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SMALL BUSINESS

L.A. County incubator gives firms, jobs a start



Mel Melcon / Los Angeles Times

Kelly Tompkins, the founder of AdventureLink, is one of 35 entrepreneurs set up at L.A. County's Business Technology Center in Altadena. The 16-employee firm is the second he has launched with help from the center.

The Business Technology Center and several other of the county's key development programs appear spared from budget cuts. Some small-business programs are even slated for expansion.

By Cyndia Zwahlen
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Kelly Tompkins credits a fellow tenant at the business incubator run by Los Angeles County for helping him land venture capital recently for his tech start-up, AdventureLink.

Making contacts with other entrepreneurs and having the chance to discuss challenges and strategies are just some of the benefits of setting up shop at the Altadena facility, he said.

"Those sorts of things are invaluable," said Tompkins, chief executive of the online booking system for adventure travel he founded in mid-2006.

It's the second business he has started at the Business Technology Center. Tompkins is one of 35 tenants who pay below-market rent there and have access to free mentoring and consulting as well as conference rooms and a menu of fee-based business services.

The incubator and several other key small-business development programs offered by Los Angeles County appear to have been spared cuts under the county's \$22.8-billion budget proposed last week for the fiscal year that starts July 1, officials said. In fact, expansions are planned for some of the programs, all of which are meant to support job creation.

"We are not seeing a significant change in our programs for small businesses," said William Johnson, acting director of the Community Development Commission's Economic Redevelopment Division, which runs several of the county's small-business programs.

Most of the efforts to help start-ups and existing businesses are funded primarily by federal grants and measured largely by how many jobs they will create.

The Business Technology Center incubator has been self-supporting for eight years, manager Mark Lieberman said. While at the incubator, tenants have raised more than \$130 million in equity capital and hired more than 1,300 people, Lieberman said.

It's difficult to track the firms once they leave the center -- the maximum tenancy term is four years -- so it's unclear how many of those jobs still exist or how many jobs were added after the firms left, he said.

Recent graduates include MyShape, an online store that matches a shopper's size and style with clothes already on the market, and Arecont Vision, which makes high-definition surveillance cameras.

"The whole concept is smart," Tompkins said. "You can really track what my businesses have done for the local community from an employment perspective and the tax base."

He moved AdventureLink into a single office in the incubator 3 1/2 years ago. Today the small business is one of the incubator's largest tenants with 16 employees and several independent contractors.

His previous start-up, LeisureLink, moved out of the incubator about the same time, and, fueled in part by venture capital, now employs 35 in its Pasadena offices. Tompkins is no longer involved with the company, which aggregates vacation rental properties from multiple suppliers online, but he is its largest shareholder.

Lieberman, manager of regional economic development for the commission, is looking into the feasibility of setting up two more incubators. One would be focused on renewable energy and be located in the Adelante redevelopment area near Los Angeles County-USC Medical Center. The second would be another technology-business incubator, to be located in the Antelope Valley.

In addition to the original 11-year-old technology incubator, Lieberman oversees the incubator's affiliate program for start-ups that don't need office space but could benefit from other support services.

There is also the 2-year-old Los Angeles Business Owner Outreach Support and Training program -- called LA-BOOST for short.

It started out as a second incubator but that proved unworkable, and it evolved into a five-month intensive training program for low- and moderate-income entrepreneurs based at Los Angeles Southwest College, Lieberman said. He expects the two-tier program to graduate 40 entrepreneurs this year.

Lieberman also oversees the division's modest commercial and industrial lending program. The loan portfolio totaled \$37 million in fiscal 2008. During the period that ended June 30, eight loans were made totaling \$7.1 million. All require collateral, he said.

The division also runs several other business-related programs, including support for two state enterprise zones, a commercial-building facade improvement program, street-scape beautification projects and merchant association support, all in targeted areas.

The division's programs are aimed at unincorporated areas of Los Angeles County and the 50 participating cities of the 88 in the county.

The division, in collaboration with the city of Los Angeles, received conditional approval from the state last year for the East Los Angeles Enterprise Zone, where qualified firms are eligible for state tax credits.

It paired up with the city and Huntington Park to recently apply to create a Harbor Gateway Communities enterprise zone. Only four potential new zones are available this year, Johnson said, while 19 have been proposed across the state. Meanwhile, state legislation has been introduced that would curtail the enterprise zone program.

Small businesses that are interested in the county programs can learn more by going online to www.lacdc.org and clicking on "Programs."

Tompkins, who expects to stay at the center for an additional six months or so, is not enamored of a requirement that tenants offer the incubator royalties or options to buy stock in their companies at a future date as part of their payment for space and services. But he is grateful for the flexibility that helped his latest firm get through a cash crunch without losing its space.

"The Business Technology Center really supports the entrepreneurs," Tompkins said. "Now my business is starting to take off, which is great."

smallbiz@latimes.com
