

# The YEBDC Small Business Information Column

by Sue Gingerich, Business Advisor

## "Business Incubators:

### Another Location Source For Small Businesses"

For many individuals considering starting a small business the high costs of renting a location can stop them before they ever get started. One option for new, small-businesses is to be home-based, but this has its drawbacks too. While usually more affordable, the lack of traffic and image portrayed by being home-based can reduce sales so much that it is not a viable option. There is, however, one other option, partner with other complementary small businesses under one roof, usually referred to as a business incubator.

The idea can work very well for many types of business, from retail, to commercial, to light industrial. The main idea of the incubator is to provide affordable rent, but also a more professional image, better location and many features than you would be able to afford if located alone. Typically once the new business has an improved cashflow, they will move out to larger facilities opening up space for other new businesses in the incubator.

Many incubators share the following resources:

- Central reception and receptionist and/or cash desk and cashier
- One phone system
- A photocopier
- A Fax Machine
- Washrooms
- Meeting Room(s)

The way the interior is set up, is usually with free-standing walls or partitions that can be moved to accommodate the needs of each new tenant. Rent is usually charged on the basis of square-footage occupied.

When located in an incubator the benefits gained go beyond sharing expenses and an enhanced image. It gives the new business owner a "place" to go to work. One of the draw backs of being home-based, can be separating work and personal life, such as being distracted by the dishes, the house work, OR always working because it is right there. Having a location out of the house, forces the business to have more structure, usually forcing the owner to take the business more seriously. Another benefit is not working entirely alone. There may even be a possibility of sharing other resources with the other businesses in the incubator, such as: helping to handle sales calls when one person is out of the office, or answering customer questions that voice mail could never do!

Of course, the down side to an incubator is the fact that you probably won't be able to stay there forever, so you may have an added expense of moving at some point. But the fact that the business was more likely able to establish itself more quickly should offset this expense. The only other problem with incubators is that in reality there are not many of them. However, there is nothing stopping new businesses from joining together and forming their own "incubator" of sorts.

If you are unsure of where to start to find other new businesses that may need an incubator there are several places to look. Contact your local Chamber of Commerce and tell them your needs, check with your local real estate office, your local commercial bank manager, attend courses targeted at new small businesses or contact us at The YEBDC.

If you have a small business and have a question or problem that you think The YEBDC could help you with please call or write to: The Yellowed East Business Development Corporation, Box 249, Sangudo, Alberta, T0E 2A0  
1-800-556-0328 or 1-780-785-2900, e mail: [yebdc@yebdc.ab.ca](mailto:yebdc@yebdc.ab.ca), or access our Website at:  
[www.yebdc.ab.ca](http://www.yebdc.ab.ca)

**"Takin' Care of Business... Takin' Care of You!"**