

Search



Santa Maria Sun > News > Cover Story

Monday, Dec 11, 2006 Volume 7, Issue 38

- Home
- News
- Opinion
- Classifieds
- Art & Events
- Film
- Sports
- Community
- Food & Wine
- Outside
- Special Issues
- Archives
- About Us
- Advertising Info

Cover Story

Hatching new business

A model for getting businesses off the ground finally arrives in Santa Maria
 BY CRAIG SHAFER

Incubators used to refer exclusively to those heated egg holders intended for hatching chickens. But late in the 20th century, the term moved from farm terminology into the realm of business and entrepreneurial endeavors, though the model works the same way.



Grillin and chillin:

Don Armstrong is amazed no one had thought of a folding portable grill before, considering that Santa Maria is the barbecue capital of the world. His 20-pound steel grill uses less fuel than conventional barbecues and can be stowed in a denim bag for easy transport. The local business incubator is helping Armstrong cut through the legal maze of getting a new product to market.

PHOTO BY CRAIG SHAFER

Today's incubators provide a safe nurturing environment during the time new businesses are most vulnerable at start-up and keeps them moving in the right direction until they're able to support themselves and go out into the real world on their own.

Alan Tratner, who now heads the Enterprise Center he's been trying to get started in Santa Maria for the past five years, finally has city, Chamber of Commerce, and other local industry support to open the new center, which will open later this fall in the Town Center Mall. In the center's second phase, the incubator would expand and move to an industrial park, which would triple the space and allow the center to move as many as 30 or 40 new businesses through the program at a time.

The Enterprise Center will give start-up businesses their own cubicles as a place to meet clients and receive tutoring from incubator mentors who have a wealth of business-related experience. Incubators also offer start-ups the benefits of shared office equipment, utilities, and receptionists as they build their company into a viable money-making enterprise. Once established, the fledgling businesses then move out of the incubator, which allows for new incubees to move into their vacated cubicle.

Growing enterprise is nothing new in this country where capitalism is more than just a concept, it's the pursuit of happiness our founding fathers charged us with.

"Entrepreneurship is the greatest creator of wealth in the United States," Tratner said, asserting that the United States is the most entrepreneurial nation in the world.

"One in 10 Americans starts an enterprise. The counter to that is the miserable failure rate that's been taking place for a long, long time," he said. "Depending on which figures you listen to, the low is 50 percent and the high is 90 percent of all start-ups in the first year fail for a variety of reasons."

Tratner said that undercapitalization and/or mismanagement of the capital are at the top of the downfall list. In addition, lacking the knowledge of where to spend resources can spell doom for start-ups. But incubators can assist with showing new incubees where best to spend their precious start-up capital. Mentors also assist with market research, legal assistance, and patent and copyright advice.

By sharp contrast to the failure rate of new business, Tratner said that business incubation claims as high as an 88-percent success rate for any company that goes through the incubation process.

"That shows you we can completely flip over the failure rate if more people had the advantages of what we're trying to do here in Santa Maria and other parts of the country," Tratner said.

Before bringing his idea to the Santa Maria Valley, Tratner set up the Inventor Center USA a decade ago in Ventura. He said they successfully graduated \$25-million-a-year companies through that program. Now he's

Advertisements

Your Dream Home on the Central Coast is just a click away

40BestHomeDeals.com

Capital Pacific Homes
Building Dreams

PRINT READY DESIGN

SM

silvanmultimedia.com

iTECH SOLUTIONS

Web Design

805.595.1900

Toll Free: 888.886.4832

www.itech-solutions.com

Nipomo 25 Ya Exp. PROPERTIES

Kalua & Dave

"We Know Nipomo"

Full Service Real Estate

929-4970

www.nipomoproperties.com

Signup



[Ads by Google](#)

[Small Business Franchise](#)

Open A Garage Remodeling Biz. Named 1 Of 50 Fastest-Growing Franchises!

www.PremierGarage.com

bringing that idea north along with a host of companion programs.



Imagine this:

For quick prototyping and a fraction of the cost of conventional methods, Duke Kramers new company is on the road to success as he receives mentorship from the local business incubator.

PHOTO CONTRIBUTED DUKE KRAMER

His blossoming ideas include developing businesses that use the waste stream for raw materials. He's been working with factions that are involved in trying to entice an ethanol plant to the area as part of his Green 2 Gold program, which not only takes advantage of the regional agricultural industry but ensures they are environmentally conscious, using green products, using limited raw resources, and producing their own energy. Tratner expects to create new innovations from the agricultural economy for sustainable technologies, enterprises, and renewable energy.

A companion project is called YIPPEE, which stands for Young Inventors/Innovators and Private Enterprise for the Environment. It's an educational program for young students to stimulate creativity, inventiveness, and entrepreneurship.

He envisions programs that would teach and encourage entrepreneurship in students at a young age by taking their ideas and helping market viable products they invent.

And for its many facets, what would an incubator be without funding opportunities?

Tratner calls its loan division the Loan Guru, which includes assistance with Small Business Administration (SBA) loans as well as private and venture capital resources to pull from.

Enterprise Center board chairman Dave Cross said the makeup of the board exemplifies the inherent strength in this endeavor. People like Ann Green bring to the group years of business counseling and mentoring people who are creating a business or growing their business. Leo West from Santa Lucia Bank offers financial expertise and could help a business get to the bottom line in making a profit. And Cross said that Mark Fugate, a commercial broker, will help with the long-range vision of getting a business out of the incubator and on its own.

Tratner said the Enterprise Center is one of a handful of non-profit incubators in the country. The previous model was based on investors who would nurture an idea to success and take a lion's share of the profits in return. In the nonprofit model, there is no charge for the services.

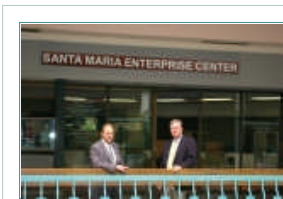
Apparently this modern model of a business-building program was foreign to local agencies. Community development departments countywide worked under the tried-and-true method of luring businesses to the Central Coast, Tratner said, and growing local business was hard for them to swallow.

"Why we're so late in getting this up here is because there were a bunch of impediments to even thinking about embracing a community incubator," Tratner explained. "There were certain people in the county that thought it was all business attraction. You steal a business from Texas, they come in here, they open up, they hire a lot of people. But that's very fickle because everybody is trying to do the same thing to everybody else.

"And like baseball teams, if it doesn't work out, you move to the next town."

Tratner said he's long pushed for what he calls "economic gardening," where communities invest in their own entrepreneurs. His reasoning is they already have their homes here, they're active in the community, they go to the local schools, and they're involved with local charities. He said they're already invested in the community.

By investing locally and seeing that new businesses are managed correctly, they become generators of tax wealth for the community and provide new jobs.



Nurturing environment:

When the new Enterprise Center opens its doors perhaps as soon as October, new businesses and entrepreneurs will have a safe

A study of a similar incubator in Austin, Texas, showed that after two years of investing from the community and chambers of commerce, the capital had all been recouped by the third year, and the businesses were putting money into the coffers of the community.

And adding more tax base and job opportunity is the key, Tratner said. This incubator will amass an assessment committee to determine what incubees go into the incubator and which should be virtual or off site.

"You come with a great idea, and we dissect it and determine, can it be a viable business," Tratner said. But one of the tests will be the viability of a business being able to create more jobs.

"It's not the individual entrepreneur we're most concerned about, it's the one that's going to spin off more jobs," Tratner confessed.

haven for starting up their endeavors and can receive guidance and support every step of the way. Pictured left to right are two of the centers board of directors, Dave Cross and Mark Fugate, who will serve as mentors to the incubees.

PHOTO BY CRAIG SHAFER

That's not to suggest that a solo idea won't be considered for the incubator. But Tratner said local dreamers should be ready to hear suggestions on expansion that might include franchising the idea to broaden the enterprise and bring in more jobs.

He also noted that the model supports nonprofits as well as for-profits, and bringing the two together in some cases further supports the community.

Whatever the endeavor, Tratner wants the future business owners and inventors to start thinking of ideas.

"Let the community know if you've got a great idea, got an idea for an invention, a product, or service, you want to start an enterprise, you're struggling with your enterprise come talk to us now, because the committee will be deciding in the next couple of months who'll get in there," Tratner said.

"Once we fill those slots, it could be six months or longer before an incubee is properly incubated, and then they hatch, then they're out on their own."

Within Tratner's vision, it's conceivable that in 10 years the tax rolls could swell by tens-of-millions of dollars. Thousands of high-paying jobs could be secured with hundreds of new enterprises. And the champion of local business growth said the ripple effect with all that new wealth is incalculable in terms of the help that schools, charities, and nonprofits are likely to see as a result.

Up and comers

Some of the companies including dozens of inventors and entrepreneurs have gotten started just through counseling sessions with Tratner before the Enterprise Center's planned mid-fall grand opening.

For two inventors, the Enterprise Center couldn't open its doors soon enough, and their products started taking off without ever experiencing the incubation process.

One inventor, who wished not to be interviewed for this story, admitted that he's still struggling to bring a new product to the market. He claimed that he was deep into the development of his invention and couldn't wait for the incubator program to launch. He said he had to keep moving forward but conceded that the incubator isn't a dead issue for him, he just felt that the product needed to get to market sooner than later.

Another inventor found himself in a similar situation after seeing his idea take off, he's proceeded with production of a portable grill. Don Armstrong came up with the idea of a portable Santa Maria-style barbecue a couple of years ago after he got tired of towing his full-size crank-up barbecue to the lake.

After a series of sketches, he came up with a 20-pound foldable steel barbecue that measures 24-by-24-by-6-inches when folded and opens with a 19-by-11 1/2-inch cooking surface, just right for slabs of Santa Maria Style tri-tip. Anderson said it uses far less wood than conventional pits.

With a recommendation from Tratner, Armstrong was put in touch with a patent attorney to protect his invention and is in discussion on getting a logo trademarked for the Grill-a-ma-Jig portable barbecue.

The big issue for him and his partner, owners of D and S Creations, is how to move ahead to mass produce the grills here in the barbecue capital of the world and/or to expand their fabrication business. Besides the grills, D and S is working on a bicycle designed for larger bodies, which Armstrong described as "a beach cruiser on steroids."

But Armstrong said he's reluctant to license the portable grill to one of the big grill manufacturers because he'd like to keep them made in America if one of the big companies got a hold of it, he feels they'd have it made overseas right away.

While they ponder the possibilities of growth and expansion and reflect on their new-found entrepreneurial spirit, Armstrong said he'll keep using the Enterprise Center for such things as advice pertaining to legal issues, payroll questions, and product liability insurance, which are precisely the sorts of things an incubator is designed to do to insure a new business' success.

Another homegrown business, DTI Prototype and Design in Lompoc, got its start in 2000. Owner Duke Kramer was looking for assistance and managed to find the Entrepreneur Center in Santa Barbara, which Tratner also runs. After an interview, it was determined the Kramer's company wouldn't fit in a typical incubator. He's in what's called a virtual incubation.

"In essence, I was able to gain the same sort of help by incubation though it's taken a lot longer because I'm not in-house and there isn't the synergy of the other clients," Kramer said.

Like other incubees, Kramer was looking for guidance in writing business and marketing plans and seeking help from counselors with his product development company. He supports small businesses and inventors who need to prototype their ideas or do computer-aided design work, and helps engineering firms that require rapid prototyping.

"Some of our clients are engineering firms that need a one-off model to do a presentation. We build everything out of ABS plastic with no molds, and it's a heck of a lot cheaper than the costs using conventional machining or other prototyping methods," Kramer said.

With the doors of the Santa Maria Enterprise Center ready to open this fall for a slew of eager entrepreneurs in the region, the germination process of growing local businesses into full bloom is just a matter of time and a little nurturing.

INFOBOX: Got an idea?

The Santa Maria Enterprise Center will be opening its doors later this fall. To find out if your idea, invention, service, or product will fly, contact Alan Tratner at 879-1729, or e-mail alan@smallbizentrecntr.org.

Visit www.grillamajig.org for more information on Don Armstrong's latest barbecue invention.

For more information on prototyping, contact DTI Prototype and Design at duke@duketechnologies.com.

INFOBOX: Have you got what it takes?

Alan Tratner with the Small Business Enterprise Center believes there is a tremendous reward in being your own boss or being able to market a product you've invented. But entrepreneurship is not for everyone. He warns that being your own boss is not a 9-to-5 job, and it takes an inner drive to want to do practically anything it takes to be successful.

However, taking advantage of an incubator's shared resources, low overhead, and mentorship are tools that can change a 90-percent failure rate without an incubator to an 88-percent success rate when getting early assistance from an incubator.

The No. 1 reason for business failures, according to Tratner, are handling funds poorly and being poorly capitalized. He said you need to plan on not making any money for at least the first six months during start-up. Odds are by the second year, a business' success is nearly guaranteed.

Arts Editor Craig Shafer can be reached at cshafer@santamariasun.com.

[Comment on this Article](#) | [Submit your Story Idea](#) | [View Archives](#)