



OKLAHOMA  
Commerce

# Small Business Incubator Certification Program

2020 Annual Report



# Incubator Certification Program Overview

Business incubators nurture the development of entrepreneurial companies, helping them survive and grow during the startup period, when they are most vulnerable. These programs provide their client companies with business support services and resources tailored to young firms. The most common goals of incubation programs are creating jobs in a community, enhancing a community's entrepreneurial climate, retaining businesses in a community, building or accelerating growth in a local industry, and diversifying local economies.

Incubators vary in the way they deliver their services, in their organizational structure and in the types of clients they serve. As they are highly adaptable, incubators have differing goals, including diversifying rural economies, providing employment for and increasing wealth of depressed inner cities, and transferring technology from universities and major corporations. Incubator clients are often at the forefront of developing new and innovative technologies – creating products and services that improve the quality of our lives in communities around the world.

The earliest incubation programs focused on a variety of technology companies or on a combination of light industrial, technology and service firms – today referred to as mixed-use incubators. However, in more recent years, new incubators have emerged targeting industries such as food processing, medical technologies, space and ceramics technologies, arts and crafts, and software development. Incubator sponsors have also targeted programs to support microenterprise creation, the needs of women and minorities, environmental endeavors and telecommunications.

A business incubator's main goal is to produce successful firms that will leave the program financially viable and freestanding, usually in two to three years. These incubator graduates have the potential to create jobs, revitalize neighborhoods, commercialize new technologies, and strengthen local and national economies. Typically, 30 percent of incubator clients graduate each year.

## Oklahoma Business Incubator Association

The Oklahoma Business Incubator Association (OkBIA) was formed more than 20 years ago. The purpose of the OkBIA is to provide information, networking, guidance and assistance to incubator operators, as well as to work with the Legislature to promote and benefit business incubators and tenants.

## Oklahoma Business Incubators

In 1988, the Oklahoma Legislature passed the Oklahoma Small Business Incubators Incentives Act. The Act enables the tenants of a certified incubator facility to be exempt from state tax liability on income earned as a result of occupancy for up to five years. In 2001, the legislature amended the act to extend the tenant's tax exemption from five to 10 years. The exemption remains in effect after the tenant has graduated from an incubator. For tax years starting before January 1, 2020, in order to qualify for the tax exemption from the sixth through the 10th year, the tenant must make at least 75 percent of its gross sales to out-of-state buyers, to buyers located within the state if the product or service is resold to an out-of-state customer, or to the federal government.

For tax years starting after January 1, 2020, the requirement for the sixth through the 10th year is not required. The exemption will be in effect for ten years as long as the tenant graduates from a certified incubator.

Since the inception of the Act, the State of Oklahoma has benefited from increased revenues and increases in the number of start-up and expanding small businesses. These businesses have created jobs and enhanced economic activity in the Oklahoma communities in which they are located.

## Oklahoma Department of Commerce and Incubators

The role of the Oklahoma Department of Commerce in the incubator process is to certify the incubators pursuant to O.S. Title 74 Section 5071-79. It is the responsibility of the incubator owner to hire managers to manage and market their incubators and provide business services to their tenants.

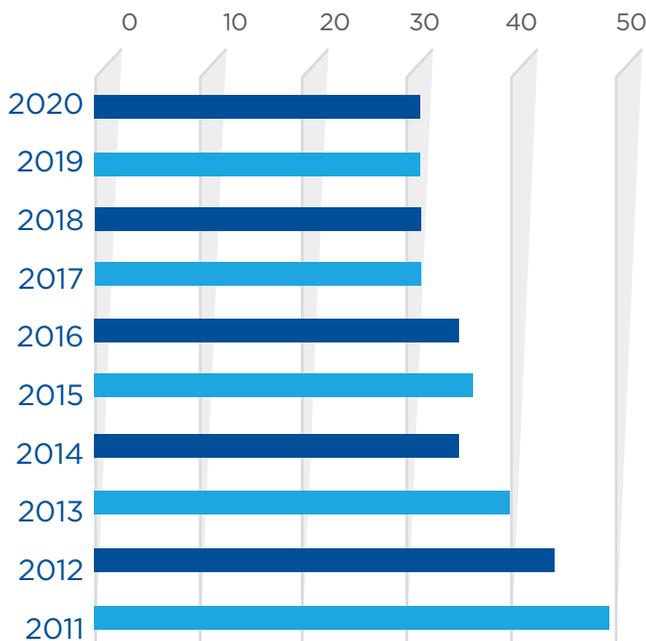
# Oklahoma Incubator Program Growth

**31 certified small business incubators are operating in Oklahoma**, with tenants ranging from small service companies to high-tech research and development operations and manufacturing entities.

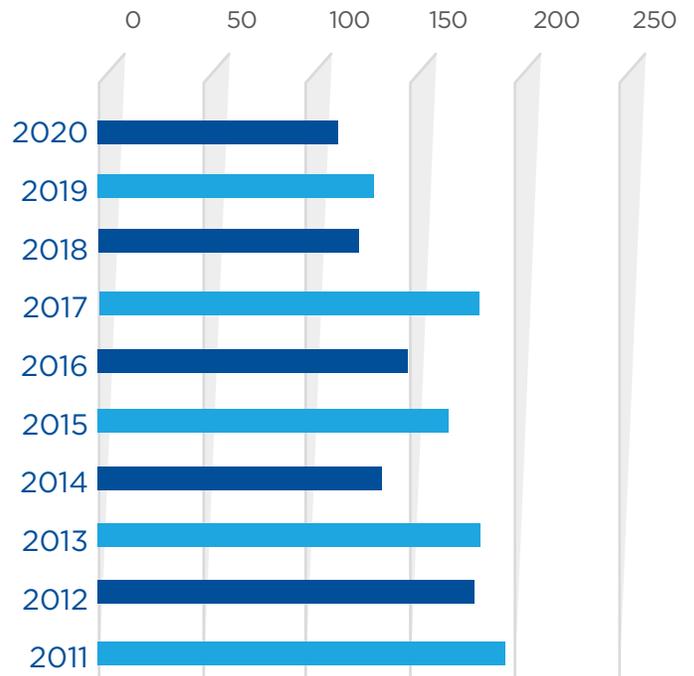
During 2020, Oklahoma incubator managers were asked to complete a questionnaire to document their activities for the current reporting period. Based on the information received from the responding incubator managers:



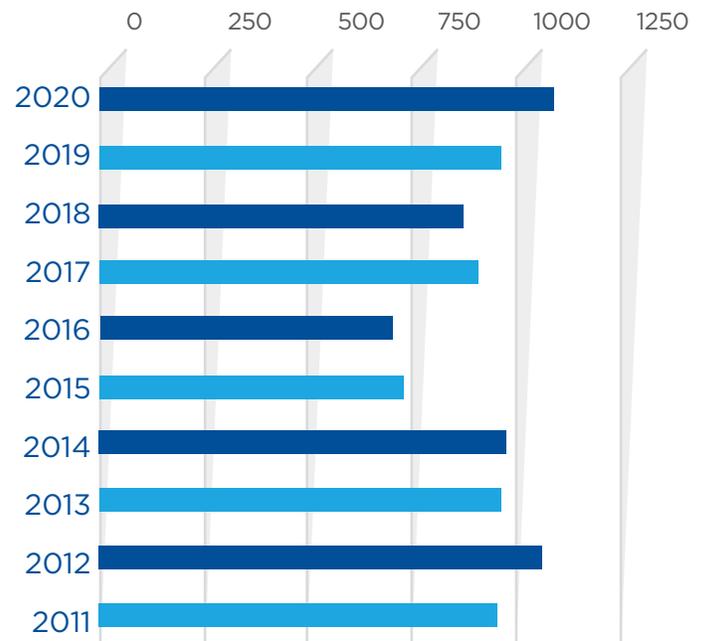
NUMBER OF INCUBATORS



NUMBER OF SMALL BUSINESSES LOCATED IN INCUBATORS



NUMBER OF JOBS CREATED BY INCUBATOR CLIENTS



**More than 1,000 small businesses** have located in a small business incubator, throughout the life of Oklahoma's Certified Small Business Incubator Program.

**More than 500 of those have graduated** from the program or relocated to a larger facility.

**1,373 people are currently employed** by 259 of the graduated businesses that remained in the state.

# Incubator Standards for Success

## Characteristics of Model Business Incubation Programs

**Commit** to business incubation's two core principles

**Obtain** consensus on a mission that defines the incubator's role in the community, then develop a strategic plan containing quantifiable objectives to achieve that mission

**Structure** the program for financial sustainability by developing and implementing a realistic business plan

**Recruit** and appropriately compensate management capable of achieving the incubator's mission and helping companies grow

**Build** an effective board of directors committed to the incubator's mission and to maximizing management's role in developing successful companies

**Prioritize** management time to place the greatest emphasis on client assistance, including proactive advising and guidance that results in company success and wealth creation

**Develop** an incubator facility, resources, methods and tools that contribute to the effective delivery of business assistance to client firms, as well as address each company's developmental needs

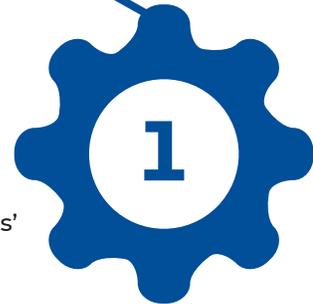
**Develop** stakeholder support, including a resource network, that helps the incubation program's client companies and supports the incubator's mission and operations

**Maintain** a management information system and collect statistics and other information necessary for ongoing program evaluation, thus improving effectiveness and allowing the program to evolve with clients' needs

## Two Core Principles That Characterize Effective Business Incubation:



The incubator aspires to have a positive impact on its community's economic health by maximizing emerging companies' successes.



The incubator itself is a dynamic model of a sustainable, efficient business operation.

## The Best Incubators Provide:



Flexible space and leases



Office services and equipment



An on-site incubator manager as a resource for business advice



Exposure to a network of outside business and technical consultants, often providing accounting, marketing, engineering and legal advice



Assistance with financing



Assistance with marketing

# Incubator Certification Program Overview

Oklahoma's incubators have many success stories. The examples below are just a few for 2020.

## Coast Audio Video

**Center for Emerging Technology and Entrepreneurial Studies  
Cameron University  
Lawton, Okla.**

Located in the heart of Lawton, CAV provides services including designing, servicing and installing audio/visual products as well as prolighting systems. Coast joined Cameron University's Center for Emerging Technology and Entrepreneurial Studies (CETES) business incubator in 2016. In early 2018, CETES partnered with the Oklahoma Small Business Development Center, and Coast began working with center director Dr. Samantha Lankford. Coast took advantage of the tools and resources provided by the partnership and blossomed by being actively involved in the community and surrounding himself with like-minded entrepreneurs.

At the end of 2018, Coast graduated from the incubator after moving to its own brick-and-mortar location and received the Business Partnership Excellence Award from the Oklahoma State Regents for higher Education.

In spring of 2019, Coast expanded CAV with the acquisition of a new company that specialized in computer repair and internet services. From this purchase, Coast acquired the company's clients, seven new employees, additional inventory and property that has been since developed as a training facility for his clients.

When COVID slowed business in 2020, Coast continued to work with Dr. Lankford, who provided business continuity planning and marketing strategies. Coast was also able to obtain both EIDL and PPP disaster funding, along with Oklahoma Business Relief Program funds. Coast was also guest lecture for Dr. Lankford's class of student entrepreneurs at Cameron University.

Despite the pandemic, Coast is ahead of schedule as 2020 winds down. When Coast launched the company, he set a goal of growing sales to \$1 million annually with one salesperson, four techs and one engineer by year five. In three years, he exceeded those goals debt free by expanding the company's range of services and hiring nine employees. In fact, CAV has already outgrown its first brick and mortar with the acquisition of the new IT and computer services company.

"We as a community are very blessed to have CETES/Oklahoma SBDC as amazing partners to help grow the economy in southwest Oklahoma through small business development," said Coast. "We could not thrive without the support of the Oklahoma SBDC and SBA."

## Platypus BJJ, Inc.

**The Strategy Center – Tri County  
Technology Center  
Bartlesville, Okla.**

Platypus BJJ provides beginning Ju-Jut-Su lessons. The company went from having only a few clients a few nights per week to now being at maximum (CDC compliant) capacity on a nightly basis. Owner Josh Pulsifer creatively and effectively used social media and other outlets to promote the business. When Pulsifer first came to the Strategy Center, he was struggling to keep the doors open. He was in a high rent situation in an older building downtown. The Strategy Center was able to provide a space with plenty of room for necessary equipment as well as access to parking and room to move. "We are excited to watch Josh grow even more and move forward in his business endeavor here at the TCT Incubator," said Erica Gallamore, Manager, Tri County Tech Center.

## BeeLine Heat and Air

**Strate Center for Business Development –  
Astry Technology Center  
Enid, Okla.**

BeeLine brings projects and ideas to life with their extensive knowledge in the Heating, ventilating, and air conditioning (HVAC) and plumbing trades. The company specializes in customized duct-work for any size job, kitchen equipment service, exhaust hoods, ice machines, boilers, chillers, complex automation integrations, plan and spec projects and elaborate design build projects.

Upon becoming an official tenant in the Strate Center for Business Development in 2018, their company found immediate success in the heat, air, and plumbing scene in Enid, Okla. and beyond. Every goal and projection that they set for the company was exceeded through their hard work and utilization of the vast resources of the Strate Center and community partners.

In late 2020, the company transitioned to their own space in Enid and even opened a branch location in Oklahoma City. They are a true success story for the Strate Center for Business Development.

## Mortgage Solutions Financial

**The LINK  
Sand Springs, Okla.**

Mortgage solutions Financial started at The LINK by occupying 2 private desk spaces. The company has flourished, doubling the initial number of employees. They have outgrown their work space three times and now occupy three office suites. Their growth and financial standing has far exceeded their expectations. They anticipate graduating from The LINK incubator soon.

## TetherTech Safety USA

**Caddo Kiowa Business Development  
Center  
Fort Cobb, Okla.**

In 2020, Caddo Kiowa Business Development Center incubator participant TetherTech Safety USA landed a contract with the State of Oklahoma to place their product on all State of Oklahoma tractor trailers.

TetherTech Safety USA (TTS USA) is an Oklahoma-based company passionate about highway safety. Wheel off incidents are a huge safety hazard for our global highway systems. Statistically speaking, there are approximately 50,000 accidents per year, with three to five per day that are classified as catastrophic, meaning they result in extensive damage, severe injury, and/or loss of life. TTS USA has made it its mission to solve this problem, providing a solution for the betterment of the transportation industry. After several prototypes, dedicated testing, and market implementation, TetherTech Safety USA has produced the only known product that can stop wheel off incidents, whether it be from common bearing failure, the loss of lug nuts, or lug stud failure.

TetherTech Safety USA met with Oklahoma Secretary of Transportation, Tim Gatz, and Oklahoma House of Representatives, Speaker Pro Tempore Harold Wright, to introduce the TTS Safe Wheel System. The value TTS USA brings to safeguarding our roads was realized, and it was decided that the TetherTech Safety Safe Wheel System will be installed on every trailer in service with the Oklahoma Department of Transportation. TetherTech Safety USA was awarded the state Department of Transportation contract and currently is installing the Safe Wheel System on the entire inventory of trailers in the Oklahoma Department of Transportation fleet.

Clay Norrell, Fleet Manager of the Oklahoma Department of Transportation Maintenance Division, felt it necessary for TTS USA to reach out to other states with this game changing technology. The company's goal is that this system will be on all state department of transportation vehicles across the nation.

## **Aircraft Logistics Group, LLC**

**Acorn Growth Companies  
Oklahoma City, Okla.**

The success of Aircraft Logistics Group, LLC continues to be a compelling story for incubators. In 2017, the company completed the sale of a significant portion of its loan portfolio to a strategic buyer in the Aerospace and Defense sector that carried forward the mission of airborne intelligence missions in support of the global war on terror. The sale represented an 8x return on invested capital and a 46% gross IRR.

## **Generation FSH**

**Hemphill Create  
Tulsa, Okla.**

Generation FSH is a new tenant of Hemphill Create. The owners of the company saw an opportunity to start their family business at Hemphill in October 2020. The husband and wife duo wanted to leave the shuffle and control of the corporate grind and bet on themselves. Duane Grundy is a welder and fabricator, while his wife Shavonne Grundy handles corporate affairs. Gaining perspective from Hemphill's successful family business has helped further the Grundy's outlook on success and provided historical data and industry knowledge to add to their repertoire of talent.

Flexibility and support are key to success in these unprecedented times. Hemphill has offered companies a safe haven to grow and explore business strategy and growth in spite of the on-going global pandemic.

## **Chisholm Broadband**

**Major County Economic Development  
Business Incubator  
Fairview, Okla.**

When Chisholm Broadband joined the MCEDC Incubator in 2019 they were providing quality internet service to a few towns in Northwest Oklahoma.

Since joining MCEDC they have been able to expand into many more towns and cities in Northwest Oklahoma. Locally, the company has provided quality internet to many rural homes and businesses – quality internet that has not been available and historically impeded rural development.

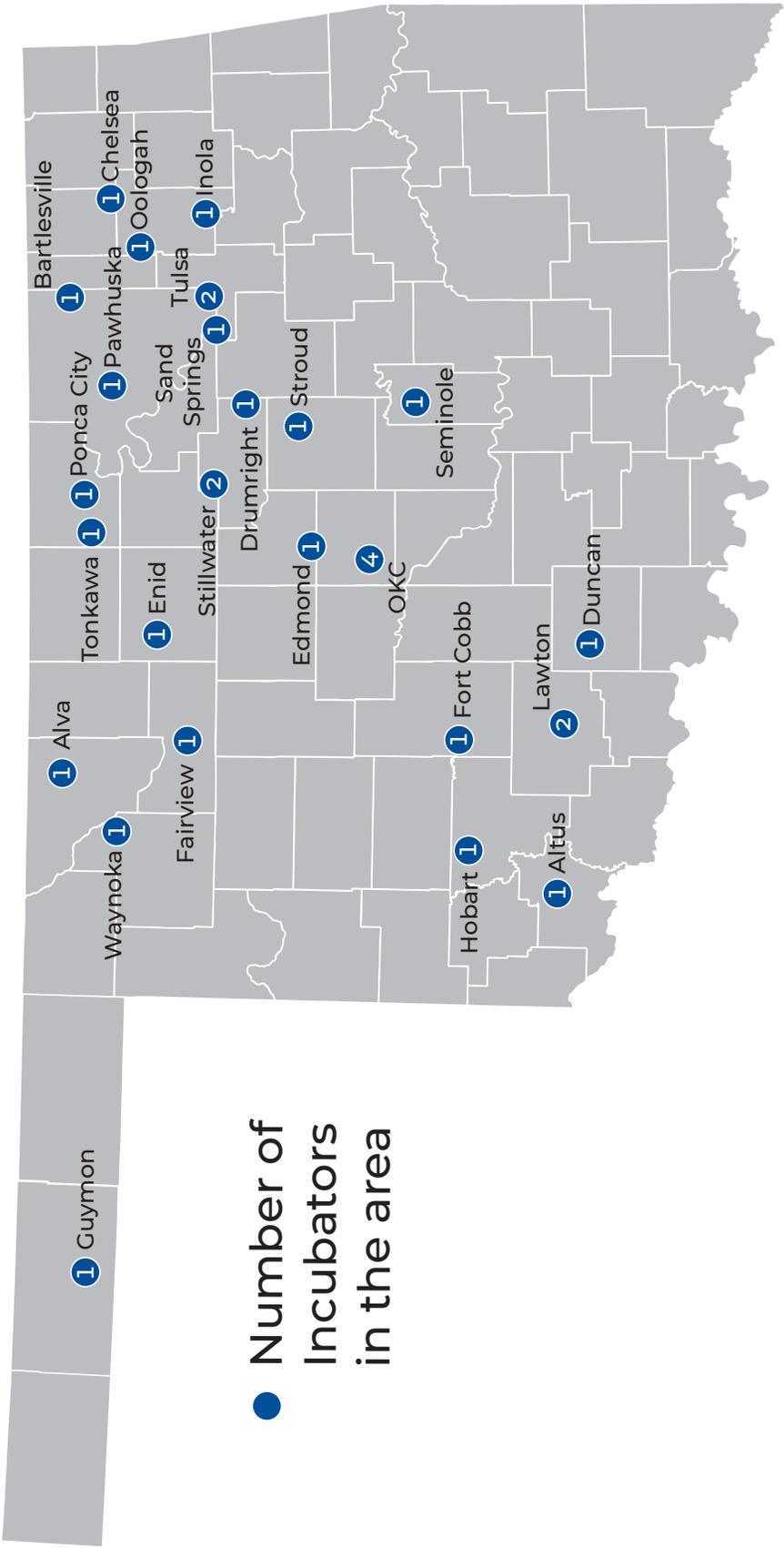
The town can now say with confidence that quality internet service is available to citizens and businesses looking to move to Fairview, Oklahoma.

## **Indigo Technology Group**

**The Forge  
Tulsa, Okla.**

Indigo Technology Group, a Tulsa based software company, uses their scalable technologies as a platform to launch other startups alongside industry veterans. As a technology platform, they become a multiplier when coupled with domain experts, cutting the costs and shortening ramp-up time to profitability. Indigo has successfully helped launch several growth-oriented companies and highlights their achievements through Indigo's annual "Technology Showcase" each spring.

# Oklahoma Certified Incubators Map



Incubator	Location	Type of Businesses Targeted	Tenant Capacity	Current Number of Tenants	Support Services Offered					
					Computer Network	Phone Service	Business Planning	Marketing Assistance	Conference Room	Other Services Provided
Southwest Technology Center Business Incubator	Altus	Aviation Mfg. and General Use	1	0	●	●	●	●	●	
Northwest Technology Center Small Business Incubator	Alva	Mfg./Mixed Use	1	0	●	●	●	●	●	
The Strategy Center/ Tri County Technology Ctr	Bartlesville	Mfg./Mixed Use	8	4	●		●	●	●	Internet access, Mail/message service, shared copier and fax, business counseling
Rogers County Industrial Authority (RCIDA)/NE Tech Business Incubator	Chelsea	Mfg./Mixed Use	15	1			●	●	●	Customized training through the local Career Tech system
Central Oklahoma Business & Job Development Corporation	Drumright	Mfg./Mixed Use	2	2			●	●	●	Shared fax and copier
Duncan Center for Business Development	Duncan	Advanced Mfg.	23	7	●	●	●		●	
Francis Tuttle The Launch Pad	Edmond	Mixed Use	12	6	●		●	●	●	
Strate Center for Business Development	Enid	Mixed Use	12	6			●	●	●	Shared workspace, Podcast Room
Major County Economic Development Business Incubator	Fairview	Mfg./Mixed Use	6	3	●	●	●	●	●	Business guidance, legal and insurance advice, fax, copy, secretarial assistance
Caddo Kiowa Business Development Center	Fort Cobb	Mfg./Mixed Use	4	3	●	●	●	●	●	
Artist Incubation, Inc.	Guymon	Artists	2	1	●	●	●	●	●	Gallery space, openings
Hobart Economic Development Authority Business Incubator	Hobart	Mfg./Mixed Use	5	1	●	●	●	●	●	Financing
RCIDA/NE Tech Business Incubator	Inola	Mfg./Mixed Use	25	2			●	●	●	
Center for Emerging Technology and Entrepreneurial Studies - Cameron University	Lawton	Technology Based	5	3	●	●	●	●	●	Access to university resources like student interns and faculty video, conferencing, printer/copier/scanner

Incubator	Location	Type of Businesses Targeted	Tenant Capacity	Current Number of Tenants	Support Services Offered					Other Services Provided
					Computer Network	Phone Service	Business Planning	Marketing Assistance	Conference Room	
Great Plains Technology Center	Lawton	Mixed Use	25	12	●		●	●	●	Business guidance, Gov. bid assistance, accounting, commercial kitchen, arts incubation, and light manufacturing
Startup 405	Norman	Technology -based	6	3	●		●		●	
Acorn Growth Companies	Oklahoma City	Aerospace & Defense	10	3	●	●	●	●	●	Financial planning, business development and capital
Project 3810	Oklahoma City	Mixed Use	10	5	●		●	●	●	Paint Booth
LX Studio Business Incubator	Oklahoma City	Service Sector	10	0	●	●	●	●	●	
RCIDA/NE Tech Business Incubator	Oologah	Mfg./Mixed Use	25	2			●	●	●	Customized training through the local Career Tech system
Pawhuska Business Development Center	Pawhuska	Mixed Use	14	5	●		●		●	Business guidance and support, event promotion, financing, conference center
Pioneer Technology Center	Ponca City	Service and Light Mfg.	8	5			●	●	●	Color copier, fax machine, receptionist on site management counseling, free business classes
The LINK	Sand Springs	Retail, Financial, Counseling Services	12	1			●	●	●	Business Consulting and Guidance
Seminole Business Development Center	Seminole	Mixed Use	8	2		●	●	●	●	
Meridian Technology Center for Business Development	Stillwater	Technology or Innovative Process/ Service	15	15	●	●	●	●	●	Website development, seed capital assistance, mentoring shared receptionist and clerical
Riata Startup Experience	Stillwater	OSU Student-Led Ventures	40	8	●	●	●	●	●	Accounting and legal services, grant writing assistance and offer funding assistance.
Central Oklaoma Business and Job Development Corp	Stroud	Mfg.	1	1	●	●	●	●	●	

Incubator	Location	Type of Businesses Targeted	Tenant Capacity	Current Number of Tenants	Support Services Offered					
					Computer Network	Phone Service	Business Planning	Marketing Assistance	Conference Room	Other Services Provided
Tonkawa Business Incubator LLC	Tonkawa	Mfg./Mixed Use	4	1	●	●	●	●	●	
Hemphill Create	Tulsa	Mfg.	15	6			●	●	●	Industrial warehouse/ manufacturing space and services such as cutting steel and forklift operationg for tenants
The Forge	Tulsa	High Growth Mfg./Energy/ Tech	7	1	●		●	●	●	Offer partnerships with the entrepreneurial community and proactive connections with capital providers.
Northwest Tech Small Business Incubator	Waynoka	Mfg.	1	0			●	●	●	



# OKLAHOMA Commerce

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