



Entrepreneurial Hub Feasibility Study

Lake County, Michigan
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Prepared by:



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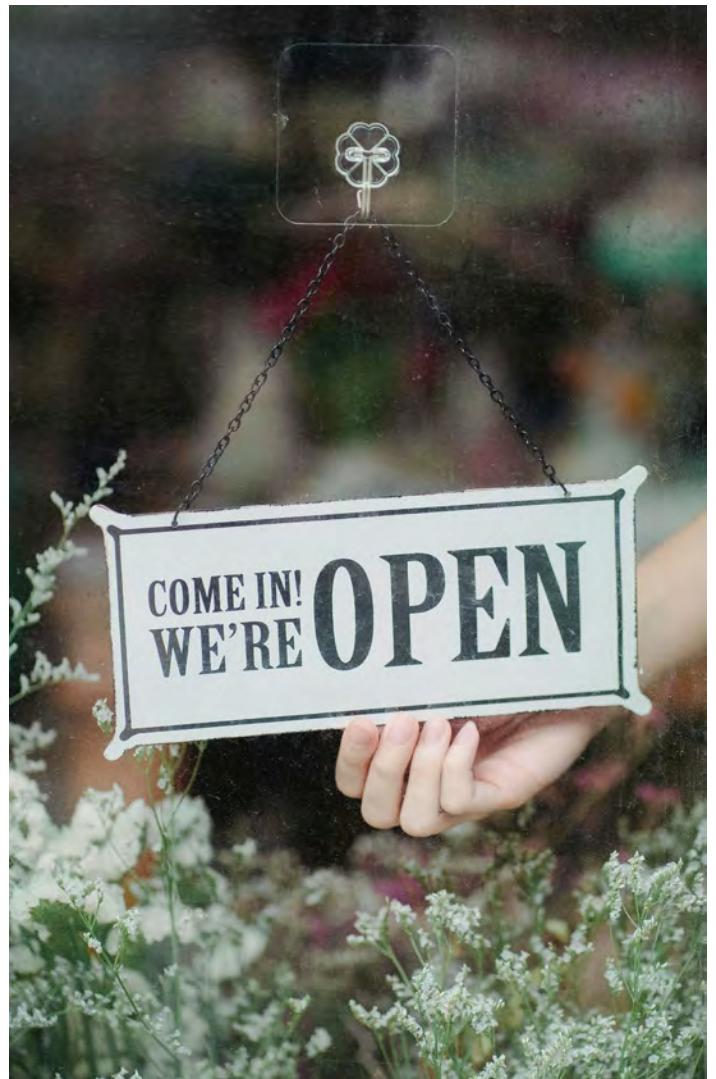
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This committee was specially formed for this grant work. It is made up of the full Lake County Economic Development Alliance Board and the following additional community members:

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TPMA provides professional consulting services and delivers insights to the complete workforce, education, and economic development ecosystem that allows them to move forward, together. TPMA envisions a world that thinks strategically, works collaboratively, and acts sustainably. TPMA's Economic Development and Community Resiliency Team provides expertise in assessing markets, identifying business sector opportunities, building entrepreneurial ecosystems, and conducting housing assessments to assist communities in developing solutions for local housing challenges consistent with community and economic development objectives.

Introduction

The project team was tasked with exploring findings related to the creation of an entrepreneurial hub with an open market concept on the site of a formerly condemned structure located in the heart of recent redevelopment in Downtown Baldwin. This study includes an analysis of the viability of an entrepreneurial hub, best practice models, recommendations, and potential funding opportunities.

Stakeholder Engagement

Two work sessions were held with 24 participants in total, including representatives from local businesses, education, workforce, economic development, and local government. While most participants want to see an entrepreneurial hub in downtown Baldwin, some suggest a more centralized location for easier access for all townships, specifically, Luther and Chase were mentioned. Please note that we assume most workshop participants live/work in Baldwin, which may skew results.

Ideas for what could be provided through an entrepreneurial hub included long-term planning/business plan support, financial support, marketing support, counseling, educational workshops and training, legal advice, mentorship, networking, high-tech capabilities/access, coworking space, meeting rooms, and a commercial kitchen.

A long list of potential entrepreneurial hub partners was generated. Leading this list were local businesses, bank/finance professionals, post-secondary education (colleges, universities, technical -specifically West Shore Community College and Ferris State University), Baldwin Community Schools, Chamber of Commerce, youth, Michigan Works, Lake County EDA, and the Baldwin DDA.

The project team also conducted interviews with local community leaders. They noted the most significant challenges for economic prosperity include tourism dependence, limited infrastructure, workforce challenges, and a problematic internal culture characterized by resistance to change and organizational conflicts. The overarching

recommendation is to foster collaborative approaches by celebrating the wins they do have, unify a vision for the future, and build economic momentum through strategic, incremental development that demonstrates tangible benefits to the community.

A Hub Approach

Small businesses play a critical role in the local economy, especially in rural communities. They provide residents with valuable products and services, contribute to the local character, and generate revenue to propel further economic development. An active approach to business retention, expansion, and attraction is required to achieve strategic growth into the future, and an entrepreneurial hub can be a useful tool for supporting businesses in the earliest stages of growth. When successful, these hubs can turn an idea into a productive business that strengthens Lake County's economy.

There are many approaches that can be taken in developing an entrepreneurial hub, and every successful model is tailored to align with the local conditions. Lake County is unique in many ways, and factors such as population size, proximity to larger cities, opportunities for partnerships, and funding must be taken into consideration when creating initial plans. In the sections to follow, different elements of an entrepreneurial hub are considered within the context of Lake County, and a series of recommendations are provided based on best practices and an understanding of the needs of local businesses. This document is intended to provide a strategic framework for local leaders to follow as they take action to establish an entrepreneurial hub in Lake County.

Hub Structures

Most entrepreneurial hubs can be organized into one of two categories: nonprofit or for-profit organizations. Below, some advantages and disadvantages of each structure are outlined.

Nonprofit

Perhaps the most common of the two structures, nonprofit organizations, are designed to provide some social benefit. These organizations are required to comply with government regulations, and in exchange, they are qualified as tax-exempt by the IRS. This is one advantage of operating as a nonprofit.

Another key advantage of forming a nonprofit organization is expanded access to grant funding. None of the funds received through a grant need to be repaid, which makes them a very valuable revenue source for young organizations. These grants can come from private or public sources, and many require that the applicant is registered as a 501(c)(3) (nonprofit) organization. Therefore, utilizing this model might increase the overall availability of funding.

The management of a nonprofit organization can be more difficult, by some measures. The administrative work required to achieve and maintain tax-exempt status can be significant, and professional services might be required in the initial stages of operation, which would increase startup costs. In addition, nonprofits are generally held to a higher standard of transparency, and the ongoing commitment to tracking and reporting business would likely be higher than in a for-profit model.

For-profit

While nonprofit organizations are explicitly designed to advance a social cause, for-profit organizations are – as their name suggests – intended to generate a profit. That's not to say that for-profit organizations are any less impactful in their social contribution, but their legal structure allows for and encourages the generation of profit. When entrepreneurial hubs utilize a for-profit structure, their goal is the same: they aim to support local business growth and create new jobs.

For-profit models use several methods to generate profit. Some earn through real estate lease or sale. Although it's typical to charge tenants low rental costs in their early stages, the idea is that those businesses will mature to become capable of making larger rent payments; if the entrepreneurial hub has access to space, they can generate a profit through the lease of this space to "graduated" businesses. Others acquire equity in the new businesses or earn royalties on revenues generated. Ultimately, the best model depends upon the environment within which the entrepreneurial hub is located and its general goals for business creation.

While for-profit organizations typically have more flexibility in structuring their operations, some of the funding opportunities available to nonprofits are not available to for-profit organizations. Many grants require that applicants have an active nonprofit status, which would disqualify for-profit organizations. In addition, it might be more difficult to form certain community partnerships as a for-profit organization. Many entrepreneurial hubs partner with universities or community organizations, and these groups sometimes prefer partnerships with nonprofits over for-profits.

Partnerships

As is the case for the businesses they support, entrepreneurial hubs are much more likely to succeed when they are part of a strong network of collaborators and partners. To build a small business ecosystem is to undertake a long-term project requiring various skills, knowledge, and resources. Organizations that can engage community partners and build local support for their mission will find their operations are more sustainable and effective over extended periods of time.

Entrepreneurial hubs, innovation centers, business incubators, and accelerators often seek to collaborate with established organizations whose missions align with their specific goals. These partnerships can benefit the entrepreneurial hub in several ways. In some cases, they're primarily financial in nature, and the partner organizations provide funding for the hub's operations; in others, partners can provide access to a larger network of stakeholders or potential investors, access to a physical location, or more significant publicity to spread awareness of the entrepreneurial hub.



In public engagement sessions intended to build out a vision for the entrepreneurial hub, stakeholders identified the following as potential partners:

Lake County Government
Lake County Economic Development Alliance (LCEDA)
Lake-Osceola State Bank
Lake County Community Foundation
Village of Baldwin
Village of Luther
Baldwin Downtown Development Authority
Michigan Works!
Michigan Economic Development Corporation (MEDC)
Lake County Chamber of Commerce
Michigan State University Extension
Baldwin Community Schools
West Shore Community College
Ferris State University
Local volunteers
Trade schools
Virtual mentors
Retirees
Workforce and trade associations
Local businesses
Whirlpool/Dunrovin Center

Funding Sources

Funding sources can be categorized into two major groups: public and private. Public funds could come from a mix of federal, state, and regional sources; private funding could come from individuals or corporations interested in supporting the entrepreneurial hub's work. Below, three specific funding options are described.

Connect with private investors.

Private investors can be an important source of capital for entrepreneurial hubs. There are likely many individuals or corporations in the region interested in giving back to their community but lack clear direction for doing so. A benefit of operating within a large network of stakeholders is that the entrepreneurial hub could organically connect with these investors. Sometimes word-of-mouth is a great method for finding private investors, but other times a more methodical approach should be taken (e.g. organized capital campaigns, special projects, etc.).

Some private corporations offer grants to boost rural development. One example of this is the [T-Mobile Hometown Grants](#) program. The T-Mobile Hometown Grants program is dedicated to supporting small towns by offering grants of up to \$50,000 for community-driven projects that improve local spaces and foster connections. Over five years, T-Mobile aims to invest \$25 million in 500 towns, funding initiatives like community centers, technology upgrades, outdoor spaces, and building renovations and adaptive reuse. An entrepreneurial hub in Lake County could easily present a strong case for selection and meet all criteria by demonstrating:

- Filling a demonstrated need in the community that would not otherwise be possible to implement through municipal funding
- Impact of connecting the community in meaningful and innovative ways
- Engagement, partner involvement, and resources actively incorporated into planning and execution.

- Feasibility to complete the project within the budget plan within 12 months
- Aligning with T-Mobile's commitment to empowering more people with essential, digital connections, championing equitable opportunities for all, and driving towards a more sustainable future.

Leveraging private investment is also possible through other funding mechanisms as well. The [National Coalition of Community Capital](#) (NC3) is promoting a new funding model that allows everyday individuals to invest and potentially build wealth. Community Capital is built to be inclusive, fair, and equitable, empowering all stakeholders for shared prosperity. There are two types of community capital funds. A Diversified Community Investment Fund is a real estate fund that can also be invested in businesses. It can stand alone or be part of many kinds of organizations including non-profits. An Aligned Community Investment Fund is similar to the Diversified Community Investment Fund. It may be particularly beneficial to an Entrepreneurial Hub because funds can not only be invested into real estate and businesses, but also client projects. With this fund, communities can raise non-accredited capital through DPOs or Reg A. It is ideal for ESOs or as a capital source for cooperative owners. NC3 has recently worked with the small community of Petoskey, Michigan to create a fund managed by a new 501(c)(3) organization.

Leverage local and regional partnerships.

At a more regional level, several institutions exist which can provide capital for the startup of an entrepreneurial hub, as well as funding for longer-term operations. Below, a couple of options are presented.

Education Partnerships

Nearby postsecondary education institutions can be an excellent option for local partnership. Ferris State University, Michigan State University, and/or West Shore Community College could sponsor the entrepreneurial hub by contributing capital, resources, staff, or volunteers to its mission. Together, the entrepreneurial hub and education partners would work to create a program that would benefit both parties.

Main Street Community Designation

Main Street America is an organization dedicated to revitalizing historic downtowns and strengthening neighborhood commercial districts. There are several designated Main Street Communities in Michigan, which could be referenced if Lake County pursues its own designation for the Village of Baldwin. This process can be lengthy, but once the designation is secured, many new funding opportunities are likely to become available for the entrepreneurial hub and other businesses in the county.

Regardless of designation, areas like the Baldwin and Luther may still consider adopting the Main Street framework to boost their downtowns. Though not directly tied to Main Street America funding opportunities, the Main Street approach has proven successful and may increase the likelihood of obtaining funds from other grants and programs.



redevelopment ready communities®

Redevelopment Ready Community Certification

A Redevelopment Ready Communities (RRC) certification helps communities by streamlining development processes, making them more attractive to investors, and ensuring clear, efficient planning. The certification could help the Village of Baldwin – which is the only eligible community in Lake County – to secure funding by demonstrating that the community is well-organized and committed to responsible, sustainable development, thereby making it a more appealing candidate for state and federal grants or private investments. Baldwin currently holds an “Essentials” status in the program, which means that the Village has all the key documents and practices in place to provide a predictable development experience and meet local planning and zoning responsibilities under Michigan law. **To increase the program's impact on the community, the Village could pursue ‘Certified’ status, which would allow access to additional resources such as assistance with key site plan development and marketing.**

Utilize federal funding.

There are many benefits to pursuing funding from federal sources; the primary advantage is that much of the available funding is distributed in the form of grants, which means that no repayment of the initial investment is necessary. However, the application processes for these grants can be relatively complicated and competitive. In addition, the funds are likely to be somewhat restricted in their use. Nevertheless, federal resources can be a great way to increase the total capital available to local entrepreneurs.

Community Development Block Grant (CDBG) through State of Michigan

The Department of Housing and Urban Development (HUD) distributes CDBG funding to the State of Michigan through the Michigan Strategic Fund (with assistance from the MEDC). Funds are then distributed to eligible Units of General Local Government (UGLGs). Generally, these eligible UGLGs are small cities, townships, or villages with less than 50,000 residents. Fortunately, these funds can be used for a variety of purposes to support an entrepreneurial hub, including¹:

- Acquisition of land and buildings for the hub
- Public infrastructure improvements to support the hub
- Relevant feasibility studies
- Operational costs
- Technical assistance

To be awarded funding through the program, UGLGs must demonstrate that the proposed project (entrepreneurial hub) meets one of three national objectives for the program: benefit low- and moderate-income persons; prevent or eliminate blight; or address community development needs

having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community². In addition, the MEDC evaluates all prospective projects by the following criteria³:

- Economic Impact: Proposed projects are evaluated on their economic impact, including the diversification of the economic base of the local and state economies.
- Financial Viability: All projects must be financially viable.
- Local Participation: Proposed projects are expected to demonstrate local government support.

If a project meets these requirements, along with others outlined in the funding guide, it could be eligible to receive CDBG funding.

Economic Development Administration (EDA) Grant Funding

Several programs offered through the Economic Development Administration could be used to support an entrepreneurial hub. Some programs, such as the Economic Assistance Program, are designed specifically for communities interested in developing new areas of their local economy; moreover, the multiple closings and re-openings of the North Lake Correctional Facility would help indicate the need for new job creation in the county. Funds offered through this program could be used for planning, infrastructure, or technical expenses. These funding opportunities are competitive, and the county would need to address the challenges listed in its region's up-to-date Comprehensive Economic Development Strategy (CEDS) to submit an application.

1 | <https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-Memorandum-Guidance-on-Use-Funds-for-Small-Business-Incubators.pdf>

2 | <https://www.hudexchange.info/programs/cdbg-entitlement/cdbg-entitlement-program-eligibility-requirements/>

3 | <https://www.miplace.org/4a7b5f/globalassets/documents/cdbg/resources/funding-guide.pdf>

Key Performance Indicators

Entrepreneurial hubs vary significantly in their organizational structure and operations. Of course, while many entrepreneurial hubs are successful in fostering new business growth and creating a self-sustaining stream of revenue, others fail to become established and are unable to translate initial funding into some tangible community impact. The foregoing analysis of methods of building an entrepreneurial hub should be used to guide Lake County's efforts in doing so; with this information, a thoughtful foundation can be laid for the entrepreneurial hub, maximizing the likelihood of its long-term success. Regardless of the thoroughness of the planning process, however, there can be no guarantee that the hub will become established, sustainable, and successful in the county.

To ensure that the hub continues to merit investment, there must be systems in place to evaluate its performance and determine whether its community impact justifies its costs. Key performance indicators (KPIs) are designed to serve as objective, quantifiable metrics for evaluating the performance of an organization or program.



Some potential metrics which could be evaluated as KPIs are listed below.

- Net annual revenue
- Amount of funding generated (through grants, donations, or private investment)
- # of overall funding sources accessed
- # of new funding sources accessed
- # of individuals participating (by service)
- # of new business starts
- # of existing businesses served
- # of jobs created and retained by businesses served
- # of events hosted
- # of partner services provided
- # of community stakeholders convened
- Satisfaction survey results

Internal data collection is critical for tracking the success of the entrepreneurial hub. Ultimately, for an investment in the hub to be justified, there must be some demonstrable benefit of its operation in the county.

Models

As Lake County develops its own entrepreneurial hub, regional case studies can provide valuable guidance. Five relevant examples of business support organizations in the Midwest are provided for reference.



Muskegon Innovation Hub

The Muskegon Innovation Hub is a business incubator located in Muskegon, Michigan, operated by Grand Valley State University. Its mission is to support startups and small businesses by offering a wide range of resources, including coworking spaces, mentoring, and funding opportunities. The Hub focuses on industries like advanced manufacturing, technology, and clean energy, providing entrepreneurs with essential tools to grow their businesses. It features specialized programs like CoLaunch, a coworking space for entrepreneurs, and ElevateWest, an accelerator program. The Hub also facilitates networking, training, and access to capital, making it a critical resource for innovation and economic development in the Muskegon area.

Spark Jackson County

Spark Jackson County is an entrepreneurial incubator in Jackson County, Indiana, focused on providing resources and support to local startups and small businesses. The organization offers a variety of programs aimed at fostering innovation, such as the Spark Tank pitch competition, the SPARK Club for established entrepreneurs, and initiatives like Spark Amigos, which supports Latino entrepreneurs. It also hosts industry-specific challenges through the SPARK Challenge and offers educational opportunities for students through SPARK School. The goal of Spark Jackson County is to create an ecosystem where entrepreneurs can access mentorship, funding, and collaborative opportunities, positioning Jackson County as a leading hub for rural business growth in Indiana.



CWRK Collective

The CWRK Collective is a coworking space located in Iron Mountain, MI. It is designed to meet the needs of remote workers, small businesses, and freelancers. The CWRK Collective serves as a hub for collaboration, allowing professionals in various fields to network and share resources. The facility offers flexible memberships, with day passes, week passes, and monthly memberships available. A conference room is available by the hour, and they offer photography, video, and audio production studio space at hourly rates, as well. The space also hosts events, workshops, and social activities, helping foster a sense of connection among its members.

Shophouse Park

Shophouse Park, located in the Upper Peninsula, blends commercial, residential, and creative elements to support entrepreneurs. It provides not only traditional coworking spaces but also areas for retail businesses, artists, and innovators to interact and collaborate. The park is designed to encourage a sense of community, with a focus on supporting small businesses and makers in rural regions. Its unique structure allows entrepreneurs to live and work in the same environment, fostering creativity and productivity. Specifically, the park seeks to attract entrepreneurs in the outdoor industry and hopes that their proximity to trails and forest land will allow them to develop and improve new, innovative products.

Grove Incubator

Grove Incubator, located in Traverse City, Michigan, is a community-driven organization dedicated to supporting entrepreneurs, artists, and social innovators. Its mission focuses on creating a fertile environment where individuals can connect, collaborate, and thrive. The incubator provides coworking spaces, private offices, and meeting rooms, fostering a collaborative atmosphere for innovation. Grove Incubator also hosts weekly events like the "Office of Possibilities," which encourages peer support and networking. By nurturing local changemakers and attracting new resources, it plays a key role in driving sustainable growth and innovation within the community, making it a vital hub for social impact and entrepreneurship.



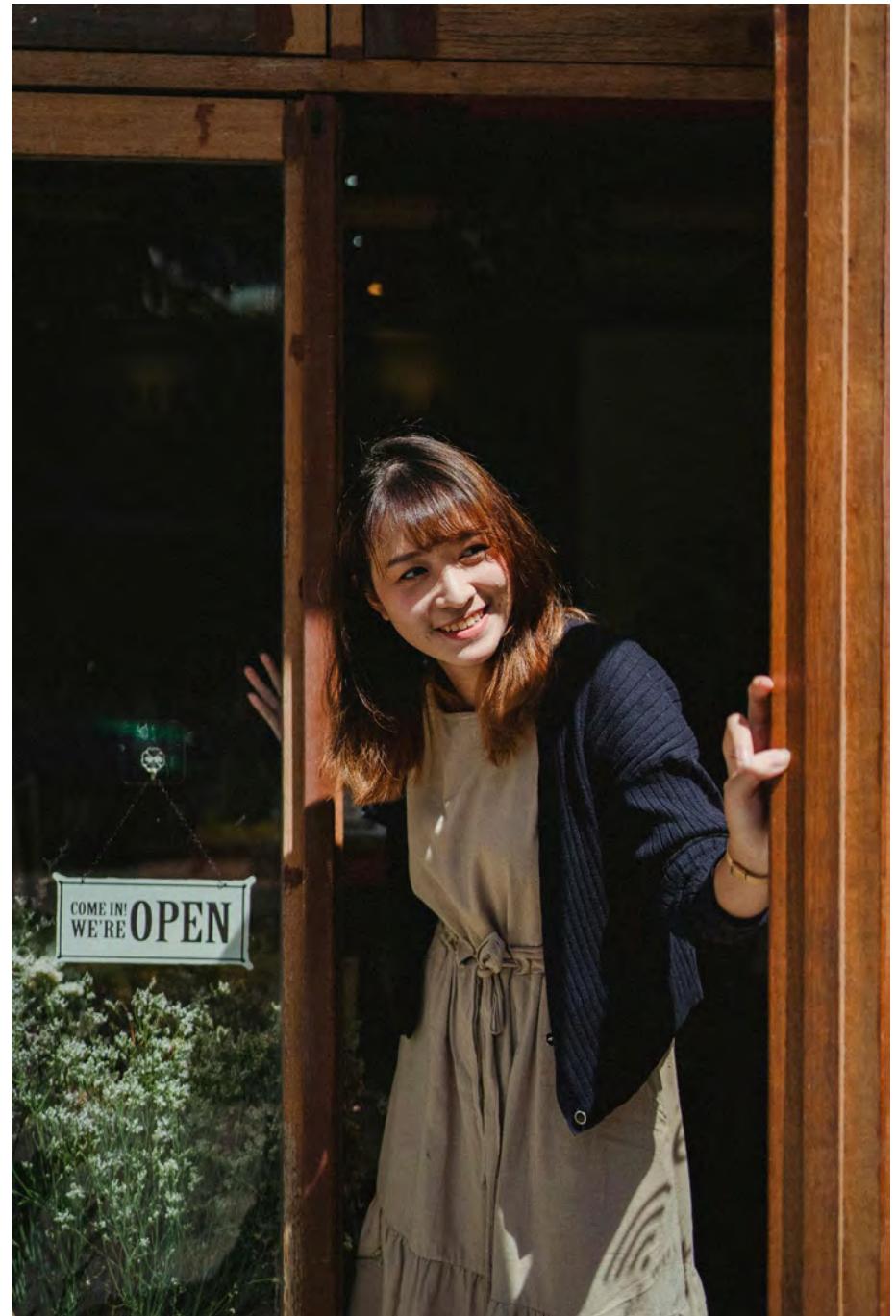
Recommendations

The current conditions previously mentioned pose significant barriers to creating the type of entrepreneurial hub often found in other communities. The entrepreneurial hubs outlined in the case studies might not be appropriately supported with the limited population and resources available in Lake County alone. However, strengthening partnerships to form a more cohesive entrepreneurial ecosystem in Lake County is possible. This section outlines recommendations for a small-scale community hub that could improve service delivery to local entrepreneurs.

Consider a hybrid or regional approach.

Stakeholders raised various community needs not addressed within a traditional entrepreneurial hub model. Several stakeholders mentioned a community center, wraparound services like transportation, etc. **Lake County could consider a multipurpose facility to serve a range of community needs, including a “front door” for local entrepreneurs to access information and programs.** Such a hybrid approach might relieve some issues related to funding and capacity, as well as increasing community members’ awareness of and access to entrepreneurial resources.

Entrepreneurial support exists throughout the region. Lake County must partner with these organizations and programs to provide services to local businesses. One approach might be to align under regional leadership. While this approach may assist with funding and capacity, it may also limit the more personal, local approach that many in Lake County might need to be successful.



Concentrate on a small-scale nonprofit or public-private partnership model.

Based on our assessment, a small-scale nonprofit model for an entrepreneurial hub is a good fit for Lake County. Utilizing the capacity of an existing nonprofit organization, such as The Right Place, to coordinate and direct the hub may help to speed the development process. This lead organization would coordinate with partners to provide services and support.

Public-private partnerships can also be effective in these efforts. County investment in an entrepreneurial hub could significantly catalyze a project of this kind.

Some communities have seen success with merging organizations like economic development corporations, chambers of commerce, tourism, and downtown associations. This would require a potentially complicated process, which includes agreements on how each entity's mission can still be accomplished and how assets will be utilized. This can be particularly difficult when government funding, advocacy, and membership benefits are involved. This type of merger can be simply in shared locations and resources under common branding and vision. It can also be done by incorporating roles into one not-for-profit organization (or sometimes more such as to maintain the benefits of both a 501c3 and a 501c6 status).

A new nonprofit could also be established. Mission-focused nonprofits operate best with a solid strategic plan. Strategic planning is critical to ensure that efforts remain focused on a shared vision, priorities are set, specific goals are identified, and an action plan is in place. Leadership training should be delivered in conjunction with planning sessions.

Case Study: Vision Brookings Coalition Brookings, SD

In 2005, three key organizations – Brookings Economic Development Corporation, the Brookings Area Chamber of Commerce and Visitor Bureau, and Downtown Brookings, Inc. – came together to form the Vision Brookings Coalition. This collaboration aimed to drive economic prosperity for the region through initiatives such as Vision Brookings I, which successfully raised over \$2.7 million to support growth, workforce development, and entrepreneurship. This collective effort laid the foundation for subsequent initiatives, including Vision Brookings II and III, continuing the momentum of the region's development.

Align strategic partners with commitments.

Once key partners are identified, leaders should collaboratively discuss alignment with the hub's mission and obtain written commitments for the minimum resources and responsibilities they are willing to contribute. This can be formal or informal, but it is important to document the expectations and establish reasonable reliance on those resources. Another reason this is recommended for Lake County is due to the historical and current misalignment of local organizations. Though community leaders are making strides toward remedying this, it would be helpful to outline roles and responsibilities and determine realistic capacities. This could serve to mitigate misunderstandings or overlap that may lead to negative outcomes and inhibit collaborative opportunities. With this approach, the hub could create a clear delineation of roles and build on the combined strength of ongoing partnership.

Address capacity challenges.

Addressing capacity challenges requires a proactive and strategic approach. **Lake County is unlikely to be able to support multiple employees to carry the workload of the entrepreneurial hub. It must rely on the commitment of partners, volunteers, business owners, and community members for support.**

As mentioned above, partner organization roles will be essential for the success of this project. Partners should be willing to regularly provide some level of capacity in the form of program services, volunteer hours, marketing and outreach, and/or other resources. Hub leadership should maintain trust with partners and regularly communicate regarding the work details and a broad look at potential disruptions (such as turnover or funding challenges within the hub or partner organizations).

Creating a skills matrix may help in tracking what talent and experience is brought to the organization by supporters and comparing those with the needs of the hub. This can help hub leadership determine potential roles for supporters and identify high-potential individuals for leadership and key tasks. The matrix could indicate weaknesses or knowledge gaps so that the hub can proactively recruit or seek professional development to mitigate potential issues. Additionally, this approach may be supplemented by tracking the availability of supporters.

Even among these supporters, cross-training is important for building capacity (for example, more than one person should have access to fundraising event planning details, checklists, contacts, notes, etc.). This is especially critical for key tasks that directly impact operations and growth, including those performed by lead staff. A trusted board member or volunteer should know the basic functions that keep the hub running and be able to access those functions when needed.

Other ways to address capacity issues may include outsourcing core functions, leveraging technology, and recruiting additional volunteers, interns, fellows, an Americorps member (through CEDAM), or temporary contract staff, to assist during peak times.

Create a resource map.

Create a resource map to align available resources with business needs. Understand who will use the resource map and determine how it may be accessed to maximize its benefits. Compile a comprehensive list of all resources that are currently available to you. This could include a database or spreadsheet with detailed information about each resource (e.g., name, location, contact, status, capacity, etc.).

Categorize business resources. Below are some example categories:

- Physical Resources: Buildings, equipment, technology, tools, meeting rooms, and workspaces.
- Financial Resources: Available funds, grants, investors, lending resources, financial education, and technical assistance.
- Knowledge & Information: Research findings, surveys, data analysis, reports, guidelines, best practices, examples and templates, current affairs, and other relevant educational materials
- Networks & Partnerships: Existing partners, sponsors, collaborators, supporters, advocacy groups, or volunteers.

Make the map accessible to stakeholders. Consider creating a visual and/or interactive version of the map (e.g., through an online platform or design software) where stakeholders can access, add, or update resources.

Monitor and update the resource map regularly. Keep track of how resources are being used and ensure that the resource map is kept up to date.

Determine service delivery and plan for scaling.

As Lake County builds its hub, focus on a baseline of services to provide. These will likely include:

- Education and training
- Flexible meeting and coworking spaces
- Access to technology
- Business consulting (including business plan assistance and startup support)
- Limited technical assistance (based on capacity, provide assistance such as human resources, grant writing, finance, insurance, legal, accounting, technology, and marketing)
- Collaborative marketing
- Networking

Plan for expansion and improvement of services over the next 5-10 years. Those services may include:

- Mentorship
- Idea generation and development
- Increased access to capital
- Expansion of technical assistance offerings
- Commercial kitchen, food-related training and production
- Maker spaces, and higher-quality technical equipment.
- Wraparound/Community Services (Transportation, Childcare/Eldercare, Support Groups, garden, etc.)
- Workforce (Job Training, Financial Aid, etc.)
- Business incubator, retail space
- Pipeline for wealth-building/co-op models



Retail Business Incubator:

Though retail incubators tend to be set up in much more populated areas than Lake County, program structures could be scaled down to fit local needs and capacity.

A retail incubator would build upon the entrepreneurial hub by offering a retail space or lease subsidy within a particular district, such as Baldwin DDA.

If the incubator were to be set in a single location, Hub leadership would start by creating a list of improvements, furniture, and other needs for the space. Consulting with an outside retail specialist may help with this process. Leadership would then determine the length of time a tenant could utilize the space. This could be anywhere from a quarterly rotation or a two-year intensive incubation period. Tenant eligibility would also need to be determined.

The program should be structured with requirements to participate in assisted business plan development, training such as merchandise management, a mentorship program (connected with a similar successful retail operation when possible), and other hub offerings. The hub will need to develop a recruitment strategy prior to launching the program. This is an active and sustained process for the program to be successful. The strategy may include a window display with contact information. One Indiana community designed appealing window displays with a sign that read, “envision your business here.” Recruitment may also mean engagement with the community, visits and calls with small businesses in other areas, and attendance at shows and markets.

Resources Links:

<https://ced.sog.unc.edu/2016/08/retail-incubators-and-main-street-revitalization-part-1/>

<https://cityofmidlandmi.gov/AgendaCenter/ViewFile/Item/658?fileID=763>

<https://mainstreet.org/the-latest/news/main-spotlight-lessons-learned-from-a-retail-incubator>

Develop a budget and fundraising plan.

Creating a budget for a nonprofit organization serving entrepreneurs involves several key considerations, including the organization's mission, scope of services, staff and operational needs, and funding sources. A well-thought-out budget is essential for the success of a nonprofit serving entrepreneurs. It will guide your decision-making, ensure sustainability, and build trust with donors and funders. Remember that a nonprofit budget should be flexible enough to adapt to changing needs, so regular monitoring and updates are key.

Budget Tips:

- Adjust for Cash Flow: Nonprofits often experience fluctuations in cash flow depending on the timing of grant awards, fundraising events, and membership renewals. Make sure your budget includes a buffer for lean months.
- Monitor and Revise: Once your nonprofit is up and running, your budget will need to be revised periodically to reflect actual revenue and expenses. Regularly tracking income and spending will allow you to make adjustments, identify areas of inefficiency, and ensure long-term financial health.
- Create a Reserve Fund (Optional): If your organization is mature and stable, you may want to allocate a portion of revenue to a reserve fund for future growth or emergencies. This can be especially important in the nonprofit sector, where unpredictable revenue streams can make financial stability more challenging.

Revenue Sources

These are the funds that will support your operations. Common sources for a nonprofit serving entrepreneurs might include:

- Grants and donations from individuals, corporations, foundations, or government agencies.

- Program fees from programs and services provided to entrepreneurs
- Membership fees from tiered levels of membership dues for entrepreneurs
- Event income from galas, auctions, or other fundraisers
- Corporate sponsorships from supporting businesses.
- Other income from things such as the sale or lease of products or property

Expenses

Break these down into fixed and variable costs. Fixed costs are ongoing expenses that don't change much, while variable costs fluctuate depending on your activities.

- Personnel Expenses: Salaries, wages, and benefits for employees, contractors, and any part-time staff members.
- Operational Costs: Day-to-day costs required to run your nonprofit, such as office space: rent, utilities, insurance, office supplies; communication tools: email services, phone lines, website hosting; technology and software: subscription fees for accounting software, CRM systems, etc.; marketing and outreach: website maintenance, social media ads, print materials, etc.
- Program Costs: These are the costs directly related to the services you provide to entrepreneurs
- Fundraising and Development: Costs associated with raising funds to support your mission, including events, grant writing, and donor management CRM systems and communication materials
- Miscellaneous: Other costs that might not fall under the above categories: Legal, accounting, insurance, travel expenses, etc.

Estimate Revenue and Expense Amounts

Once you've defined your categories, start estimating the income and costs for each. Here's a breakdown of some potential amounts for a small-to-medium-sized nonprofit entrepreneurial hub:

CATEGORY	ESTIMATED COST
REVENUE	\$185,000
Grants and Donations	\$150,000
Program Income and Membership Fees	\$15,000
Sponsorships and Fundraising	\$20,000
EXPENSES	\$180,000
Personnel Costs (salary and benefits)	\$80,000
Operational Costs	\$49,500
Rent/Mortgage	\$30,000
Remodel/Re-fit	\$6,500
Utilities	\$2,500
Repairs and maintenance	\$1,000
Computers	\$1,800
Printer	\$700
Office supplies and software	\$3,000
Office furniture	\$4,000

Funding and Development	\$10,000
Marketing	\$7,500
Fundraising Costs	\$2,500
Program Costs	\$34,000
Computers	\$1,600
Printer	\$600
3-D printer and supplies	\$6,000
Prototype software	\$600
Creative design software	\$700
Misc program costs	\$2,500
Program assistance (instructors, seasonal)	\$15,000
Miscellaneous Expenses	\$13,500
Legal	\$2,000
Accounting	\$300
Insurance (general liability, D&O, etc.)	\$2,200
Contingency Fund	\$9,000
ESTIMATED NET INCOME	\$5,000

Notes on Estimation:

- Revenue: Make conservative estimates.
- Personnel: This budget is based on one full-time competitive salary. Adjust according to your needs. Prioritize experience and formal education.
- Program Costs: Consider the cost of running each program, including venue rentals, marketing, and guest speakers. Breaking down this cost can help. Scale services with experience and financial support.

Procure a suitable location.

Decisions about possible locations should consider access, space, cost, and visibility.

Stakeholders suggested an entrepreneurial hub should be located in downtown Baldwin or a central location for all townships. While a central location might be closer to residents in terms of proximity, the lack of available space and infrastructure could pose significant financial and timeline challenges. Downtown Baldwin has the necessary infrastructure and potential spaces to locate an entrepreneurial hub. It is also located around the junction of US-10 and M-37, the major transportation routes in the county, and has relatively convenient access for most residents and tourists.

Space must be available for baseline services, such as flexible meeting and coworking, networking, training, technology access, and one-on-one consulting. It should be assumed that multiple services will be provided simultaneously, so a minimum of a coworking space, flex meeting/training/networking space, tech access space, private meeting space, and a separate staff office should be included in the start-up plan. It is recommended that the space have the potential for the expansion of services, such as a business/retail incubator space, maker spaces, product testing space, and/or a commercial kitchen. Even more space will be required if a community-based hybrid approach is implemented to accommodate wraparound services or community center needs.

Any property selected will need to be renovated or built to accommodate these spaces. Most will need facade improvements. Costs may add up quickly, especially if purchase/lease amounts are high.

Visibility can significantly impact the hub's success, especially if leaders decide to include an incubator space. Locations with storefront display windows and more foot traffic will be beneficial. The look and feel of the hub matter so that everyone feels comfortable walking in to explore what is offered.

A variety of properties should be considered for the hub location, including but not limited to a retail/office space owned by the Lake County Land Bank, a potential partnership with the Lake County Chamber of Commerce, and the Baldwin Business Center. The Baldwin Business Center building in downtown Baldwin may be an ideal location. A relationship between the county and the property owner is already established. It has a significant visual presence in the heart of the corridor. The building seems accessible and appears to be large enough to accommodate flexible meeting and coworking spaces, private meetings, training, and more.



Engage and educate the community.

It is important to communicate the hub's mission and services to the public. Marketing and branding are critical for this. Ensure that the hub's communications reach a broad spectrum of the community across ages, education levels, and occupations. Describe the hub in detail, including processes and rationale for decisions when appropriate. Hold well-planned and accessible meetings for transparency and for the public to become familiar with the hub.

Plan ahead for sustainability.

Education, cross-training, recruitment efforts, succession planning, and financial planning should all be part of a long-term strategy for a sustainable and effective entrepreneurial hub.

1. Education: Educating the public about the purpose and impact of the hub is important. Additionally, the hub's core team, including county representatives, board members, staff, and volunteers, should participate in educational sessions to understand their roles, responsibilities, legal implications, and more. Ongoing professional development is recommended (i.e. attending conferences, etc.).
2. Cross-training: Each member of the hub's core team should be cross-trained to understand more than one role appropriate to their skill level to ensure the continuation of institutional knowledge. Key systems and tasks should be accessible to leadership in case of emergency, leaves of absence, etc.

3. Recruitment: Efforts to recruit individuals for involvement in the entrepreneurial hub are generally ongoing and organic, but it can be proactively and intentionally driven. As a best practice, the hub's leadership team should maintain a diverse list of supporters and prospective supporters in the community. When selecting new leadership, the hub's core team can identify individuals who can bring the needed perspectives, experience, knowledge, and skills to the table. Have conversations with these individuals in advance of any elections to provide them with an understanding of what the position would entail and gauge their level of interest before nomination.
4. Succession: Even when implementing best practices for recruitment, it can be difficult to find and retain individuals to serve effectively in these leadership capacities. As such, traditional term limits (though recommended) may create significant challenges. Alternatively, in some organizations, a chairperson may only serve for a certain amount of time before rotating off the board or to a different position on the board. It is common to adopt the practice of electing a new chairperson who has recently served as vice chair, assuming increased experience and training for the role. These types of considerations are suggested to allow for regular transfers of institutional knowledge and an influx of new ideas. Ensure members of the hub's leadership are transparent and that information and documentation (minutes, policies, procedures, etc.) are accessible.
5. Financial stability: Ensuring the hub's financial solvency will be challenging but necessary. Prioritize savings and investments to intentionally build reserves to accommodate 6 to 12 months of operating costs. Build upon revenue streams that are not tied to government or grant funding.