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9B17M150

THE STOCKTON ENTERPRISE ARCADE: INCUBATE OR GRADUATE?

Jill Tidmarsh wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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Samantha Grig took a sip of coffee from her mug. Her wool shop, the only one in town, had been trading for 14 months in a unit in the Enterprise Arcade, a not-for-profit retail business incubator in Stockton-on-Tees, United Kingdom. By February 2016, she realized that she had likely outstayed her welcome. In recent months, her sales turnover had doubled, and her overall sales were up by 40 per cent. She knew that the role of the Enterprise Arcade was to support retail start-ups in testing their businesses until, if feasible, they could move out into their own shops. Grig knew she should move on, but she was not sure that she was ready for that next significant step. She realized that her mind had drifted, and she returned her thoughts to the present moment. Sitting across from her was Brian Jackson, the Enterprise Arcade’s manager.

Jackson had a small waiting list of potential retail start-ups waiting for space to become available. However, it had taken over a year for the Enterprise Arcade to attract a good number of shoppers and for the longest incumbents, such as Grig, to make a profit and grow in professionalism, image, and turnover. These long servers had undoubtedly been good for the incubator unit and bolstered others’ businesses with their presence. While they should theoretically have moved out to make room for new start-ups, moving to new premises had inherent risks, and Grig’s wool shop drew traffic. Jackson blew on his tea to delay having to speak. He had already chatted about the weather, and he did not know how to approach to Grig. Grig took a bite of her biscuit and wondered whether she should she make a case to stay for a further six months or ask Jackson for his help in moving out.

HISTORY AND RATIONALE

Stockton-on-Tees, originally a river port that exported wool, wheat, ale, lead, bricks, and alums in the eighteenth and nineteenth centuries, was a busy market town, famous for hosting one end of the first U.K. railway line from Stockton to Darlington.[[1]](#footnote-1) Following a decline in heavy industry in the late twentieth and early twenty-first centuries, it suffered a serious reduction in trade and prosperity. This was reflected in its previously attractive High Street, which had begun to look distinctly moribund. In the early 2000s, regeneration projects in North East England aimed to revive some of the area’s earlier prosperity.

The first business incubators had begun in the United States in the 1950s, and the concept had quickly spread internationally, not least due to its potential to promote economic development, delivering economies of scale through shared resources and overheads.[[2]](#footnote-2) Shared costs and communal resources made it easier for small businesses to start up and test their markets before taking on their own premises. The mutual support in this community of practice was also quickly recognized.[[3]](#footnote-3) The Enterprise Arcade, as a community of practice, evolved to become a place of situated learning,[[4]](#footnote-4) with proactively managed and interventionist components.

For the Stockton-on-Tees Borough Council, the Enterprise Arcade was an employability enterprise. The other stakeholders were the management company contracted to manage the Enterprise Arcade, led by Jackson, and a changing group of entrepreneur tenants themselves. Retail incubator units were unusual; in its first iteration, the Enterprise Arcade was simply a managed shared space. The new Enterprise Arcade was a very different story, with Jackson in charge and exercising a much more interventionist approach.

Inexperience and a lack of affordable spaces and resources in the region created barriers for entrepreneurs wanting to start up. In the initial pilot, the council accepted all comers into the Enterprise Arcade: For five of the businesses, this was not their first venture, just their first venture into retail, and for others coming into the Enterprise Arcade, it was either a first attempt at running a business or a last resort. The council members were realistic about hard outcomes or profitability (see Exhibit 1) and promoted the personal development opportunities of the venture. According to the council’s business and enterprise officer, Marc Bould, “You must . . . consider what counts as success . . . and what if anything does not, for even those who have been through the Enterprise Arcade in either of its guises might be considered to have learned from the experience; they may be trading from home or preparing a further venture.”

The Enterprise Arcade

Enterprise arcades were in part a product of regeneration initiatives. One such scheme had resulted in a series of retail business incubator pilots for towns in the region. In February 2011, Stockton’s first Enterprise Arcade opened in empty retail premises taken over by Stockton-on-Tees Borough Council for a small rent. The premises could accommodate just five start-up retail business units at a time, in small, three-metre-square bays. While 27 entrepreneurs moved through, the outcomes were mixed (see Exhibit 2).

In spite of the mixed results, Stockton-on-Tees Borough Council was committed to this employability enterprise and decided to expand and improve the incubator, moving to a fifteen-space unit in a more prominent location. Coupling an employability agenda with the primary aim to regenerate the High Street (the main shopping district), the council had identified an opportunity to establish a new Enterprise Arcade as one small part of a larger, £38 million[[5]](#footnote-5) publicly funded regeneration program. This program, aimed at breathing new life into the High Street and improving its function and physical environment, also afforded the council an opportunity to evaluate and reinvent its Enterprise Arcade. Although the initial outcomes had been unimpressive, they had been enough to demonstrate that there were local people interested in starting their own businesses.

THE NEW ENTERPRISE ARCADE

The Enterprise Arcade’s new venue opened in November 2014 in a prominent and historic High Street premise partly renovated through the Heritage Lottery Fund, an arm of the National Lottery Fund dedicated to supporting and preserving historic U.K. sites and activities for the benefit of communities.[[6]](#footnote-6) The 140-year-old, four-floor building had been a traditional nineteenth-century department store (see Exhibit 3). Stockton-on-Tees Borough Council’s cabinet member for regeneration and transport, Councillor Mike Smith, opened the Enterprise Arcade in the restored location with much fanfare, proclaiming that “the council is proud to support as many new, independent retailers as possible, and we would urge any budding entrepreneurs to consider the Enterprise Arcade as a great place to pilot their business.”[[7]](#footnote-7)

The Enterprise Arcade was promoted in local media as a “low cost, low risk option . . . the perfect place for fledging retailers to test the local market.”[[8]](#footnote-8) The retail units were all on the ground floor, and offices, storage space, and a training room took up half of the floor above. Unseen by the public, the rest of the building remained strewn with cobwebs and mothballs, and access restrictions made it a difficult space to use. The ground floor itself was secure, with a main entrance that resembled a covered market and open-plan units with display shelving that separated the individual businesses. Each entrepreneur’s stock backed onto another’s. Keys—which had been a cause of contention in the first Enterprise Arcade—were held here by the manager only; the retailers could not come in and out on their own.

The open aspect of this new, more closely managed Enterprise Arcade had the advantage of nurturing mutual support and learning while mitigating some of the more contentious, isolating aspects of starting a new business. As one retail entrepreneur explained, “I’ve learned a lot, just from seeing how to display things, for example, how other people do things, and who does well, from [for example] how they talk to people.”By February 2016, 24 new retail entrepreneurs had joined the new iteration of the Enterprise Arcade. The new model enabled a community of practice and shared learning to develop, but the outcomes to date indicated it was still far from a proven success in terms of successful graduations (see Exhibit 4).

MANAGEMENT AT THE NEW ENTERPRISE ARCADE

The management company led by Jackson, BSupplied Limited (BSupplied), had a critical role in the new Enterprise Arcade. A retail business development consultancy based in North East England, BSupplied was contracted to undertake day-to-day management of the Enterprise Arcade for Stockton-on-Tees Borough Council. Learning from its experiences at the initial site, the council considered that a more proactive approach was needed to support the businesses coming into and moving out of the Enterprise Arcade. Working with Jackson, they designed a tailored, interventionist management contract that focused on promoting an enabling and learning ethos, and involved a high level of presence and engagement by Jackson and his staff.

Jackson was a friendly and welcoming presence in the Enterprise Arcade and he wholly embraced this approach. His method was holistic: he got to know the entrepreneurs and identified their key motivations and drivers. Jackson described himself as part counsellor and part psychologist, and he considered these roles to be fundamental to his effectiveness as a manager. He made it his priority to be available for entrepreneurs if they were anxious about anything, and he spoke of many evenings spent in lengthy telephone conversations with the new Enterprise Arcade entrepreneurs, discussing their concerns about cash flow, stock control, management and motivation of part-time staff, or personal and family issues that challenged their capacities.

BSupplied’s contract extended beyond the doors of the Enterprise Arcade to encompass consulting with pre-start-up applicants who had put themselves on a waiting list for Enterprise Arcade units. The company also supported Enterprise Arcade graduates who remained in Stockton-on-Tees’s town centre. Jackson examined curricula vitae and business plans of all potential Enterprise Arcade retail entrepreneurs and worked with potential incumbents for several months, if necessary, before considering them ready to take up units in the arcade. This tightening of strategy meaning the arcade no longer “just [got] anyone in,” as Bould put it.

Active and complex support at the pre-entry stage helped Jackson create supportive relationships with entrepreneurs and, at the same time, allowed him to assess the viability of their business proposals. Some potential retail entrepreneurs had previously traded from home, online, or at craft fairs, where they could rent stalls for a weekend at a time. Some were using the opportunity to move out of unemployment. Regardless of their prior experience or motivation, Jackson explained that the sudden propulsion into the Enterprise Arcade could be too challenging for some entrepreneurs. Jackson’s pre-entry work was as much about preparing the individuals as it was about scrutinizing their proposals. For example, Jackson would have to ensure retail entrepreneurs understood that they were expected to be present in their shops for the entire time the Enterprise Arcade was open and for every day it was open: six days a week of normal retail hours. This could be a daunting prospect or indeed a deal breaker for people who had been dipping their toes into trading through online platforms or occasional fairs, or for those who had friends and family do selling for them. However, Jackson insisted upon this for three key reasons: (1) it afforded the entrepreneurs very easy access to him; (2) it facilitated the development of close and supportive relationships between the entrepreneurs; and (3) it supported the overall effectiveness of the Enterprise Arcade as a vibrant retail trading site, presenting a professional face to the public.

Underpinning Jackson’s day-to-day support for each entrepreneur were formal monthly meetings to examine finances and forecasts. On the agenda were expected targets, the appropriateness of margins, and growth trajectories. With a track record of successful retail businesses himself, Jackson was perfectly positioned to advise on the specific temporal, seasonal, geographic, and regional issues that the retail entrepreneurs should pay attention to. Furthermore, his company was suitably situated to act as a network agent in introducing retail entrepreneurs to other relevant companies, suppliers, and outlets in the region. An annual curriculum of evening training seminars for incumbents and graduates added the opportunity to learn more about the theory of retailing in a group setting.

**JACKSON’S GOALS**

Jackson had to fulfill several interwoven goals. Eventually, the Enterprise Arcade should be self-sustaining and able to support itself independently of council funds; while these were committed for the foreseeable future, they were subject to annual review. The Enterprise Arcade had to present a professional front and be vibrant and attractive enough to sustain repeated visits from the town’s residents. At the same time, it had to accommodate start-up businesses that were sometimes eager but unready to launch, others that should move on but were not ready to do so, and others that were simply unsuited to the High Street retail model.

Jackson faced an ongoing issue regarding the balance of businesses in the Enterprise Arcade. He had to avoid direct competition between start-up retailers in the confined space of the Enterprise Arcade and promote potential synergies if retailers with complementary products were available. He also needed to reach mutual agreements with individual retail entrepreneurs to determine who was ready to move in and who was ready to move on. The Enterprise Arcade units were rented out at a standard price of £50 a week for the first six months and £75 a week thereafter.[[9]](#footnote-9) Jackson had the flexibility to allow incumbents to expand into double units if there was space and a business case for doing so, and to vary the terms of their tenure if this was consistent with the arcade’s own business case—not for profit, but ultimately to be sustainable.

After six months, retail entrepreneurs were expected to have had enough time to test whether their businesses were viable and to decide on their future potential trajectory. Increases in rent after this time reflected the expectation that entrepreneurs would plan to graduate from the Enterprise Arcade. Jackson and the council initially anticipated that most businesses would be ready to move into retail premises soon after this point: “The ultimate output is for someone to come into the Enterprise Arcade, then take premises in the town,” observed Bould. However, while some ideas had been tested to the point of failure—or at least a retreat away from a High Street retail platform—by this point, other incumbents needed a longer start-up phase. A relaxing of the tenure limit in the new Enterprise Arcade—a critical departure from the council’s strategy for the first Enterprise Arcade—recognized this to some extent, and this allowed Jackson to examine entrepreneurs’ fitness to graduate on a case-by-case basis.

Many of the current businesses in the Enterprise Arcade were modestly successful in their start-up business model, which used the Enterprise Arcade’s High Street retail platform to connect with customers. Indeed, it might have been ideal for the retail entrepreneurs if this start-up phase in a protected environment could have continued forever. The arcade was a comfort zone that some were reluctant to leave. However, in spite of the increased flexibility in length of tenure, the unavoidable topic of graduation was a significant milestone marker that still had to be discussed at the six-month point. While the length of tenure could be extended up to two years or more, successful and local graduations were nevertheless key performance indicators for the retail entrepreneurs, BSupplied, and Stockton-on-Tees Borough Council.

GRIG’S STORY: from dreams to milestones

Grig had a colourful and flourishing wool shop in a double unit in the Enterprise Arcade, stocking a wide range of local, British, and European yarns and related knitwear products. She also sold handmade knitted and felted wool items through major gift fairs and through her website, and she provided knitting and crocheting workshops from her unit. When she first set up with a mere £500 of her savings, she had looked lost in just one unit of the ground-floor space. As Bould observed when he first met her there, “She only had one small table.” She had moved into the Enterprise Arcade when it opened in its new High Street premises, and after 14 months of modest growth and success (see Exhibit 4), she had reached a milestone and had some significant decisions to make.

Grig had a particular passion for promoting locally and regionally produced natural wool products and was pursuing her dream to make and sell wool items and knitwear made entirely with British wool. Originally a trained textile teacher, she had been unable to find full-time employment locally in the sector, but she did not want to move away from the region. Grig was a quietly determined single parent when she started her business, and for a while, she had had to rely on the state benefit system. She was looking for a path to independence for herself and her child while using her expertise to best advantage.

Wanting to hold fast to her dream of a niche business quickly brought her into conflict with Jackson. She had become interested in a rich vein of British wool products during her textile training and had become skilled in using the resource to manufacture knitted items proudly bearing the British Wool trademark. However, on moving in to the Enterprise Arcade, Grig had had several heated and intense consultations with Jackson about the validity of this niche market in a town struggling with a high proportion of unemployed people and no luxury or niche retailers on its High Street. Jackson was also aware that there were no general wool shops easily accessible to local residents, particularly to the older residents with the time and skills to knit their own garments and gifts; the nearest of five general wool shops was six kilometres away.

Grig was eventually persuaded to relinquish her original vision and embrace a less exclusive market segment. Her revised business model was to continue selling knitwear and providing workshops but primarily to stock a less expensive range of yarns, including synthetic yarns from overseas and the United Kingdom. She intended to target a local market of customers who would purchase yarn to knit garments themselves. Grig was pleased with this move 14 months later, and while musing that she had never imagined herself running a wool shop, she acknowledged that it was this major adjustment to her business model that had made her enterprise such a success. It had also allowed her to expand to two unit spaces in the Enterprise Arcade, and Grig had been able to support other small and micro businesses in their development by stocking their products. While her staple business model had been to attract traditional older knitters to buy wool supplies, Grig’s model also afforded her the space to stock hand-dyed yarns from a business in Nottingham and small felt gift items from a business in Leeds. This had retained for her a niche segment in the market, provided work for a handful of freelance knitters, and enabled two small suppliers to grow as well. Indeed, the felt maker from Leeds, who had started her business on a hobby basis from home, had also been able to become fully self-employed.

Grig had reached the stage where she might well have become a victim of her own success had it not been for the support of her family and friends. Her new partner was her personal support and assisted her with the financial aspects of her business. He also stepped in to provide the all-important childcare necessary to enable Grig’s full-time presence in the Enterprise Arcade. Grig had made a conscious decision to have one of her friends run the knitting and crocheting workshops to ensure that the business would not depend solely upon her. She used Jackson as a frequent and valued sounding board to discuss progress and development, and she became for him an inspiring example of a successful business person for other incumbents of the Enterprise Arcade. Grig saw herself as a team player, seeking and providing moral support with her fellow entrepreneurs and small businesses in the Enterprise Arcade and the suppliers with whom she had developed mutually supportive relationships.

Grig’s turning point arrived when an increase in her online sales matched by increased Enterprise Arcade sales put pressure on her. She found it increasingly time consuming to produce her handmade items and manage her online platform, and this affected her stock management for these two very different platforms. She found she was spending a higher proportion of her time during the day in the Enterprise Arcade and then at home in the evenings making the stock she sold online. These handmade items sold well online and at the high-quality gift fairs she attended, but it was the yarns that were selling better in the Enterprise Arcade. She began to ask herself whether knitting up her wool into finished items was really the best use of her time—especially when the administrative tasks of maintaining stock records and setting up sales information on her website was also becoming more onerous. Grig explained that, while she was doing a “fair amount of business” on her website, which had its own stock-control function, inputting the data and linking it with the Enterprise Arcade sales was a laborious task that did not lend itself at all to the day-to-day retail setting.

Grig had a further complication with suppliers. It was most convenient for her to use local suppliers for both wool and ready-made items because, if she ran out of stock, she could more quickly re-order and replenish her resources. She was concerned that, if she received an online order for a product that she could not source locally but could perhaps get from overseas, and she had also sold the product through the Enterprise Arcade during the same day, she could not fulfil the online order within her intended time frame.

Notwithstanding all of Grig’s day-to-day challenges, she had reached and indeed far exceeded her first milestones and had a fundamental decision to take. She had reached the point when she should leave the Enterprise Arcade and strike out on her own in her own shop, but she had no clear plan on when and how she should move out. She explained: “I wouldn’t want to get my own shop just out of vanity; I would have to be sure it would work.” Grig had to sort out several dimensions of her business: she had to prepare a cash-flow forecast encompassing a potential move out (see Exhibits 5 and 6), and she had to address her production challenges, her Internet platform management, her stock-control management, and her local retail base. First, she had to meet with Jackson to review her situation, and her graduation was the main item on the agenda. Should she make a case to stay longer in the Enterprise Arcade to buy herself time to examine and unravel the strands of her business? Would this give her time to plan for the increased overhead that would come with her graduation? How should she prepare for her meeting with Jackson?

EXHIBIT 1: NEW ENTERPRISE ARCADE PROFIT-AND-LOSS AND BALANCE SHEET, DECEMBER 2015 (in ₤)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **PROFIT AND LOSS** | **ENTERPRISE ARCADE DECEMBER 2015** | | | |  | **BALANCE SHEET** | | **ENTERPRISE ARCADE DECEMBER 2015** | | |
|  |  |  |  |  |  |  |  |  |  |  |
| RENT REVENUE |  |  |  | 28,731 |  | **ASSETS** |  |  |  | **LIABILITIES** |
| VARIABLE COSTS |  |  |  | 0 |  | **FIXED ASSETS** | |  | **280,000** |  |
| GROSS PROFIT |  |  |  | 28,731 |  | CASH |  | 1,500 |  |  |
| OPERATING COSTS |  |  |  |  |  | DEBTORS | RENT | 1,800 |  |  |
| Rates |  | 35,392 |  |  |  | FURNITURE AND FIXTURES | | 4,700 |  |  |
| Water |  | 395 |  |  |  | BUILDING REFURBISHMENT | |  |  |  |
| Energy |  | 11,054 |  |  |  | FEES IN |  | 40,000 |  |  |
| Cleaning |  | 5,171 |  |  |  | **CURRENT ASSETS** | | **48,000** |  |  |
| Refuse Collection |  | 536 |  |  |  | **TOTAL ASSETS** | |  | **328,000** |  |
| Window Cleaning |  | 880 |  |  |  | **LIABILITIES** | |  |  |  |
| Cyclical Maintenance | | 1,838 |  |  |  | LOAN SBC | |  |  | 8,000 |
| Fire Alarm Testing |  | 136 |  |  |  | LONG-TERM LOAN SBC | |  |  | 43,000 |
| Security |  | 392 |  |  |  | FEES OUT |  |  |  | 40,000 |
| Telephone & IT | SBC CENTRAL CONTRACT | |  |  |  | **TOTAL CURRENT LIABILITIES** | |  |  | **91,000** |
| Insurance | SBC CENTRAL CONTRACT | |  |  |  | NET ASSETS | |  |  | 237,000 |
| Music & TV Licence | SBC CENTRAL CONTRACT | |  |  |  | **EQUITY** |  |  |  |  |
|  |  |  |  | 55,794 |  | PROFIT-AND-LOSS SUMMARY | |  |  | −27,063 |
| NET PROFIT |  |  |  | −27,063 |  | SBC EQUITY | |  |  | 118,063 |
|  |  |  |  |  |  |  |  |  |  |  |
| PROFIT/LOSS |  |  |  | −27,063 |  |  |  |  |  | **328,000** |

Source: Case author, based on company files.

EXHIBIT 2: BUSINESS STARTS AND TRADING in MONTHS 0–60 IN OLD ENTERPRISE ARCADE

Note: Each row represents one business, its duration of trading, and its platform.

Source: Case author, based on company files.

EXHIBIT 3: INTERNAL AND EXTERNAL IMAGES OF THE ENTERPRISE ARCADE

|  |  |
| --- | --- |
|  |  |
|  |  |

Source: Stockton Borough Council. Used with permission.

EXHIBIT 4: BUSINESS STARTS AND TRADING in MONTHS 0–25 IN NEW ENTERPRISE ARCADE

Note: Each row represents one business, its duration of trading, and its platform.

Source: Case author, based on company files.

EXHIBIT 5: GRIG PROFIT-AND-LOSS AND BALANCE SHEET, DECEMBER 2015 (in ₤)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Profit and Loss December 2015** | | | |  | **Balance Sheet December 2015** | | |  |  |
|  |  |  |  |  | **Assets** |  |  |  | **Liabilities** |
| Revenue |  |  | 32,590 |  | **Fixed Assets** | |  |  |  |
| Variable Costs | | 16,062 |  |  | Cash |  | 1,009 |  |  |
| Freelance Knitters | | 1,452 |  |  | Debtors |  | 0 |  |  |
| Gross Profit | |  | 15,076 |  | Furniture and Fixtures | | 270 |  |  |
|  |  |  |  |  | Stock |  | 740 |  |  |
| Rent |  | 4,225 |  |  | **Current Assets** | | **2,019** |  |  |
| Staffing | | 7,462 |  |  | **Total Assets** | |  | **2,019** |  |
| Insurance | | 156 |  |  | **Liabilities** | |  |  |  |
| Loan Repayments | | 858 |  |  | Loan |  |  |  | 920 |
| Website |  | 1,740 |  |  | **Total Current Liabilities** | | |  | **920** |
|  |  |  |  |  | **Equity** |  |  |  |  |
| Operating Costs | | 14,441 |  |  | Profit-and-Loss Summary | | |  | 635 |
| Net Profit | |  | 635 |  | Owner’s Equity | |  |  | 295 |
|  |  |  |  |  | **Net Assets** | |  |  | **1,089** |
| **Profit/Loss** | |  | **635** |  |  |  | 2,019 |  | 2,019 |

Source: Case author, based on company files.

EXHIBIT 6: GRIG CASH-FLOW FORECAST (in ₤)

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **CASH-FLOW FORECAST 2016–2017** | **February** | **March** | **April** | **May** | **June** | **July** | **August** | **September** | **October** | **November** | **December** | **January** |
| **Other** |  |  |  |  |  |  |  |  |  |  |  |  |
| Sales shop | 400 | 1,200 | 1,350 | 1,600 | 1,600 | 1,450 | 1,200 | 1,400 | 1,700 | 3,200 | 4,500 | 300 |
| Fair sales and workshops |  |  |  |  |  |  | 1,230 | 80 | 80 | 80 |  |  |
| Website sales | 240 | 500 | 700 | 880 | 1,300 | 1,400 | 1,400 | 1,600 | 1,800 | 2,000 | 2,500 | 500 |
| TOTAL SALES | 640 | 1,700 | 2,050 | 2,480 | 2,900 | 2,850 | 3,830 | 3,080 | 3,580 | 5,280 | 7,000 | 800 |
| COST OF SALES |  |  |  |  |  |  |  |  |  |  |  |  |
| *Shop and fair stock* | 696 | 783 | 928 | 828 | 741 | 896 | 812 | 986 | 1,856 | 2,610 | 124 | 205 |
| *Freelance knitters* | 0 | 0 | 0 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| *Website stock* | 125 | 175 | 220 | 325 | 350 | 350 | 300 | 350 | 400 | 525 | 75 | 75 |
| *VARIABLE COSTS* | 821 | 958 | 1,148 | 1,253 | 1,191 | 1,346 | 1,212 | 1,436 | 2,356 | 3,235 | 299 | 380 |
| **Fittings** |  |  |  |  |  |  |  | 60 | 60 | 60 |  |  |
| Drawings | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| **Rent/Rates** | 325 | 325 | 325 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 |
| **Power** |  |  |  | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| **Insurance** | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| **Loan repayments** | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 |
| **Fair costs, including travel** |  |  |  |  |  |  | 670 |  |  |  |  |  |
| Website | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| FIXED COSTS | 935 | 935 | 935 | 1,340 | 1,340 | 1,340 | 2,010 | 1,400 | 1,400 | 1,400 | 1,340 | 1,340 |
| TOTAL EXPENDITURE | 1,756 | 1,893 | 2,083 | 2,593 | 2,531 | 2,686 | 3,222 | 2,836 | 3,756 | 4,635 | 1,639 | 1,720 |
| OPENING BALANCE | 282 | −834 | −1,027 | −1,060 | −1,173 | −804 | −640 | −32 | 212 | 36 | 681 | 6,042 |
| CLOSING BALANCE | −834 | −1,027 | −1,060 | −1,173 | −804 | −640 | −32 | 212 | 36 | 681 | 6,042 | 5,122 |

Source: Case author, based on company files.

1. Tom Sowler, *A History of the Town and Borough of Stockton-on-Tees,* (Middlesbrough: Teesside Museums and Art Galleries Department, 1972). [↑](#footnote-ref-1)
2. Sean M. Hackett and David M. Dilts, “A Systematic Review of Business Incubation Research,” *Journal of Technology Transfer* 29, no. 1 (2004): 55–82. [↑](#footnote-ref-2)
3. Etienne Wenger, “Communities of Practice, A Brief Introduction,” STEP Leadership Workshop, University of Oregon, October 2011, accessed July 29, 2016, <https://scholarsbank.uoregon.edu/xmlui/handle/1794/11736>. [↑](#footnote-ref-3)
4. Nicholas Theodorakopoulos, Nada K. Kakabadse, and Carmel McGowan, “What Matters in Business Incubation? A Literature Review and a Suggestion for Situated Theorizing,” *Journal of Small Business and Enterprise Development* 21, no. 4 (2014): 602–622. [↑](#footnote-ref-4)
5. ₤ = GBP = Great Britain pound; all currency amounts are in ₤ unless specified otherwise. ₤1.00 = $1.39 on February 29, 2016; [↑](#footnote-ref-5)
6. Heritage Lottery Fund home page, accessed December 30, 2016, www.hlf.org.uk. [↑](#footnote-ref-6)
7. “Enterprise Arcade,” Rediscover Stockton, accessed December 8, 2015, www.rediscoverstockton.co.uk/shopping/enterprise-

   arcade. [↑](#footnote-ref-7)
8. Ibid. [↑](#footnote-ref-8)
9. This amount included heat, light, and other running costs and was less than half the cost, for rent alone, of a small independent retail premise nearby. [↑](#footnote-ref-9)