

# **Right Brain Ventures, LLC**

Creative Tools for Community Businesses

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## Abstract

**Right Brain Ventures, LLC (RBV) is a for-profit small business technical assistance center, whose mission is to serve arts-based and women-owned businesses in and around Montclair, New Jersey.**

Montclair has decided to focus on The Arts as a centerpiece of its economic development efforts. Thus, in collaboration with various community groups, **RBV's program of advisory services has been designed to be particularly responsive to the needs of visual, fine and performing artists, designers, writers and craftspeople who wish to create or develop businesses based on their art.** (However, other businesses with job-generation potential are welcome as well, especially women-owned businesses.)

**Right Brain Ventures officially opened its doors in its new home in January 2006 after operating informally since September 2005.**

**As of April 1, 2006 RBV has acquired 7 clients who pay monthly retainer fees for business development consulting services, and 4 clients for whom RBV has executed short term assignments. In addition, RBV has delivered 3 training programs to a total of 22 business owners in Essex County.**

## **Executive Summary**

Right Brain Ventures, LLC (“RBV”) was founded in August 2005 as a for-profit small business technical assistance center, whose mission is to serve arts-based and women-owned businesses in and around Montclair, New Jersey.

In collaboration with the economic development goals of the Township and various community groups, RBV’s program of advisory services has been designed to be particularly responsive to the needs of arts-based businesses. However, other businesses with job-generation potential are welcome as well, especially women-owned businesses.

### **Target Community**

Montclair is a town of approximately 40,000 in Essex County, New Jersey, located 12 miles west of New York City. The population is fairly diverse – both in terms of racial distribution and economic demographics, and relatively well educated. The median income is higher than the NJ state average, but according to some estimates nearly 25 percent of Montclair’s residents are earning less than half of the median income level and are therefore having difficulty making ends meet.

**The immediate primary target constituent group for this Project is practicing artists and art students who reside, work, or study in Montclair.** A census of 250 artists completed in 1997 by Montclair State University indicated that 63% of local artists were full-time professionals. Another 27% were part-time professionals. Craftspeople and

artisans were not automatically included in this census, and the surrounding areas were not polled, so the total target population of artists/craftspeople and businesses based on the arts would be significantly larger.

### **The Problem**

Montclair prides itself on its cultural diversity and is becoming recognized as a destination town, featuring highly rated restaurants, unique shops, theatres, other performing venues as well as a nationally recognized art museum. Montclair's ties to the arts extend back to the mid-19<sup>th</sup> century. But as endemic as arts are to Montclair, **few artists (e.g., performing artists, fine artists, musicians, designers, writers, and craftspeople) can sever themselves from the financial hardships that come from trying to make a living at their craft.** Local merchants are also having trouble finding economic success. Rising rents (reflecting increasing property values), a lack of daytime traffic due to the small number of commercial and industrial enterprises in the immediate area, and increasing competition are some of the difficulties facing local business owners.

The Township has taken a number of steps to improve its economic health in recent years, including the creation of a Business Improvement District in the downtown area, and the establishment of the Montclair Economic Development Corp. Recognizing that **Art is the biggest industry in town**, the creation of the Montclair Arts Council, a partner of RBV in this project, grew out of the Township's decision to focus on The Arts as the centerpiece of its economic development efforts.

### **Key Goals and Objectives**

This project has long, medium and short term goals. Over the longer term RBV will join with the **Montclair Community Arts Foundation** (a not-for-profit community-based public foundation in the process of being created) to design, acquire, develop and operate a Community Arts Center in Montclair. RBV, as the technical assistance provider, will eventually be housed in the Arts Center, along with other groups and services related to the arts and economic development initiatives in the Township.

In keeping with its mission of fostering collaboration between the business and arts communities in Montclair, the Community Arts Center will provide subsidized office and studio space; trainings for community residents (including youth); and a full menu of business advisory services for local entrepreneurs through a contractual relationship with RBV.

RBV has medium term goals as well: to develop into a full-fledged **arts-based business incubator**. Having such a dedicated physical facility would complement the technical advisory services provided by RBV staff.

In the short term however, **RBV has set up shop and is functioning as a provider of technical assistance for local arts-based and women-owned businesses in greater Montclair (Essex County) New Jersey and the surrounding area.**

## **Progress To Date**

The Community Arts Center is a longer term project and will not be operating before 2008. RBV has been instrumental, however, in helping to initiate several events that have brought the business and arts communities together in Montclair.

- \* **Artfull Living** - September 2005 (planned for September 2006)
  - (local retailers displayed works of local artists in their shops)
- \* **First Fridays** – Commencing in May 2006
  - (local galleries coordinate to host Openings on the first Friday of each month – local restaurants and stores offer special promotions and stay open late)
- \* **Montclair Film Festival** – May 2005 (planned for May 2006)
  - Sponsored by the Montclair Economic Development Corp., the local skating rink is converted to a theatre for the evening
- \* **Montclair Women’s Film Marathon** – March 18, 2006
  - First ever event showcasing films produced by local women

The chart below summarizes the Project’s progress to date compared to the original objectives.



<b>Intermediate Project Objective</b>	<b>Target Date</b>		<b>Actual Outcome</b>
Incorporate Right Brain Ventures, LLC	June 2005	↑	Done: August 2005
Conduct technical assistance services survey	January 2006	↑	Done: February 2006
Design menu of services to be offered to RBV clients	November 2005	↑	Done: February 2006
Form RBV affiliated NFP	January 2006	↓	Delayed to May 2006
Attract high profile community leaders to RBV Advisory Board	Jan-April 2006	↑	Done: February 2006
Begin fund-raising efforts for RBV NFP	February 2006	↓	Delayed to summer 2006
Form key partnerships and alliances	May 2005 – February 2006	↑	Done
Deliver study on kitchen incubator to MEDC	March 2006	↑	Done: March 2006
Formulate service menu based on feedback from local businesses	April 2006	↓	Delayed to June-July 2006
Forge partnership(s) with Montclair State University	January 2006	↑	Done: March 2006
Acquire a roster of retainer-paying clients (at least 6)	January 2006	↑↑	Exceeded target! (7)
Complete business plans for 3 clients	April 2006	↓	Completed 2 plans
Obtain “measurable” results for all clients	April 2006	↔	Partial Success
Held 2 training sessions for at least 20 people	April 2006	↑↑	Exceeded target! (22)

### **Project Conclusions and Recommendations**

This project has been re-configured several times, essentially, it has been downscaled in order to get some measurable results within the timeframe of the CED Projects course.

As of April 1, 2006, the Project has been able to meet most of its Intermediate Objectives, although some objectives were met a bit later than originally planned. The main objective that has not been completed before April 2006 is the formation of RBV's nonprofit affiliate. It has become clear that this would be a useful entity to have, but it will take more time than anticipated to come to agreement among RBV partners about exactly that the mission of the nonprofit should be. The other goal not met was the receipt and analysis of a questionnaire asking local businesses about which support services would be most useful. Distribution of the survey was delayed at the request of the Montclair BID until June 2006.

## **I. Community Needs Assessment**

Montclair is a town of approximately 40,000 in Essex County, New Jersey, located 12 miles west of New York City. The population is fairly diverse, and relatively well educated. The median income is nearly \$75,000, 78% higher than the state average. However, in 2000, about 3,500 households in Montclair were earning below \$35,000 a year (less than half of the median income level). Assuming an average of nearly three people per household, that would imply more than 10,000 people in Montclair (nearly 25 percent of Montclair's 39,000 residents) are having difficulty making ends meet (Kloby 2004).

Racial Profile: 37% of Montclair's population is non-white, with 5% Hispanic.

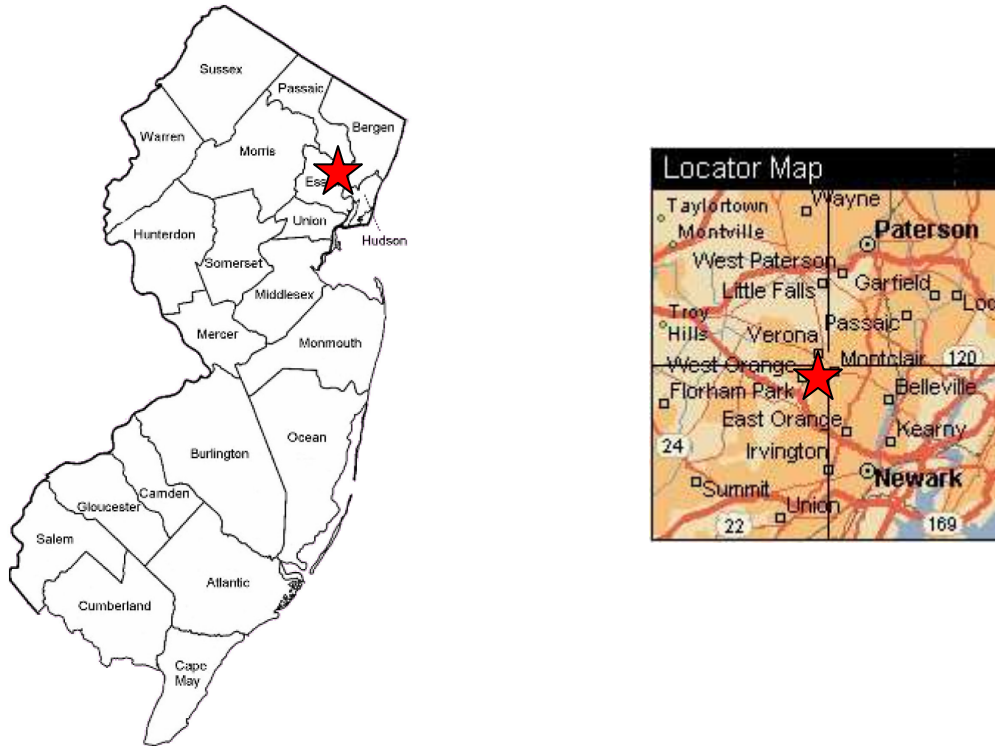
Median Age: 37.5 years (two years older than the national median).

Education Level: 57.4% of the population has a bachelor's degree or higher, compared with 24.4% for the USA.

Median Household Income: \$74,894, 36% higher than the median income in New Jersey.

Mean Household Income: \$114,576 (in 2000, 13% of the households in Montclair were making \$200,000 or more a year).

Poverty Rate: 5.6%, about half the national average. However, compared to more local benchmarks, poverty or near-poverty levels are higher.



(Please see Appendix A for more detailed demographic information on Montclair.)

### **Montclair: A Town of Contradictions**

New Jersey is by most measures both the most densely populated and the most suburban state in the nation (Ameregis Corp. 2003). Although slow growing compared to the rapidly growing Sunbelt states, it is among the fastest-growing states in the Northeast. The state has the highest median income, the highest school spending per student and among the highest housing prices in the country.

Despite its overall wealth, New Jersey is not immune from patterns of social separation and sprawl that strain all states. Its communities are profoundly divided by income and race. Its cities are some of the most troubled in the country, and it has a growing group

of suburbs experiencing similar social strains. In fact, geographic stratification is threatening every New Jersey community.



The historic district of Montclair is known for its Victorian mansions with colorful gardens and neatly manicured lawns, Tudor-styled early twentieth century buildings and picturesque town squares. Attributes of Montclair include “offerings of everything from fine dining on a global scale to Man Ray’s artistic musings that make it a cultural force in its own right, and schools that rival the nation’s highest rated academic institutions. Behind the story-book façade, however, lies a less affluent neighborhood, concentrated in the city’s south end, where working class families struggle to make ends meet. And beyond the patina of privilege is the stark reality that, by some estimates, roughly one quarter of those who call this community home languish in nor near poverty.” (King 2003).

The diversity in its population (in terms of race/ethnic heritage and income levels); its urban/suburban character; and the high percentage of artists (including filmmakers, writers, journalists, fine and commercial artists, musicians, and other performing artists) have historically been the most attractive aspects to the Town and have attracted new residents, especially people relocating from New York City.

The challenge facing the town, especially in the light of rapidly rising real estate prices, is to maintain the town's affordability and diversity.

### **Montclair's Economy**

The Township of Montclair stretches over 6.2 square miles and includes two zip codes. Within town limits are five business centers, the largest one being Montclair Center, which boasts more than 350 businesses, including:

- 70 restaurants, delis, bar/lounges or catering businesses of various types:  
American (17), Thai (5), Indian (4), French/Continental (4), Italian (12),  
Southern/BBQ (2), Japanese (4), Ethiopian, (1), Mexican (1), Caribbean (4),  
Chinese (5), Malaysian (1), Mediterranean (3), Middle Eastern (1), etc.
- 24 entertainment venues, including a major museum, 12 galleries, 5 theatres, 2  
night clubs, 2 music stages and 2 coffee houses
- 122 shops of various sorts, including 8 antiques stores, home furnishings shops,  
clothing, accessories, shoes and jewelry stores;
- 159 other businesses, including auto repair shops; laundries/dry cleaners; new  
age, fitness and beauty salons; music and performing arts services; printers and  
photography studios; medical care facilities; insurance agencies; financial  
management, legal and tax advisory services; services for children, etc.

A “black eye” in the Town – a department store that went out of business 10 years ago and has remained vacant since then – has recently been approved for re-development into 101 rental units with retail space on the ground floor. Other initiatives, spearheaded by the Montclair Center Business Improvement District (BID) are helping to make the downtown more visitor friendly – banners, landscaping, etc. But attracting new businesses to the town remains an elusive goal.

### **Minority- and Women-Owned Businesses in New Jersey and in Montclair**

A review of the data concerning the presence of minority- and women-owned businesses in New Jersey (drawn from the 1997 Economic Census) shows that New Jersey as whole has slightly more minority-owned firms than the USA at large, although they employ less people. Essex County shows considerably higher rates of minority-owned businesses than the nation (15.5% vs 11.6%), with a significantly higher percentage of Black- and Hispanic-owned businesses (4.5% and 5.3%, respectively, compared to 1.8% and 4.0%). The County lags the country with respect to women-owned businesses. Montclair has zero businesses owned by Hispanics; 3.3% black-owned enterprises and 16.7% women-owned businesses.

The Town of Montclair has recently sponsored a complete survey of businesses in the Town. The survey will be conducted jointly by the Montclair Economic Development Corp. and students from Montclair State University.

## Montclair and The Arts

Montclair's ties to the arts extend to its incorporation in 1868, when a colony of artists, most notably the landscape painter George Inness, thrived alongside the budding township's wealthy business executives. But as endemic as arts are to Montclair, few artists can sever themselves from the financial hardships that come from trying to make a living at their craft.



In 1909 the Municipal Art Commission said its objective was, “to influence a just appreciation of the value of Art in daily life and to encourage and promote the public and private use and patronage of good art in Montclair”... proving early on that art and culture have played significant roles in the community of Montclair. Not only are there many individual artists living and working in Montclair, there are also many arts organizations housed in the community. **“Art” is the largest single industry in the town.** Montclair is also a community that is home to a large arts audience. Located a short distance outside of New York City, Montclair has attracted many people from outlying regions who have brought an awareness of the arts with them (Montclair Arts Plan, 2001).

Montclair, with its emphasis on supporting and developing the arts is reflects national trends. Based on surveys of 3,000 nonprofit arts organizations and more than 40,000 attendees in 91 cities and the District of Columbia, a recent report from D.C.-based **Americans for the Arts found that the nonprofit arts industry in the U.S. generates \$134 billion in economic activity annually, including \$53.2 billion in spending by arts organizations and \$80.8 billion in event-related spending by audiences**



(Americans for the Arts, 2004).

In 2000 an Arts Plan Steering Committee, composed of 18 representatives from the arts, business, and education communities was established to assist the Township of Montclair in its endeavor to design an Arts Master Plan to enhance the Town's economic, social, educational and aesthetic development through the arts. Its mission was to construct a plan enabling the Township to:

- Build upon, strengthen, and articulate Montclair's traditional identity as an arts community
- Encourage continued growth of the arts and creative expression in Montclair
- **Continue using the arts to change lives, promote civic vitality, and stimulate economic growth in Montclair.**

**“The Arts are a potent economic driver in Montclair”**

The Montclair Arts Plan (MAP) was initiated at the request of the Township Council in 2000 as a supplement to the Town's Master Plan. As such, the Council has committed to recognizing the significance of art and culture to the community and has made it part of the legal structure. This means a commitment to art on the part of the government is no longer at the discretion of changing officials during each election but is now a part of the ongoing duties of Montclair's governing body.

**The Montclair Arts Plan was inspired by the Montclair Economic Development Corporation (MEDC), which proposed that art should be the driving economic engine for the redevelopment of the business district and the general economy.**

However the Arts Plan goes further to address the broader needs of the community at large, affecting the citizens, arts community (individuals and organizations), businesses, and government of the Township. As a significant part of Montclair's history, the arts are ingrained in the fabric of the lives of its citizens. The Township has become home to numerous arts organizations, presenting the works of regionally, nationally, and internationally recognized artists.

In 2000 the Montclair Office of Art and Cultural Development conducted a survey (the Survey) which was the basis for a number of recommendations made to the Township regarding the MAP. Out of several thousand distributed, approximately 1,000 surveys were completed.

**The rationale for this Project is based on a number of the responses from this Survey which have not yet been addressed by the Township.**

## MAP Survey Results

The survey was composed of three short answer questions and six yes/no or multiple choice questions geared to each of six constituent groups: citizens, businesses, artists, arts organizations, youth and government.

The survey identified a number of key issues relative to further development of the arts in Montclair, specifically, a need for marketing, a central office to address the arts, education, **a cultural arts center**, and information/technology. Appreciating the diversity of Montclair's arts and cultural environment, citizens were almost evenly divided over the types of organizations they prefer to sponsor the arts activities in town - educational organizations e.g., libraries, schools (30%); nonprofit private organizations, e.g., museums, ballet, nonprofit theatres (34%); and commercial organizations, e.g., movie houses, galleries, night clubs (36%).

The majority of practicing artists surveyed (63%) clearly want an arts plan to address the **need for presentation and performance space** – specifically by artists in music, dance, theatre, and the literary arts. Consideration of studio/work/sell space was preferred by 35% of the artists – primarily visual artists. Live/work space was a negligible consideration (2%, only visual artists). Among arts organizations surveyed, 66% believe that they would be served best with **adequate facilities**.

Artists, by a large margin, are looking for **serious work opportunities** – nearly 50% of the practicing artists surveyed would prefer commission/contract work; 88% of seeking opportunities for public art projects and collaborative work; while only 42% are asking for direct grant support. While the largest percentage of practicing artists seek commissions and contractual work, the majority of art students are interested in **full and/or part-time employment** supplemented by grants. Among youth, 72% of the high school students and 51% of the middle school students surveyed favored the **establishment of a local government agency for youth employment and/or training in the arts**.

**Businesses are interested in making connections with artists, arts organizations, and arts-related enterprises. Among the businesses surveyed, 32% showed an interest in private partnerships, sponsorships and contributions.**

See Appendix C for access to Montclair Arts Plan which includes the full survey results.

### **Montclair Arts Council**

To build greater economic development by advancing the concepts of the 2001 Montclair Arts plan, which recognized the value of the arts to the economic and cultural life of Montclair, and a valuable Montclair asset – its long lived arts community – the Township of Montclair made a commitment to establish a permanent Montclair Arts Council during 2005.

In August 2004 the Township Council, appointed about 30 volunteers to the Montclair Interim Arts Council, which has been charged with responsibilities until the permanent Arts council is appointed. While working towards a budget allocation for both the current the and coming fiscal year, the MIAC has moved ahead quickly to provide new opportunities for Montclair’s artists and arts organizations.

With the Township’s commitment and support, the permanent Montclair Arts Council will maximize the strengths of Montclair’s diverse and dynamic community of artists, arts and cultural organizations, and arts supporters.

**Building more of a connection between the arts community and the corporate/retail community is a key goal of the permanent MAC.** The Council will encourage public-private alliances and promote Montclair as an arts community. The MAC will also advocate for, and support, both individual artists and arts organizations.

On July 1, 2005 the permanent Montclair Arts Council was formally organized. Ms. Phoebe Pollinger, Chairperson of the MAC stated, “The Arts are a potent economic driver in Montclair. With the Township’s commitment and support, the permanent Montclair Arts Council will maximize the strengths of Montclair’s diverse and dynamic community of artists, arts and cultural organizations, and arts supporters.”

The news release further stated that “building more of a connection between the arts community and the corporate/retail community is a key goal of the permanent MAC. The Council will encourage public-private alliances and promote Montclair as an arts community. The MAC will also advocate for and support individual artists and arts organizations.”

Seven of the twenty-five board seats have been reserved as permanent institutional seats representing: Montclair Art Museum; Montclair Historical Society; MEDC, Montclair Center’s BID, Montclair Public Schools, Montclair Public Library and Montclair State University.

The MAC is a significant participant/stakeholder in this Project, as is the Montclair Economic Development Corp. (MEDC).

## II. Problem Identification & Proposed Solution

### **Primary Problem Statement – If The Arts is to be the Cornerstone for the Economic Development of Montclair, What Mechanisms are Necessary to Support “Art-as-Business” Development**

- Related Problems:
  - Montclair Needs Creative Solutions to Furthering its Economic Revitalization
  - Solution must Support Arts-Related Businesses

**The immediate primary target constituent group for this Project is practicing artists and art students who reside, work, or study in Montclair. A census of 250 artists completed in 1997 by Montclair State University indicated that 63% of the local artists were full-time professionals. Another 27% were part-time professionals. Craftspeople and artisans were not automatically included in this census, so the total target population should be larger, but we don't know by how much.**

### **Proposed Solution – A Business Incubator incorporating a Small Business Technical Assistance Center targeting Arts-Related Businesses**

Business development is the engine that drives a successful commercial district. Making historic buildings relevant to the modern economy is essential to a sustained revitalization effort. Finding and nurturing new businesses, be they traditional retailers and service providers or high tech firms, is a task most revitalization programs must tackle at some point. An increasingly popular – and successful – support tool is the business incubator. Nearly 87 percent of incubator graduates remain in business, according to a 1997 U.S. Department of Commerce study, *Impact of Incubator Investment*, making the incubator an effective and enticing start-up vehicle for new businesses. **As part of a planned,**

**incremental economic development program, incubators can increase the number of local businesses, diversify the local economy, and lay the groundwork for a vibrant, thriving commercial district.** Incubators are offering innovative services, facilities and support strategies that increase the odds of success for new businesses on main street (MainStreet News 2004). An essential component of effective incubators is technical assistance in the form of advisory services and trainings that give entrepreneurs the tools they need to nurture young companies.

## **II-A. Project Goals**

**The overarching goal of this Project is to establish Right Brain Ventures LLC as a Small Business Technical Assistance Center as a prelude to a more comprehensive arts-based business incubator in Montclair.** RBV will be in position to identify businesses with potential for growth, and provide them with services (including access to financing) such that their ability to survive and grow is maximized. Eventually, RBV's technical assistance services will be merged with the Community Arts Center where physical space for clients will available as part of the mix of services. Implied in this goal is that incubated businesses will at the least, allow artists to increase their ability to generate an improved livelihood, and at the most, will create a significant number of new jobs and opportunity for work in the community.

Success of the incubator will imply that we have successfully forged a good partnership between Montclair's business community, the Township's government agencies, existing arts organizations and the citizenry.

<b>Long Term Project Goals (3-5 years)</b>	<b>Indicators for Monitoring Progress</b>
Forge partnership(s) between the Business and Arts communities in Montclair, such that the economic environment is improved	Successful collaborations with RBV stakeholders (e.g., BID and MAC); on “ <i>Artfull Living</i> ” event in September
	High profile community members have joined RBV Advisory Board and/or its adjunct training team
Establish Right Brain Ventures as a force in the town’s economic development strategy	Have a track record of small businesses that RBV has been coached successfully (achieved growth and/or financing goals)
	Have a highly regarded and effective training program for arts-based businesses
Bring RBV to a sustainable level	Meet Budget (sustainability) Targets

## **II-B. Intermediate Project Objectives**

Because the overall timeframe for the Project is 3-5 years, we established a number of Intermediate Project Objectives that were expected to be reached by April 2006.

<b>Intermediate Project Objective</b>	<b>Target Date</b>	<b>Resources Required</b>
Incorporate Right Brain Ventures, Inc. as a New Jersey for profit limited liability company	June 2005	Legal advice
Survey community to determine desired technical assistance services	January 2006	Coordination with MAC
Design menu of services to be offered to RBV clients	November 2005	Input from other incubators; Input from community survey
Acquire a roster of retainer-paying clients (at least 5)	January 2006	Business cards, marketing materials, resource/contact list
Form RBV affiliated NFP corporation	January 2006	Legal advice



Attract high profile community leaders to RBV NFP Board, RBV Advisory Board and/or to adjunct Training Staff	January-April 2006	Business plan; marketing plan
Begin fund-raising efforts for RBV NFP	February 2006	Business plan; Funding proposals
Form partnerships and alliances with various township officials, and with business development organizations	May 2005 – February 2006	Business Improvement District; Montclair Economic Development Corp.; No. Essex Chamber of Commerce; local bankers; Above & Beyond
Forge partnership(s) with Montclair State University	January 2006	MSU Business School
Solidify partnerships/alliances with arts-based groups in Montclair	May-December 2005	Montclair Interim Arts Council/MAC; Montclair Art Museum; StudioMontclair

### **III. Project Design**

#### **The Arts and Community Economic Development**

A featured component of the Township government's major reorganization of 2004 was initiating a whole new approach to the arts and cultural affairs in Montclair. The goal was for the Township to support and promote the arts and cultural affairs in the community as much as possible, but not to be the actual producer; rather, to tap into the wealth of talent that already exists in the community and to provide resources and coordination to help Montclair reach an even higher plateau as a community rich in arts and cultural affairs. An interim arts council was appointed in 2004 and a formal Montclair Arts Council (MAC) formed in 2005.

The new Arts Council is focusing on three major goals.

- The first is to advance the comprehensive Montclair Arts Plan, which was completed in 2001, by setting up a town-wide arts agenda, facilitating arts education and fundraising to support MAC in initiatives.
- Secondly MAC advocates for, and supports, both individual artists and arts organizations. It will do this by creating alliances, being a catalyst for the programming and production of arts and cultural events, and implementing a re-granting program.

- **The third objective is to enhance the economic development of Montclair through the arts.** The MAC encourages public-private alliances, has plans to implement a public arts program and promotes Montclair as an arts community.

The Township intends that the Montclair Arts Council will be a vital part of both the cultural and arts community and is also charged to make a significant contribution to the economic well-being of Montclair by helping to advance the Montclair Arts Plan of 2001, while supporting artists and arts organizations.

This approach to economic development is not unique. A recent study revealed that arts-centric businesses represent 4.4 percent of all businesses and 2.2 percent of all jobs in the U.S. (Americans for the Arts 2005). That same study noted that throughout the country:

- More than 578,000 arts-related businesses employ 2.965 million people
- 49 Congressional districts have more than 10,000 arts-centric employees
- More than half of the districts have at least 5,200 arts-centric employees

“The arts have become an economic and employment powerhouse throughout the nation,” said Robert L. Lynch, president and CEO of Americans for the Arts. “This study shows, in addition to the intrinsic value of the arts, that arts-centric businesses contribute significantly to local economies in all U.S. Congressional districts.”

## **Business Incubators as a Tool for Economic Development**

**in•cu•bate** (in'kyə-bāt) v. To maintain in favorable conditions for growth

In 2003, nearly 600,000 new firms were created in the U.S.; unfortunately, the failure rate of small businesses is correspondingly high. According to the U.S. Small Business Administration (SBA), more than 80 percent fail within their first five years – through lack of money or skills or both. As a business matures, decisions become more complex and financing choices more intricate. Many small business owners lack the management skills and experience to pilot their firms through this early growth period (MainStreet News 2004).

A business incubator is “a comprehensive business-assistance program targeted to help start-up and early-stage firms, with the goal of improving their chances to grow into healthy, sustainable companies (Adkins 2002). The National Business Incubator Association (NBIA) has identified three characteristics that distinguish a business incubator.

- First, it must have a mission to provide business assistance to early-stage companies;
- Second, it must have staff who deliver and coordinate business assistance to client companies; and
- Third, it must be designed to lead its companies to self-sufficiency.

The form, size and sponsors of incubators vary greatly throughout the country.

According to the National Business Incubator Association (NBIA), 84% of incubators are nonprofit, sponsored by such entities as academic institutions (25%), government (16%), and economic development organizations (15%).

Incubation programs work to achieve various goals, such as commercializing new technologies from universities, diversifying local economies, serving minority entrepreneurs, and creating jobs. Increasingly, incubators are being established to grow companies for a particular market, such as gourmet foods, biotechnology, or the arts (Adkins 2002).

The majority (about 85%) of the approximately 950 business incubators in the United States are nonprofit programs and fall under one of three general categories of organizational structure: stand-alone incubators; incubators that are programs or departments of larger tax-exempt entities and operate within their tax statuses, such as university- or government-run incubators; or incubators that work closely with other organizations, whether for-profit or nonprofit, to achieve their missions.

NBIA also recognizes three major types of for-profit incubators. The first type anticipates return on investment from rents and service fees. These incubators generally add a few company-development services to what is basically a package focused on office services and flexible real estate and leases. The second type of for-profit program treats the incubator as a portfolio of investments and seeks return on equity holdings in

start-up companies. Corporate incubators, the third type, seek benefits primarily from spinning out technologies (recouping investments already made) or spinning them in (acquiring new technologies that promise incremental or radical innovations with strategic fit for the corporation). Some hybrid models have married some of these elements. For example, TechSpace, which operates in New York, London, Boston, Toronto, and Austin, seeks a real-estate return but offers additional services to companies willing to give up equity.

**Right Brain Ventures LLC has been formed as a for-profit small business technical service center, with the idea that it will eventually be absorbed into the broader Arts-Based Business Incubator envisioned by the Montclair Economic Development Corp. and the Montclair Arts Council. Income will be earned from fees for advisory services rendered and for trainings conducted. RBV will also provide, either directly or indirectly, capital for qualifying companies with attractive growth prospects, and expects to earn a return on these investments and/or “finder’s fees” as well. Some services, for example, to non-profit arts organizations, or to low-income clients will be supplied by RBV’s nonprofit affiliate. RBV and its affiliate expect to work closely with other community organizations, both nonprofit and for-profit groups, to support and nurture its clients.**

### **Business Incubators in New Jersey**

New Jersey currently supports a network of seven technology business incubators. These innovative and entrepreneurial enclaves are administered through New Jersey's academic sector and house approximately 111 businesses. These incubators provide start-up and small firms with critical business assistance in addition to low-cost office, light manufacturing and/or laboratory space.

The technology business incubators are supported through the budget of the New Jersey Commerce & Economic Growth Commission's Commission on Science & Technology.

In 2001 support of the incubators was funded at \$300,000 per year.

New Jersey's seven business incubators and their educational sponsors are as follows:

<b>Incubator</b>	<b>Location</b>	<b>Sponsor</b>
Technology Enterprise Development Center I	Newark (Essex County)	New Jersey Institute of Technology
Technology Enterprise Development Center II	Newark (Essex County)	New Jersey Institute of Technology
Picatinny Innovative Technology Center	Morris County	Morris County Community College
Stevens Technology Ventures Business Incubator	Hoboken (Union County)	Stevens Institute of Technology
Rutgers Business Incubator	New Brunswick	Rutgers University
Trenton Business & Technology Center	Trenton (Mercer County)	Mercer County Community College
High-Technology Small Business Incubator	Mount Laurel	Burlington County College

Following are some facts about New Jersey's high-technology incubator system:

#### **Collective Statistics for New Jersey's Technology Business Incubators**

Number of firms operating in New Jersey's business incubators	111
Number of people currently employed by incubator tenants	478
Job growth of tenants while in the incubator	211%
Total revenue of incubators clients	\$38,527,000
Number of graduated firms to date	104
Average length of incubation	2.3 years
Number of graduated firms to date	104
Number of graduated firms still in business in New Jersey	80
Success rate of graduated companies	77%

**A business incubator in Montclair geared to arts-based businesses does not conflict with any of the existing New Jersey incubators. The New Jersey incubator model affirms the model of partnering with a local university, however. Montclair State University has many of the attributes that would make an ideal partner for Right Brain Ventures: an excellent arts department including brand new performance facilities; growing business school; rapidly growing enrollment; and increasing links with the local community.**

The concept of business incubators for the arts was first put into practice in 1987. A Chicago-based consulting firm, whose clients included emerging arts groups and a small cadre of arts administration and facility development professionals, first adapted the business incubator model for the cultural community.

According to Suellen Burns, the Arts Incubator Alliance project leader for the book, *"Incubating the Arts"* (Gerl 2000), The ultimate goal of business incubators for the arts is to enable a group... to sing; to make money from singing; sing for more people; contribute to the economy; create jobs; expand tourism; and become an integral part of its community. Doing the job of arts business incubation right means the affiliated artists and arts organizations are able to quit their day jobs because they earn a healthy living in the arts.

Some benchmarks for arts-based incubators have been identified by the Arts Incubator Alliance, an association of six arts incubators, located throughout the nation. The members of the Arts Incubator Alliance are:



**ArtServe** (Ft. Lauderdale, FL);

**Arts Bridge** (Chicago, IL);

**Management Assistance & Organizational Development Enterprise (MODE)**

(Houston, TX)

**Entergy Arts Business Center** (New Orleans);

**San Jose Arts Incubator** (San Jose, CA);

**Arts Development Center of MetroArts** (Harrisburg, PA)

RBV's mission and the services to be offered by RBV and its NFP affiliate have much in common with those offered by these organizations.

For example, **ArtServe's** mission *is to strengthen and serve the cultural community by providing comprehensive facilities and advanced training, professional consulting, technology and information services to individual artists, cultural groups, and the community.* **Entergy Arts Business Center's** mission *is to create an arts management resource center and a professional business environment that serves the creative and administrative growth of visual and performing artists and arts organizations.*

Services provided by the **Arts Development Center** include *furnished office space, meeting rooms, dance studio, computer access, exhibit space, a resource library, consultations for individual artists and organizations, cooperative marketing, mailboxes, office equipment, workshops, professional development services.*

However, as the Arts Incubator Alliance has recognized, there is no singular formula that works – each program is unique based on the needs of its constituents and the resources that are available to each organization. RBV offers a unique set of services responsive to the needs of the greater Montclair community.

### **Other Arts-Based Community Economic Development Projects.**

Other cities across the country have developed spaces that have characteristics similar to the Community Arts Center envisioned by this Project. Some of these projects have been reviewed to detect common services provided to clients – such services will inform RBV's basic service menu.

### **Program/Services Offered by Right Brain Ventures**

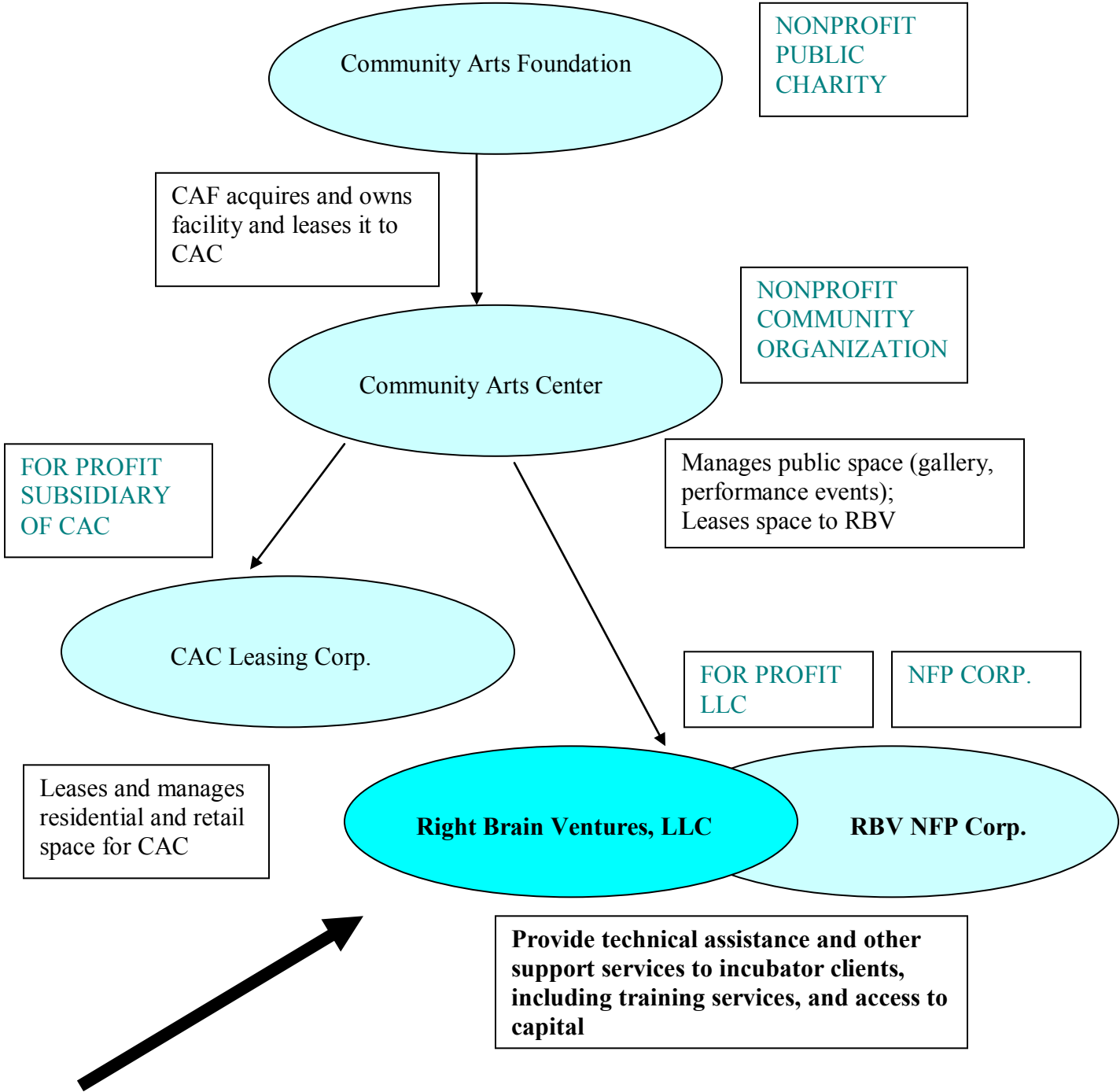
In addition to using the responses to the MAP survey, RBV also will rely on follow-up responses from artists in the community in a series of focus group meetings. We have already identified a pool of interested artists from which to draw focus group participants. Approximately 100 artists attended a seminar targeted to artists who want to learn more about increasing their income and/or developing a business out of their art. This meeting was held on February 23, 2005, and was sponsored by the Montclair Economic Development Corporation, a local bank (Washington Mutual) and Action International, a local franchise of the national business coaching company.

Once the RBV program of trainings has been designed with the assistance of the Training Needs Questionnaire, we intend to conduct a series of open-ended focus group discussions (meetings with various groups of artists) to give feedback on the program. In addition, each training will include an assessment, designed to capture the effectiveness of that training (how well the training met the expectations of attendees).

Pending the receipt of this detailed feedback, however, RBV intends to provide its clients with entrepreneurship assistance strategies most typical of existing arts-based incubators or other technical assistance providers. These services will include the basic services that comprise the technical assistance component of general business incubators according to the NBIA:

- Increasing access to capital
- The “one-stop” approach
- Technical/business management training
- Contract procurement assistance
- Creating networking opportunities
- Export assistance
- Technology transfer assistance

### Project Structure



# Logic Model

Span of Accountability for Results						
Inputs and Infrastructure	Program Activities	Outputs	Utility (Measures of Effectiveness)	Anticipated Short-Term Outcome Goals	Anticipated Intermediate Outcome Goals	Longer-Term Outcomes
*Experienced professionals who can relate to small business owners	*One-on-one consulting and general business advisory services	*Artists who are better prepared to make a living from their art	*# of clients on retainer; # of clients who choose one-on-one consulting services	RBV meets its goal of obtaining retainer-paying advisory clients and one-on-one consulting clients	*RBV established, initially as a "virtual" incubator, with a roster of clients and the means with which to attract new clients.	*RBV has reached a level of financial sustainability
*Training programs that have been tested for efficacy	*Entrepreneurial trainings geared to arts-based businesses	Regular schedule of well-attended training sessions	*# of clients being trained; Effectiveness surveys (to measure learning obtained by RBV clients)	Training programs are adjusted and improved	RBV trainings are becoming recognized as value-added programs	RBV trainings programs are unique and industry leading
			*Client profile updates (to measure progress of RBV clients)	*Small businesses which are growing and/or better performing	*RBV invited to join community-based and business-oriented consortiums	*RBVentures has been established as a force in the town's economic development strategy
*Facility that can provide shared office space and amenities (e.g., administrative services)	*Menu of fee-per-use services	*Easy access to support services for young businesses	Level of fee-income to RBV (via A&B) for these services	*RBV clients save time and money finding administrative support services	*RBV has moved into temporary space, which houses at least one of the components that will be eventually incorporated into the CAC.	*RBV moves into the CAC.
*Network of other organizations or agencies that can deliver complementary services to RBV clients	*Referral programs to (for example) capital providers; other specialists (e.g., an ad agency; a website designer, an accountant...)	*Businesses that are better equipped to survive because they are adequately capitalized.	# of businesses receiving loans/investment; growth of incubated businesses (as measured by revenues, # of employees, etc.	*Width and breadth of RBV network has grown	*More clients are attracted to RBV	Some clients have "graduated" to the next stage of their development and are ready to "give back" to new RBV clients (e.g., as mentors)

## Stakeholder Analysis

This table itemizes those stakeholders who are immediately relevant to the development of RBV as a small business technical assistance center. Some community organizations will become more important as the longer term, broader Community Arts Center project proceeds.

Please see Appendix D for more detailed descriptions of the various Stakeholders.

Stakeholder	Participation	Evaluation	Impact of Participation	Importance	Plan
Montclair Arts Council	Will be primary voice for Arts Center	High (critical)	Project will not fly without their support	+++	Include at early (design) phase
Montclair BID	Partner for Incubator	Medium	Referral source for incubator clients	+	Integrate myself with BID activities
MEDC	Interface with Town officials to promote Incubator	High (critical)	Advocate for project; spearhead fundraising	+++	Include at earliest (pre-design) stage
Montclair State University	Provide data to justify need for Incubator; provide interns for Incubator	Medium	Deliver services to incubator clients	+	Plan for collaborative projects
North Essex Chamber of Commerce	Potential partner(s) for Incubator	Medium	Referral source for incubator clients	++	Ongoing networking activities
Studio Montclair	Possible Arts Center tenant; provide contact with local fine artists	High	Provide input for design of studio space and services to be provided	+	Focus groups will provide design input
Montclair Neighborhood Development Corp.	Partner for Incubator	Medium	Coordinate adult education and youth development programs	+	Advice with respect to use of public spaces
Above & Beyond	Provide office space for RBV and clients	High	Provides access to shared office services; space for RBV and its clients	+++	Include at early stage
Service Partners (Accion, WVF, SBA, etc.)	Service partners for incubator	High	Improve quality and variety of services offered	+++	Include at second stage

## **Methods for Determining Products & Services to be Offered by Right Brain Ventures**

To mitigate the business risk for RBV, we have spoken to other incubators (not necessarily arts-oriented incubators) to see which sorts of services are most in demand.

We have spoken to artists in communities other than Montclair (for example, in New York City and Santa Fe) about which outside service(s) they have found most useful and how much they are willing to pay for them.

We also intend to do periodic market surveys and assessments to make sure that the services we are providing are the ones that are desired by our constituent population, do not exist in other close-by communities and can be provided at reasonable cost.

A brochure describing the products and services to be offered by Right Brain Ventures is in development. After receiving feedback from local businesses, RBV will refine its service offering(s) to reflect the priorities reflected in the questionnaire. (The questionnaire can be found at Appendix I.)

The questionnaire will be distributed to 120 Montclair based businesses by Montclair Center's BID, and to another 180 businesses throughout the county by the North Essex Chamber of Commerce in mid-June 2006. The questionnaire will also be distributed to approximately 80 artists who are members of StudioMontclair.

#### **IV. Project Implementation**

Right Brain Ventures is intended to serve the Montclair community in the following ways:

- Artists are looking for support from the Town and from the business community in Montclair. RBV believes that properly supported, and supplied with some basic business tools, more artists in Montclair (and surrounding areas) will be able to make a better living from their art.
- Secondarily, and in turn, we believe that arts-based businesses can create jobs for the local economy. In that regard, we will specifically target opportunities to train and hire local area young people. We have recently arranged for a series of interns from Montclair State University to work with RBV clients on some of our projects.
- Thirdly, to the extent that Montclair becomes known as a cultural center, a thriving arts community will draw traffic to town and help support the development of other businesses in the community (restaurants, galleries, workshops, production studios, etc.)

In 2000 the Montclair Office of Art and Cultural Development conducted a survey which was the basis for a number of recommendations made to the Township regarding the Montclair Arts Plan (MAP). The above observations are drawn from that survey.



As President of RBV, I am responsible for developing RBV's business plan and implementing it. I expect to also be involved with the acquisition/development of the Community Arts Center through MEDC or MAC or directly by joining the board of MEDC and/or MAC. While waiting for our partners to make political and budgetary decisions regarding the Community Arts Center and/or a physical arts-based incubator, RBV will be housed in space provided by Above & Beyond, a shared office space in town.

**Budget - 2006**

2006													
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Year
<b>RIGHT BRAIN VENTURES LLC</b>													
<b>PRO FORMA BUDGET</b>													
<b>REVENUES</b>													
Retainer Fees													
# clients @ \$200/mo	4	4	4	4	5	5	5	6	6	6	7	7	7
	\$800	\$800	\$800	\$800	\$1,000	\$1,000	\$1,200	\$1,200	\$1,200	\$1,200	\$1,400	\$1,400	\$13,200
Consultancy Revenues													
# hours @ \$50/hour	5	5	5	5	10	10	15	15	15	20	20	20	20
	\$250	\$250	\$250	\$250	\$500	\$500	\$750	\$750	\$750	\$1,000	\$1,000	\$1,000	\$7,500
Training Fees													
# classes @ \$100/student (ave)	2	2	2	2	2	2	3	3	3	3	3	3	3
# students/class	10	10	10	10	10	10	10	10	10	10	10	10	10
	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$30,000
Success (Financing) Fees													
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL REVENUES</b>	<b>\$3,050</b>	<b>\$3,050</b>	<b>\$3,050</b>	<b>\$3,050</b>	<b>\$3,500</b>	<b>\$3,500</b>	<b>\$4,950</b>	<b>\$4,950</b>	<b>\$4,950</b>	<b>\$5,400</b>	<b>\$5,400</b>	<b>\$5,400</b>	<b>\$55,700</b>
<b>EXPENSES</b>													
Salaries													
President	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
Admin. Asst. (part-time)	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
Consultants/Trainers	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Office rent (includes utilities)	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Administrative Services	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Telephone/Internet	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Subscriptions, Memberships	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Promotion/Marketing	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Advertising	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Legal	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500
Accounting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000
<b>TOTAL EXPENSES</b>	<b>\$5,450</b>	<b>\$3,950</b>	<b>\$3,950</b>	<b>\$3,950</b>	<b>\$3,950</b>	<b>\$3,950</b>	<b>\$3,950</b>	<b>\$3,950</b>	<b>\$3,950</b>	<b>\$3,950</b>	<b>\$3,950</b>	<b>\$3,950</b>	<b>\$53,900</b>
<b>OPERATING PROFIT</b>	<b>-\$2,400</b>	<b>-\$900</b>	<b>-\$900</b>	<b>-\$900</b>	<b>-\$450</b>	<b>-\$450</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$1,450</b>	<b>\$6,450</b>	<b>-\$3,550</b>	<b>\$1,800</b>
Pro Bono Services													
5 hours/mo @ \$25/hour	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$1,500
Taxes @ 35%	-\$884	-\$359	-\$359	-\$359	-\$201	-\$201	-\$306	-\$306	-\$306	-\$464	-\$2,214	-\$1,286	\$105
<b>NET PROFIT</b>	<b>-\$1,516</b>	<b>-\$541</b>	<b>-\$541</b>	<b>-\$541</b>	<b>-\$249</b>	<b>-\$249</b>	<b>\$694</b>	<b>\$694</b>	<b>\$694</b>	<b>\$986</b>	<b>\$4,236</b>	<b>-\$2,264</b>	<b>\$1,695</b>

## **Key Dates**

After a series of discussions with a number of Township officials, we have determined that the overall timetable for establishing the Community Arts Center will be at least 3-5 years.

Right Brain Ventures, LLC was formed in August 2005.

Its first tasks were to develop its network of relationships by linking up with various community organizations (e.g., the Business Improvement District of Montclair Center; Studio Montclair; the North Essex Chamber of Commerce...) with interests in developing arts-based businesses.

In addition, a menu of trainings and other services targeting arts-based businesses has been developed. Early in 2006, we planned to conduct a survey among existing businesses in Montclair (among which are many arts-based businesses) and a series of focus group discussions to determine which of the menu of services will be most highly demanded by the community. The business and financial training courses will be designed to respond to the special needs of Montclair's arts community, but will also have relevance to other small businesses as well. (This survey has been delayed by request of the Montclair Center BID and will be delayed until June/July.)

Some services (community workforce training, advisory services to low-income entrepreneurs, etc.) may be best delivered through a nonprofit affiliate of RBV – we expect to form this affiliate in summer/fall of 2006.

Please see Gantt Chart below.

ID	Task Name	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April
1	Project Design Index															
2	Investigate shared office space alternatives															
3	Investigate developable property															
17	Research incubators															
23	Meet with MSU Business School															
26	Meet with Northern Town Planner															
27	Research kitchen incubators															
32	Set up legal structure for R2V															
35	Build R2V network															
37	Attend weekly meetings with BID															
40	Attend monthly meetings of Student/entre															
41	Attend monthly meetings of IISDC															
42	Attend occasional town planning meetings															
43	Attend IMAU gala															
44	Meet with artists/entrepreneurs at Art in the															
45	Meet with Marian Howard															
46	Attend monthly meetings of No State On															
47	Attend monthly meetings at ICI/ICorp.															
48	Prepare for launch															
52	Join IMAA															
53	Seek regular clients															
54	Prepare Training Curriculum															
57	Write and print brochure															
58	Negotiate partnership with Above & Beyond															
59	Move into Above & Beyond office															
60	Hire Administrative Assistant															
61	Final evaluation of Course Offerings															
62	Modify Course Selection															
67	Print and publish course schedule															
68	Market Trainings															
71	Give first Training Class															
72	Evaluate Results															
73	Write R2V Business Plan															
74	Prepare budget for R2V															
75	Write R2V NSF Funding Proposal(s)															
76	Prepare budget for mtg affairs															

## **V. Monitoring & Evaluation**

Monitoring and Evaluation is being done and will continue to be conducted on several levels to (a) make sure we are meeting community needs and (b) that our clients have received a benefit from our services.

A Training Needs Assessment Questionnaire (see Appendix D) will be circulated to local businesses and local artists to get feedback as to what services local businesses would like from Right Brain Ventures.

A Client Review Form (see Appendix E) will be completed by each new client. This review will be updated annually, so that we can follow clients' progress. This assessment form was adapted from FIELD's "Consulting, Coaching & Mentoring for Microentrepreneurs."

Success of the venture will also be measured in other ways:

### Right Brain Ventures

Metrics that we are tracking are:

- # of clients RBV is able to attract in a given period of time
- # of training sessions given; # of attendees
- Whether clients are satisfied with the relevance and quality of services delivered
  - Training assessments

- Whether clients have progressed under RBV's tutelage
  - Client Review Forms (compare initial with periodic assessments)
- How close we come to meeting budget projections
  - Revenues: actual vs. budget
  - Expenses: actual vs. budget

Additional assessment tools will be developed using MicroTest evaluation templates and/or templates developed by NBIA.

### Financial Results

We have analyzed actual results versus our Budget. We are ahead of Budget through March 2006, having realized a net profit of \$6,700 versus an expected loss of \$2,599. We gave fewer training classes than anticipated, but more retainer clients and more consulting work.

RIGHT BRAIN VENTURES LLC									
ACTUAL VS BUDGET									
	2006								
	January		February		March		YTD		Variance
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
<b>REVENUES</b>									
Retainer Fees									
# clients	4	4	4	5	4	7	4	7	3
@ \$200/mo	\$800	\$800	\$800	\$1,000	\$800	\$1,400	\$2,400	\$3,200	\$800
Consultantcy Revenues									
# hours	5	30	5	40	5	60	15	130	
@ \$50/hour	\$250	\$1,500	\$250	\$2,000	\$250	\$3,000	\$750	\$6,500	\$5,750
Training Fees									
# classes	2	0	2	1	2	2	6	3	-\$3
# students/class	10	0	10	3	10	10	30	13	-\$17
@ \$100/student (ave)	\$2,000	\$0	\$2,000	\$750	\$2,000	\$1,000	\$6,000	\$1,750	-\$4,250
Success (Financing) Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL REVENUES</b>	<b>\$3,050</b>	<b>\$2,300</b>	<b>\$3,050</b>	<b>\$3,750</b>	<b>\$3,050</b>	<b>\$5,400</b>	<b>\$9,150</b>	<b>\$11,450</b>	<b>\$2,300</b>
<b>EXPENSES</b>									
Salaries									
President	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	4,500	4,500	\$0
Admin. Asst. (part-time)	\$600	\$250	\$600	\$400	\$600	\$400	1,800	1,050	-\$750
Consultants/Trainers	\$500	\$0	\$500	\$0	\$500	\$0	1,500	0	-\$1,500
Office rent (includes utilities)	\$500	\$500	\$500	\$500	\$500	\$500	1,500	1,500	\$0
Administrative Services	\$250	\$75	\$250	\$125	\$250	\$225	750	425	-\$325
Telephone/Internet	\$150	\$42	\$150	\$42	\$150	\$42	450	126	-\$324
Subscriptions, Memberships	\$100	\$250	\$100	\$0	\$100	\$0	300	250	-\$50
Promotion/Marketing	\$150	\$360	\$150	\$0	\$150	\$110	450	470	\$20
Advertising	\$200	\$0	\$200	\$0	\$200	\$0	600	0	-\$600
Legal	\$1,500	\$1,260	\$0	\$0	\$0	\$0	1,500	1,260	-\$240
Accounting	\$0	\$0	\$0	\$0	\$0	\$0	0	0	\$0
<b>TOTAL EXPENSES</b>	<b>\$5,450</b>		<b>\$3,950</b>	<b>\$2,567</b>	<b>\$3,950</b>	<b>\$2,777</b>	<b>13,350</b>	<b>5,344</b>	<b>-\$8,006</b>
<b>OPERATING PROFIT</b>	<b>-\$2,400</b>	<b>\$2,300</b>	<b>-\$900</b>	<b>\$1,183</b>	<b>-\$900</b>	<b>\$2,623</b>	<b>-4,200</b>	<b>6,106</b>	<b>\$10,306</b>
Pro Bono Services									
5 hours/mo @ \$25/hour	\$125	\$126	\$125	\$126	\$125	\$126	375	378	\$3
Taxes @ 35%	-\$884	\$761	-\$359	\$370	-\$359	\$874	-1,601	2,005	\$3,606
<b>NET PROFIT</b>	<b>-\$1,516</b>	<b>\$1,539</b>	<b>-\$541</b>	<b>\$813</b>	<b>-\$541</b>	<b>\$1,749</b>	<b>-2,599</b>	<b>4,101</b>	<b>\$6,700</b>



## **A. Progress Report: Profiles of RBV Clients**

Below are profiles of clients that have or are receiving technical assistance from Right Brain Ventures since August 2005. Also noted is a description of what services are being provided by RBV to each client.

### **Munchie's Cookies**

Two artists, Audra Moore and George Goss craft jewelry made from natural materials (wood, stone, leather, feathers), inspired by African and Native American symbols and traditions. Some years ago, they started serving gourmet vegan oatmeal cookies at their shows. People liked the cookies so much that in the fall of 2004 they decided to start producing them commercially. They have acquired a number of regular customers, mainly health food supermarkets in Manhattan and Brooklyn. At this time, production is still based out of their home. RBV has assisted Munchie's Cookies by finding an angel investor -- this has allowed them to purchase equipment to help increase their production capacity. RV is also helping them write a business plan. This plan will help Munchie's raise enough money (approximately \$350,000) to locate and construct a commercial bakery facility for their future operations.

### **Eat Your Heart Out!**

Eat Your Heart Out! was founded in 2001 by graphic artist, Any Sinaiko. She has created a line of healthy snacks comprised of freeze dried fruit and vegetables. The snacks have been successfully sold in supermarkets, but EYHO! is now facing a new market opportunity. As a result of recent federal and state legislations, the nation's schools are going to stop offering traditional snacks (junk food) to children in their lunch or breakfast programs or even as a la carte snacks. EYHO! snacks are a perfect substitute. Kids like them, and they are a nutritious and easy way to increase children's consumption of the USDA recommended 5-8 daily servings of fruit and vegetables. RBV is working with EYHO! to develop an operational plan for going after this new market and to raise funds to support that effort.

### **Blessed Nest**

Heather Anderson, founder of Blessed Nest, has designed a nursing pillow that she believes is a better product than any that currently exist in the marketplace. Blessed Nest also makes baby blankets. Before she does that she has to restructure her company to take out a former partner and incorporate new investors. RBV is helping her find the necessary legal and accounting services to help her. RBV will also help her negotiate appropriate business arrangements with her new financial partners.

### **Temple of the Body**

The concept for Temple of the Body is to create under one roof, a menu of wellness services – a day spa, a café serving fresh and healthy foods, and medical services including acupuncture, massage therapy, nutrition counseling, etc. A group of entrepreneurs is working together to launch this business in Harlem, NYC. RBV is helping the partners put their business concepts in writing, estimating the funds that will be needed and to plan a fund raising campaign.

### **Flourgirlbakery.com**

Jeri Gottlieb began baking her unique birthday cakes while she was living in Manhattan. Her business was conducted out of her home and sales were done mainly by word of mouth and through her website. A recent transplant to New Jersey, and a new mother, Jeri is looking for a way to continue her business in Montclair. RBV is helping her create a business plan, and in the process to explore alternatives – for example, should she open a retail store? Partner with another local bakery?

### **JA Hut Juices**

Having been a successful restaurant owner for 12 years, Nicola Shirley now wants to commercialize some of the products she sells at the restaurant, including her tropical flavored fruit juices, infused waters, naturally sweetened teas and jerk sauces. RBV is helping her write a business plan, find an appropriate manufacturing facility, negotiate with investors and to launch this new business.

### **Stella & Chewys**

Marie Moody started her upscale pet food business three years ago and she has doubled sales every year since. Sales volume has risen to the point that her supplier cannot keep up with her, and she will be looking for investors so that she can set up her own manufacturing facility.

### **Ruth Originals**

Ruth L. Williams is a visual artist, florist and life coach. She has painted for years, making a marginal living at her craft. Recently she exhibited her work at the Art Expo (Javitts Center in NYC) and got a huge reception there. She is overwhelmed with opportunity. Ruth will be working with RBV to find artist rep(s) and other advisors to help her sort through which direction to take her business, how to properly price her work, and other issues facing her.

RIGHT BRAIN VENTURES				
CLIENT PROGRESS REPORT	Target Scope of Work		Target Date for Completion	Date Accomplished
Munchie's Cookies	Get Company into an Incubator	▲	12/31/2005	11/15/2005
	Complete Business Plan		3/31/2006	in process
	Locate Suitable Property		4/15/2006	to come
	Raise Equity Capital		5/1/2006	to come
Eat Your Heart Out!	Complete Business Plan	▲	1/15/2006	3/10/2006
	Raise Equity Capital		4/1/2006	in process
Blessed Nest	Negotiate Settlement with Current Partner	▲	2/15/2006	2/28/2006
	Negotiate new Partnership Agreement		3/15/2006	in process
Temple of the Body	Assist Partners to Refine Business Concept	▲	1/15/2006	1/30/2006
	Conduct Feasibility Study		3/15/2006	in process
	Complete Business Plan		5/1/2006	to come
	Negotiate with UMEZ		6/1/2006	to come
	Negotiate with Kalahari (landlord)		6/1/2006	to come
	Raise Equity Capital		7/1/2006	to come
Flourgirlbakery.com	Review Business Plan	▲	11/15/2005	1/15/2006
	Locate Suitable Real Estate	▼	2/15//2006	client abandoned project
JA Hut Juices	Complete Business Plan	▲	11/15/2005	12/15/2005
	Raise Equity Capital		4/1/2006	delayed to 6/1/2006
Jamaican Jerk Hut - Expansion Plan	Complete Financing Proposal	▲	3/1/2006	3/10/2006
	Approach Potential Partner		3/15/2006	in process
	Negotiate with Investor(s)		4/15/2006	to come
Stella & Chewys	Complete Business Plan		5/1/2006	to come
	Negotiate Possible Sale of Company		6/1/2006	to come
	Raise Equity Capital		6/1/2006	to come
Ruth Originals	Develop Business Plan		3/31/2006	in process
	Find Artist Reps		4/30/2006	to come

## **B. Trainings Offered; Results & Feedback**

Right Brain Ventures was pleased to offer three training classes during the January to April 2006 period.

**Business Plans That Get Funded** was offered beginning on January 21. The class had four clients: a web designer; a public relations specialist; a manufacturer of women's accessories (scarves) and a dog food manufacturer. One dropped out. Two continued with the classes but did not complete business plans. One became a client and we are helping her finish her plan. Feedback from clients indicated that the course should be extended over a longer period of weeks (e.g., six to eight weeks instead of five) to make each homework assignment less onerous. Also, that the course should accommodate people who want to make Work Plans to help organize and focus company activities, as well as formal Business Plans (which are seen as more useful for outside parties).

**Want More Sales? Think Outside the Booth** was offered once on February 15. We had 19 people sign up, although only 12 actually came. Attendees included craftspeople (4), fine artists (2), accessories manufacturers (2), a doll maker (1), and specialty food manufacturers (3). Feedback was very positive – we are planning to offer this course regularly throughout the coming year. The speaker was Phoebe Pollinger, head of StudioMontclair and Chairman of the Montclair Arts Council.

**An Introduction to QuickBooks** was offered on February 1, at the suggestion of the Montclair BID. Attendees (8) included a variety of local businesses. This was a hands-

on training and immediate feedback was that it was exceptionally helpful. The training was done by a local CPA.

Trainings under development include a class on e-Commerce marketing strategies; an introductory Entrepreneurship training; a class on Business Financials for Managers; and a class on Food Preparation Regulations.

### **C. Sustainability**

RBV is designed to be sustainable over the long term, to be a strong element in the broader Arts-Based Incubator and the Community Arts Center when they are established.

As is shown in the Budget, and because RBV has negotiated an advantageous partnership with Above & Beyond, RBV should be profitable in its first year. We hope to increase the client base over the coming months and to show that our intervention makes a difference in our clients' ability to create sustainable businesses. A successful track record and satisfied clients will help us convince Town officials that an investment in a permanent Small Business Technical Assistance Center will be an essential element in the plan for the Montclair Community Arts Center.

We can continue to keep operating expenses at a minimum by partnering whenever possible with providers of specialized services – for example, by partnering with the Women's Venture Fund of New Jersey, Count Me In, Acción, or the like, for micro-loans.

We will continue to use specialists to do the trainings; however, we will need to find more staff to add capacity to properly service the growing number of clients that are requesting one-on-one consulting advice.

If we are successful in meeting financial goals in the first year, additional staff, trainings and services will be added.

Note that to the extent RBV wants to provide lower-cost trainings and certain other programs for community benefit (e.g., youth training programs; advisory services for low-income entrepreneurs), these activities will be housed in a sister nonprofit entity, which will seek its own funding. We have already received indications from two local banks (Commerce Bank and Washington Mutual) of support.

A business and/or strategic plan for RBV's NFP affiliate will be written in June/July 2006 with the help of the Montclair Economic Development Corp. and the Montclair Arts Council. Initial fundraising for the NFP activities will be undertaken in the fall of 2006, under the sponsorship of these two stakeholders.

## **VI. Conclusions and Recommendations**

This once ambitious project has been re-configured several times; essentially, it has been downscaled in order to get some measurable results within the timeframe of the CED Projects course.

As of April 1, 2006, the Project has been able to meet most of its Intermediate Objectives, although some objectives were met a bit later than originally planned. The main objective that has not been completed before April 2006 is the formation of RBV's nonprofit affiliate. It has become clear that this would be a useful entity to have, but it will take more time than anticipated to come to agreement among RBV partners about exactly that the mission of the nonprofit should be.

We were also not able to complete the distribution and tabulation of the Training Needs Assessment Survey. We are working with the Montclair Center Business Improvement District, the North Essex Chamber of Commerce. Volunteers from the BID were to do the major distribution and follow up, and the BID is very busy getting ready for May in Montclair, an annual celebration that incorporates hundreds of individual events throughout the town.

On the positive side, the classes that we did conduct were well-accepted, and we have acquired more one-on-one consulting clients than we had expected.



Progress on the larger project seems to be coming at a very slow pace, and although town officials are still very much committed to building institutions that can support The Arts as Business, other issues (especially budget issues) act as roadblocks.

Some findings and conclusions:

- ◇ Getting large-scale projects done that require consensus among multiple constituents takes more TIME and PATIENCE than I ever imagined
- ◇ Building a track record and trust in relationships takes time
- ◇ Finding ways to accommodate different people's (or group's) views of what sounds like the same project is DIFFICULT
- ◇ It is not difficult to find clients, but it is difficult to satisfy them all
- ◇ There are even more resources available in the immediate community than I had anticipated. On the other hand, it can be very difficult to get them involved in a new project.

### **Recommendations**

To anyone that might have a similar idea, I would make the following recommendations:

- \* Set short term goals and a modest project scope from the beginning. Two years goes by very quickly – there isn't you much time to (a) change the nature of the project or (b) engage others who are not already of the same mind.

- \* Contact the NBIA early in the process. I found the NBIA literature exceptionally helpful, and through that organization I was able to find practitioners with whom to speak.
- \* Make site visits; talk directly to others who are already doing what you plan to do. It was most helpful to talk to people who are running active business incubators about the services that are in most demand, how they are pricing their services, what funding arrangements are in place, how long the project took to implement, how long it took to breakeven, etc.
- \* Talk to small business owners in your community to see what they really need. What I found is that many of the free advisory services that are available (SCORE, for example) are of questionable value. I found that small companies need access to capital, connections to help raise their profile with potential customers, and training on particular skills – bookkeeping, how to use the internet effectively, etc.
- \* Artists (and arts-based businesses) have special needs: how to find reps; how to design their business so that it does not compromise their sense of artistry; etc.). To design a menu of services that will be useful to your potential customers you need to invest in market research. This discipline is actually useful in two ways: first it is good for the design of your project. Second it will give you some experience of doing something that many small business neglect, and will add to your credibility when you are speaking with your clients.
- \* Lastly, don't try to do your project alone – use your connections and your network of relationships. On the other hand, for purposes of the SNHU schedule,

make sure you keep control of the elements that need to happen according to that timetable. Your priorities for the project are not necessarily theirs.

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