staff have on accepting these business, one scheduling consideration used by La Cocina is to select businesses who naturally seek to use the kitchen when incubator participants do not. Depending on the operational feasibility and funding structure of the ultimate kitchen incubator, it may be advised to allow the first cohort to experience the kitchen before full rate users are invited to apply.
- 4) *Kitchen Size and Preparation Stations:* In a comprehensive study of incubators nationwide, it was reported that the average incubator runs in size between 2000 and 4000 square feet and has on average three to four distinct kitchen stations that are shared between all kitchen users.<sup>39</sup> While some kitchens delineate the prep areas for specific types of production such as a bakery station, frying station, etc. given the high occupancy of these kitchens, a best practice appears to be to offer general reservable preparation stations where users can access the specific equipment they need, both in regards to communal or private equipment. We recommend the adoption of general stations for the Bridge Park Incubator to allow for maximum flexibility.
- 5) *Kitchen Equipment & Security Systems:* In the table below we compiled common kitchen equipment and facilities provided by food incubators nationwide. We do not necessarily recommend for the Bridge Park Incubator to purchase all of the kitchen equipment upfront because it is very cost intensive and there is no need for equipment without demand from entrepreneurs, however we wanted to include the common components of commercial kitchens. Of particular note is the importance of a security system and the

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<sup>38</sup> Landa, Leticia and Caleb Zigas. La Cocina. Personal interview. 6 June 2016.

<sup>39</sup> Allen, Annabelle, Junpei Guo, Jessica Tupper, and Zengyizhou (Josie) Xu. "Rainier Beach Food Innovation Center: Kitchen Incubator Business Model for City of Seattle Community Development Planning." Evans School of Public Policy, n.d. 2014. <[http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web\\_informational/p2165050.pdf](http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web_informational/p2165050.pdf)>.

ability to safely store personal belongings. There are many ways that this can be done, and we have included La Cocina model as a best practice, because it effectively works for their high volume kitchen of low-income entrepreneurs.

<b>Item</b>	<b>Description</b>
Preparation Stations	Stainless steel worktables and sinks, Stainless steel shelves, pan racks, sheet pans, mobile stainless steel worktables, food processor, dishwasher
Commercial Kitchen Equipment	Tilting skillet, steamer, convection ovens, broiler, 6-burner range, fryer, and mixer
Security System	Cameras located in the main kitchen and in the walk-in refrigerator and freezers.
Personal Storage	Lockers or large cages that allow incubator participants to have storage for personal equipment and belongings when they are not onsite
Key Card Access	Allows incubator participants to access the kitchen according to their own schedules and allows the system to track who is using the kitchen for liability purposes

The incubator may also expand entrepreneurs' access to production spaces by creating affiliate kitchen partnerships with churches, community centers, and schools that already have industrial kitchens that produce food for the public and have the required permits to do so.<sup>40</sup> Given the large number of such spaces in the walkshed of the Bridge Park, this is a proven strategy for growth, but cannot replace the main incubator kitchen facility.

Based on the above considerations, we believe that the Incubator Kitchen should be between 2,000 and 4,000 square feet and have a minimum of three preparation stations that incubator participants have close to 24/7 access to this space, even if it is a shared use kitchen with other programs. Our research suggests that all entrepreneurs will need to use the kitchen for a minimum of 10 hours a month, and so setting up the expectation for around the clock access, even if not needed at first, will be important of ensuring that there is sufficient space as the incubator scales in size.

### ***Retail Access***

The incubator must also connect entrepreneurs to retail opportunities to build brand awareness and to earn the revenue that is required for them to be able to successfully scale their businesses and graduate from the incubator. After much consideration, we believe that the 11<sup>th</sup> Street Bridge Park should serve as a central opportunity for the incubator participant, but due to weather limitations and the expectation that as a destination location that there will not be consistently high enough foot traffic to justify full-time operations of the kiosk businesses. In this section we discuss consideration for designing and operating the kiosks as well as ideas about potential other retail partner opportunities for incubator participants.

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<sup>40</sup> Grose, Anika. Detroit Kitchen Connect. Personal Interview. 3 June 2016.

It is important to create a retail environment that sets up incubator participants to succeed, while creating an engaging public space for park attendees. The design of the retail kiosks and the retail space of the park should reflect both of these priorities. First, the mix of businesses using the kiosks should be considered as their unique needs may differ. All kiosk-using businesses, whether food or non-food, likely require electricity and wireless internet access for credit card transaction processing. Food-based businesses may need water and waste-water access, and larger trash cans with regular collection service. All vendors may require storage, either at the kiosk or in a “staff only” area of the park. Food vendors may require refrigeration of food in these storage spaces. These considerations may be used in designing of the café kitchen space and the retail space.

While the suggested model recommends food businesses in the kiosks for the first year, the Bridge Park may consider designs for non-food businesses to accommodate for expansion of business types beyond the first year. Maximum flexibility with park retail management may allow for the greatest success of the retail operations.

Because of the uniqueness of this project, park attendance traffic patterns are difficult to predict currently. They may be seasonal. They may vary week-to-week. They may vary within the week. Because kiosk design must take place before traffic patterns can be discovered once the park opens, Bridge Park leadership may wish to make kiosks mobile. This allows empty kiosks to be removed from the park and stored away from the public during times of low attendance, such as during long winter closures or low attendance weeks. By removing unused kiosks, the overall retail environment avoids any the public developing perceptions that the retail space is unsuccessful or underutilized. Consideration should also be given to how and where kiosks are stored in private spaces. They may need to be collapsible or module enough to be easily transportable and storable. Kiosk mobility allows the most flexibility for Bridge Park leadership to change space configurations for special events, such as holiday shopping bazars, pop-up shops, or trunk shows.

Kiosks design should account for changing businesses on a daily basis. This proposed model allows for incubator businesses to schedule their selling time in the retail space. Each business should be able to change out signage for their business. Some businesses may wish to display products in front of the register, while others want all products displayed behind the register. Display spaces should be changeable to account for the different types of products being sold. For example, shelf heights should be flexible. By allowing for different configurations of each kiosk, leadership allows for a greater range of business types to sell on the Bridge Park. Moreover, kiosks can be easily reused each season. The Bridge Park will not need to buy additional modules or parts due to changes in the mix of incubator businesses. By making these kiosks mobile and flexible to account for different business types, the Bridge Park can support the needs of kiosk businesses while creating an engaging environment for park attendees.

Given the expectation that many businesses will use these kiosks, we encourage the usage of the online reservation system to be used to manage the operations of the kiosk in any particular day. We believe participants in their first year of the incubator should be given priority access in reserving the kiosks as they will need the most supported retail opportunities, and then to open it

up to those in their second and third year who will ideally have developed additional retail relationships.

The Bridge Park may also schedule entrepreneurial and tourist programming around these kiosks. Some programming may be tailored to the needs of incubator participants and advertised internally, such as hours when business school students and local mentors are present in the Bridge Park retail space. Other programming may be designed to attract tourists, like holiday hours.

### *Diverse Retail Opportunities*

While we view the Bridge Park as a central opportunity for incubator participants, seasonal limitations and varying foot traffic expectations, necessitate the development of additional partnerships for the entrepreneurs to showcase and sell their products. Providing a variety of retail opportunities with different target audiences also works to expand the brand awareness of their products.<sup>41</sup>

Potential retail partners include:

- 1) *Eastern Market* – The indoor section of Eastern Market can provide year-round opportunities for entrepreneurs to sell their products. As it is located within the 1 mile walkshed west of the Bridge Park, it should be a priority for partnership. As the oldest operating market in the DC area, entrepreneurs could truly benefit from its loyal clientele and storied reputation.
- 2) *Union Kitchen* – A full service food incubator located in NE DC, Union Kitchen can provide access to an indoor marketplace with rentable stalls, distribution services, and the opportunity to provide products for their catering events. There are a variety of membership levels and pricing available for entrepreneurs and could meet the needs of a variety of Bridge Park incubator members.
- 3) *City-Wide Farmers Markets* – Although farmers markets have the same seasonality concerns present on the Bridge Park, a variety of more centrally located markets operate during lunchtime hours and thus may offer higher foot traffic. Entrepreneurs operating in this central markets could additionally serve as marketing for the Bridge Park itself, enticing that audience to experience the Park and its varied offerings.

### **3. Graduation**

Graduation is a culmination of investment in the incubator. Just as the entrepreneur's progression through the incubator is personally determined, so too will be the entrepreneur's graduation from the incubator—to a point. One-on-one support allows the entrepreneur to define a benchmark capturing their ability to function independently, without the support of the incubator's facilities and resources. The literature suggests that a good indicator is when business revenue is above \$250,000 annually.<sup>42</sup> Regular meetings allow staff to determine both how efficiently

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<sup>41</sup> Grose, Anika. Detroit Kitchen Connect. Personal Interview. 3 June 2016.

<sup>42</sup> "A Review of Selected Incubator Kitchens & Training Restaurants." Pratt Center for Community Development, Fall 2011. <[http://prattcenter.net/sites/default/files/serving\\_up\\_innovation.pdf](http://prattcenter.net/sites/default/files/serving_up_innovation.pdf)>.

entrepreneurs are progressing to this point and whether the provided space and support meets the entrepreneurs' needs. Once staff and entrepreneur both agree that he or she has reached that benchmark of self-defined success that enterprise will exit from the incubator. While the time to graduation may vary, the incubator should communicate an expectation that entrepreneurs exit after three years.

We recommend that in order to preserve the Bridge Park kiosks as a primary opportunity for incubator participants, once graduated, entrepreneurs will no longer have access to selling their products at the kiosks except on special occasion events. In this realm we see a connection the Equitable Development Plan Small Business Strategy #1 ("Support and nurture a thriving network of small businesses that operate on the Bridge Park following construction") connects to Strategy #2 ("Leverage the 11<sup>th</sup> Street Bridge Park to build and sustain small businesses in the surrounding community"). While each business will determine their next steps in alignment with their business plan, we suggest that incubator staff prioritize assisting those who wish to locate their business in the Anacostia community either in their own independent retail storefront or perhaps a market that showcases a variety of businesses' products. While the exact plan will be developed overtime, strategically planning to onboard graduates into the surrounding Southeast neighborhoods clearly marries the distinct EDP goals.

Across the board, food incubators acknowledge that successful graduates are one of their key ambassadors to getting financial and community support for the continued operations of the incubator.<sup>43</sup> And therefore we suggest developing an expectation early-on that all future alumni will give back to the incubator in the methods that best fit that business. Opportunities to be involved include: serving as mentors, trainers, subject matter experts, recruiters and selection committee members, board members, and guest speaker at fundraising events. At La Cocina, some of the graduates simply became full-rate members of the kitchen incubator, which we consider to be a best practice. Nevertheless, regardless of how graduated businesses chose to be involved, it is without a doubt in line with the values of this communal space, that successful graduates will indeed remain connected to the Bridge Park.

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<sup>43</sup> Hall, Emma. "Measuring the Economic Impact of a Nonprofit Small Business Kitchen Incubator: A Case Study of Nuestra Culinary Ventures." University of Pennsylvania, 19 Dec. 2007.  
<[http://repository.upenn.edu/cgi/viewcontent.cgi?article=1009&context=senior\\_seminar](http://repository.upenn.edu/cgi/viewcontent.cgi?article=1009&context=senior_seminar)>.

## ORGANIZATIONAL STRUCTURE

A variety of organizational structures may be adopted to manage, train, and scale the entrepreneurs who will participate in the incubator. This section covers best practices in incubator management and highlights potential partners that could facilitate this process in the one-mile walkshed east and west of the Bridge Park.

### *Incubator Managing Organization*

This is the entity—business or non-profit—that will manage the incubator program from applicant selection to incubation to graduation. The timeline and resources needed to achieve the launch date of summer 2019 will vary depending on the selection of this partner.

- 1) *Existing incubator with experience in scaling small food businesses:* An already operational incubator such as Union Kitchen could expand to establish a shared kitchen in the Bridge Park walkshed area. Moving forward with such a partner would secure functional expertise in the operational management of the incubator and shared use of facilities. Such a partner would also bring an existing network of retail partners that could benefit the Anacostia-area entrepreneurs. If this option was pursued, the incubator would need to commit to prioritizing hiring internally local employees and those in lower-income brackets.
- 2) *DC-area nonprofit with experience in culinary arts or entrepreneurship:* A local nonprofit already working in the Anacostia area would provide community expertise, trust, and understanding of the needs of this specific population. Nonprofits such as DC Central Kitchen or the Goodwill of Greater Washington could leverage institutional resources and name recognition to successfully establish a new program. However, their leadership of this incubator would require them to hire small business experts as incubator staff, as these organizations do not currently scale up entrepreneurial ventures.
- 3) *New nonprofit:* If existing nonprofits do not have the capacity to expand their scope and offer this new program, there may be need to create a new entity to run the incubator. To save resources, this nonprofit should seek to sit under the umbrella of a fiscal sponsor such as Building Bridges Across the River. Such an approach would ensure that the incubator would be the sole focus of nonprofit staff but at the expense of institutional knowledge and experience sought by funders.

### *Kitchen Use*

The Bridge Park staff must also determine whether the incubator should use an existing or planned kitchen operated by another organization for its main commissary kitchen or if the incubator needs to purchase and build its own facilities to operate this program.

### *Shared Operations of Existing or Planned Kitchen*

- 1) *Far Southeast Family Strengthening Collaborative (FSFSC) Culinary Training Kitchen:* If built, this facility would be the ideal partner for the Food Incubator due its close proximity to the Bridge Park and the fact that the new facility could potentially house the co-working space to provide onsite offices, conference rooms, and classrooms for the

incubator entrepreneurs. If this option is pursued, it is necessary to ensure that a sufficient level of kitchen space (a minimum of 3 prep stations) is reserved for incubator use.

- 2) *St Elizabeth's East Gateway DC Kitchen*: Although a 1.2 miles from the Bridge Park, the already built Gateway DC kitchen could be an ideal option for the incubator kitchen facilities. While it may be a more expensive option than the FSFSC space, it would most likely be much more affordable than building a new kitchen facility from the ground up. Also if the space was primarily the purview of the incubator, this would reduce kitchen scheduling challenges. As well, the co-location of services at St Elizabeth's may also provide an opportunity for selling the incubator's products onsite. However, if this option was pursued, there would need to be a plan for transporting wares to the Bridge Park
- 3) *Culinary Training Kitchen at Building Bridges Across the River Headquarters*: What still in the ideation phase, the location of the kitchen incubator in proximity to many other nonprofit services could increase the profile and community awareness of this new opportunity. While it is certainly possible for the incubator to share space with additional programs, designers should ensure that there is sufficient space so that the entrepreneurs can still have 24/7 access to the kitchen. If this idea progress, we encourage additional research into the CommonWealth Kitchen model in Dorchester, Massachusetts, which houses both a culinary training program and food incubator. Their model in fact blends the two together and uses the culinary trainees as staff for the entrepreneurs' businesses.

#### *Establishment of New Kitchen*

The most expensive option is to open a new kitchen space for the incubator. In order to attract full rates tenants, this facility may need to exist on the Navy Yard side rather than the Anacostia side of the Bridge Park. However we note that this may disincentivize participation from Anacostia residents, so this decision must be made with holistic considerations for the financial sustainability of the incubator and its mission. Start-up costs varied throughout the literature depending on community property values and the size and scope of the facility itself. For example, the Pacific Gateway Center in Honolulu, HI, built a 20,000 square foot facility and reported capital costs of \$5 million<sup>44</sup> and the proposed Rainier Beach Food Incubator in Seattle, WA, projects costs of \$8 million.<sup>44</sup>

If no existing partners have the capacity to open kitchen space or run the organization, Bridge Park leadership should consider the possibility of creating a cultural arts small business incubator instead of a food-based incubator, as the former incurs significantly lower costs. While it is beyond the scope of the report to go into significant detail regarding this alternative option, this incubator would only require office space and studio space, compared to the kitchen facility needed for the culinary incubator. Furthermore, cultural arts products would not require consideration of perishability and safe storage, unlike food served outdoors.

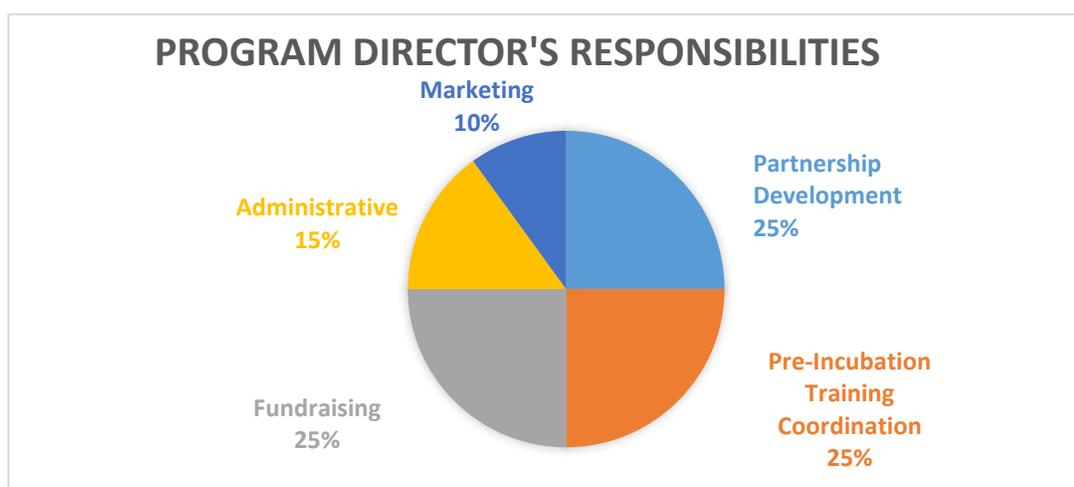
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<sup>44</sup> Allen, Annabelle, Junpei Guo, Jessica Tupper, and Zengyizhou (Josie) Xu. "Rainier Beach Food Innovation Center: Kitchen Incubator Business Model for City of Seattle Community Development Planning." Evans School of Public Policy, n.d. 2014. <[http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web\\_informational/p2165050.pdf](http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web_informational/p2165050.pdf)>.

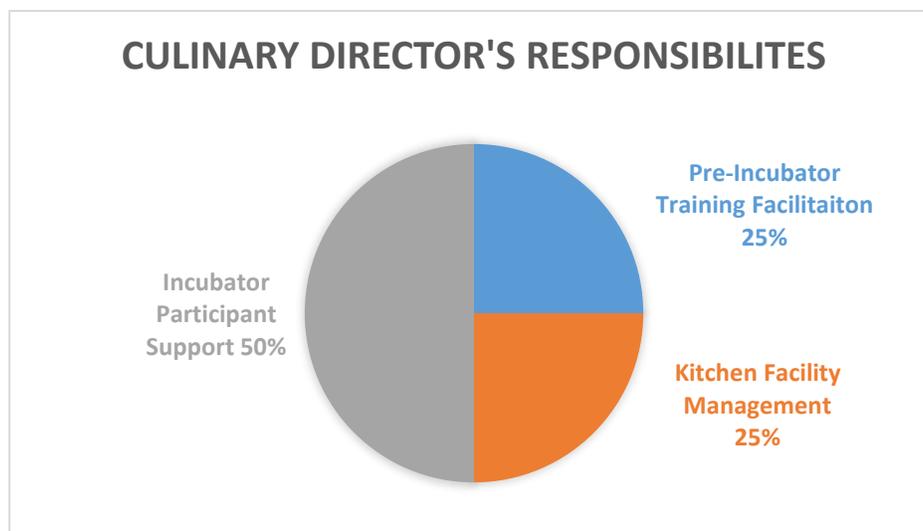
### ***Staffing Needs***

A majority of peer incubators warned against beginning an incubator with a too-large operational budget, unsustainable from a fundraising perspective. While this incubator would ideally host a variety of staff offering diverse expertise, the literature reveals that, on average, one to three staff run incubators in their initial start-up years. With these lessons in mind, we recommend that the incubator begin operations with two staff members: a Program Director and a Culinary Director.

- 1) The *Program Director* (PD) will serve as the organizational leader of the incubator. Although this role will at first exclusively supervise the Culinary Director, as operations begin to scale, the PD will serve as the primary supervisor of additional staff members. The PD should also serve as the incubator's operational and partnership developer, ensuring that all of components, especially around marketing and fundraising are continually occurring. An individual with experience in supervision, management, partnership development, and with an existing network in the DC area small business community will most successfully execute this role.



- 2) The *Culinary Director* (CD) will serve as the hands-on manager of daily incubator operations providing the staffing support on business planning and product development for the entrepreneurs. The Culinary Director will manage entrepreneurs' selection, training, support, and access to retail and credit. The Culinary Director will manage entrepreneurs' shared access to kitchen facilities and the procurement of any resources—food or capital—that entrepreneurs need to produce, store, and transfer their culinary creations. The Culinary Director also establishes and maintains partnerships with any affiliate kitchen space the incubator may use. A successful Culinary Director will have kitchen management experience, excellent people skills, and the ability to facilitate workshops and one-on-one meetings.



Based on industry standards and DC nonprofit salaries, we estimate the following costs associated with hiring these two positions. Additional detailed information can be found in Appendix – Detailed Budget Analysis.

<b>Line Item</b>	<b>Cost</b>
Program Director	\$65,000
Culinary Director	\$55,000
Insurance per employee	\$4,000-\$5,000
Retirement Contribution per employee	\$5,000
<b>Total</b>	<b>\$140,000</b>

This staffing recommendation depends largely on the incubator's level of administrative independence. If no parent organization can host this incubator, another staff member may be needed to handle strictly administrative tasks.

### ***Office and Training Headquarters***

While in many cases the kitchen facility and incubator staff headquarters are in the same physical space, throughout the country this relationship varies depending on the existing options in each community. Regardless, the incubator must find a location to contain an internal staff office, training classroom, and conference room facilities and office space rentable to incubator participants.

- 1) *Incubator Staff Office Space:* At minimum, the two incubator staff need a space to conduct business, build connections, and coordinate the implementation of the business incubator. Both staff members will need offices that are ideally located onsite of the kitchen facility to encourage both formal and informal meetings with the incubator entrepreneurs. If onsite kitchen office space is not feasible, we recommend that the staff rent space from an existing nonprofit or co-working space to reduce costs. Regardless of the formal office setup, given the nature of the Culinary Director's role it will be expected that they spend the majority of their time at the kitchen facility.

- 2) *Training Room:* It required that there is a space for the pre-launch training to occur, ideally in a setting where the entrepreneurs have access to computer, printer, and other office supplies. La Cocina reported that over half of their training occurred in the kitchen as the entrepreneurs worked on product development. However, as we recommend that the Bridge Park Incubator offer workshops on general business skills, a more traditional office meeting room would also be extremely useful in the dissemination of the technical assistance.
  
- 3) *Entrepreneurs' Co-Working Space:* As many entrepreneurs may currently be working out of their home, providing low cost workspace and meeting rooms that can be rented by participants is an ideal offering. In case studies conducted in the literature, many incubator managers lamented the lack of rentable board space that their entrepreneur participants could use for investor and client meetings.<sup>45</sup> As the facility is already created and centrally located, we suggest that the Incubator staff develop a partnership with The Hive 2.0 in Anacostia which could provide this space.

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<sup>45</sup> Allen, Annabelle, Junpei Guo, Jessica Tupper, and Zengyizhou (Josie) Xu. "Rainier Beach Food Innovation Center: Kitchen Incubator Business Model for City of Seattle Community Development Planning." Evans School of Public Policy, n.d. 2014. <[http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web\\_informational/p2165050.pdf](http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web_informational/p2165050.pdf)>.

## METRICS AND GOVERNANCE

Based on interviews and publically-available incubator evaluation information, several measurement criteria have been developed for each major area of work – recruitment, selection, incubation, graduation, and alumni engagement. These will assist stakeholders in understanding the development and success of the incubator.

One measure identified in literature is the Incubator Success Ratio. This is defined as the ratio of businesses “graduating” from the incubator versus the number that fail while in incubation.<sup>46</sup> This is able to be measured without much effort and can be measured over time. This shows effectiveness of incubating. Measures that extend this evaluation include number of community residents employed in current and “graduated” incubation participants. Similarly, revenue generation can be used to evaluate the success of participants. As the incubator matures, it can measure how long “graduated” businesses remain open after leaving the incubator. This requires greater alumni engagement and tracking. Some measures require tools, such as satisfaction surveys, to find the measures of how well the incubator supports its businesses through programming and resource provision. These surveys can be conducted with incubator participants after initial training and again after graduation. Other measures may require more in-depth tools, such as exit interviews, to determine underlying causes of why measures are changing.

The literature also emphasizes the importance of strong organizational governance in regards financial management, transparency, and soliciting and incorporating participant and community feedback. At this time, we are unable to provide concrete recommendations for the governance of the incubator due to the uncertainty of the organizational partner. However, we do recommend that once the partner selected that intentionally developing governance expectations and policies be an initial priority. Please refer to Appendix C for additional information on metrics available to the incubator for evaluating its effectiveness. Incubator leadership should consider this as a starting place and should alter or add measures as appropriate.

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<sup>46</sup> Hackett, Sean M., David M. Dilts. "A Systematic Review of Business Incubation Research." *The Journal of Technology Transfer*, 29, (2004): 55-82. <<http://link.springer.com/article/10.1023%2FB%3AJOTT.0000011181.11952.0f>>.

## CONCLUSION

This report contains a variety of considerations and recommendations to create a dynamic, supportive, and successful food incubator for residents in the one-mile walkshed of the 11<sup>th</sup> Street Bridge Park. We believe that this food incubator has a great possibility of making a positive impact on the lives of the participants and will have larger economic impacts on the Southeast community as a whole. In order to make this culinary incubator a reality, Bridge Park leadership must swiftly begin the process of definitively selecting partners who will serve as organizational sponsors of the food incubator and the commercial grade kitchen.

Next steps include:

- Developing an MOU with a local small business technical advisor to provide ideation support to potential applicants of the Bridge Park Incubator
- Determining a kitchen facility and developing a business plan to ensure operational and fiscal sustainability
- Selecting a sponsoring organization for the food incubator, with considerations on the level small business and culinary expertise of the organization
- Deciding the initial design of the kiosk space on the Bridge Park in conjunction with the architect

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## **APPENDIX**

This appendix contains six pieces:

- A) Timeline Narrative
- B) Budget Narrative
- C) Washington, DC Area Small Business Resources
- D) Data Collection and Metrics
- E) Case Study Interviews
- F) Kiosk Designs

## **Appendix A: Timeline**

This proposal offers a high-level timeline for implementation. The attached project plan shows a suggested sequence of large projects with tasks identified underneath. Some tasks contain subtasks embedded underneath that. These tasks and subtasks are identified as significant and necessary to fulfill the larger milestones identified in the gray bars. Based on communications with Bridge Park leadership, that date will occur in late 2019. For the purposes of planning, this timeline sets the Bridge Park opening in September 2019.

Timings center on the opening date of the park. From that date in 2019, the timing works backwards to allow sufficient time to conduct the programming necessary to provide programming for incubator businesses to operate at a level to provide food services in the park kiosks. It also provides guidance on timings for kiosk design, construction, and setup for businesses. The timeline suggests timings for the second cohort of incubator participants to vend on the park. Should the opening date change significantly, the timeline should be adjusted. Task orderings and durations can remain consistent but shifted sooner or later, depending on the opening date.

The sequence of events is important.

Since the park is not scheduled to open until 2019, sufficient time is given to not only conduct an entire year of business incubation, but to provide a year of ideation for potential incubation participants. This allows a potential pool of incubator recruitment to begin forming early, ensuring a higher probability of recruiting enough participants and participants better prepared to enter the incubator. For this to occur, an ideation partner must be identified while also identifying an incubator partner. For one year of ideation programming to conclude prior to the beginning of an incubation process, a partner should be identified and MOU signed prior to June 2017.

Milestones regarding the incubation partner are included. The kitchen selection and incubation partner identification should occur by June 2017. This gives the partner time for office preparation and recruitment before launching the incubator application in May 2018. From there, the incubator can select participants, conduct training and programming before participants set up in the park kiosks in September 2019. While the first cohort is in progress, the incubation partner should begin recruiting for the second cohort with a following application, selection, and programming. This timeline offers a suggested start time of February 2019 to begin recruitment, with application and selection occurring exactly one year after the first cohort – in March 2019 and August 2019, respectively.

Finally, the timeline offers guidance for kiosk design, construction, installation, and set up prior to the park's opening. It is assumed that kiosk businesses will operate on the park from approximately April through October or November each season. Additional events, such as December holiday events, may provide further selling opportunities, but these are not accounted for in this timeline. Also, kiosk closure and storage for winter closing periods are not included, as those may be heavily influenced by unpredictable weather conditions.



## **Appendix B: Budget**

This proposal includes two budgets – one for the incubator, and one for the Bridge Park’s kiosk related activities. These are intended to illustrate the primary revenue and expense drivers for the related responsibilities of both entities.

The first budget offers a sample budget for an incubator partner. The budget contains revenue drivers, such as grants, application fees, kitchen use fees, and clean up fees. It uses the fee rates offered in this report as the basis for revenue calculations. It offers sample use amounts for these services. This budget also includes cost drivers, such as incubator employee salaries and benefits, facility leasing and maintenance costs, programming costs, and other back office expenses. Both revenue and cost drivers are built upon a model of incubator participant intake and sustainability through the first nine incubation cohorts of the incubator’s life. Participant growth will start with an initial intake of eight participants and increase this over time. The incubator participants will grow to a maximum level of thirty participants, each at different levels of incubation. These growth rates underpin the revenue generation and programming cost models presented in the budget. The budgetary Excel spreadsheet included as a separate deliverable allows for these growth rates to be edited, creating dynamic budget models for the incubation partner to predict revenues and expenses at different growth and graduation rates.

The second budget focuses on the revenue and expenses for the Bridge Park of adding the retail kiosks to the Bridge Park. This is a much simpler budget. The primary revenue driver is the use fees collected from kiosk businesses. The primary cost is the kiosks themselves and the expenses associated with operating them, such as utilities, kiosk maintenance, and improvements. This budget does not include any additional park maintenance services needed to empty trashcans and collect litter caused kiosks used by food-based businesses. Bridge Park leadership may consider this increased demand when negotiating a park maintenance contract.

### Budget Projections for Incubator Implementation

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Schedule of Participants</b>												
Number of Applications	0	0	20	25	30	30	30	30	30	30	30	30
Number of Admitted Participants	0	0	6	8	8	8	8	10	10	10	10	10
Cohort Size	0	0	6	13	19	24	27	30	30	30	30	30
Less Number of Participants Dropping Out	0	0	1	2	2	2	2	3	3	3	3	3
Less Number of Graduating Participants	0	0	0	0	1	3	5	7	7	7	7	7
Total Number of Participants (End of Cycle)	0	0	5	11	16	19	20	20	20	20	20	20
<b>Revenues</b>												
Kitchen Use Fee (Guaranteed)	-	-	3,000	26,400	38,400	45,600	48,000	48,000	48,000	48,000	48,000	48,000
Kitchen Use Fee (Non-Guaranteed)	-	-	1,650	14,520	21,120	25,080	26,400	26,400	26,400	26,400	26,400	26,400
Kitchen Use Fee (Non-Participants)	-	-	3,600	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Deposits Received	-	-	1,200	1,600	1,600	1,600	1,600	2,000	2,000	2,000	2,000	2,000
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Application Fees	-	-	400	500	600	600	600	600	600	600	600	600
Clean Up Fees	-	-	1,875	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250
<b>Total Revenues</b>	-	-	<b>11,725</b>	<b>59,670</b>	<b>78,370</b>	<b>89,530</b>	<b>93,250</b>	<b>93,650</b>	<b>93,650</b>	<b>93,650</b>	<b>93,650</b>	<b>93,650</b>

### Budget Projections for Incubator Implementation

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Expenses</b>												
<i>Salaries and Benefits</i>												
Program Manager Salary and Benefits	-	-	75,000	78,000	81,120	84,365	87,739	91,249	94,899	98,695	102,643	106,748
Culinary Manager Salary and Benefits	-	-	65,000	67,600	70,304	73,116	76,041	79,082	82,246	85,536	88,957	92,515
Third Position Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-
<i>Subtotal of Salaries</i>	-	-	140,000	145,600	151,424	157,481	163,780	170,331	177,145	184,230	191,600	199,264
<i>Programming</i>												
Training	-	-	10,000	10,400	10,816	11,249	11,699	12,167	12,653	13,159	13,686	14,233
Supplies	-	-	2,000	2,080	2,163	2,250	2,340	2,433	2,531	2,632	2,737	2,847
Deposits Returned	-	-	200	400	400	400	400	600	600	600	600	600
Other	-	-	-	-	-	-	-	-	-	-	-	-
<i>Subtotal of Programming</i>	-	-	12,200	12,880	13,379	13,898	14,438	15,200	15,784	16,391	17,023	17,680
<i>Kitchen Facility</i>												
Rent	-	-	9,000	36,000	37,800	39,690	41,675	43,758	45,946	48,243	50,656	53,188
Equipment	-	-	4,000	2,000	2,100	2,205	2,315	2,431	2,553	2,680	2,814	2,955
Utilities	-	-	3,000	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885	17,729
Supplies	-	-	300	1,200	1,260	1,323	1,389	1,459	1,532	1,608	1,689	1,773
Certifications and Inspections	-	-	400	400	420	441	463	486	511	536	563	591
Maintenance	-	-	-	1,000	1,050	1,103	1,158	1,216	1,276	1,340	1,407	1,477
<i>Subtotal of Kitchen Expenses</i>	-	-	16,700	52,600	55,230	57,992	60,891	63,936	67,132	70,489	74,013	77,714

**Budget Projections for Incubator Implementation**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<i>Office Facility</i>												
Rent/Mortgage	-	-	36,000	37,800	39,690	41,675	43,758	45,946	48,243	50,656	53,188	55,848
Furniture and Equipment	-	-	4,000	1,000	1,050	1,103	1,158	1,216	1,276	1,340	1,407	1,477
Utilities	-	-	3,000	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885	17,729
Supplies	-	-	300	1,200	1,260	1,323	1,389	1,459	1,532	1,608	1,689	1,773
Other	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
<i>Subtotal of Office Expenses</i>	-	-	<i>43,300</i>	<i>52,000</i>	<i>54,600</i>	<i>57,330</i>	<i>60,197</i>	<i>63,206</i>	<i>66,367</i>	<i>69,685</i>	<i>73,169</i>	<i>76,828</i>
<i>Other Expenses</i>												
Insurance	-	-	3,000	3,150	3,308	3,473	3,647	3,829	4,020	4,221	4,432	4,654
Fundraising	-	-	1,000	1,000	1,050	1,103	1,158	1,216	1,276	1,340	1,407	1,477
Communications	-	-	1,000	1,000	1,050	1,103	1,158	1,216	1,276	1,340	1,407	1,477
Scheduling Software	-	-	1,000	1,000	1,050	1,103	1,158	1,216	1,276	1,340	1,407	1,477
Other Software	-	-	1,000	200	210	221	232	243	255	268	281	295
Periodic Technology Purchase	-	-	3,000	-	3,000	-	3,000	-	3,000	-	3,000	-
Reserve and Contingency	-	-	300	1,200	1,260	1,323	1,389	1,459	1,532	1,608	1,689	1,773
<i>Subtotal of Other Expenses</i>	-	-	<i>10,300</i>	<i>7,550</i>	<i>10,928</i>	<i>8,324</i>	<i>11,740</i>	<i>9,177</i>	<i>12,636</i>	<i>10,118</i>	<i>13,624</i>	<i>11,155</i>
<b>Total Expenses</b>	-	-	<b>242,500</b>	<b>291,430</b>	<b>307,193</b>	<b>317,522</b>	<b>334,443</b>	<b>346,183</b>	<b>364,370</b>	<b>377,232</b>	<b>396,800</b>	<b>411,106</b>
<b>Operating Surplus (Deficit)</b>	<b>0</b>	<b>0</b>	<b>(230,775)</b>	<b>(231,760)</b>	<b>(228,823)</b>	<b>(227,992)</b>	<b>(241,193)</b>	<b>(252,533)</b>	<b>(270,720)</b>	<b>(283,582)</b>	<b>(303,150)</b>	<b>(317,456)</b>

### Budget Projections for Incubator Implementation

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Schedule of Kiosks												
Number of Kiosks on the Park	0	0	0	6	6	6	6	6	6	6	6	6
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Revenues</b>												
Park Use Fees	-	-	-	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	-	-	-	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600
<b>Expenses</b>												
<i>Kiosk Expenses</i>												
Purchase (Amortized)	-	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Maintenance	-	-	300	1,000	1,050	1,103	1,158	1,216	1,276	1,340	1,407	1,477
Utilities	-	-	3,000	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885	17,729
Supplies	-	-	300	300	315	331	347	365	383	402	422	443
Permits and Licenses	-	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<i>Subtotal of Kiosk Expenses</i>	-	-	7,600	17,300	17,965	18,663	19,396	20,166	20,975	21,823	22,714	23,650
<i>Other Expenses</i>												
Insurance	-	-	4,000	4,200	4,410	4,631	4,862	5,105	5,360	5,628	5,910	6,205
<i>Subtotal of Other Expenses</i>	-	-	4,000	4,200	4,410	4,631	4,862	5,105	5,360	5,628	5,910	6,205
<b>Total Expenses</b>	-	-	11,600	21,500	22,375	23,294	24,258	25,271	26,335	27,452	28,624	29,855
<b>Operating Surplus (Deficit)</b>	<b>0</b>	<b>0</b>	<b>(11,600)</b>	<b>(11,900)</b>	<b>(12,775)</b>	<b>(13,694)</b>	<b>(14,658)</b>	<b>(15,671)</b>	<b>(16,735)</b>	<b>(17,852)</b>	<b>(19,024)</b>	<b>(20,255)</b>

**Appendix C: Washington, DC Area Small Business Resources**

<b>Organization</b>	<b>Program Title</b>	<b>Services Offered</b>
Anacostia Business Improvement District	-	Local marketing, Resource coordination for Anacostia based businesses (technology, façade improvement, street cleaning), Tourism support
Anacostia Economic Development Corporation	AEDC Business Center  An affiliate of the DC Small Business Development Center run by Howard University. There are additional headquarters throughout the District.	Free of cost business consulting in: cash flow analysis, financial forecasting, market research, federal and local government certification, procurement assistance, overall business assessment, start-up feasibility analysis, business plan development, and strategic planning  Business training courses in: marketing, finances, managing your service and retail business, accounting and record keeping, cash management, federal and local government certification, etc.
ARCH Development Corporation	Eat Shop Live Anacostia (ESLA)	Publicity and marketing to grow and promote Southeast based businesses.
AU Center for Innovation in the Capital	Project 500	Providing hands on training, capacity building, mentoring, and networking to 500 minority or women-owned businesses between 2016 and 2019.
Barracks Row Main Streets	-	Local marketing, Façade improvements, Comprehensive streetscape plan, Clean and safe teams, Real estate opportunities.
Capital Area Asset Builders	Money Management Classes	Targeted at individuals rather than businesses, this provides a comprehensive suite of classes to help individuals improve their financial management skills. May be an important pre-start-up step for some interested entrepreneurs.
Capital Riverfront BID	Marketing, Branding & Special Events	While BIDs provide a host of function, of most use will be their marketing and branding of events and opportunities which could support the launching of entrepreneurs' ventures.
City First Enterprises	Impact Investing & Crowdfunding	Impact Investing: Provides Small Business loans between \$50,000 and \$350,000. Including: lines of credit, term loans, and working capital.  Crowdfunding: Developing new avenues to flow capital into mission-oriented projects and small businesses

Congress Heights Community Training & Development Corp.	Great Streets Business Leadership Council	Small business technical assistance and microloan applications for up to \$25,000 for business owners
Congress Heights Main Streets	-	Coordinator of Ward 8 Business Council – An important convener of key SE stakeholders. Also offers: Façade improvements, Community involvement opportunities, Business technical assistance, Marketing assistance
DC Mayor’s Office on Planning and Economic Development	Retail and Great Streets	DC Collateral Support Program, DC Loan Participation Program, Opportunities to receive funding for façade and capital improvements
The Hilltop Microfinance Initiative  *Run by Georgetown University Students*	Small Business Loans & Financial Coaching	Small Business Loans: Offers loans ranging from \$500 - \$10,000 at an interest rate of 6% for a term period of 6 months to 24 months.  Financial Coaching: Offers general workshops to assist individuals in managing their personal and business finances. They have the capacity to tailor resources to the specific needs of an individual client
The Hive 2.0	Membership Services	Co-working space, including desks and conference rooms available for rent. Also provides a seven week intensive entrepreneurship training course, which could work well as a possible ideation pathway into the Bridge Park Incubator.
Greater Washington Hispanic Chamber of Commerce	DC SmallBiz Mentorship Program	Working exclusively with Hispanic owned business, the Chamber provides mentorship and business planning support.
Latino Economic Development Center	Small Business Development & Microloans	Small Business Workshops: How to Start a Business (in Spanish)  One-on-One Business Coaching: On a variety of small business topics  Microloans: Provides loans of \$5,000 - \$50,000 for diverse entrepreneurs who may have difficulty accessing capital from mainstream lenders
University of the District of Columbia	Center for Urban Entrepreneurship	Open exclusively to UDC students, UDC Professors provides technical support to potential small business owners.
Washington Area Community Investment Fund	General Programming	Provides loans and financing options, Business consulting services, and Trainings on topics such as SWOT Analysis.
Washington, DC Economic Partnership	City-wide Business Development	Site location & assistance, Partnership development, Data & research, Educational seminars, Conferences & events, Mentorship Program

### Appendix D: Data Collection & Metrics

Activity	Metrics	Effectiveness
<b>Recruitment and Selection</b>	<ul style="list-style-type: none"> <li>- Number of applicants from within 1-mile walkshed</li> <li>- Number of applicants from the Anacostia neighborhood</li> </ul>	<p>These measure the yield effectiveness of recruiting campaigns, and whether the campaigns are targeting the appropriate geographic communities.</p>
	<ul style="list-style-type: none"> <li>- Attributes/demographics of applicants</li> <li>- Income and wealth levels of accepted applicants</li> </ul>	<p>This measures whether recruiting campaigns are targeting the appropriate demographic communities, namely low-income residents. Additionally, if income and wealth levels are measured, this provides a pre-incubator snapshot to compare with graduates and alumni of the incubator program. This gives one long-term measure for the effectiveness of the incubator program for increasing income and wealth of participants.</p>
	<ul style="list-style-type: none"> <li>- The amount of advertising and recruitment required to get sufficient number of recruits</li> </ul>	<p>These measure how many resources are needed to gain a sufficient yield of recruits. These can be compared year-to-year to estimate future resources needed for recruiting.</p>
<b>Incubation Training</b>	<ul style="list-style-type: none"> <li>- Number of entrepreneurs who complete the training on time</li> </ul>	<p>This provides a process measurement to evaluate effectiveness of program management.</p>
	<ul style="list-style-type: none"> <li>- Satisfaction surveys of incubation participants</li> </ul>	<p>This measures participant engagement and quality of the incubation training. These can be compared year-to-year to evaluate long-term satisfaction with the training. Surveys may request ideas for future trainings and how current trainings can be improved. These can help improve training over time.</p>
<b>Incubation</b>	<ul style="list-style-type: none"> <li>- Number (or percent) of entrepreneurs that fail while in incubation</li> <li>- Reasons for entrepreneur's failure</li> </ul>	<p>This measures participant failure rates, which can be tracked over time. Exit interviews provide more in-depth analysis and assist in discovering the reasons for the failure.</p>

	<ul style="list-style-type: none"> <li>- Number of people employed by the entrepreneurs</li> <li>- Number of people hired by entrepreneurs while participating in program</li> </ul>	By tracking the number of people within each business at the beginning of incubation and the number hired while in the program, the incubator can measure impact on employment in the community. This can be used as an argument for incubator effectiveness.
	<ul style="list-style-type: none"> <li>- Cost of program per entrepreneurs</li> <li>- Cost of program per person employed by entrepreneurs</li> </ul>	Tracking costs per entrepreneur allow for comparisons of the business startup costs of incubator participants versus non-assisted businesses. Similarly, costs per participant's employees allows for comparison with other community job creation programs.
<b>Incubation (Continued)</b>	<ul style="list-style-type: none"> <li>- Dollar Amount Raised by Entrepreneurs:</li> <li>-Debt Capital</li> <li>-Equity Capital</li> <li>-Grant Funds</li> </ul>	These measure whether the incubator is providing sufficient opportunities for participants to gain capital and funds from outside sources. Similarly, this may indicate whether the incubator makes businesses more attractive to investors.
	<ul style="list-style-type: none"> <li>- Satisfaction surveys of incubation participants</li> </ul>	This measures participant engagement and quality of the incubation process and resources. These can be compared year-to-year to evaluate long-term satisfaction with the incubator. Surveys could ask for what the entrepreneurs both like and dislike in the program and facilities. Requests for improvements can help the incubator adjust to participant needs.
<b>Graduation from Incubator</b>	<ul style="list-style-type: none"> <li>- Total number (and percent) of graduates of program</li> </ul>	This is the ultimate measure of incubator success. This measures program effectiveness and how well the incubator is meeting its mission.
	<ul style="list-style-type: none"> <li>- Total number (and percent) of incubated businesses that are still operating, have been merged, or acquired after 1 year / 5 years / etc. from graduation</li> </ul>	This measures how well the incubator prepares businesses for long-term success after graduation. It may also indicate whether the incubator is bringing in participants that have sustainable or scalable business concepts, and whether participants have entrepreneurial skills.

	<ul style="list-style-type: none"> <li>- Number of people employed by all graduated firms</li> </ul>	<p>This provides a measure for how well incubated businesses and the incubator are providing positive employment effects in the community.</p>
	<ul style="list-style-type: none"> <li>- Dollar Amount Raised by Entrepreneurs:</li> <li>-Debt Capital</li> <li>-Equity Capital</li> <li>-Grant Funds</li> </ul>	<p>These measure whether the incubator is providing sufficient opportunities for participants to gain capital and funds from outside sources. Similarly, this may indicate whether the incubator makes businesses more attractive to investors.</p>
	<ul style="list-style-type: none"> <li>- Satisfaction surveys of incubation participants</li> </ul>	<p>This measures participant engagement and quality of the incubation process and resources. These can be compared year-to-year to evaluate long-term satisfaction with the incubator. Exit interviews may provide more detailed information.</p>

## Appendix E: Case Study Interviews

The research team interviewed two peer culinary incubators—La Cocina (San Francisco, CA) and Detroit Kitchen Connect (DKC) (Detroit, MI). The team lightly edited the resulting transcripts, included below.

### **La Cocina (San Francisco, CA)**

#### **Interview with Leticia Landa, Program Director and Caleb Zigas, Executive Director**

### *Organizational Information*

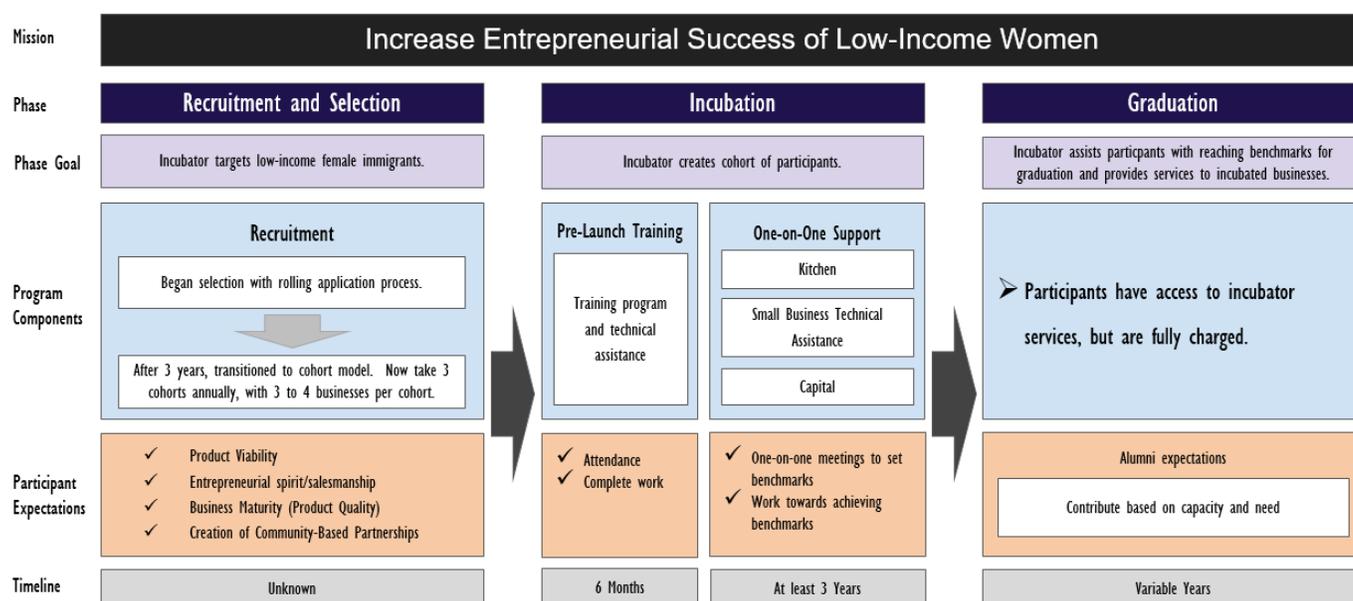
#### *What is your mission?*

The mission of La Cocina is to cultivate low income food entrepreneurs as they formalize and grow their businesses by providing affordable commercial kitchen space, industry-specific technical assistance and access to market opportunities. We focus primarily on women from communities of color and immigrant communities. Our vision is that entrepreneurs gain financial security by doing what they love to do, creating an innovative, vibrant and inclusive economic landscape.

#### *How do you measure the success of your program?*

We measure success based on the business viability of participants. The way we talk about our program and do data collection is related to our theory of change. It is the if-then statement: if you provide low-income entrepreneurs with access to capital, then they will be able to develop successful businesses. We consider our inputs to be measured in hours of technical assistance and access to capital and output as the business growth, revenue, and job creation of the businesses. We have a narrow mission, being able to not only talk about the work we do but also focus in on what we're doing and why.

### *Incubator Model*



*How do you determine who to let into the incubator?*

We judge our applicants based on three primary characteristics: 1) entrepreneurial spirit/salesmanship (how much do they want it); 2) product quality (San Francisco is a saturated food market); and 3) product/business viability (if your food only stays good for one day, it's just not going to work as a business if it needs to be sold in grocery stores for a week). We believe having someone who owns or has worked in that industry evaluate strength of product or business plan is hugely important. We go as far as to bring someone in with intimate knowledge of that product.

*How do you determine how many new businesses to onboard each year/orientation session?*

Initially we held orientations every month, and so the focus was on recruitment, and we provided lots of opportunities for people to learn about the program. We had a rolling-basis applications, because we needed new businesses. In 2008, 3 years after we began the incubator, we shifted away from intense recruiting to having a cohort model and letting in small groups so they go through together. Currently we have three cohorts a year of three to four businesses, and each participate in a six-month training.

*If you started over, would you have begun with a cohort model or stayed with the rolling applications?*

If I had to think about, I would say that it is too distracting to start with a cohort, because there are so many needs at the beginning of the process. There is certainly a lot of value in putting people together, as it reduces the amount of work staff has to do, but I do not think we could have done it initially. The shift from individual to cohort helped scale but didn't help strengthen the program.

*I see you currently have 26 businesses, how many did you start with and what has the scaling process looked like?*

Initially it was only a commissary kitchen, but when it became an incubator program, we have had steady growth. I do not have 100% recollection, but I seem to remember that we started with 5 or 8 and it grew over time. We have gotten to a place where between 25-35 businesses is what we can handle in the incubator given the number of staff we have (9). It took us 5 or 6 years to get there. We actually believe that the real driver of incubator size needs to be the point of exit (graduation), not the point of entry.

We have a unique origin story. A local nonprofit, The Women's Initiative for Self-Empowerment, was already offering business planning courses to low-income women, but were frustrated because the businesses were not taking off. La Cocina was started to be a real second-stage process, to provide the commercial kitchen space at affordable rates that these women needed to make their businesses a reality. The incubation program came later as we determined that additional support was needed.

*Can you walk us through the programming you offer in your incubator?*

We have two staff people who are in charge of walking our participants through the curriculum, which was designed with the help of professionals on topics such as Marketing 101 and graphic design. Our pre-incubator training last six months. In this period we have 2-3 hour trainings every other weeks, though some days it's six-hour days in the kitchen. In between

meetings, we give each participant a significant amount of individual homework that they need to work on to master the concept. We provide free access to the kitchen during the pre-incubation period. In addition, we set up meetings every month between participants and staff to set goals and to set up meetings with volunteers who can help them achieve them. For example, we make sure that every entrepreneur is paired with a pro bono attorney. We expect businesses to spend three years in the incubator to grow to a place where you can take a risk to leave the incubator and have your own space.

*What type of back office support do you provide to the entrepreneurs?*

We've thought about services like if we could provide accounting office hours, but the logistics of it and everyone's schedule being so different have prevented us from doing that. We are very hands-on and one-on-one, but the expectation as the business grows is that they'll outsource that. One of the things that is an unfair burden placed on low income business is that we expect them to do everything. We try to provide people enough of an understanding that when they hire a bookkeeper, they can have speak with them and know what to expect.

*Do you consider the incubator a full-time obligation?*

Participants often have outside jobs when they begin, or they have someone in their household that's working to have a steady enough income to take on the risk of starting a business, but at a certain point, when they get started, they will need to quit their job to get the business up and running.

*Do you provide any support when they make this choice?*

We don't provide any financial support directly to businesses while they are in the incubator, but we do have relationships with organizations like CDFIs, Opportunity Fund, and Kiva that do financial coaching around when to take on debt and how to think about growth.

What we try to do is create industry benchmarks for each of those areas. If you want to start a successful packaged food business, here is what such successful businesses do: 1) brand; 2) target market; 3) etc. Those benchmarks (logo, website, brand personality) become homework assignments during time period with volunteers and staff members. We make pre-incubation plans for each business, and the combination of everybody's benchmarks and those we have observed from the business and their application. People come in with unrealistic sales ideas.

*What is your rate of attrition and how has it changed?*

We predict a certain level of attrition. 70% of those who enter into the incubator will continue into the program, and 70% of those who graduate will continue to go on to be successful. Initially there was more attrition, we were figuring out business models that worked, and recruiting different people. In looking at the number of businesses we have incubated over 10 years, 77% were still in business.

*What level of support do you provide to graduates of the incubator?*

When people graduate they receive a ton of services. It's when they receive the most services, when they're a mature and stable business. Once they're established and settling in their new spot, instead of meeting with every month, we meet with them every quarter, and then it becomes an as-needed basis. People who graduated years ago will call and ask for a lawyer,

update packaging design, do you know of a designer. At that point the graduates are more likely to pay for those services, while people in our incubator get those services for free or at a reduced rate.

We don't have a formal program. It's the same reason we don't have a business planning aspect of our program. There are so many different nonprofits that focus on business growth. We were started as a second stage program, what we did was incubating. There are a number of nonprofits that work with bigger companies. They work with business that do \$1-5 million in sales, focus on growth, sales that stay in urban center. There's so many resources for existing businesses that have restaurants, production facilities, it's no longer our sweet spot. We do referrals to partner organizations.

### *Space*

*How do you manage and maximize your kitchen space?*

Well to start off, we have a 2,200-sq-ft commercial kitchen with 4 preparation stations. We adapted a software system that was designed to book hotel rooms to the kitchen space. Instead of booking a hotel room and a conference room, you can book a stove and a steamer. In terms of efficiency and using the kitchen wisely, it is so dependent on the mix of businesses in the program and when they sell.

*Do you offer rentable office space to participants?*

We have very limited office space for our own staff and they cannot rent it. We do have one station, a computer, and a printer, and people can sit at that computer and get their work done. It's a little table in a lobby.

*How do you protect individual's valuables, especially in regard to the high volume of the kitchen use?*

Upstairs above the kitchen we provide large lockage cages that are assigned to participants. In the kitchen itself we do not provide individual storage, but we do have a security camera system in the walk-in fridge and freezer. However, things do go missing quite a bit.

*Do you have any suggestions or concerns based on your experience about how to maximize the kiosk retail opportunities?*

The main thing I think about is that what are the businesses going to do when raining or in the winter? Any outdoor sales are seasonal. We mitigate what that rollercoaster of cash flow is going to look like for our participants. It is important to us to make sure they have multiple income streams and are not dependent on just the farmer's market. You can't diversify if you're in the farmer's market every day, unless you can hire staff and be in multiple places at once. It's great if you are providing people with a place to sell, but if no one shows up to the park, what are all of those businesses going to do? They have to pay their employee for the day. We suggest you look at the work of Biederman Redevelopment Ventures, who develop public private park partnerships, most notably at Bryant Park in NYC. They could help you think about how to design viable food businesses outdoors in the winter.

*How do you manage the kitchen use between incubator participants and full rate users?*

Our commercial users use the same reservation system and just pay higher fees per hour. We recruit people who want to use it differently than our own users. We have openings in weekends or evenings. We want you to produce food at La Cocina.

### ***Organizational Structure***

*What do your contracts with incubator participants include?*

We have a contract that's written by a lawyer covering expectations of the program, like attending all scheduling meetings, and the use of the kitchen. It prevents situations like entrepreneurs putting a sign outside La Cocina that says their company's name or anyone coming into the kitchen space if drunk or high. If a participant does not hold up their end of their responsibilities, we have the right to end their participation in our program. A lot of the contract has to do with liability. Each business is insured independently. We recommend that your program gets a great lawyer to write the contracts and to represent the incubator.

*Is contract the main way to mitigate worker/food safety risks?*

Yes. All of those requirements are written in there. And they sign it. And if they have someone who doesn't have those things, they're liable. For example, with workers compensation claims, if an incubator business hires staff and they are injured, they do not work at La Cocina, they work at their own small business.

*What are the major causes of conflict within the program? How are they managed?*

We do not have enough office space and we don't have enough meeting space. We have a garage that's not every useful. Knowing what the needs of the program are going to be, not only in the first years, but also eventually when you have 30 businesses in there, a place where you can sit and meet would be nice. Those are the kinds of things that we can look back now and hindsight is 20/20. Also, our freezer is really small.

*What do you consider the role of your incubator to be in the wider goal of community economic development in San Francisco and asset building?*

We try to clarify expectations for businesses and the role they will play in the community when they exit. Often a fear on the part of our staff that the only way to get these businesses to profitability is to expand their market as broadly as possible. That means the predominant media coverage is going to come from a non-grassroots source. You fill up the business with people outside the community at the expense of a truly community-building project. The reality is that we've been in Mission District since 2005 and placed two Latino businesses in the Mission District. That's 11 years. We want to caution you on overpromising what the incubator can deliver beyond the impact on participants.

**Detroit Kitchen Connect (Detroit, MI)**  
**Interview with Anika Grose, Detroit Kitchen Connect Coordinator**

***Organizational Information***

*Mission*

“Detroit Kitchen Connect exists to provide reliable, accessible space for local entrepreneurs, community members and organizations to process high-quality food products in a diverse and collaborative learning environment.”<sup>47</sup>

*Overview of DKC*

Detroit Kitchen Connect program is run as the food entrepreneurship program of Eastern Market Corporation. We provide the actual physical kitchen space on our property at Eastern Market, and with affiliated kitchens across the city and other counties. This has enabled us to grow the program into areas that are beyond Detroit. Our mission has been to take those food entrepreneurs who have historically been single women head of households and allowing them to take their dream of bakery or retail product to market, because we have access to the farmer’s market. We became a natural location for businesses to find another way to grow. We’ve been able to graduate businesses out of our program into brick-and-mortar storefronts and larger kitchens to become quite prosperous. We measure success by the number of businesses that are meeting self-defined goals.

*What have you learned over the course of your time with DKC?*

- Operate multiple commissary kitchens.  
     One kitchen is great, two is better. We are confined by budget and space, especially within historic structures.
- Maximize the number of hours of the day each kitchen is open.  
     If an item requires prep, most participants will not want to come in at 2 am to make it ready for 7 am—they want to do it the day before.
- Expand wisely  
     Maximize participant use of affiliate kitchens to avoid those organizations operating the affiliate organizations bringing in other users to fill unused space.

***Incubator Model***

*Selection*

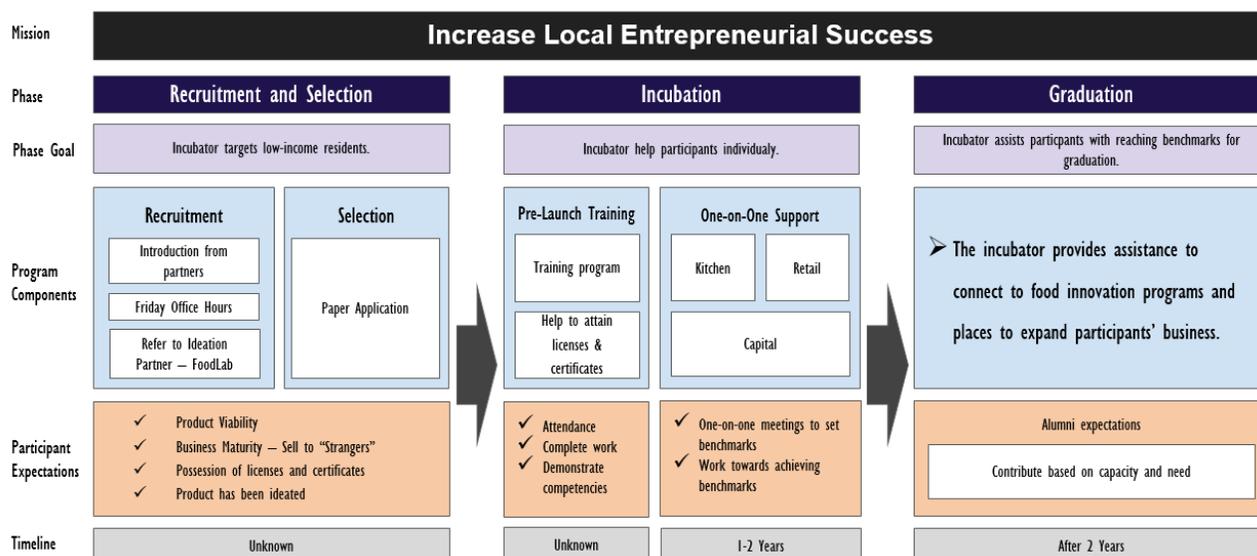
We have an application process. Sometimes it’s word of mouth. Sometimes it’s, “I heard about your program through one of the business entrepreneurial programs that are in our region. Some of it has been with our partner FoodLab Detroit, who is in the inner-city and has partnered with us at the pilot of the program. They run a lot of the burgeoning food programming in the city of Detroit for folks in the metro area. People who go through their website find us. And people who go to DKC will find us that way too.

When someone wants to come to the kitchen, I want them to be beyond ideation. If you have an idea, go to FoodLab. They will help you start making product. When folks come to me, I require a business plan. They need to have been producing under Michigan Cottage Food Law, and selling product somewhere. There needs to be a market for their product beyond their friends and

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<sup>47</sup> “Our Mission,” Detroit Kitchen Connect, 2016. <<https://detroitkitchenconnect.com/kitchen-users/our-mission/>>.

family. If you can sell your product to strangers, you're ready to make at the larger scale. What people don't understand is that you're making at least a \$1,000 investment into the start-up of your business. And if folks are thinking this is an easy way for us to make an additional revenue without expending cash, I want them to understand this clearly isn't the way you're going to do that through the application process I'm able to work with people.



### Incubation

DKC works on a case-by-case basis with entrepreneurs to guide them through the regulatory and bureaucratic process of growing a business. DKC and partners “are available to help” entrepreneurs “navigate” the “hurdles” of “a number of licenses and certifications that a food entrepreneur faces in starting a food business.”<sup>48</sup> DKC works with over 30 entrepreneurs regularly, and a slew that are coming in at different stages of their business.

Two licenses entrepreneurs acquire are the ServSafe Food Certificate and the General Business License. The former costs \$195 for a full day of instructor-led training, and the test is offered at the end of the day. The cost of the latter varies by the type of business.

I've had folks I worked with several years ago that just now got licensed. They had to get several ducks in a row (labeling, licensing, any questions they had on their product, how were they going to package it). All of these make a difference in how long it takes someone to get through the process. That impacts when they start and how I work with them. A lot of it is hands-on. A lot of it is reaching out to other partner organizations for them to provide additional first-step classes (e.g., Small Business Administration, FoodLab Detroit). What we're doing is developing programming for businesses that are making and need to scale. It's that first tier of business growth. They don't know how to do. They have been working *in* their business, and now they need to work *on* their business. That's a completely different process, because you have to work twice as long.

<sup>48</sup> “Getting Started,” Detroit Kitchen Connect, 2016. <<https://detroitkitchenconnect.com/kitchen-users/getting-started/>>.

We do provide a lot of detailed information on how you write your standards of operating procedure. They don't know what it is. You have to work through them on that process. It's all individualized. Working with them to understand labeling requirements. What is needed and what is not. What is required, what is not, what you can put on, what you can't. Understanding policies for the state. These vary from place to place.

Working with them on understanding who they need to go, where they need to start looking to grow their business. One gentleman sells pound cake. He has big dreams but needs to understand how to grow that business. Packaging. How to have labeling and marketing strategies figured out before getting product out there. How to get pricing structure so he can sell it at a wholesale and retail rate and know where his margins are. We expect participants to make product in the kitchen at least 10 hours per month. We call these our "heavy hobbyists." DKC does not compensate participants.

### *Graduation*

What is the greatest determinant of success? Chutzpah. Participants may leave the program for positive or negative reasons, voluntarily or involuntarily.

Table. Reasons for Exiting the Program

	Negative	Positive
Voluntary	Business failure	Business outgrows incubator space
Involuntary	Kicked out (e.g., breaking incubator/state rules, incurring too many fines)	-

DKC does not secure the next step but may connect individuals to others within their network. If a business is looking for a brick-and-mortar, I will turn them toward the Director of the Food Innovation Program for him to help them look at things in Eastern Market District. If they're looking for an accelerator space, I look at them to see what they really need and what they need to make those decision. The bigger question is – are you growing at a rate that will allow you to save enough to make that leap? I do not find nor secure in any way shape or form that next step for them.

### *Space*

#### *Kitchen*

Currently, DKC has one in-house commissary kitchen located within Eastern Market (Eastern Market Community Kitchen, operated by Eastern Market Corporation) and two affiliate kitchens that have been with the organization since the beginning. DKC is on-boarding two additional affiliates later this summer. Affiliated kitchens are churches and community groups whose mission it is to give back to the community. DKC pays a stipend to these affiliate kitchens "to get them started."

#### *Retail*

DKC provides an application that allows participants to select which retail space best suits their needs. The purpose of selling in the retail space isn't to generate enough revenue to support the individual but to generate enough brand awareness of the product to scale the business.

We encourage our food entrepreneurs to look at Eastern Market as a place to sell in the market on market days, but it's not a guarantee that because you're in the kitchen, you'll use the market. There are 22 community markets in the City of Detroit, and there are many others. We do provide opportunities through the Farm Stand Program to link up with farm stands that sell readymade products. We also work with some of our corporate locations that have the farm stand to go, to have them set up a stand where they can sell product to a location. We also encourage our makers to sell at Red Truck Fresh Produce, which is a separate program that is in partnership with another organization.

We use a single application to match entrepreneurs to these retail opportunities. Applications are available now. We find out who is interested, and from those who are interested, we create a schedule so they can get in. Their participation isn't required, it's an opportunity. Some are already selling in multiple locations and don't have the bandwidth to sell at the additional stores. I don't dictate who goes where. I let them figure out, "Do I want to be here or be there, and how I want to participate and how I want to grow." This is about brand recognition and using the marketing opportunity as more than a sales opportunity.

### ***Organizational Structure***

#### *Partnerships and funding*

Eastern Market Corporation and FoodLab Detroit "developed and support" DKC but they don't fund it now. The program is funded through grants through other organizations, it's a mix of corporate and philanthropic organizations in our region and area that we get funding from. I would love for us to be self-sustaining but we're not there yet. To be self-sustaining, we would have to increase our rates, deposit, and application fee. We would have to change our structure. The application fee would have to go up. The deposit would have to change, and there would have to be a fee to be an affiliate, instead of the stipend currently provided.

#### *Staff*

It's myself and the Kitchen Manager. The Kitchen Manager works with the affiliate kitchens and onboarding users into the kitchen, and I run the application process, working with business owners through license process, onboarding, and then working with them to scale. All decisions are made between us two.

#### *Participant fees paid to DKC*

- Hourly kitchen-use fee (\$10-18/hour, depending on the product being made)
- Detroit Kitchen Connect Application fee (\$20)
- Deposit (\$200)

### ***Governance***

#### *Managing Conflict*

A schedule is a schedule. If there is a way to smooth ways or share space, it's about making those one-on-one connections. We always use punitive fees. We start with a \$50 cleaning fee if they leave a space dirty. You need to map all of the floor, not just the space you walked on, because you walked on all of it. You need to build that time into your schedule. If not, it goes up, and you can lose your access.

**Appendix F: Kiosk Designs**

Below are samples of potential kiosk designs.

	<p><b>Lakeside Model Mobile Mart Cart</b></p> <p><a href="http://www.globalindustrial.com/p/foodservice/display/merchandising/mobile-mart-cart-gray-laminate-stainless-steel-27-12w-60d-70h?infoParam.campaignId=T9F&amp;gclid=Cj0KEQjw1v66BRCV-6rh6s-Biu8BEiQAelpui6H4MLxYsPXkMgxMH71LuKXYDUOA1if1WfuJ4RcEPQYaAucA8P8HAQ">http://www.globalindustrial.com/p/foodservice/display/merchandising/mobile-mart-cart-gray-laminate-stainless-steel-27-12w-60d-70h?infoParam.campaignId=T9F&amp;gclid=Cj0KEQjw1v66BRCV-6rh6s-Biu8BEiQAelpui6H4MLxYsPXkMgxMH71LuKXYDUOA1if1WfuJ4RcEPQYaAucA8P8HAQ</a></p> <p>Pros: Mobile, can accommodate food and non-food vendors</p> <p>Cons: May not reflect the feel that Bridge Park leadership desires</p>
	<p><b>Cambro CamKiosk KVC854C519 Green Vending Cart with 4 Pan Wells and Canopy</b></p> <p><a href="http://www.webstaurantstore.com/cambro-camkiosk-kvc854c519-green-vending-cart-with-4-pan-wells-and-canopy/214KVC854CGN.html?utm_source=Google&amp;utm_medium=cpc&amp;utm_campaign=GoogleShopping&amp;gclid=Cj0KEQjw1v66BRCV-6rh6s-Biu8BEiQAelpui8eQfjmlCF6fEojyMkpfvPINc5zq6jMHM25F7zBHkv8aAsEe8P8HAQ">http://www.webstaurantstore.com/cambro-camkiosk-kvc854c519-green-vending-cart-with-4-pan-wells-and-canopy/214KVC854CGN.html?utm_source=Google&amp;utm_medium=cpc&amp;utm_campaign=GoogleShopping&amp;gclid=Cj0KEQjw1v66BRCV-6rh6s-Biu8BEiQAelpui8eQfjmlCF6fEojyMkpfvPINc5zq6jMHM25F7zBHkv8aAsEe8P8HAQ</a></p> <p>Pros: Mobile, can accommodate food and non-food vendors, offers storage in the kiosk</p> <p>Cons: May not reflect the feel that Bridge Park leadership desires</p>



### Japanese Style Yatai

Pros: Mobile, collapsible, provides seating for customers, offers storage and food preparation

Cons: More expensive than cart-style kiosks, may need to be more stylized for the Bridge Park, may not be as flexible for non-food businesses



### The Tramp About, Fort Collins, Colorado

<https://fortcollinsfoodtrucks.com/place/>

Pros: Self-contained, mobile, trendy styling, offers seating for customers

Cons: May not be flexible for non-food businesses, more expensive than smaller options



### Honey Pot Food Cart, Portland, Oregon

<https://portlandfoodcartadventures.com/2013/03/09/the-honey-pot-food-cart-one-year-anniversary-celebration-pi-day-thursday-march-14-sunday-march-17/>

Pros: Self-contained and mobile, trendy styling

Cons: Not flexible to accommodate non-food businesses, may be too big for the Bridge Park, more expensive than smaller options



### Le Pain Quotidien, New York City, NY

<http://brighamyan.com/2013/04/18/ideas-for-downtown-la-implement-road-diets-to-encourage-pedestrian-activity/>

Pros: Flexible to accommodate non-food businesses, stylish

Cons: Not mobile, more expensive than other options, may be too big for the Bridge Park