



About Business Incubation



NATIONAL BUSINESS
INCUBATION ASSOCIATION

A business incubator is...

- a program designed to accelerate the successful development of entrepreneurial companies
- through an array of business support resources and services,
- developed or orchestrated by incubator management,
- and offered both in the incubator and through its network of contacts.

The incubation difference

Small Business Development Center

- By law, works with any small company that asks
- Works with small businesses at any stage

Research/technology park

- Focuses on large or established companies
- Offers few or no business assistance services
- Permits companies to stay as long as they like

Business incubation program

- Works with select, viable start-up and early-stage companies
- Offers targeted, specific business assistance services
- Requires companies to graduate

A history of progress

1959: First U.S. incubator founded in Batavia, N.Y.

1985: National Business Incubation Association founded with 40 members

2009: 7,000 incubators worldwide and 1,900+ NBIA members

Business incubation works

EDA's strategic focus on innovation and entrepreneurship makes sense, in that investments in business incubators generate significantly greater impacts in the communities in which they are made than do other project types.

From "Construction Grants Program Impact Assessment Report," a study undertaken by Grant Thornton for the U.S. Department of Commerce Economic Development Administration, 2008

Business incubation works

Return on investment

\$1 public investment in incubator = \$30 in local tax revenue

Business retention

84% of graduates stay in community

Increased likelihood of business success

87% of incubator graduates stay in business

Source: *Business Incubation Works*, 1997; *2006 State of the Business Incubation Industry*

Client services: Why incubation works

- Help with business basics
- Networking activities
- Marketing assistance
- Help with financial management
- Access to capital
- Links to university/corporate partners
- Business training programs
- Mentoring and coaching

Source: *2006 State of the Business Incubation Industry*

Traits of a successful incubation program

Integration into larger community

- Part of overall community economic development plan
- Community/sponsor support for mission and operations

An effective team

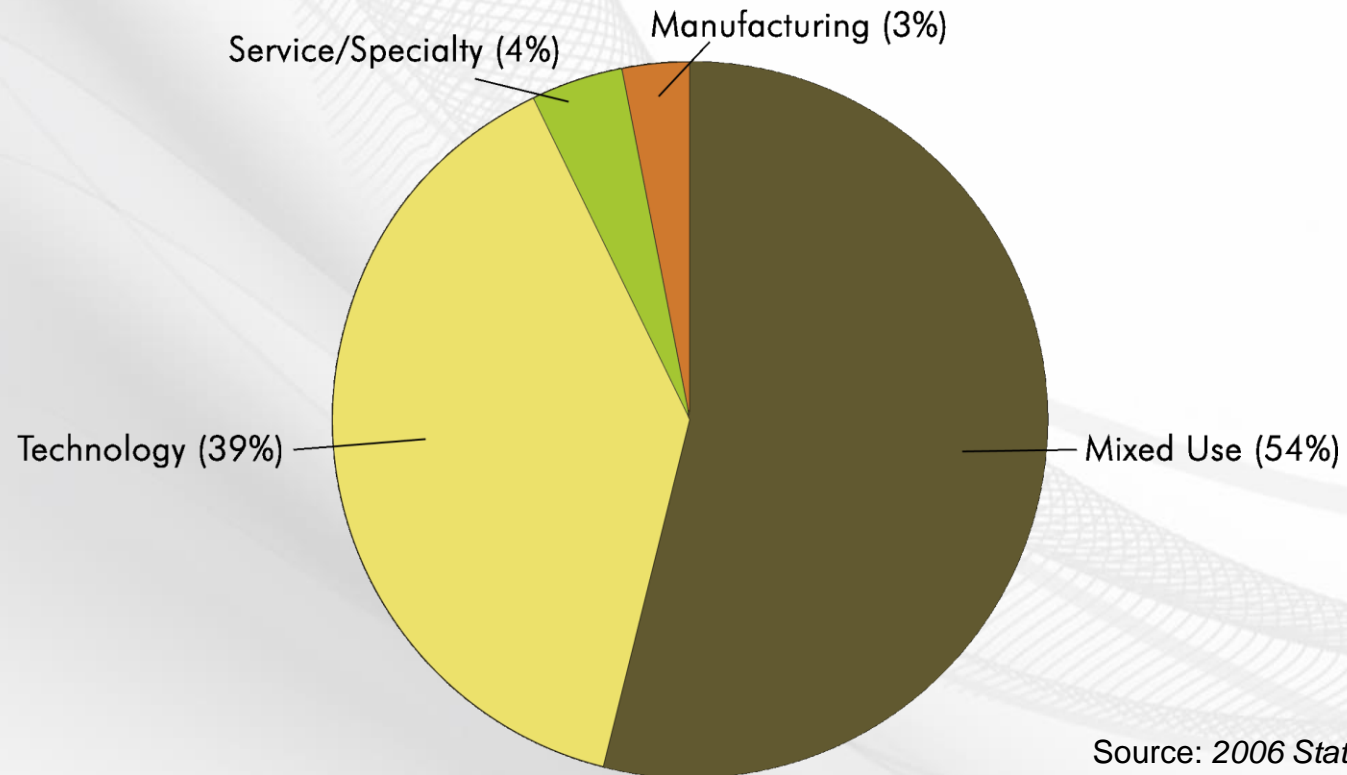
- Professional management with adequate pay
- Network of business advisors, mentors and consultants

Professionalism

- Emphasizes client assistance
- Models good business practices
- Strives for financial sustainability
- Measures effectiveness and impact regularly

Source: NBIA Principles and Best Practices of Business Incubation

Types of business incubation programs



Source: 2006 State of the Business Incubation Industry

A typical mixed-use incubation program

Facility and clients

40,610 square feet

16 resident clients

Goals

Creating jobs

Fostering entrepreneurial climate

Services

Marketing assistance

Networking

Access to loan funds

Business training programs

Source: *2006 State of the Business Incubation Industry*

A typical technology incubation program

Facility and clients

36,631 square feet

14 resident clients

Goals

Technology commercialization

Economic diversification

Identifying corporate spin-out businesses

Services

Specialized equipment or facilities

Management team identification

Access to angel or venture capital

Source: *2006 State of the Business Incubation Industry*

A typical specialty incubation program

Facility and clients

13,146 square feet

15 resident clients

Goals

Accelerating growth in a particular industry

Business retention

Fostering minority/women entrepreneurship

Services

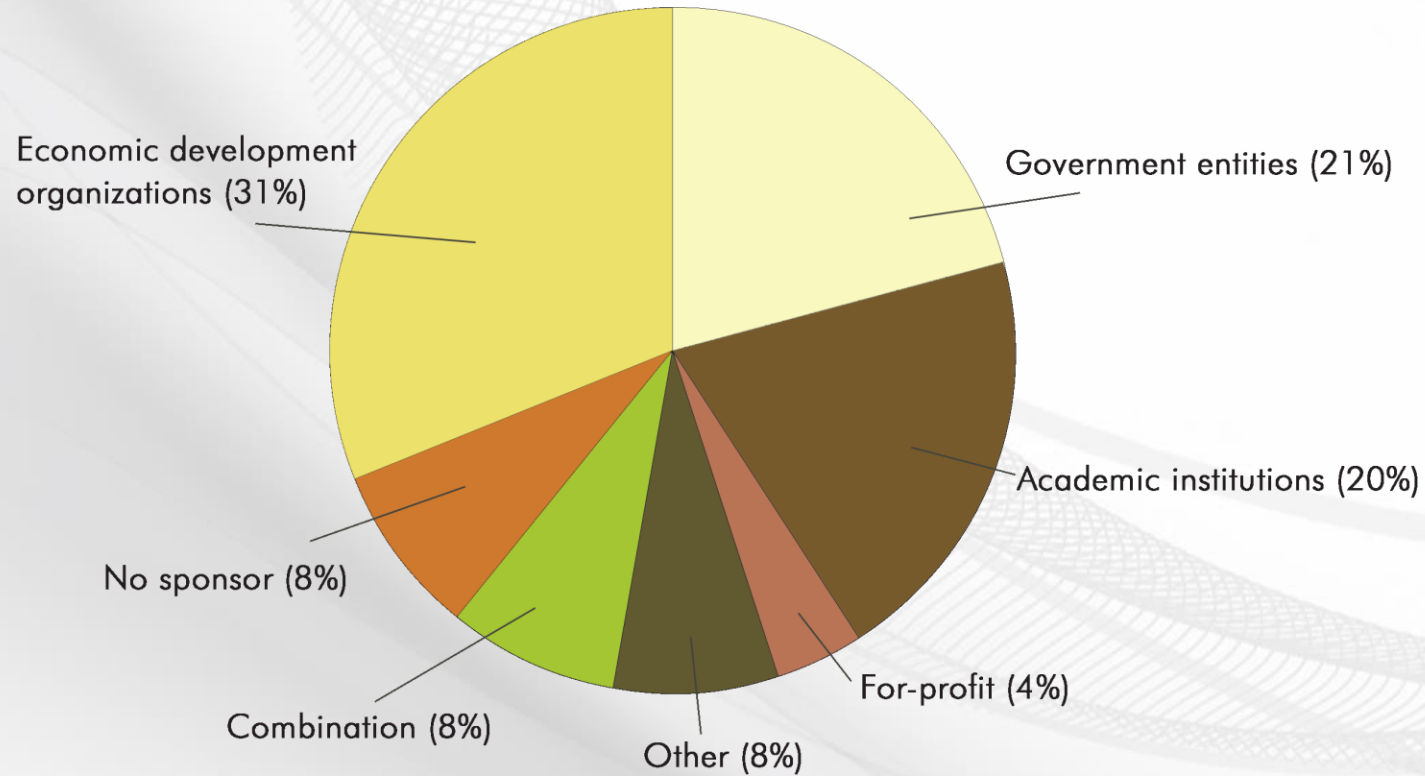
Shared facilities and/or services

Networking

Logistics/distribution help

Source: 2006 *State of the Business Incubation Industry*

Incubation program sponsors



Source: 2006 State of the Business Incubation Industry

Incubation success stories

In 2005 alone, North American incubators helped more than 27,000 start-up companies that provided full-time employment for more than 100,000 workers and generated annual revenues of more than \$17 billion.

From NBIA's *2006 State of the Business Incubation Industry*

See the latest success stories at www.nbia.org/success_stories/.

About NBIA

Professional development

- International conference draws 600+
- Online and regional training
- Networking opportunities

Incubation information clearinghouse

- World's leading incubation publisher
- Conducts and disseminates incubation research
- Compiles and communicates best practices

Consulting and advocacy

- Advises governments and others on incubation strategies



For more information, visit www.nbia.org/.

