

College: Hagerstown Community College
Location: Hagerstown, Maryland
Practice: Technical Innovation Center
 Supporting economic development through a business incubator and shared manufacturing facilities

<i>Year Started</i>	1994
<i>Budget</i>	\$160,000
<i>Program Participants</i>	19 companies currently, 34 cumulative; 170+ jobs
<i>College FTE</i>	4,700
<i>Target Sector</i>	Technology-based start up companies
<i>Staff Size</i>	2 FT
<i>Structure</i>	Self-supporting, fully-occupied incubator affiliated with community college
<i>Key</i>	Outcomes Incubator has supported 34 tenants to date 171 jobs have been created or retained

Introduction

Surrounded by rural western Maryland, Hagerstown Community College is at the center of a region that has half a million people and encompasses parts of Maryland, Pennsylvania, West Virginia, and Virginia. Helping vulnerable manufacturers in the area become more viable in a struggling economy was the impetus for creating Hagerstown’s Advanced Technology Center (ATC) in 1990, which serves the region’s business and industry through education, training, and technical assistance.

To further support economic development in the region, the college established within the ATC its Technical Innovation Center (TIC) in 1994. The TIC is a business incubator with shared manufacturing facilities that has been highly successful in supporting technology-oriented start-up companies,

including information technology companies. It is one of only two incubators coupled with an advanced manufacturing center on a community college campus in the United States. A recent evaluation found that the TIC’s 34 tenants to date had created or retained over 170 jobs. The TIC is an example of how a community college can position itself in the center of a community’s effort to transition to the new economy.

Community Background

Hagerstown, Maryland is about 70 miles from Washington, DC and is trying to position itself as a lower-cost location for technology companies than comparable sites closer to the nation’s capital and technology corridor. The area has a large concentration of agriculture and a significant but

Program focus	Sector specific	Economic conditions	Economic base			Target populations
			Mfg	Agr	Svc	
Entrepreneurship	No	Distressed	20	1.0	30	Dislocated workers, economically disadvantaged

<i>Service Area</i>	<i>Washington County (and parts of nearby PA, VA and WV)</i>
<i>Total Population</i>	128,000
<i>Median Household Income</i>	32,000
<i>% Below Poverty Level</i>	10.6
<i>% Unemployment Rate</i>	5.3
<i>% Minority Population</i>	8.1
<i>% Rural Population</i>	43.8
<i>% High School Graduates</i>	69.3
<i>% College Graduates</i>	11.4

declining manufacturing base, primarily consisting of machinery, apparel, and food processing companies. The region is striving to help make local manufacturers more competitive and to encourage the emergence of technology and value-added service industries.

Hagerstown Community College is a comprehensive community college and serves some 3,400 full- and part-time students and parts of four states.

Program Description

Advanced Manufacturing Center

Before describing the TIC, it is useful to briefly describe the Advanced Technology Center, which predates and houses the TIC. The ATC is a partnership between industry and government that promotes industrial modernization through training, demonstration, and technical assistance. It reaches out to local small- and medium-sized employers and their employees while also offering training to students who attend Hagerstown Community College. The center is housed in two adjacent buildings on the main campus. Together, the buildings have 63,000 square feet and cost \$5 million.

While the ATC has always been—administratively and fiscally—part of the college, it was initially set up as separate from the traditional credit programs at Hagerstown. In 1998, however, integration between ATC and part of the academic college took place, with the director of the ATC assuming authority over the curricular engineering technology program. This formal shift occurred in

reflection of the fact that ATC’s non-credit training and the college’s credit training increasingly overlap. They share the same labs and classrooms, and sometimes non-credit and credit students even share the same classes.

Besides the TIC, ATC facilities include high technology learning classrooms and labs and advanced telecommunications networks used for distance education. The ATC also hosts an office of Maryland’s manufacturing extension service, a small business development center, the state’s regional technology council and the offices of a four-county economic development partnership. The central location of these linked resources has encouraged more complementary and collaborative approaches to development in the region.

Technical Innovation Center

The TIC’s mission is to help start-up manufacturers and technology-oriented firms survive and thrive during their first critical years. The two catalysts for its development were:

- Recognition that geometric rates of change in technology meant new types of companies were being created with special needs
- Fear that the local intellectual capital base was eroding as would be entrepreneurs tested their ideas elsewhere

The TIC cost \$2.1 million. Initial support for it came from the Appalachian Regional Commission, the U.S. Department of Commerce, and the Washington County Commissioners.

The TIC has 30,000 square feet of space comprising an open, flexible manufacturing floor, 30 office suites, and shared conference facilities. Companies benefit from rental rates approximately 20 percent below market rate the first year (rates escalate each year and reach market rate during year three) and shared support services such as access to computer integrated manufacturing equipment, T1 Internet access, a shared administrative assistant, four-color photocopying and other office equipment, and fiber optic line access.

The process for accepting companies into the incubator starts with an informal interview in which incubator staff evaluates the business idea and expected cash flow for the year to make sure rental fees can be met. The next step is for the company to complete an application that includes a business plan and projected financial statements.

The application is reviewed by a steering committee made up of college and regional economic development staff. If a company is turned down, the TIC offers assistance to it to remedy shortcomings in the plan or financial information.

A company can stay at the TIC for a maximum of five years; however, the TIC encourages firms to “graduate” earlier. That is difficult for manufacturing tenants for whom capital costs to locate in their own facility is high.

Resident companies have included, for example, a multi-media development firm, a company that provides hardware and software related to bar-coding and data collection, a database management firm, a maker of environmentally friendly cleaning products, a computer consulting and system designs company, and a biotechnology research firm.

Aside from space and services for tenants, the TIC organizes and hosts seminars and teleconferences on business management topics and offers entrepreneurship training for all regional businesses and potential entrepreneurs. Other activities include sponsoring international trade shows and other business support activities, usually in cooperation with the local chamber of commerce and other organizations.

Outcomes

With an operating budget of about \$160,000 a year, the TIC is currently financially self-sustaining through rental and service revenue. It has had 34 tenants to date, 19 of whom are currently occupying almost all of its office and manufacturing space. A recent evaluation found that in its six years, the TIC has created or retained more than 170 jobs.

One local firm owner cites the value of the TIC as its ability to allow companies to prove their idea or technology without huge investments. The incubator “serves a critical need for start-up companies that need to grow but do not have all the resources needed to be successful,” according to a local economic developer. The TIC has also helped attract more high-tech jobs into the community, he said.

Tenants have made investments of more than \$4.5 million in equipment they use on site. The average wage of workers is more than \$34,000 a year.

Strengths, Challenges, and Replicability

Policymakers recognize that incubators provide much-needed support to start-ups to increase the likelihood of success for good business ideas. The TIC at Hagerstown Community College is an example of a proven incubator in a rural area that draws on the resources of the college’s advanced manufacturing center to make it even more valuable to the community. Along with the incubator, the TIC couples the resources of many partners to bring education and training, economic development, manufacturing assistance, and small business development together in the same facility, creating regional cohesion and synergy.

According to incubator staff, the largest current challenge is to obtain more private sector involvement on the TIC’s steering committee and governance.

A business incubator as sophisticated as the TIC is expensive. However, many of the successful efforts from Hagerstown—such as coordinating training, technology, and business support services for start-ups—can be emulated in less-costly facilities. The TIC manager recommends that colleges setting up an incubator should target break-even revenues to occur at a fifty to sixty percent occupancy rate. Revenue collected in excess of that can then be invested back in the facility to provide the services that high tech firms need but cannot individually afford, such as advanced telecommunications and support services.

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