

# Are you a Good Fit for an Incubator?

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Many people dream of starting their own businesses, but most entrepreneurs find that sustaining their ventures over time can be difficult. To help navigate the process of starting and growing a company, some entrepreneurs turn to business incubators, which provide start-up firms with an array of customized business support services, such as mentoring, flexible leases, and access to office space, research facilities and manufacturing equipment.

By Linda C. Knopp American Venture

But wait. Didn't incubators die during the dot-com bust? Actually, they didn't. Business incubators, which trace their roots back to the 1950s, continue to nurture emerging companies toward business success worldwide. More than 900 of these programs are in operation in the United States alone, the majority of which are nonprofit programs that aim to create jobs, diversify economies, revitalize neighborhoods or commercialize new technologies.

So, how can you determine if an incubator is right for your business? And how can you decide which incubation program is right for you?

"The bottom line for entrepreneurs is whether their goals are compatible with a prospective incubator's mission and whether a particular incubator is the right tool for helping them achieve success," said Dinah Adkins, president and CEO of the National Business Incubation Association (NBIA), an international membership organization serving incubator professionals; university, government and economic development officials; consultants; and others. "There are highly successful models of all types of incubators, both for-profits and nonprofits. If the model is appropriately adapted and utilized, it works."

A 1997 study by the University of Michigan et al. revealed that approximately 87 percent of graduates from the nation's mature incubation programs were still in business. At the time of the study, most of those firms had been in business at least five years, and many considerably longer.

Not all start-up assistance programs that call themselves incubators meet the criteria that experts have found to be key to successful incubation, however. Prospective incubator clients should look for a program that offers customized business assistance services, flexible space and leases to meet changing needs, and programs that facilitate networking among colleagues and mentors.

Some people think of business incubators as a place where entrepreneurs can find inexpensive rent. However, although a facility with appropriate amenities may be a component of a successful incubator, the hallmark of these programs is the array of business support services they provide entrepreneurial clients. "Business incubators are service programs, not buildings," Adkins said. "No building can grow companies, provide mentoring and handholding, and assist an emerging company in meeting the benchmarks necessary for growth."

While an incubator's services can be beneficial to many start-up companies, not all emerging ventures are suited to an incubation program. So, who makes a good incubator client?

For starters, many incubator managers agree that entrepreneurs must do their homework before approaching an incubator. The ideal incubator client is an entrepreneur who has a well-developed business idea, a viable market, a business plan, a desire to learn and a strong entrepreneurial drive. Only then can incubator staff help an entrepreneur develop his or her business and the skills necessary to make it succeed.

Adele Lyons, executive director of the Gulf Coast Business Technology Center in Biloxi, Miss., noted that an entrepreneur also must be willing to roll up his or her sleeves and invest time and energy in his or her new venture. "An entrepreneur really has to be willing to get in there and do the hard

work," she said. "They need to be ready to be the worker bee of the business and realize they are not going to draw a big salary immediately."

An entrepreneur's commitment to his or her business is important, but Lisa Ison, president of The New Century Venture Center in Roanoke, Va., said she also looks for clients who are open to suggestions from staff and other entrepreneurs. "We look at not only whether an entrepreneur has a viable idea, but whether he or she is someone who recognizes that they need help to grow their business," Ison said. "An incubator isn't just a place to hang your hat. We encourage our clients to network and interact with each other to learn from the experiences of others."

So, do you think you have what it takes to be a successful incubator client? If so, the benefits to both you and your business can be great, even if you think you already know everything about starting and growing a business.

"Being a part of the incubator and working with an advisory team taught me a lot about basic business processes, such as human resources, finance and customer relations," said Jay Foster, president of SoftSolutions, Inc., a Roanoke, Va., information technology company and a recent graduate of The New Century Venture Center. "Even though I had formal training in business (Foster has an MBA) and previous business experience as an independent consultant, I still had much to learn."

That's where an incubator can help. Many business incubation programs offer clients educational seminars covering a variety of business topics, networking events to bring together clients and community leaders, and access to advisory teams comprising business people from a variety of backgrounds. These experts help clients with everything from creating a business plan to troubleshooting technologies to securing patents.

For instance, staff at the Springfield Enterprise Center (SEC), an incubator affiliated with Springfield Technical Community College in Massachusetts, help clients make contacts with potential funders who might be able to assist in the development of their firms. Incubator clients then practice company pitches with the staff to perfect their presentation skills before making their pitches.

"The incubator environment is focused on sharpening the skills needed to acquire resources," said Fred Andrews, executive director of SEC. Being associated with a successful incubation program sometimes gives clients a leg up on their competition, too. "Local bank presidents have said they are very interested in any of our clients because they know they are much more 'bankable' than other small businesses," Andrews said.

Business incubators provide entrepreneurs with many of the tools they need to make their ventures successful, but both incubator managers and clients agree that entrepreneurs must be committed to the process to get the most out of the incubator experience.

"Be a sponge," Andrews advised potential incubator clients. "Keep your eye on what you want to do and seek out mentors within the incubator environment who can help you do it. Network with other entrepreneurs, network with visitors to the incubator. Network, network, network. Incubator managers are constantly looking for ways to create opportunities for their clients, so make sure you're aware of all the opportunities available to you and take them."