

The New Business Incubator

*Linking Talent, Technology,
Capital, and Know-How*

Raymond W. Smilor
Michael Doud Gill, Jr.
IC² Institute
The University of Texas at Austin

TECHNISCHE HOCHSCHULE DARMSTADT
Fachbereich 1
<u>Gesamtbibliothek</u>
<u>Betriebswirtschaftslehre</u>
Inventar-Nr. : 38.181
Abstell-Nr. : A.12/1444
Sachgebiete : 1.2.0
.....
.....



Lexington Books

D.C. Heath and Company/Lexington, Massachusetts/Toronto

Contents

Figures and Tables xi

Preface xv

Acknowledgments xvii

1. Introduction 1

The Growth of Incubators 1

Two Broad Strategies 3

Examples of Incubators 4

Key Research Findings 6

Overview of This Book 8

2. Incubators, Entrepreneurs, and Economic Development 11

The Entrepreneurial Process 13

Hypercompetition 15

Stimulants 15

The New Business Incubator 18

3. Critical Success Factors: The Incubator Perspective 23

On-Site Business Expertise 24

Access to Financing and Capitalization 26

In-Kind Financial Support 27

Community Support 28

The Entrepreneurial Network 28

Entrepreneurial Education 30

The Perception of Success 30

The Selection Process for Tenants 31

Tie to a University 32

Concise Program Milestones with Clear Policies and Procedures 33

- 4. Critical Success Factors: The Tenant Company Perspective 35**
 - Develop Credibility 37
 - Shorten the Learning Curve 38
 - Solve Problems Faster 39
 - Provide Access to the Business Network 39

- 5. Structure and Financing 41**
 - Participation and Review 41
 - University Affiliation 43
 - The Incubator Manager 43
 - Building and Location 46
 - Lease Arrangements 48
 - Sources of Financial Support 53
 - Operating Expenses 54
 - Salaries 58

- 6. Selection and Management 61**
 - Objectives 61
 - Relation to Tenant Companies 61
 - Tenant Companies 64
 - Incubator Services 67

- 7. Case Studies of New Business Incubators 77**
 - University-Related Incubators 79**
 - Rensselaer Polytechnic Institute 79
 - The Advanced Technology Development Center 86
 - Community-Sponsored Incubators 93**
 - The Fulton-Carroll Center for Industry 93
 - Corporate/Franchise Incubators 100**
 - Control Data Corporation Business and Technology Centers 100
 - Technology Centers International 108
 - Private Incubators 115**
 - The Rubicon Group 115

- 8. The Future of New Business Incubators 125**
 - The Incubator Potential 125
 - Caveats to the Incubator Movement 127
 - Trends in Economic Development 129

Appendix Setting Up a New Business Incubator 133

Bibliography 181

Index 189

About the Authors 195

About the Sponsors 197

IC² Institute, The University of Texas at Austin 197

The Small Business Administration's

Office of Private Sector Initiatives 198

Peat, Marwick, Mitchell & Co. 198