

Center shoots for self-sufficiency

C.R. business incubator looks to raise \$5 million

By George G. Ford
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CEDAR RAPIDS — The Entrepreneurial Development Center in Cedar Rapids on Wednesday launched "Vitality 2014," a capital campaign to raise \$5 million to become self-sufficient.

The business accelerator, created in 2008 with financial assistance from the Cedar Rapids Area Chamber of Commerce, has invested \$2.9 million in operating capital from public and private sources to assist more than 300 businesses.

Over the six-year period, 42 new interstate commerce businesses have been created, \$158 million of increased sales revenue has been generated

and \$106 million in wages have been paid for 560 direct and 290 indirect jobs.

Tom Aller, president of Interstate Power and Light Co., told those attending a capital campaign launch breakfast at the Cedar Rapids Marriott that the EDC is helping create new businesses, jobs and wealth in the Corridor.

"Hopefully as these new companies grow, some of them will stay here and we will further diversify our economy," Aller said. "We need to uptick our relationship with our universities that are the home of new ideas and incubators of new technologies."

Aller said the Entrepreneurial Development Center complements the activity of Priority One in Cedar Rapids, which works to attract new businesses and help existing employers expand.

"We're ultimately here to create jobs," he said. "It's just a different place along the incubation-growth continuum. It's at the start with new businesses."

John Smith, president and chief executive officer of CRST International, said his father, Herald Smith, could have used the EDC for assistance when he started CRST.

"He says that he made ev-

ery business mistake known to mankind," Smith said. "First he went out and got loads, and then had to figure out who would haul them. He had to figure out how to bill, how to collect, and what he needed to do to grow. He didn't have any background, so he had no way of doing it."

"The EDC has helped a lot of people with great ideas to take them to the real world."

Chuck Stein, president of Strategic Development Services in Columbus, Ohio, has been retained by the EDC to help with its capital campaign. He said the EDC's track record as a business accelerator is unusual.

"The fact that they've been able to attract \$55 million in investment capital for their companies over five years is an absolute home run," said Stein, who works with similar

organizations across the country. "That tells me that they have companies with high growth and good commercial potential."

The average annual wage of jobs created by companies assisted by the EDC is \$48,000, compared with the tri-county average annual wage of \$36,000.

Stein said small companies that graduate from business accelerators like the EDC have an 87 percent survival rate for at least five years.

"That's because companies that get into an accelerator or incubator program are pre-screened," he said. "An incubator is purposely selective, looking for companies with high growth potential, high job growth potential and high wage potential."

Contact the writer: (319) 398-8300
or george.ford@gazcomm.com



Tom Aller
Interstate
Power
and Light Co.



John Smith
CRST
International