



Economic Development Update

Economic Development Appropriation

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Business and Community Services

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Today's Discussion

- **UNI's Economic Development Outcomes**
- **Grow Iowa Values Fund Program Updates**
- **State Supported Economic Development Programs**
- **Entrepreneurship – MyEntreNet**



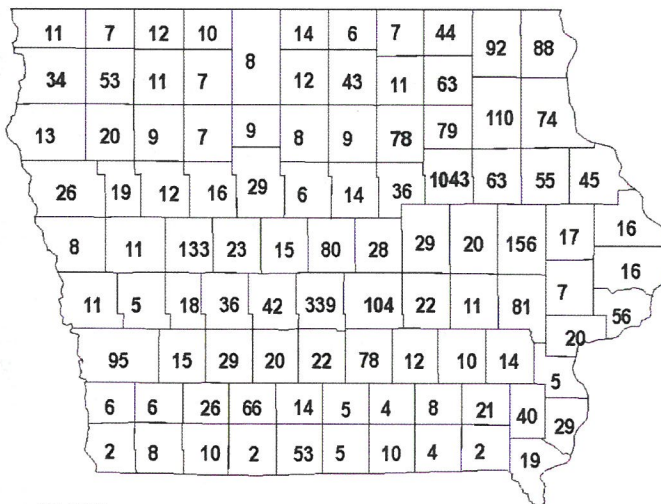
UNI Economic Development Outcomes

Economic Development Contributions-2009

- 4,250 Businesses and Organizations Assisted
- Active Project in all 99 Counties
- 220 Faculty and 2,100 Students Participated in Outreach Activities
- Each State Dollar Invested Leveraged nearly \$6 in Federal Grants and Private Sources



BCS Clients by County 2009



FY 2009



**FY 2010
Grow Iowa Values Fund**

Five Projects at UNI – \$855,000

- Technology Transfer and Business Incubation – \$288,000
- Entrepreneurship – \$180,000
- Market Research – \$90,000
- Regional Development – \$117,000
- National Ag-based Lubricants – \$180,000



**Technology Transfer &
Business Incubation**

Building a Pipeline of Intellectual Property

- 12 Disclosures – 8 Patents
- 3 License Agreements in Negotiation

Incubation Expansion

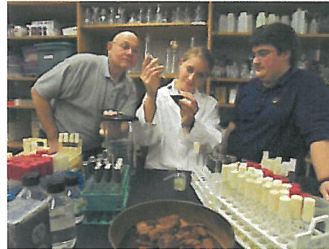


- Innovation Incubator – 5 New Companies
- Student Business Incubator Full
- 40 Graduates from 4th Street Incubator - Waterloo



Market Research

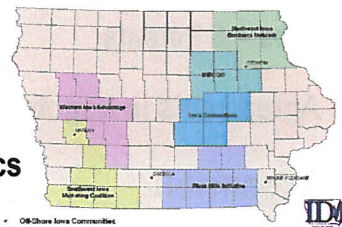
- 3 Phase I Research Projects
 - Intellectual Property
- 12 Market Research Projects
 - Iowa Companies
- 4 Market Research Plans
- 16% Increase in Sales
- Hub City Brewery Example



Regional Development

- 6 Regional Projects
- 1 Virtual Region
- Developed Regional Metrics with Iowa Department of Economic Development
- Lay-off Aversion – Response Program (IWD-IDED)
- Skillshed Pilot

IDM Regional Involvement





National Ag-Based Lubricants

- Biobased Lubricants and Biofuel Testing – Research
- 40 Biolubricant Products
- Moved to Tech Works and Expansion
- State Support Needed to Leverage DOE Support
- International Resource for Biobased Products



Programs Receiving State Economic Development Appropriations

- Institute for Decision Making
- Metal Casting Center
- MyEntreNet



Institute for Decision Making

- Hands-on Assistance for Local Development Groups for more than 20 Years
- 46 Partners and 636 Communities Served
- Provide Important Economic Development Services
 - Economic development planning, targeting, and marketing
 - Regional development and collaboration
 - Sustainability facilitation
 - Workforce assessments – Green jobs
 - Laborshed updates



Metal Casting Center

- Leading Foundry-based Research and Materials Facility in the United States
 - Pilot Plant Capability
- Assistance to Iowa Foundries
 - Increased productivity for metal casting industry (reducing foundry waste, process efficiencies)
- Industry Partners
 - 64 Iowa Foundries – support 75%
 - Assist top 36 foundry suppliers
- Biobased Binders
- Titanium Project





MyEntre.Net Iowa's Entrepreneurship Support System

– An Online Community for Iowa Small Business and Entrepreneurs



– A Resource for Iowa Communities

- Entrepreneurship Support System Training
- Shared Technology Resources
- Collaborative Events



Highlights of 2009

New Site!

Service Provider Profiles

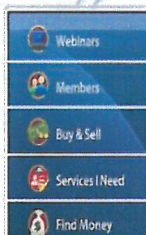
Business Profiles

Classifieds

Webinars

Library

Blogs



Helping your dreams become reality...

Welcome to MyEntreNet- a community of entrepreneurs and service providers who live, grow, learn and share online and at home. Here, you'll find respect, trust and celebration for the hard work you do everyday. Here, you'll find others who work long hours, wear many hats and face the same kinds of tough decisions you do. Here, you'll find service providers who really care about your success. Join us each week for live, interactive Webinars, check out the Master Calendar to see what kinds of networking and educational events are happening in your town or talk to a business expert in one of



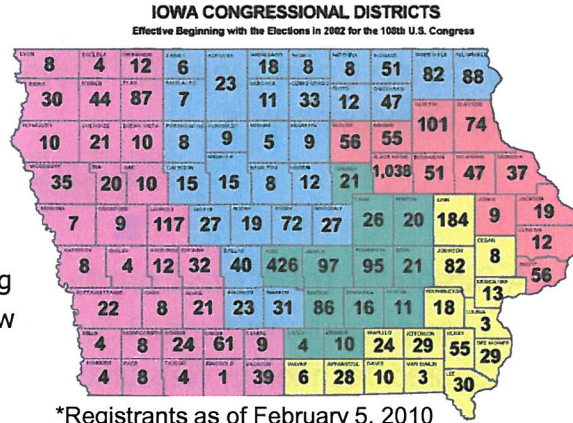


Highlights of 2009

4,614 Engaged*

Entrepreneurs
From every county
in Iowa are engaged

Entrepreneurs are joining
at a rate of about 20 new
registrations per day



*Registrants as of February 5, 2010



Highlights of 2009

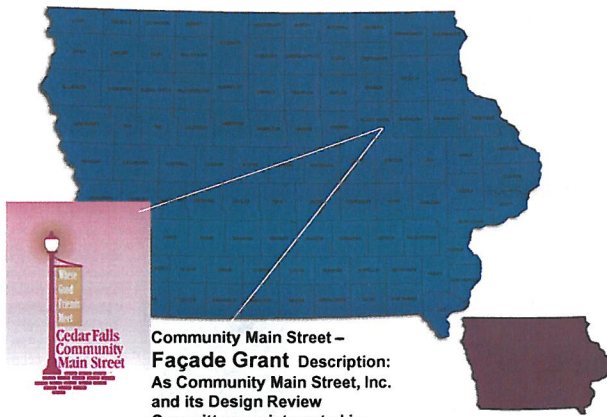
Money Map!

**800 Plus Listings
Sorted by County**

Grants

Loans

Financial Incentives



Statewide





Highlights of 2009



In the past six months nearly 800 small business owners have attended a free, online educational Webinar or attended a regional EntreBash!

120 Community Leaders statewide Attended Entrepreneurship Economic Development Seminars

More than 1,000 Community Leaders Receive bi-monthly MyEntre.Net E-News



252 EntreFest! Attendees



MyEntre.Net 2010

Free Online Market Research Assistance

Employer Firm Resources

Where's My Banker

Television Series





MyEntre.Net *Iowa's Entrepreneurship Support System*

- 788 FTE jobs
- 401 New or Expanded Small Businesses
- \$44,339,052 Commercial/Equity Investment



Summary

- Capacity for Technology Transfer Expanded
- New Ventures Starting
- Entrepreneurship System is Growing and Maturing
- Comprehensive Program
 - Including Existing Industry & Local Development
- Leveraging State Funding

Case Study



Project Update February 2010

Project Background

An Iowa farm family turns their hobby of brewing beer into a rapidly growing commercial enterprise. In 2007, Brian Knoke bought the brewing equipment of a bankrupt Cincinnati, Ohio brew pub and brought it back to the family farm in Stanley, Iowa. By 2008, the company was producing three different beers and operating at one-third capacity, producing 50 barrels of beer a month. The beer was being sold by 50 Iowa vendors including restaurants, bars and grocery stores. The young business had many questions such as: Why do people buy craft beer? How does Hub City beer compare in price, quality, and taste to competing brands? Would consumers who like the product show brand loyalty? Would sales grow, and if so, how much and how fast? Could the company sustain growth and reach financial viability? What is the best way to increase market share? The company contacted Strategic Marketing Services (SMS), a division of Business and Community Services at the University of Northern Iowa, to perform primary research to obtain the answers to these and other questions.

Methodology

In conjunction with Hub City, SMS developed two surveys: one for vendors whose final customers consume beer products on-site (i.e., restaurants and/or bars), and another for vendors who sell their beer products for off-site consumption (i.e., grocery stores). The questionnaires were constructed to determine how the company's products were perceived in the marketplace and how effectively the products could be positioned and marketed. In addition, SMS identified best practices and successful selling strategies employed by other craft beer producers.

Research

Understanding craft beer consumer preferences is critical to success in the crowded beer market. Because taste and quality are the primary reasons people buy a particular beer, the first issue to explore was what people thought of the Hub City product. SMS research showed that respondents who sampled Hub City beer rated it somewhat higher in taste and quality than other craft beers they had tried. In terms of popularity, where Hub City beer was being sold on tap, it was rated in the top three of all craft beers offered. When offered by the bottle, it ranked among the top five most popular giving way to more established brands. Hub City beer was priced in the mid-range of

other craft beers. The results of the research also showed that craft beer drinkers were loyal to a particular brand and did not typically switch between brands. As a result, the key to increased sales was to entice people to try the product through increased promotion and taste samplings. About half of the restaurant/bar respondents felt offering beer on tap would lead to increased in sales. Interestingly, the other half believed consumers preferred bottles partly because some consider drinking craft beer as a status symbol and they want people to recognize they are drinking a particular beer. Investing in advertising, promotions, and brand recognition strategies were found to be the best means of market penetration.

Project Results

The market research validated that Hub City had a good product which was acceptable in the marketplace and was capable of gaining market share. With that validation came the realization that in order to be profitable in the long term, Hub City would have to position themselves to capitalize on economies of scale which would require a substantial financial investment. Results of the research gave the company the confidence they needed to move forward and seek funding to expand operations. Following the conclusion of the project, Hub City increased production at the original 1,500 sq. ft. facility to full capacity from 50 to 150 barrels a month.

While increasing production at the original facility, Hub City sought and received funding to build a completely new 16,000 sq. ft. facility capable of producing 3,000 barrels a month.

Current Status

As of February 2010, the company is in the process of producing the first beers in their new facility. They are currently offering ten unique beers, three of which are seasonal varieties. The company plans to continue to introduce rotating and/or seasonal brews, and “high gravity” beers targeted toward high end retailers and urban consumers. The company is currently pursuing agreements with distributors to cover contiguous states and observing potential hot spots and target groups. Once a local producer of craft beers, Hub City Brewing Company is now a regional player in the craft beer market.

This research project was partially funded with Grow Iowa Values dollars.



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The logo for Strategic Marketing Services consists of a stylized circular graphic with a yellow and blue swirl, followed by the text "STRATEGIC MARKETING SERVICES" in a blue, all-caps sans-serif font.

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