

WT Enterprise Center – Incubation with Urgency

By Kyla Frye and Jason Boyett

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The advertisement features a black and white photograph of the New Orleans skyline at night, with the Mississippi River in the foreground. A large, ornate banner in the foreground displays the text for the IEDC Leadership Summit. The banner is triangular with a sunburst pattern and includes the years 2016 and 2017. The website address is at the top left of the banner. Below the banner, the text "Resilient Communities: Pathways to Diverse Economies & Innovative Ecosystems" is centered. At the bottom of the advertisement, there are five smaller black and white photographs showing various scenes from New Orleans, including a restaurant interior, a street view, and a person working.



wt enterprise center –

INCUBATION WITH URGENCY

By Kyla Frye and Jason Boyett

the Texas Panhandle is known as much for its tough, Old West independence as for its isolated, wind-swept landscape. Nearly 450,000 people live in the Panhandle's 26 counties, with around half of them residing in and around Amarillo, the area's cultural and financial center. A former cowtown, the city wears its outsider status proudly. Geographically, it's nearer to cities like Albuquerque (290 miles) or Oklahoma City (260 miles) than it is to its own state capital in Austin (495 miles).

Outside the Panhandle, most people probably recognize Amarillo either as a good place to spend the night – the city's main corridor along Interstate 40 is lined with hotels and chain restaurants – or as the home to attractions like Cadillac Ranch and the potentially free 72-ounce steak offered at The Big Texan Steak Ranch.

But one thing most people don't know is that Amarillo and the Panhandle have recently become a buzzing hive of entrepreneurship, thanks to the work of the West Texas A&M University (WTAMU) Enterprise Center – a business incubation program and department of the WTAMU College of Business. Located in a 31,000-square-foot facility in north Amarillo, the center has created a thriving entrepreneur development ecosystem throughout the city and the rest of the Panhandle. Its diverse list of clients include businesses of all sizes and kinds, from Evocation Coffee Roasters, a micro-

roastery with a nationwide following, to Sage Oil Vac, which occupies an enormous manufacturing building and serves markets all over the world.

In 2013, after receiving an annual, five-year \$102,590 grant from the federal Economic Development Administration and a matching grant of up to \$250,000 per year from the Amarillo Economic Development Corporation, the Enterprise Center launched a successful new program called

“Incubation with Urgency: A Collaborative Ecosystem for Developing Entrepreneurs.” While the Enterprise Center had previously built a solid reputation for incubating start-ups and new businesses, the grants expedited services for local second-stage entrepreneurs. It was designed to provide peer-to-peer development for existing businesses that were looking to expand into new markets, develop new products, or otherwise innovate.

“Ultimately the goal is to assist entrepreneurs and to get to them quickly,” says David Terry, executive director of the WT Enterprise Center. “There are a lot of second- and third-generation companies that have done the same thing for a long time. What we really want to see is for them to think innovatively and use this program as a way to get outside of current markets.” He says the center has received more than 170 inquiries since receiving the grants. “They've become a part of the fabric of entrepreneurial development in the Texas Panhandle and we can help those companies grow no matter where they're coming from,” Terry says.

Buzz David, president and CEO of the Amarillo Economic Development Corporation, says the

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partnership allows the AEDC to assist entrepreneurs that aren't always on larger economic radars. "It gives us a way to support smaller businesses – a way to support the creation of business and jobs and everything that goes with it – that we would not otherwise be in a position to do," says David. "It's a great marriage between our organizations because we can work off each other's strengths and do something for this community."

EXPANDING AN ALREADY POWERFUL MODEL

Staff members of the WT Enterprise Center had been working with start-up and early-stage entrepreneurs since the mid 1990s, in partnership with the AEDC for the annual Amarillo EnterPrize Challenge. This well-known local contest gives capital funding grants to entrepreneurs based on marketable ideas and winning business plans. "We saw a need in the community and did it to spark the innovation and early-stage development of businesses," Terry says. "The EnterPrize Challenge started as a way for the AEDC to invest in smaller companies. It really has been a fantastic program."

In 2009, the incubator partnered again with the AEDC and other economic development corporations in the Panhandle to form a broader organization called the Entrepreneur Alliance. Its purpose was to develop the entrepreneurial ecosystem in Amarillo and throughout the surrounding 26 counties. "Very quickly we realized that our lack of awareness was one of our biggest problems," Terry says.

He explains that the secluded, do-it-yourself attitude of Texas Panhandle entrepreneurs often generates the

WT ENTERPRISE CENTER

Founded in 2001, the WT Enterprise Center is a multi-use regional business incubator that serves the top 26 counties of the Texas Panhandle. The mission of the WT Enterprise Center is to apply the principles of business incubation for innovation and entrepreneurial development in order to foster economic growth for Amarillo and the Texas Panhandle region.

The Enterprise Center provides first class office and production spaces, a new state-of-the-art commercial kitchen as well as a newly developed coworking area in the 31,000-square-foot facility. Clients have access to the use of conference and training rooms on a first come / first served basis, shared kitchen break room areas, coworking and more. It offers clients below market rates to focus on their business instead of overhead. The Enterprise Center offers a welcoming environment for entrepreneurs and clients alike.

There is not a set graduation time for companies; instead, graduation is based on their accomplished goals and scalability. The average client time in the incubation process is three years.



Steve Pritchett with the Amarillo Economic Development Corporation (far left) and David Terry with WT Enterprise Center presenting \$100,000 to Amarillo EnterPrize Challenge recipient Julie Hulsey for her Zynia Business Solutions business plan at the 2015 Amarillo EnterPrize Challenge Awards Ceremony.

The goal of the Entrepreneur Alliance was to make trusted resources available to those needing assistance or coaching.

spark to start a business but not always enough light and heat to power a business for the long-term. "Entrepreneurs here have a pull-up-your-own-bootstraps mentality, especially when they're backed in a corner. So often, they just do what they normally would do. They try to figure things out themselves, they don't know what they don't know, and don't know when to ask for help."

That kind of isolation can hinder growth and long-term success. The goal of the Entrepreneur Alliance was to make trusted resources available to those needing assistance or coaching. The organization hired Spencer McElhannon, an entrepreneur with 30 years of building businesses across a variety of industries in Texas, Colorado, New York, Tennessee, California, and the Eastern Caribbean. McElhannon began traveling to smaller Panhandle cities like Perryton, Borger, and Dumas to work with local entrepreneurs as a business facilitator. "He would meet with anyone who had an idea or wanted to grow their business," Terry says. "Lots of entrepreneurs were really attracted to that model."

Before long, McElhannon – ever the entrepreneur – had spun out a for-profit company from his Entrepreneur Alliance work, hiring another facilitator and calling the business Leading EDG (Entrepreneurial Development Group). The WT Enterprise Center contracted with Leading EDG to continue the facilitation program as a regional outreach.

Around the same time, McElhannon and his facilitator, Matty McLain, noticed that start-ups may have been utilizing their services, but next-level, second-stage growth businesses were not. "We made a proposal to the AEDC regarding opportunities we saw in the Amarillo market," McElhannon says. "Small businesses that might be needing some help were kind of falling in between

A CLOSER LOOK AT THE AMARILLO ENTERPRISE CHALLENGE

The WT Enterprise Center also received a Bronze Award from IEDC for the annual entrepreneurship program, Amarillo EnterPrize Challenge. The Amarillo EnterPrize Challenge is a business plan competition that invests \$500,000 of grant money in local primary businesses. In partnership with the Amarillo Economic Development Corporation, the WT Enterprise Center awards money to startup and early stage companies to help them expand an existing business or launch a new business. Each company must document that it receives more than 75 percent of its overall revenue from outside of the local trade area. Each entrepreneur that participates receives training and one-on-one assistance to prepare his or her business plan.

Over the last 20 years, the Amarillo EnterPrize Challenge has contributed significant economic impact to the region – \$5.1 million has been invested in 76 local businesses. These businesses support 636 full-time jobs, have annual revenue of more than \$119 million, and have raised \$12.6 million in additional capital. Seventy-nine percent of businesses funded through this program are still operating today. Each year, hundreds of local businesses receive coaching and valuable resources from the WT Enterprise Center. This process is so valuable that many of the applicants, even though they did not receive funding, still engage with the Enterprise Center as business incubation clients. The program has also proven to be a strategic strength to the entrepreneurial ecosystem, bringing together several local entities to support entrepreneurs.

the cracks.” In a meeting with David Terry of the Enterprise Center and Buzz David of the AEDC, Leading EDG proposed integrating the coaching they’d been doing elsewhere in the Panhandle into the Amarillo incubation work of the Enterprise Center.

“With that, the partnership was born,” Terry says.

The timing was perfect. Terry and Jeff Reid, incubation director at the Enterprise Center, were in great demand and had spread themselves too thin. “When an entrepreneur wanted to talk to us, it was sometimes two or three weeks before they could meet with our staff,” Terry explains. “Entrepreneurs are impatient. Even if they don’t know exactly what they want, they want it now. We felt that bringing on facilitators like McElhannon and McLain – we coined them ‘entrepreneurs-in-residence’— would really help in the time frame of somebody receiving our services.”

The 2013 grants made it possible for the center to contract with Leading EDG to provide entrepreneurs-in-residence. A few months later, Terry and his team recognized that other specialty needs like marketing, legal, accounting, and sales could also benefit from strategic, in-house coaching. They hired specialists to work part-time out of the incubator for the purpose of walking alongside entrepreneurs and second-stage companies. That move proved extremely beneficial to these isolated businesspeople. “They were working by themselves and needed some assistance in putting together their legal

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structure, help with financials or help in marketing and sales,” says Terry. “Those specialists were able to meet almost immediately with the companies that needed their help the most.”

FLIPPING THE STATISTICS

Since implementing the Incubation with Urgency project in 2013, the WT Enterprise Center has received 172 new inquiries at a rate of nearly ten per month – more than doubling the average monthly inquiries prior to the partnership. Today the Enterprise Center assists 56 companies through incubation services and has added a co-working membership category with ten additional members. The 56 incubation companies support 754 primary jobs on \$29 million in payroll. Broadly diversified, these companies bring \$134 million in annual revenues to the Amarillo and Texas Panhandle area in manufacturing, food manufacturing, construction, technology, and professional services.

“What this program really did was combine the best resources into one place,” Terry says. “We already had the facility and the incubator. We had connections with service providers who could help with things like legal and accounting. But bringing the team of facilitators into our office 20 hours a week, for the sole purpose of helping entrepreneurs get to the next level, brought it all together. The AEDC, with their sales tax and investment in the region’s entrepreneurs, combined all the greatest strengths and capabilities to build a thriving entrepreneur support organization.”

TOOLS USED TO COACH LOCAL ENTREPRENEURS

The Enterprise Center partners with GrowthWheel International to provide coaching tools for our Entrepreneurs-in-Residence. All Enterprise Center coaches and staff are certified to use the tools provided, to help clients work through a 360-degree view of their business.

Our coaches and staff also utilize the Business Model Canvas provided by Strategyzer.com to help clients work plan starting points, pivots, and new service offerings. The canvas is also a supporting piece to the The Lean Startup (authored by Eric Ries) methodology adopted by the Enterprise Center.

RESOURCES PROVIDED TO CLIENTS OF THE ENTERPRISE CENTER

As a hub for business resources, the Enterprise Center accelerates growth and probability by connecting clients to programs, funding opportunities, and entrepreneurial resources. Direct contact with entrepreneurs and specialists provides a unique environment for startup and early stage business to grow.

Business Specialists

Clients of the Enterprise Center receive specific coaching, mentoring, and expertise from our Business Specialists. Experts in sales, marketing, finance, and legal are available to help guide clients on a daily basis.

Entrepreneurs-in-Residence

Entrepreneurs-in-Residence bring collective CEO and startup wisdom and experience to Enterprise Center clients. Our EIRs are a local entrepreneurial company that works with each client to smooth the runway to commercial success. EIRs provide strategic counsel to help clients develop their plan of attack and uncover gaps and needs for business growth.

Networking

Our collaborative workplace environment, services, and programs are all geared toward networking. Enterprise Center staff, mentors, and advisors have deep connections in the local entrepreneur community. Education programs, social events, and client activities offer connection to fellow clients and potential business partners. Our modern, open spaces and our Wi-Fi enabled environment are designed to facilitate peer-to-peer collaboration.

Research Support

Partnerships with West Texas A&M University provide client companies with research support and resources, key ingredients accelerating commercialization.

Buzz David, of the Amarillo Economic Development Corporation, says the partnership with the WT Enterprise Center provides a perfect balance between the two entities. “We do recruitment and retention, but we don’t do a lot of things related to job creation and business creation,” he says. “This partnership was a natural way to make that happen.”

Nearly three years into it, the partnership is working. An oft-cited Bloomberg survey indicates that eight out of ten entrepreneurial businesses shut down within the first 18 months, for an 80 percent failure rate. “The statistics don’t lie,” Terry says. “It can be hard. But since we started as a business incubator we’ve seen 80 percent of our businesses still in business today.”

David says that kind of success is a boon for the city of Amarillo and the rest of the Texas Panhandle. “Having an 80 percent success factor versus an 80 percent failure factor, which is very common in small business, has been a big thing to this community,” he says. “It also has given people the incentive to participate in a program and work with someone one-on-one to take their business to a level that they may not have ever dreamed of. They are getting specialized attention and experts spending the time necessary to help them really understand what being a businessperson is about, beyond even being an entrepreneur.”

REFERRALS AND NETWORKING

Those experts are a key element of the program. One benefit Terry has seen for entrepreneurs using the “Incubation with Urgency” program is the meaningful connections made with participants. “So much trust is involved to bring your business idea or plan through our doors. It takes a lot of courage. It’s your baby, and you don’t want someone to tell you your baby is ugly,” Terry says with a laugh. “They’re baring their soul to you and want to know you understand.” That’s why the Enterprise Center’s use of successful specialists as coaches and mentors

is so vital. “They’re not just meeting with a generalist or someone who runs a nonprofit incubator. This is someone who runs a business, someone who knows marketing, someone who does financial management for a living. It is exactly the help they need.”

While relying on this expertise, entrepreneurs begin to build a network of referrals and colleagues. “People do business with people they know and people they trust,” he says. “We bring in the best and brightest from the region to work on these issues. That’s so important to the process.”

Buzz David agrees. “If you go through the process and receive the input from the different perspectives, you end up being a better entity in the first place,” says the AEDC president. “People seem to really understand that once they engage in the process. They may not know it on the front end, but they figure it out.”

The variety of people and organizations feeding candidates into the program has also contributed to its success. Some startups or businesses approach the Enterprise Center on their own. Others learn of the program through the AEDC or the Entrepreneur Alliance. Still others may discover it through the West Texas A&M’s Small Business

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WT Enterprise Center Executive Director David Terry coaching membership client Alejandro Magelleans through the business model canvas during Hatch-works sessions.

Development Center, loan officers from local banks, or any one of the specialized coaches or mentors involved in the process. "We really want a culture that exhibits a 'no wrong door' approach," says Terry. "However they come into our ecosystem, we want it to be an easy referral."

LESSONS LEARNED

Thanks to his work with the "Incubation with Urgency" project, McElhannon now relishes the opportunity to consult for second-stage companies, an exciting shift from his previous work with new businesses. "I was helping startups and didn't see businesses that have two or three years under their belt," he says. "But this has allowed us to plug into existing companies that already have a substantial base built. We're helping them grow their business to the next level."

He says startups, by nature, move at a lengthier pace. "I love doing the startup thing, but the speed at which those move is a lot slower than businesses that have a good head of steam and are looking to take that next big step of growth," he says. "That's exciting and fun."

David Terry says he has learned that regionalism makes a big difference with these kinds of relationships. "A lot of rural areas in the country all face similar problems and we face similar lack of resources. We've got to be very mission-centered and market-focused. That's really the key for rural success," he says. According to him, Amarillo's isolation leads to different agencies and organizations working together for the good of the community rather than protecting their own turf. "This has forced us to really develop better partnerships and better communication. We all need to work collaboratively for the same goal and not try to take credit for what anyone does," he explains.

Amarillo is no stranger to focusing on the community good. The city is famous for valuing local businesses above chains – people still remember how customer loyalty to its beloved Donut Stop restaurants forced Krispy Kreme to abandon its lone Amarillo location in 2005, at the height of the company's popularity. "We don't have the masses of communities around us like the Dallas-Fort Worth area. We have to be self-sufficient and you have

to be able to depend on others to help get the job done," says David. "I don't see competition between organizations getting in the way of being able to do something good for the community."

Terry says he is constantly made more aware of the importance of trust in the relationship between an entrepreneur and an incubator like the Enterprise Center. "One of the biggest barriers to entrepreneurs seeking assistance is trust," he says. "They have an idea but they're not sure who they can tell about it or what they should do with it. Those are very personal conversations, so we have to be very careful about confidentiality."

McElhannon agrees, and says building a personal relationship with entrepreneurs needs to start as early as possible due to the risks involved with any kind of business growth. "Many times, you feel very alone, whether you're starting your own business or doing something that requires taking big risks, both financially and personally. It often entails putting the people you care about – your family – at risk too," he says. Creating reliable mentoring relationships can help provide something of a safety net. "What I've learned is you have to gain some level of trust in order to help people. Once you've established that, you can really make some great strides. If that relationship never develops, it's very difficult to help somebody."

Regardless of the successes – and the multitude of "open doors" into the program – Terry says the incubator still must work hard to get the word out. "A big part of this is developing great referral networks and partners," he says. "We have to develop partnerships that can help us tell the story so we can help more entrepreneurs. In year three, that's still one of our biggest struggles: awareness. We are trying to be more focused on regional training and regional marketing efforts."

CLIENT FEEDBACK

"Being an entrepreneur can feel lonely at times. When I'm faced with a difficult decision or simply want to brainstorm, I'm able to call Spencer or one of our specialists to help walk me through my problem." – Kim May, Owner of Nobox Creative

"A town is only as strong as its small businesses and entrepreneurs risking it all to create new flows of business, jobs and money into a community and the Enterprise Center is at the Core of this movement!" – Chrystene Speed, Owner of Speed Painting, Inc.

"The coaching model that our Enterprise Center designed and implemented has become a game changer for many clients, and the momentum continues to grow." – Coco Duckworth, Sales Specialist and Advisory Board Chair

"Amarillo should know that the willingness from the Enterprise Center to help businesses succeed is very helpful for anyone starting a company. They can help save a lot of time for startup companies figuring out certain aspects of starting a business." – Phil Olesen, Owner of Ball Pouncer

"The Enterprise Center provides a great deal of holistic service that is needed by many entrepreneurs. I think the whole incubation concept is critical to the care and feeding of beginning businesses." – Johnny Mize, Advisory Board Member

In addition, Terry and his team have been speaking to civic organizations and other groups about their model, highlighting entrepreneurial success stories and starting conversations over social media about the incubation process. "Hopefully, we're telling the story in a way that can continue to grow and grow this program," he says.

A SUSTAINABLE FUTURE

The initial grant from the federal Economic Development Administration and the matching AEDC grant were designated for five years. Currently in year three, the WT Enterprise Center's "Incubation with Urgency" program is now looking toward sustainability once the grant period has ended. While the initial investments supported the specialists and entrepreneurs-in-residence, they also supported structural changes to equip the Enterprise Center with a collaborative space. A new place-based coworking membership category for freelancers, programmers, consultants, and stand-alone entrepreneurs has increased the center's revenue stream.

"From the beginning, it was a goal of ours to be self-sustaining," Terry says. "This is not money we would intend to get as a grant beyond five years. We fully expect that by 2018, upon implementation of all of this, our program will be self-sustaining."

It helps that Amarillo's economy has been booming since the project began. "There's a great work ethic in the Texas Panhandle, and with increases in oil and gas and alternative energy exploration, we saw very low unemployment," says Terry. "But when commodity prices

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go down, people come out of the woodwork a little bit, looking to do their own thing. That's what we really want to do – create a system that goes beyond just the five years of the program and really create a culture for entrepreneurship development."

So far, that culture is thriving in Amarillo, along with smaller cities and communities throughout the relatively isolated Texas Panhandle. If the West Texas A&M University Enterprise Center and the Amarillo Economic Development Corporation have any say in it, their current partnership will ensure that the Enterprise Center remains a one-stop shop for entrepreneurial growth – and that the expansion of small business continues in the region long after 2018 has come and gone. ☰

