

## Aztec's Retail Incubator Aims to Nurture Downtown

By *Finance New Mexico*

Aztec isn't the only town in New Mexico whose residents want a vibrant and stable downtown business district, but it's one town where leaders are moving forward with plans to create that environment.

Spurred by the city's economic development advisory board, the Four Corners community is opening a retail incubator in a downtown building to nurture fledgling businesses until they're ready to stand on their own.

The Aztec Business Incubator (also called the Aztec Business Hub) will host businesses in various stages of development and provide member businesses access to the expertise of service providers from the Small Business Development Center, WESST, New Mexico Manufacturing Extension Partnership, Four Corners Economic Development and the San Juan College Enterprise Center. A representative from each of these organizations will staff the hub one day a week.



The incubator's first tenant, 550 Brewing; photo courtesy 550 Brewing

"One of our biggest issues is the instability of businesses downtown," Mayor Sally Burbridge said. "It feeds into the (misperception) that there's nothing going on downtown."

Businesses come and go too frequently, she said. Someone leases a space, opens a business and quits after three months because the business doesn't have enough steady customers to keep the business afloat. The incubator aims to help business owners bridge the gap from startup to success by providing space and support during its critical early years.

### Traditional idea goes retail

Business incubators have been around for decades, but most assist manufacturing and technology ventures with the greatest potential for job creation. Retail businesses didn't get the same attention until recently, because economists assumed they would arise naturally where manufacturing and production were strong. Furthermore, the logic goes, retail isn't as scalable as other sectors and it mostly serves the lifestyle needs of locals, rarely expanding beyond its home base.

Traditional business incubators are managed facilities that house multiple tenants and cultivate their development into financially viable companies. They rent space at affordable rates, provide business and tech services and equipment and help secure financing for client companies and even to outside clients.

But for small or rural New Mexico communities like Aztec, retail enterprises are critical, because the area has limited prospects for attracting or launching larger businesses.

Aztec's incubator will occupy a building it's leasing and plans to buy. The city is remodeling it into a multipurpose business center that will house the chamber of commerce, a co-working space/resource center, a conference room and individual offices.

The hub plans to use its fenced-in courtyard as a "Mercado." The space, which opens onto Main Street, will feature a performance stage and has room for seasonal farmers market and for "pop-ups" — temporary events that give budding entrepreneurs a low-risk way to reach potential clientele. The incubator's first tenant, 550 Brewing, plans to open a taproom at the back of the building and has hosted tastings at the courtyard.

The hub also wants to run a "certification" program for downtown businesses that might be struggling with startup expenses. Certification would entitle members to a temporary reduction in utility rates until they become viable. To become certified, a business must work with the hub's board of directors and submit a business plan for review and feedback.

"We're not talking about the Ph.D. version of a business plan," Burbridge said. "We just want to see that they have a plan" that includes customer service training for employees and a commitment to participate in community events.

Hub organizers also hope to obtain a grant that provides seed money the city could use to extend zero interest loans to businesses for building renovation and other essentials. And it wants to start an entrepreneurship class for students at the nearby high school.

While local officials prepare the incubator for opening day, they're ready to share one important lesson with similar communities considering a retail incubator: Educate the community before you start. Once people know the city's efforts will benefit the entire community, they'll get onboard.

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