

UBC CLIENT SELECTION CRITERIA

These guidelines are for use by potential applicants to determine eligibility and for the selection committee to prioritize and select clients.

This document includes:

- 1. Minimum qualifications**
- 2. Prioritization criteria**
- 3. Critical elements of client tenant contracts (in some cases these items repeat elements of the minimum qualifications, these items are not admission criteria, but any applicant should be fully aware of these requirements prior to completing the application process)**
- 4. Graduation policy**
- 5. Interim/transitional executive suite tenants**

Note: The UBC Board and Management retain the right to alter the criteria based on the current occupancy rate and other factors.

1. Candidates for admission must meet the following minimum qualifications:

- Business must be in an innovation stage, typically a new or early stage business that is 2 years old or less. Businesses that have been operating longer may qualify if the business is going is entering a new phase that could result in significant growth or change (i.e., significantly re-organizing for expansion from home-based).
- Complete Business Plan - Potential participants must prepare a business plan which contains, among other sections, executive summary, team competency (describe knowledge of industry and business management fundamentals), potential markets and size of market, growth potential, financial projections, exit strategies and best estimate of length of stay. Participants should be directly involved in the production of this important document.
 - Acceptable business plans will target graduation within one to four years (or, potentially, earlier).
 - Financial projections must be detailed (i.e., monthly for first two years) and extend five years.
 - Plan should demonstrate adequate capitalization to provide for four to six months of viable operation; or if a very small operation, have sufficient means to cover office lease and personal living expenses for an extended period while business is growing. (However, if the applicant obviously is in possession of capital/existing revenue

adequate to acquire a commercially available office space, and space is the only concern, that route may be better suited.)

- Realistic and credible declaration of intent to remain in Douglas County after "graduation." (There is no requirement that businesses have a prior connection to the area.)
- Willingness to conduct business in an open, collaborative and cooperative fashion with the Incubator, including regular status reports to the Executive Director. (Quarterly meetings & monthly P&L statements.)
- Willingness to make use of business advisor services and commitment of the core management and active ownership to be based at the incubator.
- Businesses must be suitable to operate in the "professional office environment" and not require a large waiting area for customers or unattended children, or extensive parking needs. No retail, warehousing, manufacturing, or any use requiring heavy foot traffic is appropriate for the environment.

2. The following points will be used to evaluate the relative strength of qualifying firms and “fit” to the mission for use in prioritizing and allocating admission.

- Potential to employ others. Companies with the potential to truly “move to scale” and employ larger numbers are clearly preferable.
- Traded sector. Companies that produce goods or services that have the potential to be sold outside the region—and/or compete with goods and services that are widely traded—will be preferred due to the greater potential economic impact.
- Industry match. The UBC has exceptional IT facilities and businesses that can make good use of these capacities are a natural fit. However, the mix of tenants is likely to change and evolve over time, as is the focus of the UBC itself. Therefore, the selection committee may use its discretion to consider the “fit” of applicants in terms of the UBC mission, the existing clientele, and other synergies with on-going economic development activities in Douglas County.
- Limited Duplication of Existing Businesses. Entry of new businesses that closely resemble existing UBC participants will be judged on a case-by-case basis to rule out potential conflicts.
- Demonstrated need for incubator services. Businesses that can clearly make use of and leverage the incubator experience are ideal candidates.
- Non-Profits can be considered for admission into the Incubator, but require consideration and approval by the entire Board of Directors.

3. Commitments required of all client tenants

- Commitment to share data: Clients commit to providing monthly financial reporting while in residency. Clients commit to completing annual reporting on total sales and employment for a minimum of five years post-residency.
- Assumption of responsibility: Clients will affirm that the success of their business enterprise relies entirely and completely upon their efforts. The UBC exists to support them in their endeavors, but success of the enterprise ultimately rests upon the enterprise management. As such, clients commit to hold UBC harmless, both legally and in spirit, for any business failures.
- Participation: Clients will be required to actively participate in regular (quarterly) meetings with the UBC Manager. Clients also commit to make use of business counseling and related services hosted and supplied by the UBC.

4. Graduation Policy

An anticipated graduation date will be included in tenant lease agreements, typically businesses a maximum of three years. Graduation should be targeted to occur as early as possible without jeopardizing the health and success of the client. The Executive Director shall have the authority to extend agreements due to situations that may arise due to re-organization or other fundamental changes to the business.

5. Interim/Transitional Executive Suite Tenants

Criteria for Admission to the Business Incubator as a "New Arrival"

On rare occasions offices at the Umpqua Business Center may serve as a temporary headquarters for 1-3 months for an established, major company moving to Douglas County, while their permanent facility is established. This fits within the Incubator's mission in that it supports new job creation and the growth of the local economy. Admission is highly restricted for this category to companies that will have significant impact on the regional community.