

Catholic Campaign for Human Development

Economic Development Grants

Business Incubators & Marketplaces

What are business incubators and marketplaces?

Business incubation provides basic services that businesses need to start, expand, and create quality jobs. Critical to the definition of an incubator is the provision of management guidance, technical assistance, and consulting tailored to emerging businesses. Incubator businesses work together until they have reached a level of stability that allows them to leave the facility.

Marketplaces rely on peer support and may also incubate businesses, but here the emphasis is on developing a growing base of customers in one shared facility with shared marketing, while creating a community gathering place where people of diverse backgrounds feel welcome. Member-businesses may reflect a specific business sector or culture. All businesses benefit from shared services that create efficiency in both planning and operations.

Both incubators and marketplaces have the potential to create jobs, revitalize neighborhoods, commercialize new technologies, and strengthen local and national economies.

“Completing the unfinished business of the American experiment will call for new forms of cooperation and partnership among those whose daily work is the source of the prosperity and justice of the nation”

—Economic Justice for All, #296

Why does CCHD fund business incubators and marketplaces?

CCHD’s founding resolution closed with a call to seek “a greater spirit of solidarity among those who are successful, those who have acquired some share of the nation’s goods, and those still trapped in poverty.” CCHD’s economic development program promotes solidarity and peer support among the poor through business incubators and marketplace initiatives.

Business ownership gives low-income people control over the means of production and the ability to determine the fruits of their labor, regardless of the size of the business. Low-income entrepreneurs develop assets through business ownership, create new jobs within the community and work their way out of poverty.

Creating new businesses within the community not only allows for full participation by the members of that community, but it also provides vitality to the neighborhood economy.

Recently, CCHD funded incubator and marketplace initiatives that:

- **Developed assets in the form of business equity for more than 75 entrepreneurs.**
- **Created jobs for over 175 individuals.**
- **Provided training and assistance to nearly 300 entrepreneurs.**

The Neighborhood Development Center Story

Creating Jobs and reinvesting in neighborhoods

Neighborhood Development Center (NDC), a community-based non-profit organization that works in the low-income communities of St. Paul, Minneapolis, surrounding suburbs, and Greater Minnesota helps emerging entrepreneurs develop successful businesses that serve their community and helps community groups build a stronger neighborhood economy.

Since its start in 1993, NDC has grown from providing business training services only to include financing, ongoing business support services, business incubation and real estate development. It has also expanded its capacity to reach out to the many ethnic communities present in the Twin Cities by adding new language skills to support Hmong, Somali, Oromo, and Spanish-speaking entrepreneurs and by creating a Reba Free financing mechanism—one of the first of its kind in the country—to address the needs of Muslim entrepreneurs, who under Islamic law are prohibited from paying interest (Reba).

One unique business venture of the NDC is the Midtown Global Market, which features primarily low-income entrepreneurs who have graduated from NDC training courses. The Market attracts a large volume of customers of all ethnic backgrounds and income levels. From its opening day, the Global Market has served as an outstanding boost to this low-income neighborhood; crime dropped 25% immediately and the image of the neighborhood has improved dramatically.

Other recent results through NDC programs include:

- Training more than 4,000 entrepreneurs
- Lending over \$6.3 million to small businesses
- Providing more than 25,000 hours of one-on-one assistance
- Redeveloping 6 commercial properties (representing more than 120,000 square feet)

According to Mihailo (Mike) Temali, NDC Executive Director, “the advantages of opening a small business in a marketplace setting are many. Merchants can anticipate higher sales per square foot than they would in a stand-alone shop, and the stalls are exposed to more customers in the marketplace because collectively they are a tourist draw as well as a shopping Mecca” (*The Business Journal, Oct. 2005*).

NDC has created a track record of success with its previous marketplace initiatives like Mercado Central, a Latin-themed cooperative market. Of the 47 businesses that opened there, all were start-ups and 80% are still in business today; 25% have since opened a second or third location.

For more information, go to www.ndc-mn.org.

A recent Wilder Research Study reported that the nearly 500 NDC alumni entrepreneurs currently in business provide approximately 2,000 jobs and return more than \$23 million to their own neighborhoods in the form of taxes, payroll, rent, and contracts. NDC program costs are only \$4,500 per job created.

Interested in learning more about developing a business incubator or marketplace? Check out these organizations:

National Business Incubation Association www.nbia.org

Appalachian Center for Economic Networks www.acenetworks.org

Economics Institute www.crescentcityfarmersmarket.org

Project for Public Spaces www.pps.org

To learn more about the CCHD Economic Development Program goals, criteria, and funding guidelines, visit:

<http://www.usccb.org/cchd/edgrant.shtml>