



Creative sparks

Centers of innovation come in all sizes. Here's a sampling of efforts to spur growth and assist North Carolina's inventors and dreamers.

BY DAVID MILDENBERG AND CAMERON WALKER

Veteran economic developer Tom White first heard the term "business incubator" in the late 1980s after former Durham Mayor Wib Gulley raved about visiting a venture with that moniker in Minneapolis, sponsored by Control Data Corp. "He believed it could make a big difference in our state," says White, who heads the Economic Development Partnership at N.C. State University.

North Carolina now sports dozens of projects that assist entrepreneurs, each with different funding and missions. State and local governments and universities are collectively investing millions of dollars to prop up ventures that promote new businesses, often partnering with the private sector. In some cases, investors are creating entities devoid of public funds.

We picked 10 ventures across North Carolina to show the varying models and missions. The basic concept is simple: Enable people to turn their dreams and ideas into businesses that can make money or serve the public good — or both. The desired results are jobs and, often, increased real-estate values.

"Incubators matter because it's a critical mass of volume that makes really cool, spontaneous things happen," says Dan Roselli, co-founder of Charlotte's Packard Place co-working center (now HQ Charlotte) that has hosted more than 100

startups. "When you put 200 or more cool people in the same area, talking about their ideas and projects, things happen that wouldn't happen otherwise."

North Carolina's innovation support groups have blossomed over the last 10 years, which is a "direct reflection of our growing startup ecosystem," says Ashley Hudson, manager of the N.C. State Technology Incubator in Raleigh. Low rents and contact with experienced businesspeople and fellow entrepreneurs "can be crucial for success during the early and most high-risk years."

Sadly, new business starts remain depressed. The number of net new businesses in the U.S. grew by 166,500 in 2010-14, a rate that is less than half the pace of economic recoveries in 1992-96 and 2002-06, according to the Economic Innovation Group, a Washington D.C., research firm. North Carolina ranked 20th in net new establishments in 2010-14, a weak performance for the ninth-most populous state. Still, the state ranked seventh nationally in total job gains.

Roselli predicts business startups will accelerate in North Carolina as for-profit groups such as Durham's American Underground and the HQ network based in Raleigh expand. "Incubators have better potential when they are led by private industry. The public sector has a role to play, but entrepreneurs can react much faster than universities or governments."



HQ Community

RALEIGH | GREENSBORO
| CHARLOTTE

FOUNDED: 2012

KEY INVESTORS: Founders Jason Widen, Christopher Gergen, Jesse Lipson and Brooks Bell

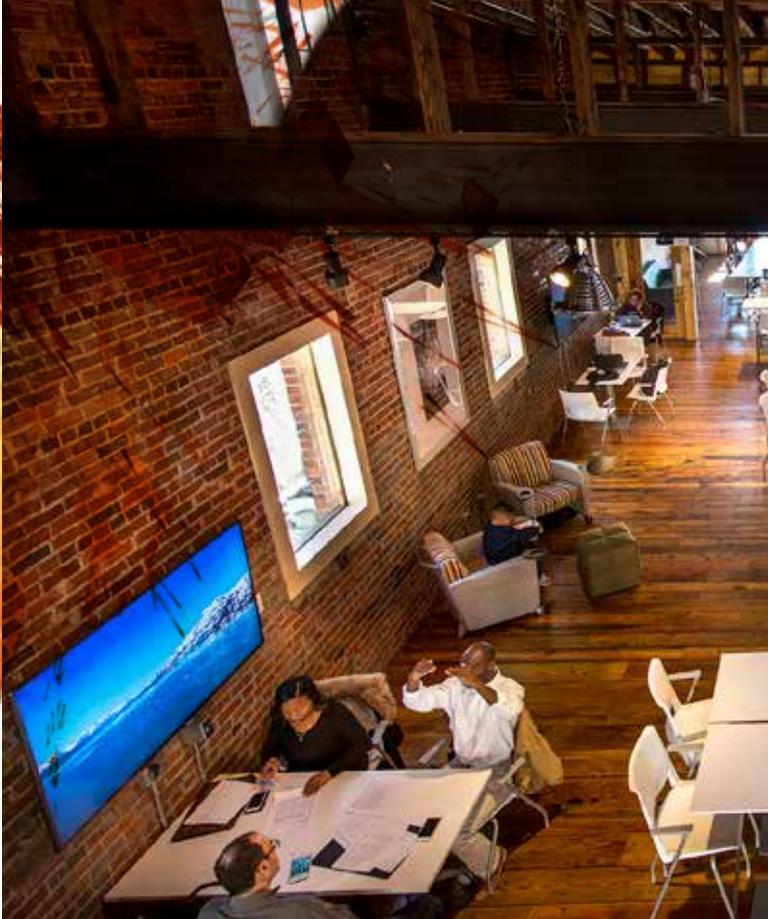
SIZE: 10,000 square feet in Raleigh, 11,000 square feet in Greensboro and 25,000 square feet in Charlotte

MISSION: To cultivate inclusive communities of entrepreneurs who create positive economic and social change

WEBSITE: hqraleigh.com

NOTEWORTHY: HQ Community was founded in 2012 with the goal of creating a community of like-minded entrepreneurs. The flagship Raleigh location recently became a certified benefit corporation, making it the second co-working company in the country to earn the designation, which suggests a goal of achieving social or environmental change. In 2015, N.C. State University's Business Sustainability Collaborative and HQ Raleigh opened the B Corp Clinic, which pairs students with aspiring B corporations. That same year, with funds from the Wake Tech-Wells Fargo Center for Entrepreneurship, HQ Raleigh partnered with Wake Technical Community College to bring continuing education and startup training to downtown. HQ-based companies had raised a combined \$56.4 million in angel and venture funding by the end of 2015.

The for-profit business is expanding in Raleigh, adding 20,000 square feet of space, and it plans a new location in Charleston, S.C., in 2017. HQ entered Charlotte in February when it took over management of the former Packard Place business incubator, where extensive renovations will add more event space and conference rooms. It also signed a pact with Wilmington-based tekMountain, which calls itself an "accelerator" because of its program to speed improvements at promising companies over a limited time period.



North Carolina Arts Incubator

SILER CITY

FOUNDED: 2002

KEY INVESTOR: Town of Siler City

SIZE: 13,000+ square feet

MISSION: To promote economic development in downtown Siler City and foster a self-sustaining arts community with affordable workspaces, shared resources and training opportunities.

WEBSITE: ncartsincubator.org

NOTEWORTHY: Leon Tongret was scouting locations for a business incubator for Central Carolina Community College when he was struck by the number of artists and artisans living in Chatham County. At the time, downtown Siler City was blighted with abandoned buildings. He formed the North Carolina Arts Incubator as a nonprofit corporation and arranged a \$125,000 bank loan to purchase three vacant Main Street buildings.

Subsequent funding includes ongoing town-sponsored grants and \$350,000 from the North Carolina Rural Economic Development Center, which helped purchase four additional buildings for the incubator.

Led by Interim Director DeeDee Brown, the center now houses a retail gallery, coffee shop, two weavers, 14 potters, four painters, a photographer and world-renowned guitar maker Terry McInturff. Six former resident artists have launched their own galleries.



Flywheel

WINSTON-SALEM

FOUNDED: 2014

KEY INVESTORS: Partner firms Workplace Strategies Inc., Storr Office Environments Inc. and Wildfire LLC.

SIZE: 11,500 square feet

MISSION: To be an “idea vortex” and support matrix for area entrepreneurs

WEBSITE: Flywheelcoworking.com

NOTEWORTHY: Founded in 2014, Flywheel Coworking is set within the larger Wake Forest Innovation Quarter, a 1.5-million-square-foot high-tech, mixed-use business and education district in downtown Winston-Salem.

Flywheel has two components: the for-profit 24/7 co-working space and the nonprofit Flywheel Foundation, dedicated to starting and building new companies. The latter sponsors the New Ventures Challenge, a competition that offers entrepreneurial teams the opportunity to win about \$50,000 in seed funding in exchange for a 7.5% equity stake. Winners also gain entry in the 12-week New Ventures Accelerator, which is supported by a local investor group.

UNC Wilmington Center for Innovation and Entrepreneurship

WILMINGTON

FOUNDED: 2013

KEY INVESTORS: UNC Wilmington, City of Wilmington, BB&T, Wilmington Chamber of Commerce

SIZE: 11,000 square feet

MISSION: To nurture the entrepreneurial community in southeastern North Carolina.

WEBSITE: uncw.edu/cie

NOTEWORTHY: The nonprofit aims to be a bridge between the city and university. Along with co-working space and access to mentors and faculty, the center is home to UNC Wilmington's Office of Innovation and Commercialization, which specializes in intellectual property, patenting and licensing decisions. It also houses a regional Small Business Administration office, which offers training programs.

A team of senior-level film-studies students helped members and local businesses create 35 videos, logo design and product photos this year. Plans call for a new app development team later this year.



➔ Blue Ridge Food Ventures

CANDLER

FOUNDED: 2005

KEY INVESTOR: North Carolina Department of Agriculture and Consumer Services

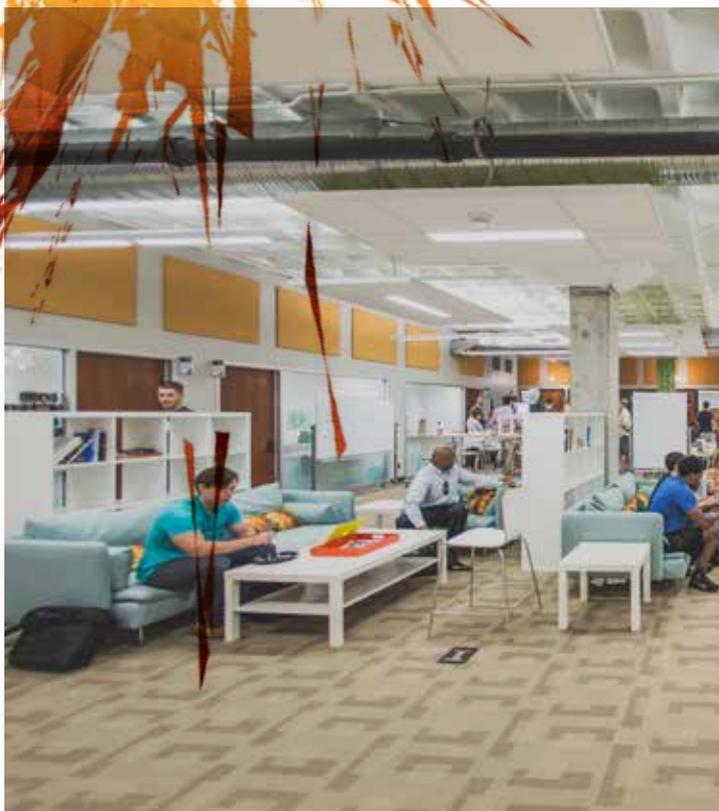
SIZE: 11,000 square feet

MISSION: To help local entrepreneurs bring food and natural-product ideas to market

WEBSITE: blueridgefoodventures.org

NOTEWORTHY: Since its inception in 2005, the nonprofit Blue Ridge Food Ventures has helped more than 235 clients distribute about \$8.6 million worth of products. The shared-use kitchen and natural-products manufacturing facility is housed on the Asheville-Buncombe Technical Community College campus in Enka. Clients have year-round, 24/7 access to commercial-grade equipment, enabling those with day jobs or irregular schedules to pursue their entrepreneurial ambitions.

The program provides support in product development and marketing, plus guidance in dealing with government regulations. Clients with national distribution include Lusty Monk Mustard, UliMana Chocolates and Buchi Kombucha. Client BotaniPharm's ginseng extract is used in various human clinical trials.



PROVIDED BY COMPANIES

➔ American Underground

DURHAM | RALEIGH

FOUNDED: 2010

KEY INVESTOR: Capitol Broadcasting Co.

SIZE: 115,000 square feet across four locations

MISSION: To create a powerful and diverse startup community

WEBSITE: Americanunderground.com

NOTEWORTHY: Companies headquartered at the self-proclaimed "Startup Capital of the South" raised \$29.8 million in 2015, a 40% increase from the previous year, and created 431 jobs, a 30% gain.

Google has named the for-profit center one of its 10 North American Entrepreneurs Tech Hubs. The tech giant provides financial support, technical content, tools and infrastructure upgrades, as well as special events, access to experts and an entrepreneur-in-residence program.

American Underground touts its diversity, with 29% of its businesses owned by women and 22.4% led by minorities. Nationally, 8% of startups are founded by women, while just 1% are founded by African-Americans.



➔ Technology Enterprise Center of Eastern Carolina

GREENVILLE

FOUNDED: 1995

KEY INVESTOR: Pitt County Development Commission

SIZE: 35,130 square feet

MISSION: To foster technology-based entrepreneurship in eastern North Carolina

WEBSITE: locateincarolina.com/the-technology-enterprise-center-of-eastern-carolina

NOTEWORTHY: The nonprofit is one of the region's largest business incubators, housing a mix of light manufacturing, office space and laboratories and offering advisory assistance and connections with East Carolina University and Pitt Community College.

It is located in the 1950s-era former Prepshirt textile plant, purchased for \$900,000 in state and local funds. It also carries a \$500,000 low-interest loan from the Global TransPark Development Authority in neighboring Kinston. Future plans, funded by the Golden LEAF Foundation, include converting 4,000 square feet of space into a pharmaceutical manufacturing training center in partnership with ECU and PCC.

Tenants have included SpeechEasy, an anti-stuttering device; Lunasee, a photoluminescent wheel lighting system for bicycles, motorcycles and scooters; and Game Plan, a student-athlete online development platform modeled after LinkedIn.

➔ Kinston Enterprise Center

KINSTON

FOUNDED: 2002

KEY INVESTOR: Pride of Kinston

SIZE: 30,000 square feet

MISSION: To cultivate the development of entrepreneurial talent in Kinston and Lenoir County to grow the economy and create new job opportunities.

WEBSITE: kinstonenterprise.com

NOTEWORTHY: The Kinston Enterprise Center sits inside a former downtown Sears, Roebuck and Co. building. The small business incubator is owned by Pride of Kinston Inc., a nonprofit organization created in 1984 to help revitalize the town that is funded in part by city government. Propelled by the famous Chef and the Farmer restaurant, Kinston is becoming a destination for food and the arts.

The center offers rental space and support writing business plans, obtaining funding and developing marketing strategies. Lenoir Community College's Small Business Center operates at the facility, offering workshops, seminars, a library and startup advice at no cost. Tenants are expected to stay no longer than three years.

➔ Project for Innovation, Energy & Sustainability

DAVIDSON

FOUNDED: 2009

KEY INVESTORS: Town of Davidson

SIZE: 2,000 square feet

MISSION: To encourage innovation and grow businesses that focus on the health of humans and the environment

WEBSITE: pies-northcarolina.org

NOTEWORTHY: This business accelerator in northern Mecklenburg County promotes green businesses and guiding entrepreneurs in the areas of renewable energy, recycling, energy efficiency, green building and sustainable food.

In addition to low-cost office and meeting space, underwritten by a grant from the Town of Davidson, the center offers skills and business-development training, manufacturing help, and public relations and marketing assistance.

The project won a \$12,500 grant from the Ingersoll Rand Charitable Foundation to support a 2016 Green Idea Factory scholarship competition for area high-school students.

➔ North Carolina Research Campus

KANNAPOLIS

FOUNDED: 2008

KEY INVESTOR: David Murdock

FOOTPRINT: 350 acres

MISSION: To drive research and advancements in human health, nutrition and agriculture

WEBSITE: transforming-science.com

NOTEWORTHY: The NC Research Campus focuses on life-science research and development. Built on the former site of Cannon Mills Co.'s textile complex, the campus is home to research projects involving General Mills, Dole Nutrition Research Laboratory, Monsanto and eight N.C. universities. Projects include studies of links between cancer, obesity and diet; the anti-diabetic effects of ginger; and alternatives to aspirin.

Founder David Murdock, owner and chairman of Dole Food Co. and real-estate developer Castle & Cooke, established the campus as his legacy. Now 93, he has contributed more than \$700 million to the project, which organizers say has created 1,000 jobs in the last eight years.

The center leases office and laboratory space while entrepreneurs collaborate with scientists at the campus. Workforce development is available at nearby Rowan-Cabarrus Community College, which offers degrees in biotechnology and nursing, and the Plant Pathways Elucidation Project, which researches plant genomes and pathways.

