

March 2004 Feature: A Home for Business

By Laurie Scott Austin

www.kcsmallbiz.com, April 6, 2004

Kansas City offers diverse alternatives for housing a small business.

Location, location, location; It's the mantra of business real estate. A good location can create exciting buzz about a company, while a bad spot can doom it to obscurity.

For many small and start-up businesses, an office park address or a storefront space isn't practical for financial or commercial reasons. But, a home-based business doesn't fit the company's image.

So what's a small business owner to do?

Kansas City has several alternatives to traditional office space that's affordable and can offer unique benefits for small companies.

Business incubators, short-term lease spaces and even underground caves make creative and practical solutions to office space concerns.

Space and Support

Business incubators can provide a nurturing environment that can help a small business grow.

The Enterprise Center of Johnson County is one such place that provides high-growth potential companies and entrepreneurs with the resources they need to build successful businesses in Johnson County.

Located at 8527 Bluejacket in Lenexa, the Enterprise Center is a not-for-profit corporation funded by the government of Johnson County, the Kansas Technology Enterprise Corporation and the Kauffman Foundation, as well as several corporate and foundation sponsors.

Elizabeth Usovicz, vice president of consulting services for the Enterprise Center, said it is seen as an economic development tool for the county.

"What the county hopes will happen is that the businesses will grow and hire employees, and expand out of our center and re-locate elsewhere in Johnson County," Usovicz said.

The Enterprise Center provides cost-effective office space, shared resources, an entrepreneurial environment and a full range of business consulting services. Since 2000, affiliate and client companies have included technology, biotechnology and business services companies that have raised more than \$10 million in funding.

Usovicz said they look for new companies with growth potential.

“When a company comes in we like to take a look at where they see the business is headed,” she said.

Companies that have products or services that can be marketed nationally are ideal, as are technology-based businesses.

The Enterprise Center facility includes more than 12,000 square feet of office space. Lease terms are flexible and rates vary according to office size and location, starting at \$350-700 a month, about 30 percent less than typical rents in Johnson County, Usovicz said.

A receptionist answers each company’s main phone line with the company’s name, and transfers calls to the appropriate extension. The Enterprise Center also provides full voicemail capability.

Another feature is the Kauffman Resource Center, sponsored by the Ewing Marion Kauffman Foundation, which includes a library of business publications and resources, and state-of-the-art computer hardware, including a color laser printer and scanner.

There also are other perks such as a notary public on staff, office furniture rental and shredding service.

After three years of operating his business out of his home, Manuel David moved Global Control Systems into the Enterprise Center last year.

David said the center provides a more professional atmosphere for the company, which provides consulting, engineering services and industrial automation solutions for a variety of government and industry clients. Among his clients are Bayer Healthcare and Aventis Pharmaceuticals.

“I think it makes us look like a larger company, and the phone services were a great advantage,” he said.

Prior to moving to the center, David and his employees either worked out of their own homes or at work sites. He said they didn’t have a very good voicemail or messaging system. Now all of the employees are in one location and they have the services of a receptionist. He also appreciates the resources that are available for new businesses.

David said that immediately after he moved into the center last March, he saw dividends: He received new major clients.

“The location is great,” David said. “It’s near our customers and the building provides a great image.”

The Enterprise Center’s infrastructure supports the business needs of technology-intensive companies.

That was a key element for the owners of Ingenious, a Web design company. They were housed in the Enterprise Center for almost two years.

Co-owner Dave Altis said he was referred to the center by a colleague.

“At the time, we were working out of the second bedroom of my apartment,” Altis said. “And, we couldn’t bring clients up to an apartment like that.”

So they moved into the Enterprise Center, taking advantage of its bandwidth and meeting space. Ingenious also used the Enterprise Center’s business consulting services.

Altis said the company grew phenomenally during that time, and eventually they moved their offices to downtown Overland Park.

Usovicz said ultimately they would like all the businesses to eventually move into permanent space. After anywhere from 18 months to three years of residence in the Enterprise Center, business owners are encouraged to take a look at their structure to see if they are ready to take the next step.

“Usually within 18 months, the companies have grown or made a significant leap in growth,” she said. “We sit down with them and ask whether they would consider moving elsewhere in Johnson County.”

Besides the obvious administrative amenities the Enterprise Center provides, it’s the intangibles that make the Enterprise Center a great place to get a start in the business world.

“Starting up a business can be a very lonely experience,” Usovicz said. “Being in a building with other entrepreneurs going through the same things and experiencing the same successes can be an invigorating environment.”

Cave Dwellers

Mail Print outgrew the space in their Liberty storefront about eight years ago. Because of their unique office needs, a realtor suggested they look underground.

But Gina Danner, one of the owners of the direct mail and printing company, said her first thought was, “Yuck!”

“We had a real perception problem,” she said. “I was like, ‘We don’t want to go down there.’ We thought it would be dank and dirty.”

But they needed 20,000 square feet for warehousing and light manufacturing, with some office space. And after visiting the space at Hunt Midwest SubTropolis, they discovered a pleasant surprise.

“We walked into a building that was the perfect configuration and a very reasonable price,” Danner said.

Kansas City is unique in that it is home to about a dozen cave complexes. Actually, most of these underground office parks are one-time limestone structures that have been mined to create office and storage space.

These spaces offer low rents and low utility costs because of a year-round controlled climate. Clients also cite the security and underground parking as advantages.

The most prominent of these is SubTropolis, the largest underground business complex in the world.

Owned by Kansas City Chiefs owner Lamar Hunt, SubTropolis covers more than 900 acres and is home to about 50 businesses in a variety of industries.

Many of the companies housed there need vast amounts of warehousing space or need an even temperature because of their particular business.

Danner said the space offers many advantages for her company.

“We don’t have heat, so we run our air conditioner year-round, and that’s mainly to draw the moisture out of the air,” she said. “Since we’re only changing temperature three or four degrees, we don’t use a lot of electricity. It makes for a very stable environment. Ink doesn’t dry and paper doesn’t curl.”

When they were looking for a space 25 years ago, the owners of KC Envelope needed a space with more than 80,000 square feet of space and a low cost.

“It was a reasonable facility in all aspects,” said Sam Santee, production manager.

As a full-line envelope manufacturing company, KC Envelope produces 600,000 to 700,000 high quality envelopes each day in its SubTropolis facility.

The space is ideal for envelope manufacturing. Besides the low rent, constant temperature and humidity levels provide the perfect environment for the paper, glue and ink used to produce envelopes.

And while employees may miss the sun during the day, there are other advantages to working and parking underground.

“We don’t miss having to go out in the winter and cleaning snow off our cars, and in the summer going out into a car that’s 100 degrees,” Santee said.

Another long-time cave dweller is Wilbon & Associates Photography, which has been housed underground at 3101 Mercier on Kansas City’s west side for nearly 30 years.

Chris Wilbon said he moved in when they first developed the park back in the 1960s.

“What probably keeps us here is the location and its economic feasibility,” he said.

Since Wilbon often photographs offsite, his equipment usually stays in his car. Having underground parking keeps the equipment safe as well as at an even temperature.

“We don’t have windows,” he said. “But that’s a minor drawback.”

Short-Term Solutions

Some small businesses looking for inexpensive office space look to spaces that offer flexible lease options.

One such company is **HQ Global**, a full service office space provider. The spaces are primarily for businesses looking for a short-term lease, whether they need space for a day or for a year.

HQ Global has more than 200 locations worldwide, including two in Overland Park—one in Corporate Woods and one in the Commerce Plaza Center.

Clients say the advantages are the opportunity to have flexible terms, access to administrative support when you need it (and not pay for it when they don’t need it) and the ability to gradually add more office space if needed.

Joe Wallace, HQ’s senior vice president for business development, said the lease flexibility is reassuring to a business owner who is just starting out.

“These are very short-term arrangements so their hands don’t tremble when they’re signing a 10-year agreement,” Wallace said. “There are people who only sign up for a six-month lease agreement and end up staying for six or seven years.”

Also, leasing space in a traditional office building requires a lot of upfront capital. By providing amenities like telephone services, furnished offices and technology infrastructure, HQ relieves some of the financial burden.

“When you’re running a small business, it’s important to keep your energies focused on running your business,” Wallace said. “With us, you can just come in and get going.”

Like the Enterprise Center, HQ Global provides many administrative services including mailing services, voicemail, copying and faxing.

They also have a “virtual office” option that allows home-based businesses access to their services such as voicemail, an executive assistant to answer calls and other administrative duties. In addition, if an office space is needed to meet with a client, space can be rented by the hour.

These services can alleviate problems such as when the computer network goes down or the receptionist calls in sick.

“Those kind of headaches, although big businesses don’t like them, can be lethal to small businesses,” Wallace said.

When he was looking for office space for his accounting firm two years ago, Courtney Jones said he looked at all the available traditional space available in Johnson County.

“In a lot of the executive office suites, the primary tenant was a particular company,” he said. “You really felt like you were intruding on the space of another business.”

The HQ Global concept not only made Jones feel at ease because of the variety of companies housed there, but also the flexible lease arrangement.

Jones’ company, the Mariner Group, has one full-time employee, and one part-time employee who only works four months of the year.

“I like being able to have office space for the four months she’s here, without having to pay for an office the rest of the year,” Jones said.

HQ buildings also are usually in prime locations, allowing a small company to have a prestigious address, Wallace said.

“We give a small business the image that a big business would get,” Wallace said. “It helps level the playing field.” So whether they want to hatch their ideas in an incubator or they dig the idea of working in a cave, small business owners can find a home in Kansas City.