



## TENANT ENTRY & EXIT POLICY

DOCUMENT NO <b>ADM-004</b>	ISSUE NO <b>REVISION 01</b>
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### SECTION 1 - INTRODUCTION

#### **Purpose**

The purpose of this management policy is to describe the entry and exit processes associated with becoming a tenant at the Coffs Harbour Innovation Centre business incubator and the expectations and processes to be used to assist a business to achieve commercialisation.

Document No <b>ADM-004</b>	Issue No <b>REVISION 01</b>	Date of issue <b>21<sup>st</sup> Sept 07</b>
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<b>SECTION 2 – ENTRY POLICY</b>
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## **Small Business Incubator Operations**

The Coffs Harbour Innovation Centre (CHIC) small business incubator is a facility designed to assist new and growing businesses to become established and profitable by providing premises, advice, services and support. Small business incubator tenants are provided with an initial place of operation and a supportive environment in which to grow their business. The incubator period is normally from one to three years, during which the fledgling business becomes established before graduating into the wider business community.

Business and technical assistance will be made available through a combination of in-house expertise and a network of community support. Assistance in accounting, legal issues, patents, marketing, and business planning will be available.

### **The CHIC Objectives include:**

- fostering self employment, development and accelerate business growth
- reducing failure rate of new start up businesses; and
- assisting businesses to operate, graduate and create jobs and wealth

### **The CHIC will act as a catalyst to:**

- /// Connect tenants to the CHEC education partners, specialised business, technology and financial information and assistance.
- /// Provide focused training and mentoring opportunities for tenants.
- /// Offer start-up businesses affordable office facilities, high-speed telecommunications, and access to associated facilities and equipment.
- /// Identify opportunities for strategic alliances for tenants between small and large technology-based businesses.
- /// Assist in forming partnerships between tenants and strategically linked businesses.

### **The CHIC will assist by providing:**

- /// Business mentoring, services and advice
- /// Offering assistance with creating strategic business plans
- /// Assistance with market research and strategic market planning

Document No <b>ADM-004</b>	Issue No <b>REVISION 01</b>	Date of issue <b>21<sup>st</sup> Sept 07</b>
-------------------------------	--------------------------------	---

- /// Assistance with grant applications
- /// Assistance with patenting, licensing and other approvals
- /// Direction to professional service providers (accountants, etc)

## **Types of Licensees**

As tenants of CHIC incubators, you are not tied to a long license. Only one month's notice is required to vacate. There are two types of licensees allowed in the incubators:

- a. Internal Licensees who need to comply with all aspects of the entry/exit policy.
- b. Internal Anchor Licensees who are community based organisations or private companies which, for strategic or financial reasons, occupy space in the incubator. They do not need to meet the terms in Section 3, or the exit policy.

## **Licensee Mix**

Incubating tenants shall occupy at least 75% of total available tenant space with Anchor tenants occupying the remaining 25%.

## **Specific Conditions of Tenancy**

The CHIC reserves the right to rescind a tenant's occupancy for conduct detrimental to the CHIC as a whole. Tenants are expected to operate in a professional manner and follow proper business etiquette that projects ordinary business practices. For unsatisfactory performance or non-payment of CHTP invoices, a tenant will receive written notice of intent to terminate the licence agreement. Decisions to terminate may be appealed to the CHTP Board of Directors as the final arbitrator.

*Throughout the duration of their tenancy, tenants are to:*

1. *Operate their business in a professional manner*
2. *Report business status information on request to the CHIC Manager*
3. *Pay CHTP invoices promptly, to CHTP terms*

## **Terms**

The Incubator will provide accommodation, public liability insurance in the public areas, security service, facilities and services for people and businesses who meet the following terms, the rules and conditions, as changed from time to time, and sign a License Agreement.

1. All prospective tenants must complete a *Tenant Application Form*.
2. Viability – applicants must demonstrate the potential for financial viability of the proposed or existing business within a reasonable time frame (less than 5 years, for example, although there is no fixed rule).
3. Need for Assistance – applicants must demonstrate they need our assistance. This may be a shortage of skills or capital. It may be their wish to reduce the risk, or they need to access certain services in order to develop the performance of the business.

Document No <b>ADM-004</b>	Issue No <b>REVISION 01</b>	Date of issue <b>21<sup>st</sup> Sept 07</b>
-------------------------------	--------------------------------	---

4. Priorities – preference will be given to businesses that show one or more of the following:
  - a. they are highly innovative
  - b. their business development at the centre will be enhanced because of the synergies that can be developed with the campus
  - c. have high employment potential
  - d. have high growth potential
  - e. export products or services
  - f. replace imported products or services
  - g. provide new products or services, or existing products and services in a unique manner
  - h. satisfy unmet needs in the community
  - i. introduce new skills to the area
  - j. provide opportunities for people disadvantaged in the labour market.
5. Independence – businesses must be independently controlled. Branch offices of existing businesses will, as a rule, but excluded.
6. Internal Compatibility – businesses in the incubator should not directly and adversely compete. Opportunities for inter-trading, joint marketing and development of synergies are to be encouraged.
7. Legal Compliance – businesses must comply with Local and State legislation, especially in relation to noise, fumes and waste.
8. Signage – all signs and signage must be approved by CHIC management. New signage must conform to the specified standards.
9. Impact on Existing Business – preference will be given to businesses which complement existing business in the area.
10. Environmental and Social Impact – businesses that engage in activities that are socially undesirable or detrimental to the environment are not eligible.
11. Applicants – may be working from home, may not have commenced their business, and may be an existing business experiencing difficulty that can benefit from our services, may want to test and idea or be relocating from another region.
12. Decision Making – decisions regarding admission and any particular conditions will be made by CHIC management based on CHIC policy.
13. Licence Fees – will be paid monthly in advance as specified in the licence agreement. The first week's rent is generally free to allow the new tenant to settle in (including completion the Tenant Induction Procedure ADM 003). The preferred form of payment is direct bank debit.

Rental covers:

- a. the designated unit(s).

Document No <b>ADM-004</b>	Issue No <b>REVISION 01</b>	Date of issue <b>21<sup>st</sup> Sept 07</b>
-------------------------------	--------------------------------	---

- b. toilet, kitchen, board room facilities.
- c. after hours security service.
- d. public liability in public areas.
- e. access 24 hours per day, 7 days per week.
- f. tenant parking.
- g. cleaning of public areas.
- h. waste removal bin.
- i. access to CHIC business mentor, seminars and subsidised training courses (when available), reference library of small business related books and materials.

#### 14. Licence Arrears Policy

- a. Interest for outstanding accounts will be charged at the current daily rate charged by the Commonwealth Bank Master Card on any monies owing, should the licensee exceed 30 days rent in arrears.
- b. It is a condition of occupancy that any licensee who is more than 30 days in arrears with their account will have their case considered by CHIC management.
- c. The licensee and CHIC management will agree on a repayment schedule for overdue licence fees.
- d. This agreement will be in writing and signed by CHIC management.
- e. Inability to reach an agreement will lead to an automatic termination of occupancy.

#### 15. Your responsibilities include:

- a. Insurance of your units' contents, and public liability.
- b. Keeping your unit clean.
- c. Cleaning windows internally.
- d. Reporting meter readings to CHIC.
- e. Reporting maintenance defects to CHIC Management.
- f. Arranging telephone connections.
- g. Locking your unit.
- h. Paying rent four weeks in advance.
- i. Paying power and telephone accounts

#### 16. Pay As You Use Services include:

- a. Photocopying
- b. Fax
- c. Word Processing

Document No <b>ADM-004</b>	Issue No <b>REVISION 01</b>	Date of issue <b>21<sup>st</sup> Sept 07</b>
-------------------------------	--------------------------------	---

SECTION 2 – EXIT POLICY

## Exit Strategy

CHIC is committed to the principle of Business Incubation whereby Licensee Businesses “graduate” from the program and relocate the enterprise to a commercial site (including the Coffs Harbour Technology Park offices). While some businesses may be ready and willing to relocate before three years of incubation, it is generally envisaged that businesses would move from the CHIC site on completion of three years. The key elements to the Exit Strategy are:

- Relocation to a site that will suit business needs.
- Ensuring that the business principal/s have adequately planned for the future.
- Establishing procedures for the business principal/s to maintain links with CHIC and its networks.

A flexible and supportive exit policy is an essential element of the program. CHIC clearly recognises that it would be pointless if rigid policy guidelines caused a business to take a forced step that they were not yet prepared for. Therefore, the CHIC Exit Policy provides for several comprehensive assessment steps. (See *Flowchart CHIC-04*).

### Policy – Outline:

While research indicates that most tenants will use the incubator facilities for a period in excess of one year and up to three, lease provisions will allow a tenant to leave with 30 days notice, without penalty. This provision may be utilised by tenants who achieve significant and sustainable gains within their business, enterprise above projected levels within their Business Plan, and who ‘out-grow’ the incubator’s facilities.

The maximum length stay in the Coffs Harbour Innovation Centre Incubator program will be based on the tenant reaching the achievements of their business plan and in any event (unless in special circumstances) will be a maximum of 3 years.

Continuation as a tenant beyond 3 years will be subject to a decision by the CHIC Manager with input from the CHTP Board. An extension will be considered on a case-by-case basis. Upon approval for continuation in the tenancy, the tenant will be subject to the normal procedures and practices of evaluation by the CHIC Manager as established and followed during the first 3 years of occupancy in the incubator, plus additional support requirements.

### Extension:

CHIC recognises that if an extension is applied for, the participant is likely to require additional support to develop the business to a level where it is sustainable and viable on leaving the incubator environment. It will be a condition that the participant assists with an objective assessment and Needs Analysis. The CHIC is able to provide this service.

The Needs Analysis will developed in partnership with the tenant (with reference to the tenant’s Business Plan) and will examine past performance and assess future needs, with regard to business growth and achievement of sustainability.

Document No <b>ADM-004</b>	Issue No <b>REVISION 01</b>	Date of issue <b>21<sup>st</sup> Sept 07</b>
-------------------------------	--------------------------------	---

Part of CHIC policy is that the subject business develop an Action Plan (linked to quantifiable outcomes and milestones) based on the Needs Analysis. The business will be able to gain regular support throughout the extension period to enable assessment of progress and the application of continuing review outcomes.

## **Stages in Exit Strategy**

1. CHIC Manager will review the tenant's business plan within three months of tenancy commencement (assuming the tenant has a business plan)
2. The CHIC Manager and tenant will agree on the goals to be achieved in each year of tenancy, noting that it is expected that the tenant will be commercially sound after no more than three years.
3. These goals will be reviewed annually.
4. CHIC to commence exit discussions with principal/s of Incubator Business six (6) months prior to completion of the three (3) year participation in the Incubator Program.
5. CHIC in conjunction with local government (if required), to assist with presenting site options.
6. Business principal/s to conduct an **evaluation of site and location** proposed for re-establishing the business if requested by the graduating tenant (CHIC to assist through "*Checklist for Taking Up Commercial Lease*" Appendix 1).
7. CHTP Board to consider extension of Licence Agreement for three (3) months if no suitable site can be found for relocating business in the region.
8. CHIC Manager prepares an **interim report** on business performance based on checklist, and quantitative/qualitative data collected during the Incubator Program.
9. CHIC Manager conducts **exit interview** with business principal/s to discuss interim report as it relates to future business planning.
10. Business principal/s prepare exit **Business Plan** incorporating new work site.
11. CHIC Manager assesses the Business Plan and offer recommendations.

Document No <b>ADM-004</b>	Issue No <b>REVISION 01</b>	Date of issue <b>21<sup>st</sup> Sept 07</b>
-------------------------------	--------------------------------	---

## APPENDIX 1

### CHECKLIST FOR TAKING UP COMMERCIAL LEASE

- Ability to meet current layout requirement plus future expansion.
- Lease Conditions – general and financial (solicitor to check if doubts).
- Length of lease.
- Option to extend.
- Body Corporate conditions/liabilities if applicable.
- Impending capital costs – setup cots.
- Conditions for early termination of Lease.
- Report (verbal) from previous tenant (how the site/building worked; landlord etc).
- Ability to sub-lease part or all of premises.
- Insurance
- Cost of outgoings.
- Business environment.
- Council regulations/restrictions on site activities (e.g. hours/noise etc).
- Business of previous tenant and their new location.
- Parking – tenants and customers/suppliers.
- Loading facilities.
- Occupational Health and Environment issues re: site/building.
- Cash flow impact of new leasing costs.
- Public Liability Insurance – quotation.
- Repairs and Maintenance – extent and obligation.
- Service connection fees – (phone, gas, power, water).
- Security

#### AMENDMENT HISTORY RECORD

Revision Number	Date of Revision	Reason for Amendment
Rev 00	29 <sup>th</sup> Sept 06	Original Issue
Rev 01	21 <sup>st</sup> Sept 07	Minor changes made as indicated by change bar which clarify business eligibility and the role of the CHEC.

