

What can you tell me about Indiana's business incubators?

Just as business in the 21st century continues to evolve and change at a rapid pace, so does the status of business incubators.

The latest comprehensive information comes from the National Business Incubation Association (NBIA). It credits Indiana with 13 incubators, eighth most among all states. The Chamber's Business Research Center added 2000 population numbers to the equation to calculate incubators per state residents. Indiana places 15th in this comparison.

Most widely known among Indiana's incubators are the university efforts – the Purdue University Research Park, Rose-Hulman Ventures and Indiana University's Advanced Research & Technology Institute and its Indianapolis-based Emerging Technologies Center. Other efforts have been featured in *BizVoice*, including the Columbus Enterprise Development Corp. and Fort Wayne's Northeast Indiana Innovation Center.

Among the newest entries is the Muncie Innovation Connector, which is receiving strong support from Ball State University and Cardinal Health Systems. A number of other organizations and associations are in the business of assisting entrepreneurs, although it's difficult, at times, to determine what qualifies as a true business incubator.

Role and purpose

The NBIA defines the role of incubators as follows: "Incubators nurture young firms, helping them to survive and grow during the start-up period when they are most vulnerable. Incubators provide hands-on management assistance, access to financing and orchestrated exposure to critical business or technical support services. Most also offer entrepreneurial firms shared office services, access to equipment, flexible leases and expandable space – all under one roof."

An incubation program's main goal is to produce successful graduates – businesses that are financially viable and freestanding when they leave the incubator. Thirty percent of incubator clients typically graduate each year. According to the 1997 *Impact of Incubator Investments Study*, 87% of incubator graduates remain in business.

Nearly half of today's incubators (47%) are classified as mixed use, according to the NBIA, with 37% focused on technology. Seven percent are manufacturing only and 6% strictly service related. The highest growth area is in the technology field, with a particular emphasis on life sciences and medical development.

Incubator history

Indiana's incubators are in their infancy compared to national programs. The first incubator was created in 1959 in Batavia, New York. Growth came in the 1970s, with a strong boost from the U.S. Small Business Administration in the mid-1980s. Incubator development expanded from about 20 openings a year in 1984 to more than 70 in 1987.

Industry leaders formed NBIA in 1985, with the association growing from about 40 members in its first year to more than 1,100 today. The association is primarily composed of incubator developers and managers, but technology commercialization specialists, educators and business assistance professionals are also well represented.

INFORMATION LINK

Resource: Cindy Monnier, Chamber Business Research Center, at (317) 264-7511 or e-mail: cmonnier@indianachamber.com

National Business Incubation Association at www.nbia.org

Business Incubators by State

	Number of business incubators*	Year 2000 Population	Incubators per million people
1 Maine	7	1,274,923	5.49
2 Idaho	5	1,293,953	3.86
3 North Dakota	2	642,200	3.11
4 Wisconsin	16	5,363,675	2.98
5 Virginia	20	7,078,515	2.83
6 Louisiana	12	4,468,976	2.69
7 South Dakota	2	754,844	2.65
8 Oklahoma	9	3,450,654	2.61
9 Delaware	2	783,600	2.55
10 New Hampshire	3	1,235,786	2.43
11 Alabama	10	4,447,100	2.25
12 Montana	2	902,195	2.22
13 West Virginia	4	1,808,344	2.21
14 New Mexico	4	1,819,046	2.20
15 Indiana	13	6,080,485	2.14
16 Mississippi	6	2,844,658	2.11
17 Tennessee	11	5,689,283	1.93
18 Rhode Island	2	1,048,319	1.91
19 Arkansas	5	2,673,400	1.87
20 Colorado	8	4,301,261	1.86
21 Utah	4	2,233,169	1.79
22 Ohio	20	11,353,140	1.76
23 Maryland	9	5,296,486	1.70
24 Hawaii	2	1,211,537	1.65
25 Missouri	9	5,595,211	1.61
26 Alaska	1	626,932	1.60
27 Pennsylvania	19	12,281,054	1.55
28 North Carolina	12	8,049,313	1.49
29 Kentucky	6	4,041,769	1.48
30 Oregon	5	3,421,399	1.46
31 Nebraska	2	1,711,263	1.17
32 Kansas	3	2,688,418	1.12
33 Florida	17	15,982,378	1.06
34 New York	20	18,976,457	1.05
35 Iowa	3	2,926,324	1.03
36 Georgia	8	8,186,453	0.98
37 Illinois	11	12,419,293	0.89
38 Michigan	8	9,938,444	0.80
39 Massachusetts	5	6,349,097	0.79
40 California	25	33,871,648	0.74
41 New Jersey	6	8,414,350	0.71
42 Washington	4	5,894,121	0.68
43 Texas	13	20,851,820	0.62
44 Minnesota	3	4,919,479	0.61
45 Connecticut	2	3,405,565	0.59
46 Nevada	1	1,998,257	0.50
47 South Carolina	2	4,012,012	0.50
48 Arizona	2	5,130,632	0.39
49 Vermont	0	608,827	0.00
50 Wyoming	0	493,782	0.00
Total	365		

* Based on number of incubators with web links on NBIA web site