

100% of net new job growth
comes from companies
less than five years old.



With your support of our **Second Floor Renovation Campaign**, the Hannah Grimes Center can increase its support of the companies who will provide jobs for our community for the next five years — and beyond.

*We welcome your support for our
2014 Capital Campaign*

Executive Summary — Second Floor Renovation at 25 Roxbury Street

Our mission to inspire local businesses and the community to innovate, connect, thrive and give back is rooted in the vision that the success of either is inextricably linked to the success of both.

For 2012, Cheshire County was ranked 9th out of the ten NH counties in year over year growth in number of new jobs created and 10th in the change in sales revenue. New Hampshire itself is ranked 45th and 37th in those two areas out of 54 states and territories. These are worrisome figures. New Hampshire and Cheshire County are not experiencing even the tepid recovery of the US. In 2012, Cheshire County lost 3.1% of our establishments, we had 0% job growth, and sales declined 3.2% over the prior year.

BUT... if you delve into that data, new startups in Cheshire County, on the other hand, were up 31% in the number of establishments, up 78.8% in job creation, and increased 48% in sales from the year prior. It is vital that we continue to support the growth of this important sector.

Our region has benefited from a thriving business incubator. Business Incubator associates experience significant growth: 29%, 44%, 297% of increased year over year revenue in 2011, 2012 and 2013. In addition, full-time incubator tenants had total revenues of approximately \$1.9 million in 2013 and employed 13 people. Add in six of our graduates, and they produced \$2,606,000 in revenues and employed 25.

Hannah Grimes renovated the first floor of our Roxbury Street building in 2011, a project that ended successfully on schedule and under budget on June 1 of that year. That project added 18 new offices, expanded conference room space, and increased earned income \$26,000 per year.

But this renovated space is at capacity (85%) while the older space is at 43%.

Rentals have remained flat upstairs while they have steadily climbed to reach capacity downstairs. Making the older space more productive will contribute an additional \$25,500 annually to earned income and increase our ability to help more businesses to start and grow in our region.

Hannah Grimes is an entrepreneurial, lean and effective organization that has successfully driven smart economic growth for our region. Our capital projects have been relatively small, incremental and well managed and have always yielded a stronger financial position for the organization when completed.

The project is estimated to cost \$779,000. We have applied for \$360,000 in tax credits and need to raise the additional \$419,000 from local contributions.

Starting and running both a nonprofit and for profit business, as well as working closely with hundreds of others, gives Hannah Grimes a unique opportunity to understand the needs and provide relevant solutions. Thank you for considering this request for a capital campaign project that supports the entrepreneurs that are doing their part to see that this region has the economic growth we need for a



Computer generated renditions by John Kutayla, HGC Incubator Graduate

**Thank you for your consideration,
as campaign chairs we warmly invite you to join us in this vital work,**

Floor Plan

25 Roxbury Street

Mike Petrovick is currently in the incubator program and is planning to graduate in May. He was one of the first tenants in our newly renovated space and has grown from a sole proprietor to adding a business partner and two employees.



Catlin + Petrovick Architects PC
25 Roxbury Street
Suite C106
Keene, NH 03431
P. 603.352.2255
www.c-parchitect.com

Square Footage Legend

Life Art:	2752 SF
Hannah Grimes Center:	3065 SF
Common Area:	390 SF

In addition to adding revenue and a much-needed larger conference room, the project will also:

- Provide interior access to both floors—we currently have to go outside to go between the levels
- Add earned income and provide office space for eight new businesses or nonprofits — spaces are unattractive and disconnected from the downstairs hub and are not renting
- Add a conference room with a capacity of 70.
- Make the space handicap accessible
- Bring high-speed fiber-optic internet to the building
- Dress up the shabby exterior of the building, open up windows, and create a space-efficient shared entrance with LifeArt
- Make it easier for guests to find us — everyone is confused by the Roxbury Street address while the entrance is of a Church Street parking lot
- Give our businesses and nonprofits more room to grow in a more professional environment and provide a larger network for them
- Leverage shared fixed costs—like the copier, staff, and maintenance
- Improve the energy efficiency of the building

Project Budget

60% to 75% of business start-ups fail within the first year compared with an 87% success rate for businesses launched in an incubator setting.



<u>Item</u>	<u>Amount</u>
Acquisition Costs	-
Site Improvements	-
Construction	615,000
Fiber cable costs	-
Rent reductions	-
Previous Professional Fees	-
Professional Fees	37,000
Construction Financing	-
Permanent Financing	-
Soft Costs	12,000
Reserves	70,000
Leasehold improvements	-
Training	-
Equipment Furnishings	28,000
Salaries	-
Fundraising costs	-
Occupancy	-
Supplies	-
Other expenses	-
Total Project Costs	779,000

For every \$1 of estimated public operating subsidy provided to the incubator, clients and graduates of NBIA member incubators generate approximately \$30 in local tax revenue alone.



Estimate provided by
Steve Horton Construction Consulting Services, Inc.
 PO Box 399 Walpole, NH 03608 stevnhorton@gmail.com (603) 313-9333

Revenue Impact

Business incubators are the most effective means of creating jobs — more effective than roads and bridges, industrial parks, commercial buildings, and sewer and water projects. In fact, incubators provide up to 20 times more jobs than community infrastructure projects (e.g., water and sewer projects) at a cost of \$144 to \$216 per job compared with \$2,920 to \$6,872 for the latter, the report from the U.S. Department of Commerce Economic Development Administration notes.

Revenue Impact from Renovation Project

REVENUES	YEAR	2015	2016	2017	2018
First Floor Incubator Rent		48,552	50,009	51,509	54,115
+Other Income		53,616	54,688	55,782	56,898
= First Floor and Program Earned Income		102,168	104,697	107,291	111,013
Second Floor Incubator Rent		7,763	24,150	29,325	29,912
+Other Rent Income		40,315	41,928	43,605	45,349
+Other Income		500	1,000	1,000	2,000
=Second Floor & Conf Room Income		48,577	67,078	73,930	77,260
= Earned Income		150,745	171,774	181,221	188,273
Contributions		155,000	150,000	155,000	170,000
Operating Expenses					
Maintenance		8,325	9,003	9,737	10,531
Building Repairs		4,200	4,542	4,912	5,313
Water		2,080	2,250	2,433	2,631
Internet		3,600	3,893	4,211	4,554
Electric		6,300	6,813	7,369	7,969
Heat		9,000	9,734	10,527	11,385
Plowing		3,200	3,461	3,743	4,048
= Total Building Management Expenses (3%)		36,705	39,696	42,932	46,431
Other Operating Expenses (5%)		265,731	279,018	292,968	307,617
= Total Expenses (assumes 3-5% inc.)		302,436	318,714	335,900	354,048
= Net Operating Income		3,309	3,060	320	4,226

Timeline

May – Dec:	Fundraising Campaign
March 19:	Design Development documents
April 2:	Phasing, schedule, and revised bid (Steve)
April 16:	City of Keene Historic District approval
May 2:	50% complete Contract Documents
June 9:	Initial City of Keene Building Permit Submittal
June 9:	Contract Documents available to invited bidders
June 16:	Mandatory walk-thru with perspective bidders
July 17:	Bid due date
July mid:	CDFA tax credits notification
August 1:	Sign construction contract
August 1:	Final submittal for building permit
September 15:	Commence with construction
Jan 16, 2015	Substantial completion of construction



Most business failures are related to mistakes and missteps that could have been avoided with experienced-based resources and guidance.

“Economic gardening”, or growing your own businesses locally versus recruiting businesses to an area, has demonstrated greater economic and social benefits to the community. The owners are more committed and involved in their communities and the dollars from these businesses circulate more in the local economy than non-local businesses.

Background

Hannah Grimes was established in 1776. Or perhaps that is stretching things a bit -- better stated, Hannah Grimes, our namesake, was born in 1776. She was an independent-minded woman, married at the ripe old age of 30, and established a successful family farm in 1806. As the inspiration for our first project Hannah Grimes Marketplace, we knew that what she and her family could not make or grow, they bought from friends and neighbors. When we opened Hannah Grimes Marketplace in 1997, it was not easy and sometimes it was not possible at all to buy or sell things made by someone in your own community. A central market for consumers and business training for producers has resulted in \$4 million in local product sales.

Hannah Grimes Center for Entrepreneurship

Hannah Grimes has grown considerably since 1997, adding the Hannah Grimes Center for Entrepreneurship in 2006 which includes a business incubator and a diverse set of business support programs and community projects.

Programs

Hannah Grimes offers 6-18 **workshops** a month on topics ranging from marketing and sales, to strategy and finances. Our workshop attendance has grown tenfold since 2008. Programs are offered by a pool of over 40 skilled volunteers and average satisfaction ratings offered by attendees in 2013 were 8.5 out of 10.

We offer free one-on-one technical assistance 12 days each month by an SBDC business counselor and 12 volunteer business coaches. Anyone walking through our doors or calling can get scheduled to take advantage of this assistance. While we have a strong set of workshops, business challenges don't always fit neatly into a scheduled workshop and often confidentiality is important and is possible through these one-on-one sessions.

We just began our 12th cohort of our Entrepreneur Project for businesses wanting to grow to the next level. The program began in 2004 as a peer group lead by a business coach. On average, participating businesses in the ten classes thus far have had an 80% sales growth and added one new job per business during the 12-month period.

Many more people have been asking for help starting a new business since the start of the recession. As a result, we introduced a **six-month business start-up class**. Since the start of the program in 2009, we have graduated 6 classes of 5-8 entrepreneurs from the program. Often graduates from the Start-Up class continue on to the Entrepreneur Project.

We began our **Leadership Circle** in 2009 – a peer CEO group of employer-businesses following a format developed by the Edward Lowe Foundation – a foundation which focuses on supporting Stage 2 Entrepreneurs. That group has 10 members.

Programs and Projects

Monadnock region businesses seeking business support from the Hannah Grimes Center have increased tenfold since the recession began in 2008.

A key strategy for positive change in rural economies includes providing “effective, relevant workforce training and development that supports entrepreneurship” and providing “small business development services” .according to the Carsey Institute at UNH.

Research supported by the Kauffman Foundation indicates that targeting programming on specific **industry clusters** is more effective and a better use of limited resources. In 2008 we selected four industry clusters that have a high impact on our region and have significant room for innovation and productivity growth. These clusters include Construction, Agriculture, Independent Retail and Artisans. For each cluster we produce a newsletter that aggregates industry-specific news and resources. By spending time aggregating this information, we were able to identify industry partners in each of these sectors. This allows us to evaluate each sector for resources and program gaps that we plan to fill by collaborating with partners in those areas. In 2011 we added the Nonprofit sector as a cluster.

Enterprise Incubator

The building we own at 25 Roxbury Street includes a suite of eight offices in one portion of the second floor that currently houses three nonprofits and offers them space and programming to grow. *This is the portion we plan to renovate.* We plan to continue to integrate nonprofits with businesses rather than keeping them separate.

Our **Incubator Program** offers entrepreneurs a structured business growth program which includes office space. We like to put the emphasis on “growth” rather than on “office space”. There are plenty of office units in our region – even at a lower cost. The Incubator Program is intended for businesses that are highly motivated to grow their businesses and are willing to invest time, energy and personal accountability into doing that. Program occupancy met industry standards for incubators at 85% for year end 2013 and average business revenue growth has increased strongly each year. In our current downstairs space, we have 14 offices for incubating businesses and an additional three for HGC staff.



Community Projects became a part of the Hannah Grimes model when we realized that no matter how hard we work with an individual entrepreneur, it is not always enough. The “soil” for entrepreneurship in the community needs tilling. The philosophy behind these Community Projects lay in the notion that if you just put enough smart, motivated people in the same room and gave them a few key tools, they could likely come up with a solution. These projects are intended to fill gaps that are not being met in the community. We close these projects down, roll them into our operations, or let them work independently in the community when we feel the need has been filled.

Examples of successful past projects include our first community project, the Hannah Grimes **Localvore Project**. At the time we started it in 2006, there was not a lot of resources available to directly connect farmers and consumers. We have seen a burgeoning interest in this area in recent years and in 2009 the Localvore Project took on a life of its own in the community with an independent, community-based Steering Committee.

Likewise, the **Pinnacle Mountain Broadband Committee** formed around a group of motivated rural residents lacking broadband. The Committee successfully piloted a wireless, last-mile broadband project. Hannah Grimes brought in grant funding to bring it to commercial stage, a second round of funding to bring the effort to a point where the company, WiValley, was able to attract Angel financing.

An **Angel Investors** network connects entrepreneurs who need angel financing with investors interested in local wealth-building opportunities. The Monadnock Region of the State was the only region lacking an Angel group. While the group no longer meets actively, we continue to connect members of this group individually to projects that emerge. There remains a strong, unmet need in the community for a variety of funding for business. We are just beginning to explore the options to expand this group to include smaller, more community based investments given the loosening of laws in this area.

Giving Monadnock, was a project to strengthen the Monadnock community by improving the effectiveness of nonprofit organizations and promoting a spirit of giving. Giving Monadnock began as an independent nonprofit but found in the past year or two that its funding model was inadequate. Given the Hannah Grimes mission to weave together business and the community and given that nonprofits comprise 15% of the economy in NH, the addition of Giving Monadnock only strengthens our ability to meet our mission. This was rolled into our Industry Cluster Project in 2012 and continues as a core part of our operations.



Peter Harris, Peter Harris Creative

Though my association with the Hannah Grimes Center as an SBDC client, a seminar participant and a presenter goes back about a year, I have been a member of the Incubator Program for only two months.



I am approaching 60 years old. I owned and operated a successful business in another state. I moved to Keene four years ago for a job which disappeared with the onset of an economic recession. I tried everything I knew to develop my marketing communications business, but couldn't seem to gain any traction.

Since making the decision to join the Incubator Program my business has leapt forward. I have gone from feeling like an outsider to being an active participant in the regional business community.

I am learning and growing daily through educational and networking opportunities. I am able to meet with clients in my office and to host larger business gatherings in the conference room. I am collaborating with other members of the HG family on presentations and projects. I hired my first part-time employee in four years. Business is booming and HG is a major factor.

Adriana Elliot, Director, Cheshire Mediation

Before I came to Hannah Grimes it hadn't occurred to me to consider myself "in business." I was simply working - doing the tasks that were in front of me, one at a time. In fact, I was averse to the notion of being a business person at all, because I had somehow arrived at the conclusion that being "in business" was contrary to being "of service." The Hannah Grimes Associates program is helping me take the steps toward a positive, empowered relationship to my business, by encouraging my ideas, offering me skills and suggestions, and providing me with a cozy physical space for my first office away from home. Through workshops, coaching, and exposure to the dynamic Hannah Grimes community, I am learning new ways of thinking about and perceiving the work that I do. I can now admit - and sometimes even enjoy - that I am, in fact, in business.

Rich Grogan, NH Small Business Development Center

My work is better at the Hannah Grimes Center, and it is because I receive a charge from the energy that surrounds all of the businesses and activities that take place there. It is the hub of small business activity in our region, and the entrepreneurs working there are serious about building successful businesses, across all possible meanings of that phrase.

Over 40 business and coaching professionals volunteer their time to offer high quality programs at Hannah Grimes. General satisfaction ratings for our programs consistent run 9.2 out of 10.

Businesses operating out of the center include those from architecture, e-commerce, law, land surveying, marketing, mediation, capital investment, coaching, and personal finance.

Monadnock Community Market Co-op — Bonnie Hudspeth

As a community-owned, cooperative business working to raise capital to open a 12,000 sq. ft. food co-op market in downtown Keene, the Monadnock Community Market Co-op was seeking a good temporary location for our headquarters. The Hannah Grimes Center was the natural place, as the entire Center is set up to provide cooperative learning and growth among entrepreneurs—and it was located walking distance from the Co-op location in the heart of downtown. The other business associates and the diversity of workshops provide an amazing support network for any emerging business, and it has been neat to observe how naturally a cooperative-structured business is served by the Hannah Grimes Center's staff and resources.

Mike Petrovick, Michael Petrovick Architect

After a long career working in established companies, my practice was launched several years ago as a free-lance architect working out of my home. Through my past experience I understood the value of sound business practices, but I couldn't grasp how I was going to grow my business to a point where it could support growth. Discovering and coming to the Hannah Grimes Center has increased the visibility of my practice in just a short time. The professional environment is providing an atmosphere conducive to growing my practice as a business. The available programs for coaching, workshops and networking is invaluable to me to transition from a sole-practitioner to a well-established business with several employees. Having my office located in the Hannah Grimes Center has also afforded me the ability to separate my business and personal lives which has clearly improved my overall quality of life.

Heidi Stanclift, 4WEB—Graduate

I have known Mary Ann for a number of years and was enrolled in the Entrepreneur class when she approached me with the idea. When I first joined the business we were working from a home office. We decided to move because we were growing and it was time to feel like a real business. It was like the stars aligned and we became their first new tenant in the new space. We have since graduated from the HG Center but loved our downtown location. Our business has grown and we have four employees now. The HG staff is so helpful and supportive. It was a short commute, across the hallway, to a bounty of workshops and there's support from business coaches, marketing professionals and more. We've conducted workshops ourselves so we give back to the Hannah Grimes Center as well.



Appendix

Campaign Chairs

Maureen Curtiss, **General Manager, Timken Super Precision**

Thomas Putnam, **Putnam Foundation**

Terrence Williams, **President & COO, The Keene Sentinel**

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Donna Weldon, **Office & Facilities Manager**

Jillian Miner, **Program Coordinator**

